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Lessons Unlearned: FERC's Punt on Market Monitors' Independence

After a scandal led PJM to replace its internal market monitoring unit with an independent monitor in 2008, FERC had an opportunity to prohibit other RTOs from using the internal structure. Because it chose not to do so, the temptation for RTO officials to muzzle their MMUs still exists.

SPP Squelching MMU Independence, Former Monitors Say

First in a Series

By Tom Kleckner and Rich Heidorn Jr.

CEO Nick Brown | COO Carl Monroe | Oversight Comm. Chair Joshua Martin III | General Counsel Paul Suskie | MMU Director Alan McQueen | Former monitors Catherine Mooney and John Hyatt

Despite FERC rules prohibiting RTO management from supervising their market monitoring units, SPP management, including CEO Nick Brown and COO Carl Monroe, took part until recently in performance reviews of MMU Director Alan McQueen and helped determine annual performance bonuses for MMU employees. Under SPP's Tariff, the MMU was to report to the SPP Oversight Committee. But OC Chairman Joshua Martin III refused to meet with former monitors Catherine Mooney and John Hyatt when they raised concerns about the independence of the MMU, referring them to McQueen, the target of their complaints, and General Counsel Paul Suskie.

LITTLE ROCK, Ark. — SPP has interfered with the autonomy of its internal Market Monitoring Unit and FERC should order changes to ensure its independence, according to two former monitors who say they were fired for voicing their concerns.

Catherine Tyler Mooney and John Hyatt, who were fired in December, say they were forced out for resisting pressure to conform to policy positions of SPP management and members.

FERC assigned market monitors a key function in the nation's wholesale electricity markets, making them responsible for ensuring markets are competitive, efficient and provide residential and business ratepayers with just and reasonable rates. Unchecked by independent, effective monitors, RTO stakeholder processes could shift market risk from generators, increasing their profits at the expense of ratepayers.

Mooney and Hyatt say SPP's system is fatally compromised and that it should give at least some functions to an external monitor.

External market monitors are the norm, with Virginia-based Potomac Economics keeping tabs on the markets in ERCOT, ISO-NE, MISO and NYISO, and Monitoring Analytics performing the same duties for PJM. Only CAISO and SPP have internal MMUs.

Hyatt, a Ph.D. mathematician, and Mooney, who holds a doctorate in economics, were two of three staffers who reported directly to MMU Director Alan McQueen. They said McQueen told them he faced pressure to follow the policy positions of SPP members and RTO management, and that he proposed concessions to mollify generation owners as a result.

Continued on page 2

Dynegy Proposes Bill to Move All of Illinois into PJM

By Amanda Durish Cook

Dynegy announced Thursday that it would propose legislation with the Illinois General Assembly that would transition the entire state into PJM.

If passed, the Illinois Electric Generation Reliability Act would move the Commonwealth Edison and Ameren service areas in Central and Southern Illinois from MISO Zone 4 into the PJM power market. ComEd, an Exelon subsidiary, also serves load in the Chicago area, which is part of PJM.

Dynegy claims the bill would "provide economic benefits to consumers and help Illinois preserve vital, high-paying power generation jobs." The company said cost-effective plants in MISO-controlled Southern Illinois "sit idle, or shut down, as they don't receive any compensation to cover operating costs from MISO."

Dynegy CEO Robert Flexon said a comparison of PJM's recent Base Residual Auction outcomes alongside MISO's Planning Resource Auction results in April illustrates the need to combine all of Illinois with PJM, even as two of Exelon's nuclear generators

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FERC's Punt on Market Monitors' Independence

SPP Squelching MMU Independence, Former Monitors Say

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"Some in SPP's leadership and membership dreaded the idea of the MMU publicly disagreeing with the RTO before FERC," Mooney said.

"There were examples where [we were told] to change our stance on an issue because if we didn't change our stance, the MMU could get shut down. We were told we have to think about people and politics and relationships, to think about preserving the internal MMU."

Under SPP's Tariff, the MMU is supposed to report to the Board of Directors' Oversight Committee, which is composed of three outside directors. But the chairman of the committee refused to meet with the monitors after they wrote him a letter outlining their concerns in September.

In addition, despite FERC rules prohibiting RTO management from supervising their MMUs, SPP management took part until recently in performance reviews of McQueen and in reviewing the bonuses of other MMU employees. Management also attended Oversight Committee meetings with the MMU.

Meanwhile, FERC's Office of Enforcement, which was aware of the monitors' allegations, effectively ended an audit of SPP and the MMU in April without interviewing the committee. FERC declined to comment.

The independence concerns raised by Hyatt and Mooney resulted from FERC's compromises in Order 719, its 2008 rule spelling out MMUs' duties and their relationships with their RTOs (RM07-19, AD07-7). The commission rejected protections urged by some stakeholders, allowing RTOs to choose their structures and declining to provide job security protections for MMU employees. (See related story, *Order 719: FERC Balanced MMU Independence Against RTO Autonomy*.)

McQueen declined to say why Hyatt and Mooney were terminated, adding it is the "MMU's policy not to publicly discuss human resource matters." He said "they were not fired because the market monitor is not independent."

Joshua W. Martin III, chairman of the Oversight Committee, said he refused to meet with the monitors because their letter, which outlined the problems with the internal monitoring function, proposed an external monitoring function that they offered to join.

"What stood out for me more than anything else in that letter was the fact that there was this issue of a contract that they wished. And obviously directors do not negotiate contracts with employees," said Martin, who says he supported the monitors' firing.

Mooney and Hyatt said they proposed an external monitor to solve the problems they experienced, not out of any desire to increase their incomes. They said it was SPP officials who initiated the discussion of a contract; the letter does not mention the word.

"We had very good jobs [at SPP]," Mooney said. "All we had to do to keep them was to keep our mouths shut. But we felt that was a compromise of our principles. We were not acting in our own self-interest."

The two monitors agreed to tell their stories after resettling in suburban Philadelphia, where they have joined the staff of PJM's Independent Market Monitor, Monitoring Analytics. They told *RTO Insider* that they hope going public with their concerns will lead to improvements at SPP.

"I really like this work," Mooney said. "I think it's really important, and I would like to see something good come of what happened to us."

"I think what we're showing is that the internal market monitor framework has some really big problems with it," Hyatt said.

Echoes of PJM Monitoring Flap

Mooney and Hyatt's departure from SPP recalls Monitoring Analytics' own formation in 2007, when founder Joe Bowring — then a PJM employee — complained to FERC that his reports were being censored by then-CEO Phil Harris.

"You cannot do your job as a market monitor if you're not independent, if you're not free to criticize the RTO and its mem-

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CAISO News

Iberdrola Disputes FERC ALJ Ruling on Energy Crisis Supply Contract

By Robert Mullin

Iberdrola Renewables last week struck back at a FERC judge's April ruling that could subject the company to more than $370 million in penalties over an electricity contract signed with California near the end of the Western Energy Crisis.

In a brief on exceptions filed with FERC on May 27, the Spanish energy giant contends that Administrative Law Judge Steven Glazer's initial decision "contradicts" a landmark Supreme Court ruling, "undermines" commission precedent and "ignores" the commission's directive when the case was sent to the judge (EL02-62-006, EL02-60-007).

"The [initial decision's] misapplication of [the Supreme Court decision in] *Morgan Stanley* reflects a results-driven approach that permeates the entire opinion," Iberdrola wrote.

Iberdrola's filing attempts to poke holes in the complex legal reasoning underpinning Glazer's ruling, which relied on the application of the *Mobile-Sierra* rule "as reinterpreted by *Morgan Stanley*." In addition to finding that the contract imposed an excessive "down the line" burden on California residents based on an examination of comparable marginal production costs, Glazer also reinstated the company as a party to the proceeding following a previous dismissal. (See FERC ALJ: Shell, Iberdrola Owe California $1.1B over Energy Crisis.)

Iberdrola is contesting both findings, arguing first that FERC should once again dismiss any claims against the company and — barring that — asking the commission to uphold the company's contract rates as "just and reasonable."

2006 Acquisition

Iberdrola's connection to the energy crisis-era case is a complicated one. In 2006, the company acquired Scottish Power, previously the parent of Portland-based utility PacifiCorp. During the previous year, Scottish Power had sold PacifiCorp to Warren Buffet's MidAmerican Energy Holdings but retained ownership of merchant affiliate PacifiCorp Power Marketing (PPM), which was absorbed by Iberdrola — renamed Avangrid in February 2016 — in the 2006 buyout.

As the energy crisis abated in summer 2001, PPM signed a long-term tolling agreement with the California Department of Water Resources (CDWR) to ensure power supplies to constrained areas in the northern part of the state. Capacity would be supplied by PPM's gas-fired Klamath Falls plant in southern Oregon.

By that time, the department had assumed the role of electricity buyer of last resort after widespread manipulation drove Pacific Gas and Electric and the now-defunct California Power Exchange into bankruptcy. The state's other two investor-owned utilities (IOUs) teetered on the brink of insolvency because of soaring wholesale power costs.

After the crisis passed, the California Public Utilities Commission initiated proceedings to recover the state's costs for sustaining operation of the IOUs. Shell Energy North America and Iberdrola are the only suppliers involved that have not settled with the state or renegotiated the terms of their contracts, which expired in 2011 and 2012. The ALJ's April decision also determined that Shell's long-term agreement saddled California consumers with an "excess burden" of $779 million.

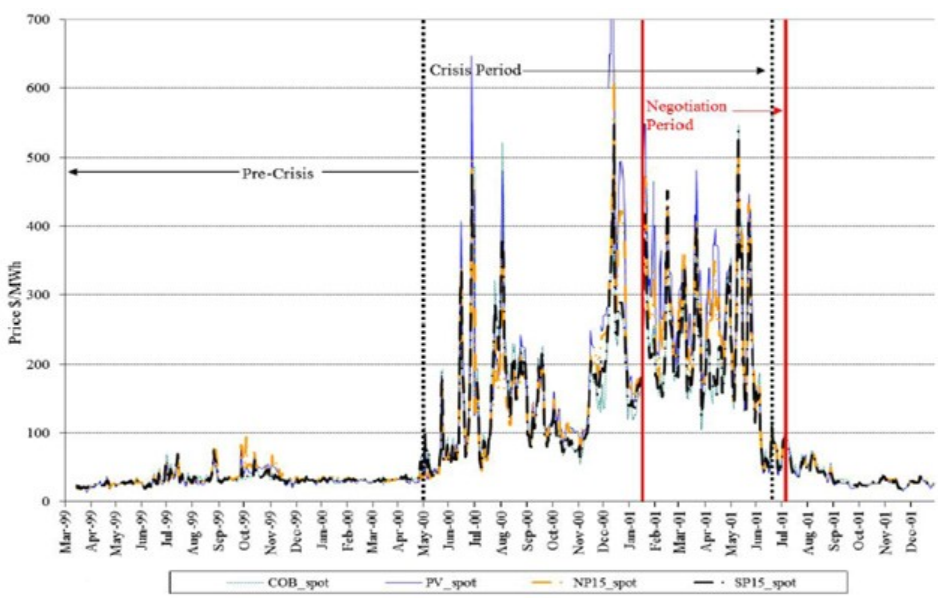
Novel Interpretation

Glazer's decision to overturn the companies' agreements with CDWR was rooted in a novel interpretation of *Mobile-Sierra*, the Supreme Court doctrine that holds that bilateral energy contracts can be voided only when shown to adversely affect the public interest.

In 2003, FERC ruled that it was not in the public interest to break the contracts, a decision that California appealed to the 9th Circuit Court of Appeals. A 2008 Supreme Court decision in *Morgan Stanley Capital Group Inc. v. Public Utility District No. 1 of Snohomish County* ultimately boosted the state's prospects for cost recovery. That decision required the commission to apply an additional standard to *Mobile-Sierra*, testing whether the terms of a contract were the result of market manipulation.

Glazer's decision against Shell rested on evidence that the company manipulated spot electricity prices during the crisis employing many of the same strategies as Enron, practices that directly influenced the forward prices forming the basis for the company's CDWR contract. For that reason, Shell's contract "avoided" *Mobile-Sierra* protections as reinterpreted through *Morgan Stanley*.

While Glazer determined that Iberdrola — then PPM — had engaged in its own manipulation during the crisis, he also found that



Western daily on-peak spot prices (March 1999-December 2001) *Source: Power Markets Week*

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CAISO NEWS

Iberdrola Disputes FERC ALJ Ruling on Energy Crisis Supply Contract

Continued from page 3

CDWR had not relied on forward prices to negotiate the contract, as the department by that time no longer found forward price curves to provide a reliable benchmark for setting prices. Still, the ALJ decided the *Mobile-Sierra* doctrine was "overcome" because of the long-term costs of the contract carried by California, which was forced to issue bonds to fund the capacity purchases.

Iberdrola Reinstatement

Key to Glazer's ruling was the decision to reinstate Iberdrola as a party to the proceeding. The company had been previously dismissed from the case largely because its contract was signed July 6, 2001, two weeks after FERC imposed price caps across the state, ending the crisis. Glazer reasoned that, regardless of the signing date, the contract was still negotiated during the height of the crisis, which resulted in rates far exceeding those even in September of that year.

Iberdrola's rebuttal takes up the issue of the contract date as evidence of what it called the flawed reasoning behind the ALJ's decision. The company contends that it is "undisputed" that the energy crisis ended with FERC's June 19, 2001, order instituting price caps and that "spot market volatility had ended and forward prices had largely returned to pre-crisis levels" by early July.

"Yet, so as to sweep up the Iberdrola contract into the group of energy crisis contracts that should be abrogated for no reason other than the timing of their execution, the [initial decision] pronounces that the energy crisis ran through July 6, 2001," Iberdrola wrote.

> **"The initial decision sent a powerful message that anti-competitive and manipulative behavior that imposes an undue burden on consumers will not be tolerated."**
>
> **California Public Utilities Commission**

'Peanut Buttering' Analogy

The company also contests Glazer's use of a "fundamentals-based" price standard that calculates the "excessive burden" on California consumers by comparing the contracts pricing with assumed marginal costs of production.

"In so doing, the [initial decision] contradicts *Morgan Stanley*, which holds that 'a presumption of validity that disappears when the rate is above marginal cost is no presumption of validity at all, but a reinstitution of cost-based rates,'" Iberdrola said.

Iberdrola further contends that the ALJ — and the California complainants — failed to provide convincing evidence for how the contract constituted an "excessive burden" on California consumers through increased electricity rates, an explicit requirement of FERC's order on remand. The company objected to Glazer's adoption of Commissioner Mike Florio's "peanut buttering" analogy, which says that a burden analysis that focuses on consumer rates spreads costs too thinly.

"But, of course, the question of whether a rate impact on individual consumers is excessively burdensome is the very inquiry that *Morgan Stanley* requires, and that the commission has evaluated in each of the cases on remand post-*Morgan Stanley*," the company countered.

Having provided that context, Iberdrola noted that its contract produced an average rate impact of 5 cents/month for residential customers of PG&E. FERC had previously ruled that a 27-cent impact wasn't excessive.

Still, Iberdrola's strongest appeal to the commission might be an argument that moves from the specific to the general, contending that the ALJ's reliance on a marginal cost test undermines FERC's "historic market-based rate program."

"[U]nless the commission intends to alter the nature of the energy industry, marginal cost simply cannot be where the commission draws the line in determining whether an excessive burden exists," Iberdrola said.

CPUC Weighs In

The California PUC filed its own brief with FERC largely supporting the ALJ's ruling and the conclusion that Shell and Iberdrola overcharged the state by more than $1 billion through the energy crisis contracts. The brief did contest a handful of other conclusions, however, including the finding that *Mobile-Sierra* protections were "overcome" rather than "avoided" in the case of the Iberdrola contract. The agency contended that PPM's manipulation "altered the playing field for the Iberdrola contract negotiations such that the *Mobile-Sierra* presumption is avoided."

"Still, the initial decision sent a powerful message that anti-competitive and manipulative behavior that imposes an undue burden on consumers will not be tolerated," the PUC said.

Shell did not file a brief on exceptions on the ALJ decision ahead of the May 27 deadline. Briefs opposing exceptions must be submitted to FERC by June 27.

> **"So as to sweep up the Iberdrola contract into the group of energy crisis contracts that should be abrogated for no reason other than the timing of their execution, the [initial decision] pronounces that the energy crisis ran through July 6, 2001."**
>
> **Iberdrola**

ERCOT News

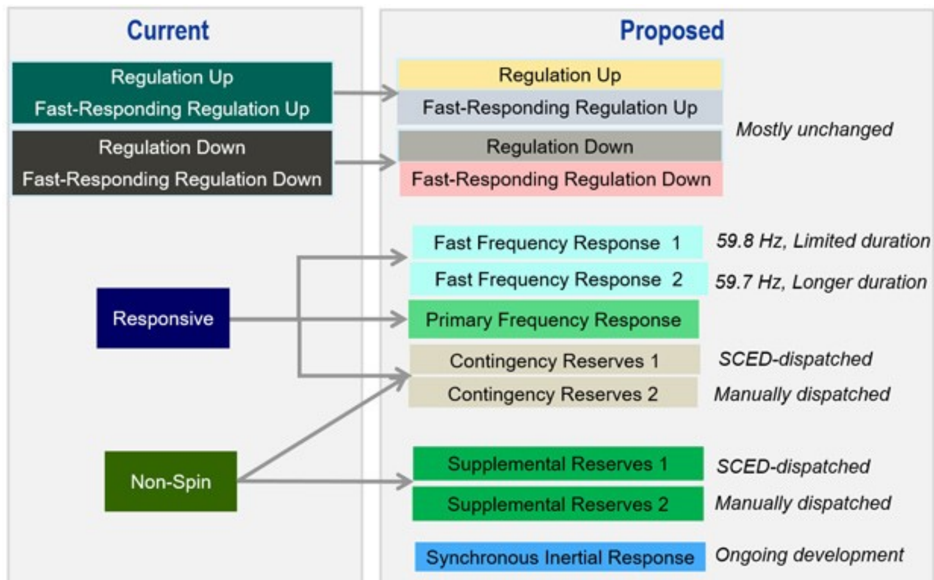
ERCOT Stakeholders Reject Ancillary Service Revisions

By Tom Kleckner

AUSTIN, Texas — ERCOT members last week voted down the ISO's attempt to salvage a revision request that would have replaced several ancillary services with four new products.

The nodal protocol revision request (NPRR), rejected earlier in the month by the Protocol Revision Subcommittee, was shot down again when the Technical Advisory Committee upheld the subcommittee vote by a 23-3 margin Thursday.

NPRR 667 would have improved regulation service and replaced non-spinning reserve and responsive reserve service with a combination of four new services: fast-frequency response, primary frequency response, contingency reserve and supplemental reserve.



Proposed future ancillary services *Source: ERCOT*

However, staff was unable to convince stakeholders the revisions were ready for prime time. Speaking for the subcommittee, Luminant's Amanda Frazier said ERCOT did not demonstrate a current or future reliability need for the services and did not adequately address their costs and funding.

"What I heard from PRS members is [ERCOT has] exceptional performance from a reliability perspective," said Frazier, the subcommittee's chair. "It has consistently improved over time, so even though we've seen growth of intermittent resources over the last decade — exponential growth — we also see performance that is improving."

Frazier said stakeholders also had concerns over market liquidity for the new services and would prefer to see ERCOT focused on identifying reliability needs and alternatives to NPRR 667. "ERCOT has expressed a preference for a vote on 667 before examining alternatives," Frazier said. (See "NOGGR Tabled, Other Revision Requests Approved," *ERCOT Technical Advisory Committee Briefs*.)

"ERCOT doesn't do this very often," said Dan Woodfin, the ISO's director of system planning, of the appeal by staff. "I can't recall [something like] this in my 13 to 14 years here."

Woodfin based his case to the TAC on ERCOT's changing resource mix since the ancillary service framework was built.

Whereas ERCOT was 75% reliant on coal- and gas-steam energy in the late 1990s, half the current resource mix comes from gas turbines, combined cycles and renewables.

He said the current bundled framework will keep more expensive generation online, extend negative price periods and curtail less expensive resources, resulting in increased ancillary service prices and higher overall costs — especially with an increase in high-wind, low-load periods.

Ancillary service "was designed around the characteristics of those steam boilers," he said. "We have a whole lot of new resources … that has changed both the needs and the ability of different resources to provide those services. We're expecting the resource mix to continue to change. We're seeing some pretty tremendous changes on wind in the system ... solar is growing exponentially.

"[ERCOT's current] ancillary service requirements … provide a barrier to entry to new types of resources that don't have inherent characteristics of the old steam boilers."

Woodfin pointed to The Brattle Group's recent report on the ERCOT market, which he said found the ancillary service proposal to be a good, cost-effective market design. (See *Brattle Study Sees ERCOT Continuing to Rely on Nat Gas, Renewables*.)

"We don't want to maintain barriers of entry for any technology, said Frazier in questioning the benefit of ERCOT's proposed changes. "It seems expensive to invest millions of dollars for new technology that would only bring in 200 MW."

Frazier said several market participants (MPs) believed ERCOT's estimated impact analysis of $12 million to $15 million was too low. She also acknowledged "the good work done in the last several years to think through the future resource mix."

"We think there are also many MPs that believe there are incremental changes that can be made to the ancillary service suite that can deliver the value Dan mentioned," Frazier said.

ERCOT was unfazed by losing its appeal of NPRR 667, which was first filed in November 2014 after a year of stakeholder discussions. Spokesperson Robbie Searcy said the ISO will continue its work with stakeholders to plan for future ancillary service needs.

"ERCOT continues to believe the concepts set forth in" the NPRR, she said. "As grid characteristics evolve, it is important that we are planning ahead to ensure we have appropriate market tools in place to maintain system frequency and overall reliability."

ERCOT NEWS

Technical Advisory Committee Briefs

TAC Endorses Increased Fuel Adder Factor for Coal, Lignite

AUSTIN, Texas — ERCOT's Technical Advisory Committee endorsed the Wholesale Market Subcommittee's recommendation to increase the fuel adder factor for coal- and lignite-fired resources to $1.10/MMBtu from $0.50/MMBtu. The committee added a sunset date of June 1, 2018, and directed the subcommittee to continue developing a permanent solution to address changing coal prices.

"Given the ongoing pressures in the coal markets, we'd like to see additional work on getting an indexed price for coal, like we have for gas," Austin Energy's Barksdale English said. "We'd like to get something a little more dynamic that reflects ongoing changes in the market."

Citigroup Energy's Eric Goff said any "hard-coded dollar amount[s]" included in ERCOT's protocols should be handled "with great caution."

"If we hard-code that amount, we should make sure it expires," Goff said. "We're talking about costs, but not costs we get from market prices. It's important generators can recover their costs."

The recommendation was one of two verifiable cost manual revision requests (VCMRRs) brought to the TAC by the WMS. VCMRR 009 was also endorsed, with one abstention; it clarifies the calculation of the minimum requirements fee assessed to qualified scheduling entities based on the total amount of fuel purchased and transported.

The TAC also celebrated "Red Nose Day," a charitable event benefiting children.
First row: Adrianne Brandt, CPS Energy; Randa Stephenson, LCRA; Cheryl Mele, ERCOT.
Second row: Amanda Frazier, Luminant; Bill Barnes, Reliant Energy Retail Services.
© RTO Insider.

TAC Sends 12 Revision Requests on to Board

The TAC unanimously endorsed a nodal protocol revision request providing improved transparency to market participants when transmission outages that could create congestion are submitted with less than 90 days' notice. The committee, however, asked that more information on the matter be brought back to the committee.

NPRR 758 would identify outages that have historically resulted in high congestion costs, as adjusted through stakeholder review to account for upgrades and other changes. Determining who develops the outage list and who reviews it will be part of the "homework" that TAC Chair Randa Stephenson, of the Lower Colorado River Authority (LCRA), asked to be brought back to the committee.

"I'm expecting the primary focus of this to be transparency … not to make it more difficult for me to get the transmission I need," American Electric Power's Richard Ross said during the discussion.

"The idea is you may not have as much visibility of the problems you create in the market," said Morgan Stanley's Clayton Greer. "LCRA may have a 169-kV switch causing millions in congestion, but the wires side has no concept. You're taking outages, but Oncor may be taking outages at the same time. That could cause major market disruptions."

The NPRR was developed following a year of work by a task force focused on outage-coordination improvements. It has an estimated cost impact to ERCOT of between $300,000 to $400,000, but the spending won't happen until 2017, when improvements to the Outage Scheduler system are expected to be completed.

The TAC also briefly discussed NPRR 766 before giving it a unanimous endorsement. The revision request aligns ERCOT's systemwide discount factor with a proposed operational adjustment to the reserve discount factor (RDF) in the market's physical responsive capability (PRC) calculation, ensuring consistency with a proposed timeline for changes to the RDF. (See "Reserve Discount Factor Proposal," *ERCOT Technical Advisory Committee Briefs*.)

The committee changed the effective date from July 1 to Oct. 1, giving staff additional time to analyze the results of this summer's RDFs. The PRC used a 2% discount factor last year; ERCOT has proposed a 1% factor.

The committee unanimously endorsed seven other NPRRs, a pair of revision requests to the Commercial Operations Market Guide and a revision to the Nodal Operating Guide, and a system change request:

Nodal Protocol Revision Requests

- NPRR 709: modifies the alternative-dispute resolution procedure and clarifies parts of the settlement and billing dispute process.
- NPRR 754: revises the posting frequency of the load-forecast distribution factors report. Posting is required only when the factors are changed.
- NPRR 761: clarifies that a resource will not be eligible for make-whole payment start-up cost compensation in the day-ahead market when the market considers the resource as not having a start-up cost.
- NPRR 762: removes references to the provision of responsive reserves across DC ties.
- NPRR 763: corrects the formula for calculating qualified scheduling entities' load-allocated monthly block load transfer amount to reflect a charge, rather than a payment.
- NPRR 764: changes calculations for charges to entities short their capacity obligations in the reliability unit commitment. Calculations for wind and solar resources will be based on their production potential.
- NPRR 765: eliminates publisher names for various fuel prices and provides additional clarifying language regarding the use of a substitute source for daily

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Technical Advisory Committee Briefs

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fuel prices.

Commercial Operations Market Guide Revision Requests

- COPMGRR 041: updates to reflect current ERCOT and market participant practices for market notices.
- COPMGRR 042: updates to reflect the Market Data Working Group's creation and the Profiling Working Group's responsibilities.

Nodal Operating Guide Revision Request

- NOGRR 050: removes ERCOT's requirement to produce outage-scheduling reports until systems can be changed to include only transmission service providers' outages.

System Change Request

- SCR 790: adds an additional level of geographical granularity — the Panhandle/North area — to existing reports for wind energy production and forecasts.

The TAC once again tabled, this time for two months, whether to consider an appeal of NOGRR 149. The revision would exempt distribution service providers without transmission or generation facilities from having to procure designated transmission-operator services from a third-party provider if their annual peak is less than 25 MW.

The Reliability and Operations Subcommittee rejected the NOGRR in March.

Transmission Reports Endorsed

ERCOT staff shared two reviews of planning projects designed to address reliability and import issues in the high-growth Rio Grande Valley region along the Texas-Mexico border. The TAC endorsed both reviews, though each received a pair of abstentions.

Jeff Billo, ERCOT's senior manager of transmission planning, said staff's voltage and transient stability review of the Valley Import Regional Planning Group project narrowed 10 solutions down to a preferred option: a $91 million project to add two static VAR compensators capable of handling an additional 2,800 MW of summer peak load.

The project review was driven by competing project proposals from AEP and Sharyland Utilities-CPS Energy, designed to meet a 2011 report that identified upgrades needed in the region by 2020. Direct Energy's 2014 announcement that it would disconnect from ERCOT and begin dispatching its 524-MW Frontera combined cycle plant to the Mexican market only increased the urgency.

ERCOT's review assumed six LNG plants proposed for the Port of Brownsville would add 2,400 MW of load but that a 780-MW generation project would also be built.

"We recognize that if the additional generation doesn't show up, we may be back asking for additional upgrades," Billo said.

Staff also reviewed AEP's proposed project to address reliability needs in the North McAllen-Edinburg area. ERCOT's planning group is recommending an option that would add two new 345-kV lines, a 345-kV double-circuit line, two 345/138-kV transformers and various other improvements at an estimated cost of $51.5 million.

ERCOT's analysis did not account for the roughly 50 MW of distributed generation in the valley because "DGs are not dispatchable by ERCOT," Billo said. "They're not price-sensitive to the LMPs."

— Tom Kleckner

ERCOT NEWS

Xcel Asks for $88.7M Fee for Lubbock Switch to ERCOT

By Tom Kleckner

Metric	LP&L Option 1	LP&L Option 8B	LP&L Option 4ow
Total Capital Cost ($M)	$312	$338	$364
Relative Capital Cost Compared to Option 1 ($M)	-	+$26.3	+$52.3
Relative Annual Production Cost Savings Compared to Option 1 ($M)	-	-$5.2	-$11.3
Relative Production Cost as Percent of Relative Capital Cost	-	-19.8%	-21.6%
Panhandle Export Limit (Based on WSCR = 1.5)	3902 MW	4029 MW	4246 MW
Miles of new 345 kV Right of Way	113	129	141
Aligned with April 2014 Panhandle Study Roadmap	No	No	Yes
Lubbock Load Serving Capability (MW)	715	819	822

ERCOT Preferred Option highlighted in dark blue.

Source: ERCOT

Xcel Energy has upped the ante in Lubbock Power & Light's bid to disconnect from SPP and join ERCOT in 2019, asking FERC for an $88.7 million interconnection switching fee should the municipal utility proceed with its plan.

The Minnesota-based company filed a request with FERC on May 24, asking the commission to approve the switching fee by Sept. 21 (ER16-1772).

Xcel made the filing on behalf of its Southwestern Public Service subsidiary, which serves LP&L's load. It told FERC it was requesting the fee "to mitigate the impact of the LP&L disconnection on SPS' other transmission customers" and recover the costs of transmission infrastructure built in the Lubbock area since the 1980s.

"If LP&L leaves the SPP regional grid, the costs of infrastructure installed to serve LP&L would be shifted to Xcel Energy's remaining retail and wholesale customers," Xcel said in a statement. It said LP&L's move "will increase their rates unless the interconnection switching fee is implemented."

LP&L is the third-largest municipal load-serving entity in Texas, providing electricity to the City of Lubbock in West Texas. It is interconnected to the SPS transmission system in SPP and announced last year it planned to join ERCOT in 2019, a move it said would reduce its annual energy and capacity costs by $60 million. (See *Integrated System to Join SPP Market Oct. 1; Lubbock Looking at ERCOT*.)

LP&L plans to take about 72% of its 605-MW peak load to ERCOT; about 172 MW would remain within SPP through SPS.

Xcel told FERC the load migration "would result in a shift of approximately $13.8 million of zonally allocated 'sunk' transmission costs per year to other wholesale and retail customers in the SPS zone of SPP" and "$4.5 million of regionally allocated costs per year to customers throughout the entire SPP region."

The fee, Xcel said, would "obligate LP&L to hold the remaining wholesale and retail customers in the SPS zone harmless from sunk costs incurred to provide transmission service to LP&L's load."

Xcel is basing part of its argument on the exit fee paid to SPP by departing members. It told the commission the RTO does not "provide a mechanism for recovering such costs from wholesale customers or load-serving entities such as LP&L if they withdraw their loads from [SPP], even though the financial impact of such a withdrawal can be similar to that resulting from the withdrawal of an SPP member."

The filing also said SPP has considered an addition to its Tariff that would have imposed a "network service termination costs" charge on customers withdrawing a portion of their load if it is not later served by another service agreement within the RTO. SPP said Friday the Tariff revision has never been approved by any of its organizational groups nor formally considered.

LP&L said it "is not currently, nor has it ever been, a member of" SPP, and noted it is "merely a customer" of Xcel.

> **"LP&L is not currently, nor has it ever been, a member of the Southwest Power Pool."**
>
> **Lubbock Power & Light**

The utility "does not believe that Lubbock ratepayers should be responsible for investments made by Xcel Energy or its subsidiary company beyond the conclusion of the current power agreement," it said.

LP&L's contract with Xcel expires in May 2019, at which point it said it will have "fully honored all contractual obligations." The utility has also said it will continue to honor a 25-year power supply agreement beginning June 2019 for 172 MW.

The utility is currently completing an ERCOT interconnection feasibility study that would need to be approved by the Public Utility Commission of Texas. It said its board and the Lubbock City Council have determined joining the ERCOT market "was in the best long-term interest of the LP&L ratepayers."

ERCOT Staff IDs Preferred LP&L Integration Option

Meanwhile, ERCOT staff Thursday shared a draft of its LP&L integration study that identified transmission facilities that would be required to connect the utility's load and system, a 115/69-kV network with about 20 substations. The study will be filed with the PUC after it is first presented to ERCOT's Board of Directors on June 14.

The analysis looked at more than 40 options, before settling on one of three preferred alternatives that staff said would

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ERCOT NEWS

Oversight of Smart Meter Data Debated at ERCOT

By Rory Sweeney

AUSTIN, Texas — ERCOT's Technical Advisory Committee last week continued the debate over who should be responsible for Texas' largely unused smart meter monitoring website.

The website, which allows authorized parties to access individual consumers' electricity-usage data, has been operated from its inception by Smart Meter Texas (SMT), an entity created by a coalition of transmission and distribution utilities. For the past two years, the state Public Utility Commission has been considering whether to transfer oversight of the website to ERCOT. The coalition, along with several other industry and advocacy groups, has supported the move. The ISO, with support from the state Office of Public Utility Counsel, has resisted the responsibility, citing technical and financial hurdles.

At the TAC meeting last week, the main concern was the potential impact on ERCOT's budget and administrative fees.

TAC Chairman Randa Stephenson, of the Lower Colorado River Authority, asked for a synopsis from an ERCOT workshop earlier in the week that had focused on the potential transition. Mark Ruane, ERCOT's director of settlements, retail and credit, explained that the PUC has been looking at data-flow projections if the ISO were to take over the website. Attendees at an April PUC meeting agreed to a "high-level" concept, he said, in which ERCOT would provide settlement data to the web portal rather than take control of the portal itself.

Cost Information Sought

The goal of last week's workshop was to decide the scope of the project. Attendees left saying they needed more information on the likely costs versus the potential benefits. The PUC plans to take up this issue again at its June 9 meeting.

CenterPoint Energy's Kathy Scott, chair of the Retail Marketing Subcommittee, said that the subcommittee has asked competitive retailers to detail what functionality they'd want to see from both ERCOT and SMT if the ISO takes over operation of the web portal. CenterPoint is one of the utilities that runs SMT. She said committee members and the competitive retailers will meet after the June PUC meeting to determine how to move forward.

Stephenson asked that updates to the process be included in future RMS reports.

Eric Goff of Citigroup Energy noted that SMT is funded through rate surcharges and asked whether there are legal mechanisms to direct some of that funding to ERCOT for taking on the responsibility.

Scott said it's likely within the PUC's purview to decide on the allocation.

Website Usage Low

Perhaps a larger question is what should be done with the website. Scott highlighted statistics showing that the site has about 68,000 registered users. That equals a little less than 1% of the more than 7 million customers who have smart meters installed and could be using the site.

Additionally, according to a 2014 report by the South-central Partnership for Energy Efficiency as a Resource (SPEER), it's just 8,000 more users than the site had two years ago.

Connecting to the website is supposed to enhance the usefulness of energy-saving "home area network" (HAN) devices, but the statistics showed that consumers who purchase them aren't continuing to use them. While the 2014 SPEER report noted 12,000 HAN devices being used throughout ERCOT's territory, Scott reported last week that only about 9,700 were still in use as of March.

Concerns have also been raised about SMT's privacy and data protection. At May's RMS meeting, representatives of consumers and several investor-owned utilities abstained from voting on two measures that would allow using SMT to submit information from small generation sources, such as rooftop solar arrays. The IOUs questioned whether providing generation data violated customers' privacy.

Quicker Processing

The TAC also voted to endorse retail market guide revision request (RMGRR) 136, which is meant to help the market process documents quicker by clarifying the procedures for removing holds on switching customers' retail providers. Holds can occur when a customer has an outstanding balance or the provider believes the meter has been tampered with.

The TAC also endorsed RMGRR 137, which would create a timeline for correcting inaccurate customer billing information.

Additionally, the final review has been performed for system change request 786, which sets "retail testing environment" business requirements. ERCOT has assigned it project number 192-01.

Finally, Scott noted that a draft nodal protocol revision request (NPRR) is being developed that may replace RMGRR 132 or require it to be rewritten. With the help of Oncor's Taylor Woodruff, Tom Burke of Amarillo-based Golden Spread Electric Cooperative will guide the new NPRR through the stakeholder process.

Xcel Asks for $88.7M Fee for Lubbock Switch to ERCOT

Continued from page 8

"minimize societal costs."

"The selection really came down to economics, capital costs and production costs," Jeff Billo, ERCOT's senior manager of transmission planning, told the Technical Advisory Committee.

Staff recommended "option 4ow" as the most efficient alternative, saying it aligned with a 2014 roadmap for future upgrades to accommodate the Panhandle's vast wind energy resources.

The three alternatives cost between $312 million and $364 million, involving the construction of as much as 141 miles of 345-kV transmission lines. They would also allow up to more than 4,200 MW of energy to be exported from the Panhandle.

ISO-NE News

Massachusetts Clean Power Bill Hit from All Sides

By William Opalka

A long-awaited bill introduced in the Massachusetts House of Representatives last week that would ease the path for Canadian hydropower and offshore wind into the state and New England electricity markets was criticized by both clean energy advocates and power generators.

The bill calls for power distribution companies and the state Department of Energy Resources to procure 1,200 MW of offshore wind and 9,450 GWh of hydropower annually by June 30, 2017. The contracts would last between 15 and 20 years.

Gov. Charlie Baker called the proposal "a very strong bill that's built around the idea of expanding our portfolio, diversifying our energy sources and incorporating big slugs of hydro and wind into our portfolio here in Massachusetts and across New England." (See Baker: Hydropower Contracts Best Way to Lower Costs.)

The bill isn't as comprehensive as many stakeholders had hoped for, lacking provisions for solar, nuclear power, energy efficiency or other technologies. An extension of the solar net metering cap earlier this year was the only significant issue addressed this session. (See Massachusetts Raises Net Metering Cap, Cuts Payments.)

The New England Power Generators Association said the bill interferes with market mechanisms that had delivered lower-cost power.

"The proposal would carve up one-third of the Massachusetts electricity marketplace into decades-long contracts that have the potential to dramatically increase electricity costs for consumers," NEPGA president Dan Dolan said in a statement.

Some environmental advocates see the bill as weighted too heavily toward hydropower. "The Massachusetts House deserves full credit for recognizing the urgent need to address our state's energy future. However, this bill is not strong enough," said Caitlin Peale Sloan, a staff attorney for the Conservation Law Foundation. "We need to take bold action to counter climate change and that means choosing the cleanest energy that we can. Wind is one of the cleanest energy sources — cleaner than imported hydropower."

A coalition of offshore wind developers said the bill begins a new era for the state.

"Offshore Wind Massachusetts looks forward to continuing to work with the House and Senate to fashion a final bill that will enable Massachusetts to make use of one of its greatest resources — abundant and reliable wind that will power a new industry and benefit our citizens for the rest of this century and beyond," said Matthew A. Morrissey, its managing director.

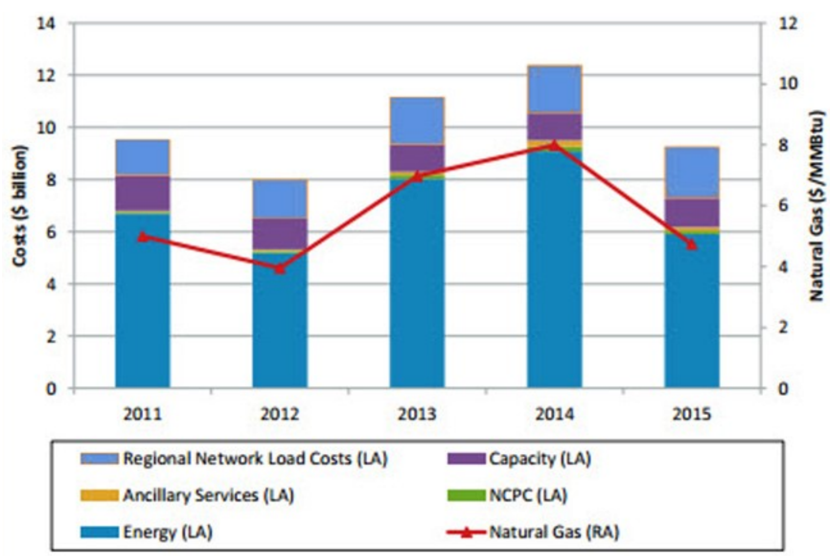
The bill would exclude the Cape Wind project in Nantucket Sound by limiting eligible offshore wind projects to those in a "competitively solicited federal lease area" south of Massachusetts and Rhode Island. The project, once expected to be the country's first offshore wind farm, has struggled to obtain financing.

ISO-NE: Power Prices Fell by One-Third Last Year

The average real-time price of wholesale power in New England fell by more than a third last year, according to the 2015 Annual Markets Report by the Internal Market Monitor of ISO-NE.

Prices dropped more than $22/MWh to $41, as the average price of natural gas fell 41% to $4.73/MMBtu in 2015, from $7.99/MMBtu in 2014.

The report by the Monitor said the wholesale power markets operated competitively last year. The prices of both natural gas and wholesale power were the lowest since 2012, with natural gas generating 49% of the electricity produced in the region.



Wholesale market costs and average natural gas prices *Source: ISO-NE*

"Natural gas prices fell last year with increased domestic production, above-average storage levels nationally and mild weather that moderated demand for natural gas for heating and power generation for most of the year," said Jeffrey McDonald, ISO-NE's vice president of market monitoring. "Because of the moderate demand, there was sufficient space in the region's natural gas pipeline infrastructure to deliver low-priced natural gas to the region's generators. The New England markets were competitive in 2015, as demonstrated by the close linkage between natural gas and wholesale power prices."

The Monitor also reported that total costs — including energy, capacity, ancillary services and transmission — fell about 25%, from about $12.4 billion in 2014 to about $9.3 billion in 2015.

At 126,833 GWh, total electricity usage in New England was 0.3% lower in 2015 than in 2014.

— William Opalka

MISO News

Advisory Committee Briefs

Committee Endorses 5 Final Priorities

MISO's Advisory Committee last week settled on five priorities for 2016 after adding an obligation to "improve coordination across market and non-market seams" under the seams optimization priority.

In approving the priorities, the committee also called for:

- Improving operational coordination when dealing with federal regulations such as the Clean Power Plan;
- A focus on price formation under the grid technology advancement priority; and
- Refinement of the competitive transmission development process under the infrastructure development enablement priority.

The changes were made in response to recommendations from MISO sectors. (See "AC to Finalize Priority-Setting for May Vote," *MISO Advisory Committee Briefs*.)

Advisory Committee Chair Audrey Penner noted that the priorities would be revisited during the committee's October strategic session. "I want to remind folks that … we will review this again," she said. "It's meant to be a reiterative, back-and-forth document."

Committee Vice Chair Tia Elliott (left) and Committee Chair Audrey Penner © *RTO Insider*

With priorities set for this year, work on 2017 begins immediately. Penner said the committee should focus on deciding if this year's priorities have a shelf life that can continue into 2017 or if they should be reworked.

Committee Retires Stakeholder Governance Working Group

The committee retired the Stakeholder Governance Working Group after the group concluded modifications on the governance guide.

Vice Chair Tia Elliott said the Steering Committee will absorb the group's responsibilities, and task teams could be formed to deal with more specific issues involving the governance guide. Outstanding governance issues could also be addressed at the annual stakeholder workshop.

Elliot said an "expertise safety net" already exists in the Steering Committee with MISO liaison Eric Stephens, who is able to assist with the governance guide and data requests from the recently retired Data Transparency Working Group.

Gary Mathis, representing the Transmission-Dependent Utilities sector, said more work is needed on stakeholder redesign implementation and that task teams are not the ideal venue.

"The Stakeholder Governance Working Group doesn't meet very often, it's efficient, has a chair and vice chair and, unlike a task team, follows the governance guide," Mathis said.

He said the decision to retire the working group should rest with its parent entity, the Steering Committee.

Dynegy's Mark Volpe said he has viewed the working group as a "transitional body" since February, when it first dodged retirement through an Advisory Committee motion. (See "Stakeholder Governance Working Group Sidesteps Retirement," *MISO Advisory Committee Briefs*.) Elliott said the committee retained the right to retire the group.

— Amanda Durish Cook

MISO, PJM Working to Comply with NIPSCO Order as Rehearing Requests are Filed

By Amanda Durish Cook

MISO last week presented a plan to address FERC's order in an ongoing dispute over its seam with PJM, even as the RTOs and other parties sought rehearing on the ruling.

The RTOs have until June 20 to submit a compliance filing in response to an April 21 order in which the commission partially denied and granted a 2013 complaint by Northern Indiana Public Service Co. regarding the two RTOs' interregional planning (EL 13-88). (See *FERC Orders Changes to MISO-PJM Interregional Planning*.)

At a Joint and Common Market meeting last week, MISO said the RTOs will work together to create "step-by-step deadlines" for a coordinated system plan in their joint operating agreement (JOA) by the filing deadline. By mid-August, the RTOs will align their respective annual transmission project packages — MISO's Transmission Expansion Plan and PJM's Regional Transmission Expansion Plan.

As ordered by FERC, MISO will also:

- Lower its interregional project voltage threshold to 100 kV;
- Eliminate the $5 million cost threshold for interregional projects;
- Remove its interregional cost-benefit analysis; and
- Work with PJM to incorporate interconnection coordination procedures from their respective business practice manuals into the JOA.

"With the order, FERC required a lot of MISO," Planning Advisory Committee Chair Bob McKee said during last week's Steering Committee meeting.

PJM's Chuck Liebold said the RTOs continue to work together on a targeted market efficiency project study that would identify quick, low-cost upgrades to alleviate congestion, while simultaneously adding JOA language that incorporates the study process.

The RTOs and SPP are also seeking alternatives to the April 1, 2004, "freeze date" for determining firm rights on flowgates based on flows before they instituted their current markets. The RTOs plan to develop a solution and file Tariff revisions by the fourth quarter, with implementation expected by next June.

MISO is also seeking stakeholder input on how to implement a new joint model that uses the same assumptions and criteria in the regional processes for both RTOs.

"The rest of the order didn't order stakeholder involvement, but we certainly want some input," said Eric Thoms, MISO's

Continued on page 12

MISO News

Steering Committee Briefs

Competitive Retail Solution Task Team Retirement Sparks Talk on Protocol

MISO's Steering Committee concluded last week that the Resource Adequacy Subcommittee acted properly when it retired the Competitive Retail Solution Task Team on May 5 without a vote or motion.

But in its meeting Wednesday, the committee discussed whether the RTO's stakeholder governance guide should be updated to outline a process for retiring a task team. To retire the CRSTT — which was established last October to develop capacity auction improvements — the RASC relied on written comments and discussion with stakeholders.

RASC Chair Gary Mathis said the issue was presented to the Steering Committee after questions were raised about the procedure the RASC used.

"I don't think we need to formalize this process," Steering Committee Chair Tia Elliott said.

But Bill SeDoris, director of MISO integration for Northern Indiana Public Service Co., said it may be helpful for committee charters to state that task teams can be closed out "entirely at the discretion of committee leadership."

Indianapolis Power & Light's Lin Franks also recommended that the Steering Committee produce a non-enforceable guideline document on the creation and dissolution of task teams.

In lieu of task teams, Kent Feliks of American Electric Power suggested MISO could hold special meetings on topics, as PJM does.

Elliott said further discussion on the issue will be taken up at the July Steering Committee meeting.

IMM Makes Recommendation in Data Request

Two pending data requests must be adjusted before being implemented by MISO, RTO staff and the Independent Market Monitor said.

The Monitor cautioned against fully granting a stakeholder request to post commercial limits for binding constraints in the real-time and day-ahead markets. It recommended rejecting the release of day-ahead values "but is still considering the possibility of real-time values on a week delay," according to MISO. The RTO's Tom Welch said staff plan to postpone a decision until July, when the Monitor's final recommendation becomes available.

Foreknowledge of the constraints creates concerns about market manipulation, Welch explained.

The RTO is also putting the brakes on an early May request to break down wind output data by North, South and Central regions in both real-time and day-ahead forecasts. (See "MISO Grants 2 Data Requests, Denies Another," *MISO Steering Committee Briefs*.)

Welch said the request is still under review, noting that when the first wind units open in MISO South, wind output reports would inadvertently "expose their unit-specific information." To protect nonpublic information, MISO said the data posting might not be prudent until at least three wind units are installed in the region.

"We can break down the northern regions," Welch said.

Financial Transmission Rights Working Group Retired

MISO's Financial Transmission Rights Working Group was retired as a result of a Steering Committee decision. Duties associated with financial transmission rights and auction revenue rights have been transferred to the Market Subcommittee.

The move was approved by consent with little discussion.

— Amanda Durish Cook

MISO, PJM Working to Comply with NIPSCO Order as Rehearing Requests are Filed

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manager of planning coordination.

Rehearing Requests

Last week, NIPSCO, MISO, PJM and others filed requests for rehearing of FERC's order.

NIPSCO asked the commission to reverse its decision disallowing use of market-to-market payments as an alternative justification for interregional projects. It also wants FERC to impose a timeline on market efficiency project analyses.

"NIPSCO appreciates the commission's attention to seams issues to date, but respectfully requests that the commission 'hold the RTOs' feet to the fire' regarding the significant compliance efforts that remain," the company wrote in its request.

The Organization of MISO States argued that the new 100-kV threshold for interregional economic transmission projects is unjust and unreasonable. The group contends there is no "substantial" evidence that projects above 100 kV but below 345 kV can provide benefits broad enough to justify a 20% load ratio cost allocation across MISO's footprint.

"Any such change would require an appropriate process that includes substantial stakeholder input and engineering studies to support any changes," OMS said.

MISO Transmission Owners asked FERC to revisit its decision to lower the voltage threshold and eliminate the $5 million cost threshold for interregional economic transmission projects. The TOs say that in ordering the changes, the commission "inappropriately relies on the results of MISO and PJM's quick hit analysis, which utilizes different planning criteria and inputs than MISO and PJM utilize for identifying and evaluating interregional market efficiency projects."

MISO asked FERC to reconsider a decision to eliminate the interregional benefits-to-costs analysis — also known as the joint metric — claiming the commission provided no explanation for the move. The RTO also contends that the joint metric "is not a hurdle and is needed to harmonize regional benefits calculations and prevent gaming."

PJM asked the commission to clarify whether it meant for the RTOs to eliminate the current 1.25-to-1 benefit-to-cost ratio on interregional projects. Determining a cost split using separate regional metrics "will result in significantly different benefit values for the same project," the RTO said.

NYISO NEWS

NYISO Monitor: Modify Capacity Export Planning

By William Opalka

RENSSELAER, N.Y. — NYISO's Market Monitoring Unit is recommending changes to the capacity market and planning processes in import-constrained zones as a result of a New York generating plant's successful offers into the last two ISO-NE Forward Capacity Auctions.

Pallas LeeVanSchaick of Potomac Economics outlined the recommendations in a presentation on the monitor's 2015 State of the Market Report to the NYISO Management Committee meeting on Wednesday.

The changes would better account for capacity that is exported to neighboring control areas from import-constrained capacity zones, he said. "This is new this year and we see it as high priority."

The Roseton 1 generator, a 1,242-MW dual-fuel generator in Newburgh, N.Y., sold 511 MW of capacity in ISO-NE's FCA 9 for the 2018/19 commitment period and 532 MW in FCA 10 for 2019/2020. The plant will have simultaneous capacity obligations in New York and New England. Roseton 1 is in Zone G in the Lower Hudson Valley, which has been designated as import-constrained.

Potomac said rules were needed to prevent inefficient capacity prices and anticompetitive outcomes.

"If such rules are not devised soon, clearing prices will be set above competitive levels in the Lower Hudson Valley. Therefore, we recommend rules to account for these transactions that would ensure efficient pricing in NYISO's capacity zones," according to the report.

The monitor said planning for this now would reduce uncertainty regarding future prices and reliability.

"This would avoid the scenario where prices would be inflated in June 2018 by $40/kW-year" in zones G-J, (Lower Hudson Valley and New York City), LeeVanSchaick said.

Potomac said underlying principles of the adjustments should be that the capacity clearing price is equal to the value of the additional megawatts in the area and that the capacity payment is equal to the reliability value to NYISO.

It proposed:

- Accounting for the reliability benefits provided by a Southeast New York resource that exports to another control area when clearing zones G-J;
- Compensating exporters based on local/rest-of-state price differentials; and
- Adjusting planning assumptions to recognize these benefits.

ISO Seeking Feedback on Potomac

Separately, NYISO will collect comments on Potomac's performance until July 15 in its annual solicitation of market participant input.

PJM NEWS

Del. Gov., Congressional Delegation Ask FERC to Rehear Cost Allocation Order

By Suzanne Herel

Salem nuclear plant on Artificial Island

Delaware Gov. Jack Markell, the state's congressional delegation and LS Power are among those asking FERC to revisit its April 22 ruling approving solution-based distribution factor (DFAX) cost allocation for the Artificial Island and Bergen-Linden Corridor projects.

A request for rehearing was filed by the public service commissions of Delaware and Maryland, whose electricity customers will pay for the bulk of the work to upgrade the New Jersey complex that houses the Salem and Hope Creek nuclear reactors. That's because the Delmarva peninsula is the sink point for the new transmission line that will link Artificial Island with the Red Lion-Cartanza and Red Lion-Cedar Creek 230-kV lines in Delaware, and thus the target of the DFAX methodology.

In its 3-1 ruling, with Commissioner Cheryl LaFleur dissenting, FERC said it "found that where a cost allocation method is accurate in a very high percentage of circumstances to which it applies, then it is a strong indicator that the cost allocation method is just and reasonable" (EL15-95, ER15-2563). (See *FERC Upholds Cost Allocation for Artificial Island, Bergen-Linden Projects*.)

No Free Pass

The complainants said that's not good enough.

"The Federal Power Act does not provide the commission with a free pass on its obligation to ensure just and reasonable rates for the ratepayers in Delaware and Maryland simply because the commission previously approved a cost allocation methodology that works for other projects and other ratepayers," said LS Power, one of the developers of the Artificial Island stability fix.

"The presence of the facility ensures reliable delivery of power and alleviates future reliability concerns and violations that could have otherwise caused operational issues equally, or in fact more so, to a large segment of the grid beyond Delaware and Maryland, and those beneficiaries are not identified by solution-based DFAX and therefore are not paying their appropriate share for the reliability benefits received," LS Power said.

Since FERC's order, the estimated cost of the Artificial Island project has ballooned, with Public Service Electric and Gas nearly doubling the cost of its work from $137 million to $272 million. (See *Cost Estimate of PSE&G Portion of Artificial Island Fix Doubles to $272M*.) LS Power has stood by its cost cap of $146 million.

In looking for ways to reduce the cost, PJM planners are considering a new configuration that would terminate the transmission line at Hope Creek instead of the Salem substation. That could alter its scope and require the RTO to solicit new bids under FERC Order 1000. (See *Artificial Island Cost Increase Could Lead to Rebid*.)

Cancellation Sought

In addition to the requests for rehearing, the Delaware Division of the Public Advocate wrote to the PJM Board of Managers asking it to cancel the project.

"The DPA exhorts the PJM board to re-evaluate its approval of the project in light of the staggering increase in the cost of the PSE&G portion of the project," wrote Public Advocate David Bonar. He said the updated cost estimates more than double the Delmarva zone's share with an increase of $107.4 million.

Commercial electricity consumers could see their bills increase by $50,000 per month, he said, while residents would see about a $13 hike.

"The DPA is not asking PJM to do something it has never done before," he said. "After reconsideration, PJM canceled the Mid-Atlantic Power Pathway and the Pennsylvania-Allegheny Transmission Highway projects."

The PSCs' filing was submitted also on behalf of the Delaware Division of Public Advocate, the Maryland Office of People's Counsel, Old Dominion Electric Cooperative and the Delaware Municipal Electric Corp.

The parties challenged FERC's factual findings and legal conclusions and said the DFAX cost allocation would violate precedent and produce unjust and unreasonable rates.

In a letter supporting the filing, Markell said, "The commission's order will have a significant direct negative impact on customers in the Delmarva zone and on the economy of the region. Several manufacturing facilities have already expressed concerns about the impact the added costs will have on their operations."

U.S. Sens. Tom Carper and Chris Coons and Rep. John Carney also wrote to FERC in support of a rehearing.

"The current cost allocation results in over 90% of project costs being borne by Delmarva zone customers in exchange for just a small portion of the project benefits," they said. "This cost distribution is not sustainable for Delaware users and could

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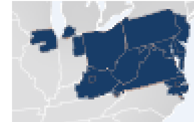
PJM NEWS



Del. Gov., Congressional Delegation Ask FERC to Rehear Cost Allocation Order

Continued from page 14

seriously impact the state's ability to recruit and retain industry."

The issue of cost allocation for the Artificial Island stability fix and Bergen-Linden Corridor transmission project was the topic of a January FERC technical conference, called after the commission determined the DFAX method may be unjust and unreasonable in some cases. (See DFAX: 'Poison Pill' or 'Best Method' of Cost Allocation?)

Loss of PSEG 'Wheel'

Hudson Transmission Partners and the New York Power Authority, which are concerned about the Bergen-Linden Corridor project, also filed rehearing requests.

As with the Artificial Island project, the factors surrounding the project have changed since FERC's ruling.

Consolidated Edison, to which PJM assigned $629 million of the costs of PSEG's $1.2 billion upgrade, recently decided to stop using the "wheel" by which PSEG takes 1,000 MW from Con Ed at the New York border and delivers it through New Jersey to Con Ed load in New York City. (See Con Ed-PSEG 'Wheel' Ending Next Spring.)

"The order states that the purpose of the Bergen-Linden Corridor project is to facilitate the Con Edison wheeling arrangement," Hudson Transmission Partners wrote. "The Con Edison wheeling arrangement has been terminated. Moreover, Linden VFT, HTP and others brought this likelihood to the commission's attention on the record in this proceeding, but the commission entirely ignored these facts.

"It is now a reality. Therefore, the very basis upon which the Bergen-Linden Corridor project was founded … and presumably the basis for allocating most of the project's costs to Con Edison (as, presumably, the beneficiary), has fundamentally changed. Initial analyses by PJM, which were also presented to the commission, indicate that most of the costs previously allocated to Con Edison will now be shifted to HTP."

The NYPA wrote that it expects its cost allocation associated with the BLC project to increase from about $100 million to more than $600 million.

"The BLC project costs that will be allocated to NYPA following termination of the Con Edison wheel are so grossly disproportionate to the total value of NYPA's firm export rights on the HTP line that NYPA will be forced to pursue all of its options, which may include termination of the [firm transmission withdrawal rights] it has contractually acquired from HTP, if it cannot mitigate its exposure to [Regional Transmission Expansion Plan] costs in some other way," it said.

"Given the significant cost of the BLC project, the economic stakes are high," the NYPA said. "Further ramifications should be expected if rehearing is not granted."

PJM NEWS

PJM Capacity Prices Fall Sharply

By Suzanne Herel and Rich Heidorn Jr.

PJM's second auction under Capacity Performance rules saw prices drop sharply as new gas-fired generation flooded the market. Exelon's Quad Cities and Three Mile Island nuclear plants were among the plants that failed to clear, leaving them without any capacity revenue for delivery year 2019/20.

Capacity Performance prices fell in most of PJM by $65/MW-day, or 39%, to $100/MW-day compared with last year.

Prices in Eastern MAAC fell by nearly $106/MW-day, or 47%, to $119.77. Only the ComEd zone held its own, dropping just $12/MW-day, or 6%, to $202.77. Base capacity, limited to 20% of the RTO's needs, came in at a $20/MW-day discount to CP. There were no locational constraints on base.

The auction will cost load a total of $6.9 billion in 2019/20, compared with $11 billion for last year's auction for 2018/19.

Prices were depressed by new generation and a 1,200-MW reduction in load requirements as a result of a revised load forecast, said Stu Bresler, PJM senior vice president of markets.

The auction acquired 167,306 MW for delivery year 2019/20. That gives the RTO a 22.4% reserve margin, well above the target of 16.5%.

"Prices were lower than some analysts had expected and lower than last year's auction results simply because of market fundamentals — changes in supply and demand," Bresler said. "The load forecast is lower, and there was a large amount of new gas-fired combined cycle generation clearing for the first time in the auction."

New Generation

In total, 6,543.5 MW (UCAP) of new generation offered into the auction including uprates. About 5,529 MW of the new generation cleared, mostly natural gas combined cycle and combustion turbines.

Based on prior experience most of the cleared new generators will meet their in-service dates. For example, 87% of the 4,575 MW of large, combined cycle units that cleared in the Reliability Pricing Model for 2015/16 are in service and the remainder are expected to be in service by mid-2017.

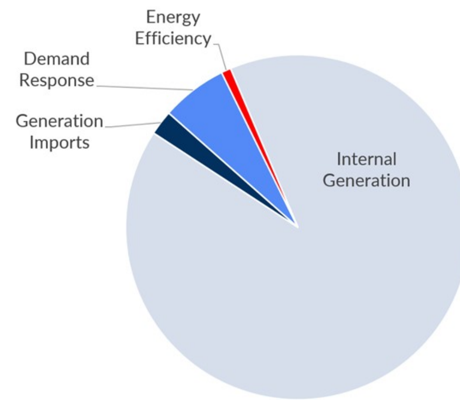
Cleared external generation dropped by 812 MW to 3,876 MW, a 17% reduction, while internal generation rose 1%. About 71% of the external generation was CP.

Like CP generation, base capacity generation is expected to be available throughout the delivery year, but unlike CP it is subject to nonperformance penalties only during the summer.

About 13,000 MW of new entry was granted an exception to the minimum offer price rule (MOPR), Bresler told the Markets and Reliability Committee on Thursday. No new entry was held to the MOPR.

Quad Cities, TMI Shut Out

Bresler called the results "extremely competitive." He noted that fewer coal-fired and nuclear resources cleared the auction.



Cleared capacity by type *Source: PJM*

Coal was down about 2,600 MW, and nuclear was down more than 1,500 MW, he said.

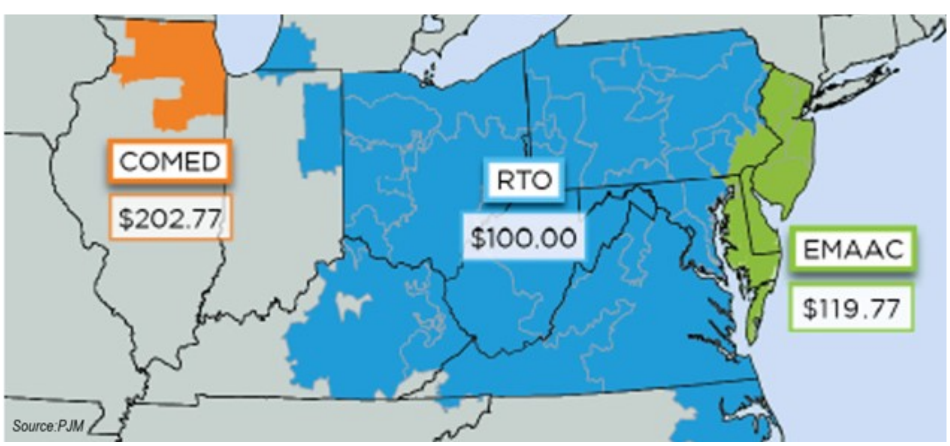
Exelon said all of its nuclear plants that offered cleared the auction except for Quad Cities, Three Mile Island and a portion of the Byron plant. Oyster Creek, which is scheduled to retire in 2019, did not participate in the auction.

Despite the news, the company said Byron is committed to operate through May 2020. The company has said it would close Quad Cities and the Clinton nuclear plant if it did not win financial support from the Illinois legislature before its session ends May 31. Exelon says the two plants have lost $800 million over the past seven years despite strong operating records.

Although Clinton cleared in MISO's recent capacity auction, the company said its revenues will not be sufficient to earn a profit.

The company noted this was the second consecutive year that TMI Unit 1 failed to clear the PJM auction. "Although the plant is committed to operate through May 2018, the plant faces continued economic challenges and Exelon is exploring all options to return it to profitability," the company said.

"The capacity market alone can't preserve zero-carbon emitting nuclear plants that are facing the lowest wholesale energy prices in 15 years," CEO Chris Crane said in a statement. "Without passage of comprehensive energy legislation that recognizes nuclear energy for its economic, reliability and environmental benefits to Illinois, we will be forced to close Quad Cities and Clinton."



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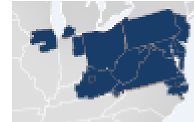


PJM Capacity Prices Fall Sharply

Continued from page 16

Dynegy, meanwhile, said it cleared a total of 9,804 MW at a weighted average price of $134/MW-day, worth $481 million for 2019/20. Dynegy's PJM fleet cleared 9,187 MW at $137/MW-day and its Illinois Power Holdings will export 617 MW to PJM at $92/MW-day.

FirstEnergy declined to comment on how its plants fared in the auction. American Electric Power also made no announcements.

The two companies have been trying to win above-market purchase power agreements to support their struggling merchant fleets.

In its analysis of the auction results, UBS Securities said the depressed clearing price could spell trouble for generators looking for financial assistance. "As we have noted previously, lower capacity revenues place increased reliance on extra revenues from local customers under [FirstEnergy's] revised PPA proposal, which could put the plan at higher risk of rejection. Similarly, we expect increased scrutiny of costs in Illinois as the legislature there continues to debate a clean energy credit for [Exelon's] nukes."

Demand Response, Energy Efficiency

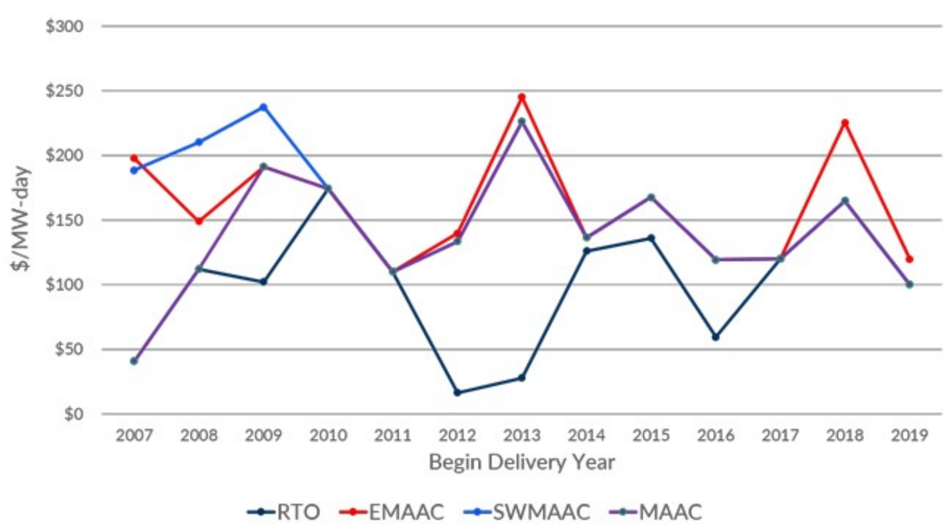
Cleared demand response dropped to 10,348 MW, down about 7%, while energy efficiency soared almost 22%.

About 70% of the energy efficiency cleared as CP, with the remainder as summer-only base capacity. Only 6% of the DR resources qualified as CP, which must be available year-round.

DY 2019/20 will see a net increase of 84 MW of DR over 2018/19 and 312 MW of EE.

The low percentage of DR that cleared as CP should not be taken as a sign that the resource will struggle to participate in the auction when it moves to all CP in the 2020/21 delivery year, Bresler said Thursday.

"About 4,700 MW was offered that could be CP; it just didn't clear that way economically," he said. "I don't think we should take these results as demand response can't be CP."



BRA clearing prices (delivery year 2007-2019) *Source: PJM*

Renewables

Of the 969 MW of cleared wind resources, 89.4 MW cleared as CP (9%). The 969 MW represents 7,453.8 MW of nameplate capacity based on its 13% capacity factor.

About 335 MW of solar capacity cleared, compared to 184 MW last year, with only 0.4 MW clearing as CP (one-tenth of 1%). Based on its 38% capacity factor, the 335 MW represents 882 MW of nameplate solar. A total of 6,328 MW of new generation will be added in 2019/20, offset by the loss of 2,923 MW for a net increase of 3,405 MW.

Bresler noted that for the first time, one aggregated resource of renewable power offered into the auction, but he didn't know if it cleared. Because there was only one, he wouldn't identify it except to say it was in the renewable category, "and that's bigger than wind and solar, it includes hydro."

Analysts Predicted Price Drop

Analysts had predicted lower clearing prices for the auction, which began May 18.

Morningstar analyst Jordan Grimes forecast a price of $160/MW-day for the CP product and $180/MW-day in EMAAC and SWMAAC. He predicted base capacity to clear at a discount of $10/MW-day. (See *Analysts Expect Lower Clearing Prices in 2019/20 PJM Capacity Auction*.)

Julien Dumoulin-Smith of UBS reduced his forecast CP price from $140/MW-day to $125/MW-day. He predicted higher prices in EMAAC, DPL-S, PS-N and PSEG at $200/MW-day and ComEd at $225/MW-day.

Morningstar's model predicted that Exelon's Quad Cities nuclear plant would not clear the auction.

The price cap was $448.95/MW-day, compared with $450.86/MW-day for the 2018/19 auction.

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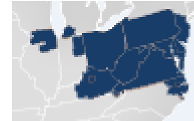

Split PJM Committee Approves Charter for Seasonal Capacity Effort

By Suzanne Herel

PJM members approved a charter for the Seasonal Capacity Resource Senior Task Force last week, but not before a long discussion in which some voiced concern over its potential to undermine the new Capacity Performance product.

The Markets and Reliability Committee passed the motion with 68% of a sector-weighted vote.

The charter stemmed from a problem statement and issue charge that also passed with 68% approval in February to study how seasonal resources could be incorporated into Capacity Performance. (See "Seasonal Resources in the Capacity Market to be Studied," *PJM Markets and Reliability Briefs*.)

Katie Guerry of EnerNOC introduced the issue after no aggregated seasonal resources offered into the first Base Residual Auction involving Capacity Performance last August. One aggregated resource offered into this month's BRA, but Stu Bresler, PJM senior vice president of markets, said he did not know whether it cleared.

In the last two auctions, PJM required 80% of the capacity procured to meet Capacity Performance standards. The market goes to 100% Capacity Performance resources in the next BRA, for the 2020/21 delivery year.

Since the endorsement of the problem statement and issue charge, the task force has added a work activity: to analyze alternatives to requiring 100% Capacity Performance resources, including the development of stand-alone sub-annual products.

Contrary to FERC Order?

Those opposed to the charter worried that the task force's deliverables might run afoul of FERC's ruling allowing Capacity Performance.

David "Scarp" Scarpignato of Calpine said his company did not want to move forward with the effort.

"We understand that PJM wants to give people the ability to truly offer aggregated resources," Scarp said. "We do appreciate that anyone who can meet the CP requirements should be able to bid in. But this goes contrary to a very recent FERC order."

Jason Barker of Exelon said the desired timeline to study the issue and recommend changes "seems strained at best." Any modifications to planning parameters would have to approved by the first week of February for next year's BRA.

Bresler echoed Barker's concern. "I recommend restricting the talk to things that might be attainable," he said. "You're really going to have to focus your discussion on something that's manageable."

Aggregation not an Option

Dan Griffiths, executive director of the Consumer Advocates of the PJM States, said that when FERC ruled, it didn't know that aggregated products would not be offering into the BRA or subsequent transitional auctions.

"The longer we go, the clearer we will see that's not an option that works for seasonal capacity resources," he said. "The notion that we shouldn't do something because we're changing the model I think is inconsistent in that we've been changing the model since it was created."

Griffiths was among those who pushed the PJM Board of Managers at this month's Annual Meeting to change the rules to encourage participation of seasonal resources. (See *Consumer Advocates, Enviros Press PJM on Seasonal Capacity*.)

Gregory Carmean, executive director of the Organization of PJM States, said that the challenges to seasonal resources participating in the market is an unintended consequence from the "rushed" Capacity Performance model.

Capacity Performance, he said, "was designed only to meet one objective: reliability. There are other aspects of competitive markets that can be affected. … It behooves PJM to at least study these options. If we move forward, and these things fall by the wayside, I don't think PJM will be doing its part to foster competitive markets that meet the needs of the public."

Pseudo-tie Issues of External Capacity to be Studied

The MRC also approved a problem statement and issue charge to study the challenges associated with capacity resources subject to pseudo-tie requirements. (See "Study of Pseudo-Tie Standards for External CP Deferred," *PJM Markets and Reliability Committee Briefs*.)

The issue had been postponed a month after members asked staff to narrow the scope of the proposal.

The work will be assigned to the Underperformance Risk Management Senior Task Force, which will be asked to devise recommendations addressing "equal opportunity based on deliverability" and "existing or new challenges to currently approved pseudo-tie resources."

The task force will be expected to present their findings to the MRC in August or September for implementation in the 2017 BRA.

The motion passed with one "no" vote and zero abstentions.

"The notion that we shouldn't do something because we're changing the model I think is inconsistent in that we've been changing the model since it was created."

Dan Griffiths,
Consumer Advocates of the PJM States

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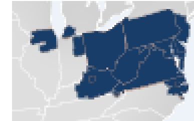


MRC Briefs

New Early Capacity Replacement Standard Allowed

Barry Trayers of CitiGroup Energy won endorsement from the Markets and Reliability Committee for his proposal to add an acceptable reason for early capacity replacement to Manual 18: PJM Capacity Market.

After Trayers agreed to remove the words "wind" and "solar," the motion passed with three objections and six abstentions.

The change adds the following as an acceptable reason for early replacement: "If the replacement resource's capacity is not affected by its outage rate, such as cleared incremental auction buy bids, the replacement transaction can be completed at any time."

"The reason is the deal's already done," Trayers said. "There's a sale and a purchase, and you'd like to merge those in your portfolio and know where you stand."

End of Life Senior Task Force Has New Name, Charter

Members approved a charter for the Transmission Replacement Process Senior Task Force, previously referred to as the End of Life Senior Task Force.

The group will be tasked with developing ways to provide more transparency and consistency in the communication and review of end-of-life projects in the Regional Transmission Expansion Plan. (See *PJM TOs Oppose Proposal to Develop End-of-Life Criteria*.)

New Issue for Energy Market Uplift Senior Task Force

The committee approved revisions to the Energy Market Uplift Senior Task Force charter to incorporate a problem statement and issue charge regarding the review of virtual transaction rules.

The group will study biddable nodes and the application of uplift and determine whether recommendations from PJM's October 2015 white paper on virtual transactions should be implemented. (See *PJM Suggests Changes to Virtual Transactions*.)

PJM is awaiting a related FERC order on whether up-to-congestion trades will be charged uplift and made subject to the RTO's financial transmission rights forfeiture rule (EL14-37). (See *FERC Issues Request for Comments in UTC Uplift Docket; Ruling by October?*)

Stricter Standards OK'd for Project Queue Submittal

Members approved the Earlier Queue Submittal Task Force's recommended Tariff revisions, which would require earlier submittal of documentation in order for projects to secure a place in the interconnection queue.

The revisions will be presented for endorsement to the Members Committee at its June 30 meeting. (See "New Project Submittal Process to Require Earlier Filing of Documents," *PJM Planning Committee and TEAC Briefs*.)

Tweaks to DER Problem Statement OK'd

Members approved clarifications to the previously approved distributed energy resources problem statement. (See "Faster Path to Market for Distributed Resources to be Studied," *PJM Markets and Reliability Briefs*.)

The changes recast the entry of distributed resources into the PJM market as having "unique challenges" instead of being "cost-prohibitive and time-consuming."

Members Hear First Reads on PLS, Tx Equipment Upgrades

- Members heard the first read of a proposal to update the parameter limited schedule exception process to permit more flexibility.
- Paul McGlynn, senior director of planning, presented a first read of a proposal to except transmission substation equipment upgrades from the competitive window. (See "Typical TO Upgrades Would be Excluded from Competitive Window Under Proposal," *PJM Planning Committee and TEAC Briefs*.)

Real-Time Values Added to Manual 11

The committee approved changes to Manual 11: Energy and Ancillary Services Market Operations that incorporate real-time values.

The changes allow a market seller to communicate a unit's actual operating parameters to PJM before and after the day-ahead market closes when the unit cannot operate for certain reasons.

The language stipulates that real-time values may be used to modify the turn-down ratio, minimum run time, minimum down time, maximum run time, start-up time and notification time, and they can be made whole due to an actual constraint.

Committee Unanimously Endorses Manual Changes

The following manual changes were approved Thursday:

- Manual 3: Transmission Operations. Updates stem from a periodic review.
- Manual 11: Energy and Ancillary Services Market Operations. Resources that cannot reliably provide day-ahead scheduling reserve obligations in real time will be excluded from DASR eligibility. They include nuclear units, dynamic transfers, run-of-river and self-scheduled pumped hydro units, wind units, solar units and non-energy resources. (See "Day-Ahead Scheduling Reserve Eligibility to be Studied," *PJM Market Implementation Committee Briefs*.)
- Manual 13: Emergency Operations. Updates are the result of a periodic review.
- Manual 14D: Generator Operational Requirements. Attachment L addresses the joint-owned resource communication model.
- Manual 14E: Merchant Transmission Specific Requirements. Amendments reflect changes to the merchant network upgrade process approved last July by the MRC.
- Manual 36: System Restoration. Amendments incorporate lessons learned from the annual restoration drill as well as a periodic review.

— Suzanne Herel

SPP News

Lessons Unlearned: FERC's Punt on Market Monitors' Independence

SPP Squelching MMU Independence, Former Monitors Say

Continued from page 2

bers, if you're told to pull your punches," Bowring said in a recent interview. "I am amazed [SPP] had the chutzpah to do this — fire the two best monitors they have. We're very fortunate to have hired them."

"I don't know how we would do this job effectively if we weren't independent," agreed Potomac Economics President David Patton.

McQueen insisted in an interview that he has had no problems maintaining the MMU's independence despite its place within SPP.

"That's demonstrated by our record," he said in an interview at SPP headquarters, citing the MMU's three filings opposing SPP positions last year. "We oppose the RTO. We oppose the Board of Directors. That's our right and that's our responsibility to do that when we determine it's appropriate."

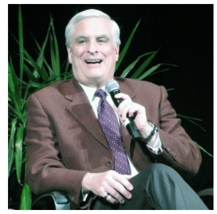
Oversight Committee Chairman Martin also defended the MMU's independence, saying it has taken positions contrary to RTO staff and stakeholders both in FERC filings and stakeholder meetings.

But Mooney said that, until recently, the MMU dropped any opposition once an issue left the stakeholder meetings, failing to inform FERC when it disagreed with an SPP Tariff filing, as required by FERC Order 719.

Days after the firing of Hyatt and Mooney, the Oversight Committee adopted a revised statement on the MMU's independence, which included two substantive policy changes: It made the committee responsible for all salary and bonus decisions for McQueen and other MMU employees and ensured that the MMU director could meet with the committee in executive sessions without RTO officials present. The statement also reiterated its choice of the internal market monitoring structure.

Martin announced the statement at January's board meeting, adding that McQueen will retire by the end of the year.

SPP acknowledged that until the revised policy statement in January, CEO Nick Brown, COO Carl Monroe and SPP's other officers had reviewed performance compensation bonuses for all RTO employees, including the MMU.



SPP CEO Nick Brown

Spokesman Dustin B. Smith said the review of bonuses is separate from the annual performance reviews, which he said McQueen performed for MMU employees.

"Performance compensation, or annual bonuses, are given in the first quarter of each year based upon the prior year's successes," Smith said. "Nick, Carl and the other officers would only have reviewed these employees' payout amounts in the context of their impact on the overall performance compensation budget. During this process, Nick and Carl did not change substantive performance compensation payouts as recommended by the director of the MMU."

"We believe that SPP has been in compliance with Order 719," Smith said, adding that the revised policy statement was "not to bring SPP into compliance with Order 719 but to further insulate MMU employees."

Martin acknowledged that Hyatt and Mooney's complaints and the FERC audit contributed to the decision to revise the statement.

"We were very attuned to the fact that SPP is under a magnifying glass in terms of … the independence of its MMU structure," he said in an interview at his law office in Wilmington, Del. "I don't want my answer to lead you to believe that what Catherine and John said made us generate this statement that came out in January. I know that that would not be accurate. But by the same token, obviously the concerns that they were expressing were one of the factors that were playing out in this process."

FERC spelled out its rules on the structure and independence of market monitors in Order 719 in 2008. It allowed internal market monitors, external monitors and hybrid structures using both.

"Order 719 was a vast improvement and important, but … this is evidence that the RTO can still put a lot of pressure on the market monitor," Hyatt said. "I would hope [that FERC takes] another look at whether this purely internal market monitor system really does work."

Members of SPP's MMU, which typically carries a staff of about 12, work alongside members of SPP's market design, transmission congestion rights, internal audit and communications departments at the RTO's headquarters in Little Rock. In the open seating, conversations two or three rows away can easily be heard. [SPP has also used outside consultants, including Monitoring Analytics, Potomac Economics and D.C.-based Boston Pacific.]

Joining SPP

Hyatt, who has a doctorate in applied mathematics and a master's in economics, came to SPP from Arkansas' Public Service Commission in 2008.

In about September 2014, he was promoted from supervisor to principal market monitor. He led the work on the RTO's first annual State of the Market report and a study on frequently constrained areas. He also designed the mitigation plan for SPP's energy and ancillary services markets.

Mooney joined SPP in 2011 from the University of Oklahoma, where she was an assistant professor of economics. She has a doctorate and master's degree in economics and worked before graduate school as an economic consultant for Hagler Bailly and PA Consulting Group, where she focused on utility merger and anti-trust filings.

The SPP job was a homecoming for Mooney, who grew up in Little Rock. "I thought SPP was a great place for someone like me to analyze the industry and market power issues from an independent perspective," she said. "And I could go home. It was a dream come true to me."

But Mooney said she began to have concerns with the structure of the MMU immediately after joining the RTO.

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Lessons Unlearned: FERC's Punt on Market Monitors' Independence

SPP Squelching MMU Independence, Former Monitors Say

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At first, things appeared to be going well. Mooney received SPP's President's Award in December 2013 for helping launch the Integrated Marketplace, which gave the RTO a day-ahead market, a real-time balancing market, transmission congestion rights and a centralized balancing authority. About a year later, she was promoted to a position as a manager and lead market monitor, responsible for investigations, special studies and market-design issues.

With her promotion, Mooney became one of three who directly reported to McQueen, along with Hyatt and Barbara Stroope, a Ph.D. sociologist who is manager of market monitoring. Stroope, who joined the MMU seven years ago, remains with the MMU and sat in on *RTO Insider*'s interview with McQueen.

McQueen, who has a bachelor's degree in environmental science and a master's in economics, joined SPP in 2003 as a market analyst after 20 years at American Electric Power and Central and South West Corp.

He was hired by Richard Dillon, SPP's director of market design, and worked under him when Dillon oversaw both the market monitoring and market design functions. In about March 2011, following FERC Order 719, the market monitoring function was moved from Dillon's operation, with McQueen reporting to Stacy Duckett, then vice president and chief compliance officer.

SPP's MMU staff is required to abide not only by Order 719 but also the RTO's bylaws, which state among their "values and principles" that SPP is "a relationship-based organization" employing "member-driven processes."

"It's a member-friendly organization, and I felt SPP wants the MMU to be a part of that," Mooney said.

The message starts at the top of the organization, the former monitors say, with CEO Nick Brown's quarterly staff meetings, at which he stresses the need for SPP staff and stakeholders to reach "consensus" on contentious issues. Brown declined to comment, referring questions to Oversight Committee Chairman Martin.

'You don't understand the pressure I'm under.'

Hyatt and Mooney said McQueen, in turn, pressured them to compromise their positions in order to minimize conflicts with SPP management and stakeholders.

In 2013, for example, they said SPP management blocked them from asking FERC to reconsider changes to rules regarding physical withholding and uneconomic production because of fears they might delay SPP from the promised March 2014 start of the Integrated Marketplace. SPP boasted in a press release that it was the first RTO "to design, build and deliver a Day 2 market on time."

After the market opened in 2014, Hyatt said, McQueen proposed a change that would have essentially increased generators' make-whole payments by 25% — an effort, he said, to pacify generators upset by how the MMU was calculating cost-based offers.

"There was really no economic justification for this," said Hyatt, who said he and Mooney were able to block the change. "It seemed to me that the MMU was expected to make some sort of significant concession … to appease the market participants.

"I never held the position that the policy was perfect," he said. "But I do hold firmly to the belief that the general construct of the mitigation policy is sound, and I repeatedly disagreed with the concessions that the MMU director was pushing.

"Alan would say on many occasions, 'You don't understand the pressure I'm under,'" Hyatt said.

McQueen declined to say whether he had made such a comment.

"We all live under pressure," he said. "The Market Monitor … we disagree with all different levels of the stakeholder process. If you don't disagree with different groups at various times, then you're probably not doing your job."

McQueen added that he takes input from all sides before taking a position. "I listen to all sides, but I listen most to what [the MMU] staff has to say, and that's absolutely where the primary position comes from in everything that the Market Monitor does."

Mooney, however, said that until late 2014, the MMU was not fulfilling its responsibility to notify FERC when it disagreed with RTO filings. It began to change only when MMU management believed FERC wanted the MMU to become more vocal, Mooney said.

FERC Audit

It's unclear how much of this FERC auditors knew when they arrived in Little Rock in March 2015. The commission has regularly looked over the MMU's shoulder, however.

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Following an audit in 2008, FERC ordered SPP to appoint an independent director for its NERC-deputized Regional Entity. The commission said an SPP officer was improperly wearing two hats — serving as an RTO official and overseeing the RE, which is supposed to police SPP's compliance with NERC reliability standards (PA08-2, AD09-3).

In late 2013, members of FERC's Division of Analytics and Surveillance traveled to Little Rock for a briefing on metrics, screens and dashboards the MMU was developing in preparation for the day-ahead market start-up.

In its audit initiation letter in late February 2015, FERC Enforcement said that, in addition to evaluating SPP's compliance with the MMU rules in Order 719, it would be evaluating SPP's obligations under its Open Access Transmission Tariff, the implementation of its Integrated Marketplace and compliance with commission accounting regulations and reporting requirements (PA15-6).

Over the next several months, according to Oversight Committee minutes, FERC auditors conducted weekly or biweekly conference calls with the MMU. FERC sought briefings on stakeholder activities regarding proposed changes to the SPP mitigation rules, the MMU told the committee. By September, FERC had issued three sets of data requests and broadened its questions to "all aspects of the Integrated Marketplace," including "special studies, market efficiency, market anomalies, market participant [involvement] in new markets, Market Working Group issues and market screen results," the MMU said.

The Beginning of the End

Mooney and Hyatt said they felt that the FERC audit presented an opportunity to address the MMU's lack of independence. They also believed speaking up could jeopardize their careers at SPP.

For more than a year before the auditors arrived, Mooney said she had been told that some in SPP management disliked her independence.

In early 2014, Mooney said she was told by Hyatt — then her supervisor — that in the performance evaluation for her bonus, COO Carl Monroe had expressed concern that she was taking policy advice from the PJM Market Monitor. Monitoring Analytics has provided SPP technical assistance, including data collection and development of rules for cost-based offers, since 2012.

"SPP's displeasure was apparent among staff, and [John and I] were not alone in the fear that it could lead to one or both of our eventual terminations," Mooney said.

In September 2014, Mooney says, she succumbed to the pressure. At McQueen's direction, she said, she advocated market design changes regarding mitigated offers "with the goal of appeasing SPP members' complaints taking precedence over supporting an efficient market" (ER15-2268).

"This was a turning point for me," she said. "I did not like being put in that position."

Mooney said she began to fear being fired in about December 2014.

"RTO and MMU staff would come to me, behind closed doors, to tell me that SPP was unhappy with the fact that I would not back down from MMU positions when under pressure from the RTO and members," Mooney said. "Sometimes they would tell me how much they respected what I was doing, but that they would understand if I backed down out of fear that I might lose my job."

As the FERC auditors asked more questions during 2015, that fear grew. "We received our first negative performance evaluations in August 2015" — just after FERC's auditors announced they wanted private meetings with the two, they said.

Hyatt said McQueen told him in his review that he needed improvement in "teamwork" and that he was "not interested in developing a consensus."

His review occurred two days before he met with FERC auditors, Hyatt said. Although McQueen was not present for that interview, an attorney for the MMU was and confirmed he would be reporting to McQueen on what was said.

As a result, Hyatt said, he was reluctant to discuss his concerns with the auditors. He said he was more forthcoming after FERC requested yet another conversation — this time without the MMU lawyer.

Letter to Oversight Committee

In September 2015, Mooney and Hyatt wrote a letter to the Oversight Committee outlining their concerns and proposing a hybrid structure, with an independent monitor.

Martin declined to meet with Mooney and Hyatt, instead telling them to discuss their concerns with McQueen and his superior, Executive Vice President and General Counsel Paul Suskie. The monitors had what Hyatt called a "fairly cordial" meeting with McQueen and Suskie. But the monitors said the account of the meeting that Suskie and McQueen later wrote was inaccurate and incomplete.

At a second meeting with the two, Hyatt said, Suskie stated that, as SPP general counsel, he was acting as counsel for the Oversight Committee. Hyatt said he found Suskie's role "confusing."

"I had been encouraged to take issues to the Oversight Committee, and the one time I did go to the Oversight Committee with a concern, they dispatched the RTO general counsel and executive vice president to represent them in discussions on the issue."

Suskie said in a statement that Hyatt and Mooney proposed that they would form their own company, and that SPP would fund their startup costs and award them a no-bid contract — essentially the arrangement that PJM agreed to with Joe Bowring when he left the RTO's payroll and founded Monitoring Analytics in 2008.

Suskie said a no-bid contract would violate SPP's purchasing policies. "When asked whether this contract should be competitively solicited, Mooney and Hyatt said that SPP's failure to award them a contract could

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constitute retaliation for their statements to FERC staff," Suskie said in a comment. "SPP estimates that such a contract would have amounted to a multi-million-dollar, no-bid contract for Mooney and Hyatt, which SPP's board refused to consider."

Mooney said it was Suskie and McQueen who initiated the discussion of contracts. "John and I felt that this was premature. The OC needed to make a policy decision about whether to pursue an external unit first," she said. "We discussed whether an open request for proposals for an external MMU contract could be conducted in a way that would protect our careers given the retaliation we were experiencing. John and I never ruled out any options. We did not ask for a contract."

If SPP had chosen an open solicitation, it's unlikely it would have received more than a couple of responses. Market monitoring requires an analytical infrastructure that few firms possess, and many of those that do would be prevented from bidding because they consult for market participants. When Texas issued a solicitation last year for monitoring of ERCOT, only incumbent Potomac Economics submitted a bid.

Firing

At its Dec. 7 meeting, the Oversight Committee went into an executive session that included discussion of "MMU matters." Executive sessions are typically called to discuss legal or personnel issues. In this case, Hyatt and Mooney were on the agenda.

McQueen confirmed that he informed the committee of his intention to fire Hyatt and Mooney but would not say if the committee formally voted to endorse the terminations.

Martin said the decision to fire Hyatt and Mooney was made by McQueen and SPP's human resources department. "I thought that this was an appropriate decision for management to take," he said. "Recognize that as a board member I'm not involved in making that decision. This is not a policy decision. This is a personnel decision and this had worked its way through the various personnel levels and I felt that what was being requested was not unreasonable and I saw no basis for the Oversight Committee to refute what was getting ready to happen. It wasn't our position to second guess the human resources structure."

A week later, the two monitors were called separately to human resources and fired within minutes of each other.

Both were told they had violated SPP's Code of Conduct, but they say they were given no details of the allegations. McQueen told Mooney he had "lost faith" in her judgment, she said.

When Mooney filed an application for unemployment with Arkansas, she reported to the state Department of Workforce Services that she had been discharged "for alleged violation of company rules or policies." The department approved her compensation, however, reporting, "Insufficient evidence has been presented by the employer to establish misconduct."

SPP spokesman Smith said the RTO "does not comment on human resource matters."

"In keeping with this policy, SPP did not report anything to the Arkansas Department of Workforce Services regarding the reasons for Mooney's termination," he continued. "Likewise, although SPP was given the opportunity to object to Mooney's unemployment application, SPP chose not to do so."

Revised Policy Statement

On Dec. 23, nine days after Hyatt and Mooney's firing, the committee adopted a revised position statement on the MMU's independence, which had last been updated in 2012.

The statement reiterated SPP's choice of an internal monitor, saying "an internal MMU provides both an appropriate level of independence and the level and depth of expertise needed to perform its functions and does so at a more economical cost than an external contractor."

"In addition," the statement says, "the Oversight Committee believes that an internal MMU provides the tailored focus and overall consistency that would be more difficult to achieve with an external contractor."

The statement did make two substantive changes.

In contrast with prior practice, the MMU will be able to meet with the Oversight Committee without RTO management present. The new statement says that "to maintain confidential communication between the MMU and the Oversight Committee, a member of the MMU staff will be designated as a staff secretary for MMU purposes."

It adds, however, that "RTO staff may attend such executive sessions at the mutual consent of the Oversight Committee and the MMU director."

The statement also makes the committee responsible for determining salary and bonus compensation for McQueen and his unit.

The committee shared its statement with the Board of Directors at the board's Jan. 26 meeting. "It's a step beyond where we've been in the past," Martin said. "We wanted to be as clear as we can that the MMU is an independent entity."

Mooney said the revised policy statement "reflects changes that are being put in place as a result of our concerns, concerns that the MMU leadership was unwilling to raise. … These changes notwithstanding, the MMU will not be independent as long it is subject to a member-driven RTO culture, instead of its own independent, market-

"It wasn't our position to second guess the human resources structure."

Joshua W. Martin III, Oversight Committee chairman

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SPP NEWS

Lessons Unlearned: FERC's Punt on Market Monitors' Independence

SPP Squelching MMU Independence, Former Monitors Say

Continued from page 23

driven principles."

Hyatt says that the MMU should be the voice of the market. "If no one says what a true, efficient market is, then no one is going to get that market."

Retirement Unrelated

Martin also announced at the January board meeting that McQueen would be retiring by the end of the year. McQueen said his decision to retire was driven by a desire to spend more time with his grandchildren in northern Michigan and had nothing to do with the conflicts in the MMU. No date has been set for his departure.

"I have never been limited in any of my positions or felt any pressure to do anything other than what my department has decided to do," he said.

Are Mooney and Hyatt lying when they say otherwise?

"I'm not going to get into that," he responded. "You know, that's something for them to decide, not me."

Mooney and Hyatt say they believe McQueen was conflicted.

McQueen "could have quieted us more than he did," Mooney added. "He seemed uncomfortable, but I believe he felt that we were generally right."

Mooney and Hyatt are happy to have landed new positions at Monitoring Analytics. The job change, however, meant Mooney's and Hyatt's children won't often get to see their extended families in Arkansas. The firing was "heartbreaking for my family," she said.

[*Editor's Note: SPP/ERCOT Correspondent Tom Kleckner worked as an SPP spokesman from 2011 to 2015; Editor-in-chief Rich Heidorn Jr. participated in the 2008 audit of SPP as a member of FERC's Office of Enforcement.*]

Next Week: SPP MMU Struggles to Find Its Voice

Order 719: FERC Balanced MMU Independence Against RTO Autonomy

By Rich Heidorn Jr.

The independence concerns raised by former SPP market monitors John Hyatt and Catherine Mooney resulted in part from FERC's compromises in Order 719, its 2008 rule spelling out market monitoring units' duties and their relationships with their RTOs (RM07-19, AD07-7).

FERC said the rules, which updated a 2005 policy statement, were needed to "improve the performance and transparency of organized RTO and ISO markets." They prohibited RTO management from supervising their MMUs, and required, in most instances, that MMUs report directly to their RTOs' board of directors.

But the commission rejected protections urged by some stakeholders — allowing RTOs to choose their structures and declining to provide job security protections for MMU employees.

RTO Choice on Structure

The commission allowed each RTO to decide through its stakeholder process whether it will have an external or internal MMU, or a hybrid structure using both. FERC also declined to remove MMUs from any oversight by the RTOs.

The commission ruled that the RTO boards would supervise market monitoring functions and that RTO management representatives on the board "be excluded from this oversight function." However, it permitted MMUs to report to management "for administrative purposes, such as pension management, payroll and the like."

"Removing the MMU from reporting to management will give it the separation needed to foster independence," the commission said, promising to revisit the

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Order 719 in Summary

Below is a summary of Order 719's requirements. Except in direct quotations, this article will use "RTOs" or "grid operators" to refer to RTOs and ISOs.

Functions

The commission limited MMU functions to three: evaluating the effectiveness of market rules, tariff provisions and market design elements (and proposing changes where needed); reporting on market performance; and referring suspected wrongdoing to the commission.

It also broadened the monitors' reporting duties — requiring them to refer to the commission any misconduct by the grid operators as well as by market participants — and expanded their referral obligations to include market design flaws in addition to tariff and rule violations.

RTO Review of MMU Reports

FERC said RTOs may require their MMUs to submit reports in draft form for RTO review and comment but could not alter the reports "or dictate the MMU's conclusions."

"RTOs or ISOs need not require submission of draft reports, but if they do, input from knowledgeable employees may serve to strengthen the end product or catch errors of fact or reasoning," the commission said. "In any event, the MMU is free to disregard any suggestions with which it disagrees."

APPA opposed giving RTOs advance review of MMU reports, saying FERC should impose the same prohibition against such review as was included in the PJM-MMU settlement. The settlement resulted from Monitor Joe Bowring's complaint at a FERC technical conference in 2007 that PJM ordered him — then a PJM employee — to

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Lessons Unlearned: FERC's Punt on Market Monitors' Independence

Order 719: FERC Balanced MMU Independence Against RTO Autonomy

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decision "if occasion demands." However, it declined to conduct periodic reviews, as requested by the Federal Trade Commission.

Both internal and external monitors can face conflicts of interest, the commission noted. As the market operator, the RTO is one of the players a monitor is expected to critique. So are market participants, who are essentially the RTO's constituents, with the ability to leave or switch RTOs.

Inherent Tension

Order 719 acknowledged this, citing the "inherent tension between [market] mitigation and the RTO or ISO goal of promoting new markets."

An external monitor that is too critical could find itself unemployed when it comes time to renew its contract. In 2013, some PJM board members considered seeking a new monitor before state regulators pressured them to renew the RTO's contract with Monitoring Analytics.

An internal MMU, on the other hand, can face peer pressure and management interference.

The commission also rejected a proposal by the American Public Power Association, Exelon and the Pennsylvania Public Utility Commission that it use the settlement that created PJM's independent monitoring structure as a "best practice."

"The provisions of that agreement were specific to one RTO and represented a negotiated balancing of interests," the commission said. "It would be inappropriate to impose the specifics of that settlement on all other RTOs and ISOs."

Core Duties

The Transmission Access Policy Study Group, an association of transmission-dependent electric utilities in 35 states, recommended that the "core" MMU duties — reviewing market performance,

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Order 719 in Summary

Continued from page 24

modify the State of the Market Report and delayed the release of another MMU report because management disagreed with his conclusions.

Market Mitigation Role

The market mitigation role of external MMUs was limited to retrospective mitigation and the calculation of inputs required for the RTOs to conduct prospective mitigation. The separation was made because of concerns that an MMU would have a conflict of interest in proposing prospective market mitigation and then opining on how the resulting market rules worked. It also separated the duties of internal and external MMUs for RTOs with hybrid structures.

In its Notice of Proposed Rulemaking, FERC proposed that MMUs be removed from tariff administration, including market mitigation, "to free MMUs from a role that might make them subordinate to the RTO or ISO." The proposal "engendered heated disagreement" by commenters, the commission said.

SPP, the Electric Power Supply Association, some industrial customers and several utilities supported the commission's proposal. But more commenters opposed it, including Potomac Economics, other industrial customers and utilities, the Organization of MISO States, the National Association of Regulatory Commissioners and regulators from California, Maine, New York and Ohio.

The opponents said RTO officials who have designed and implemented the markets — and whose compensation may be based on market growth — may have a greater conflict of interest than the MMU. As FERC described the argument, RTOs would be disincented from imposing enforcement measures "on what in effect are their customers, or in refraining from mitigating a member that threatens to leave the RTO or ISO."

FERC said it took seriously comments that "the MMU serves as a useful buffer between the RTO or ISO and the market participants, performing what is often viewed as a hostile act."

Ultimately, the commission chose a compromise that it said "strikes the appropriate balance between allowing modified participation by the MMUs in mitigation, while protecting against the conflict of interest and subordination inherent in their unfettered participation."

The commission said RTOs may allow their MMUs to conduct retrospective mitigation because it is only prospective mitigation — that which can affect market outcomes on a forward-going basis, such as altering the prices of offers — that creates a potential conflict of interest for an MMU.

The commission also said the MMU may provide inputs required by the RTO to conduct prospective mitigation, including determining reference levels, identifying system constraints and calculating costs.

Information Sharing

The order required MMUs to report on market performance at least quarterly to commission staff, state commissions and RTO management and boards. MMUs must conduct regular conference calls for FERC, state commissions and RTO staff, as well as market participants.

It cut the lag time for the release of offer and bid data to three months from six but allowed RTOs to propose a shorter period — or, if the RTO demonstrates a collusion concern, it may propose a longer lag. The identity of market participants remained masked, although RTOs were permitted to propose a time period for eventual unmasking.

Requests for Information

State commissions were permitted to make "tailored" requests for information from the MMUs, limited to information regarding general market trends and the performance of the wholesale market. "If this limitation were not imposed, the MMU could rapidly become an unpaid consultant for the states, and would be unable to perform its core functions," the commission said.

Lessons Unlearned: FERC's Punt on Market Monitors' Independence

Order 719: FERC Balanced MMU Independence Against RTO Autonomy

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identifying ineffective market rules and making confidential referrals to the commission — be assigned exclusively to the external monitor in hybrid structures.

FERC disagreed.

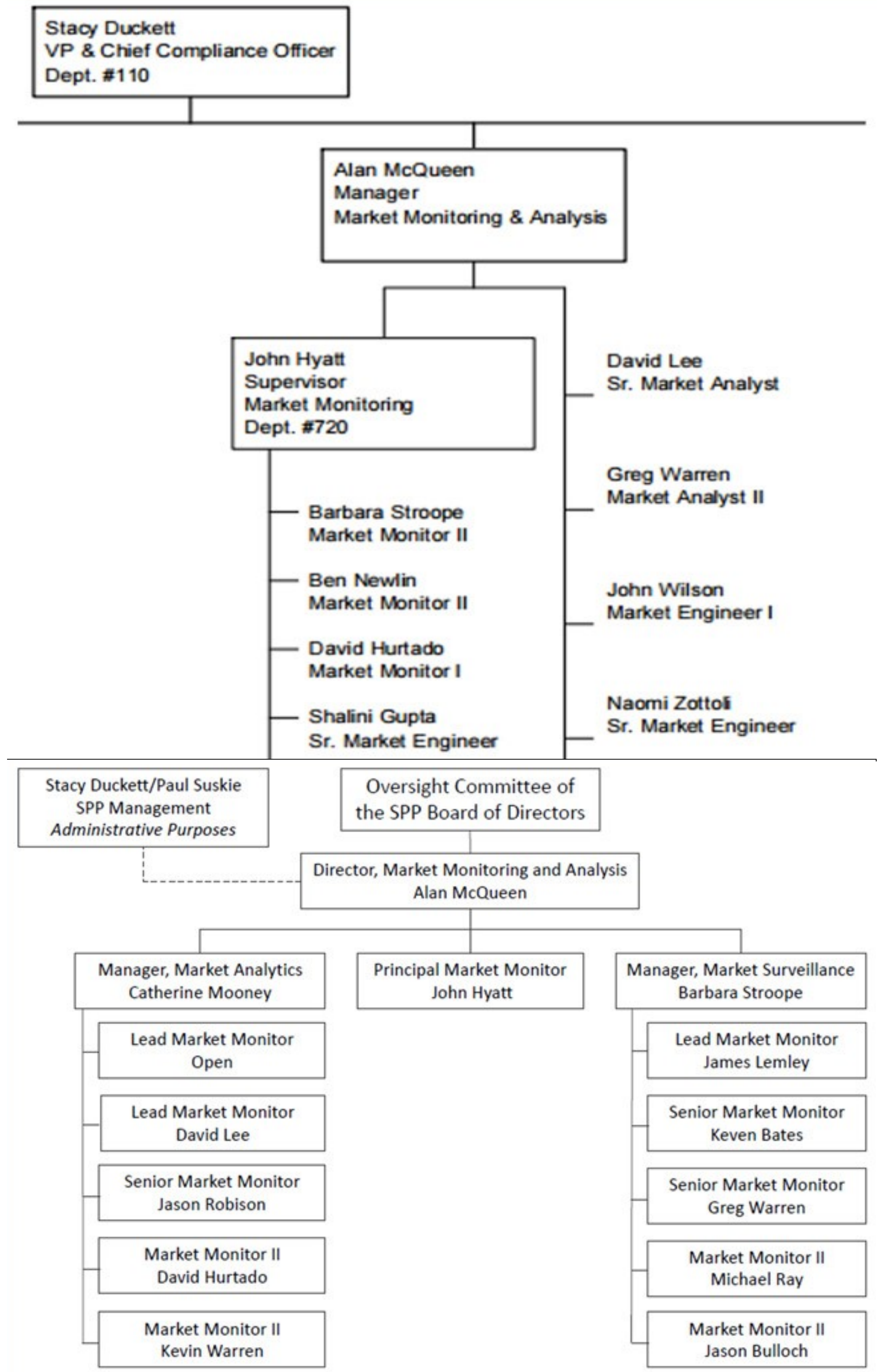
"This solution might impose upon the RTO or ISO an MMU structure that it does not want," the commission said, insisting its requirement that the monitors performing the core functions report to the board was sufficient. "This solution allows the RTO or ISO to structure its MMU function in the way it deems most suitable, while also ensuring that the market monitor that performs the core MMU functions enjoys the independence from management that reporting to the board accomplishes."

It also rejected the Public Utility Commission of Ohio's proposal that monitors report to a federal-state board independent of both the management and boards of RTOs. "Not only does an arrangement of this type raise jurisdictional concerns, it is difficult to see how such a potentially cumbersome structure could oversee MMUs in a timely and responsive manner. … Should the reforms we adopt in this final rule fail to achieve the needed independence we envision for MMUs, we will not hesitate to rectify the situation."

Employee Protections

Some commenters proposed that major changes in MMU status, such as termination of employment, be subject to FERC review, a requirement included in the contracts that PJM, MISO, ISO-NE and SPP (which then had a hybrid structure) signed with outside monitors. The commission, however, said it did not want to impose "a 'one size fits all' requirement on the remaining RTOs or ISOs absent their consent."

"Should the situation arise in which an RTO or ISO terminates its MMU in such a way as to violate its tariff requirements concerning MMU independence, the commission will address such a violation on a case-by-case basis," it said.



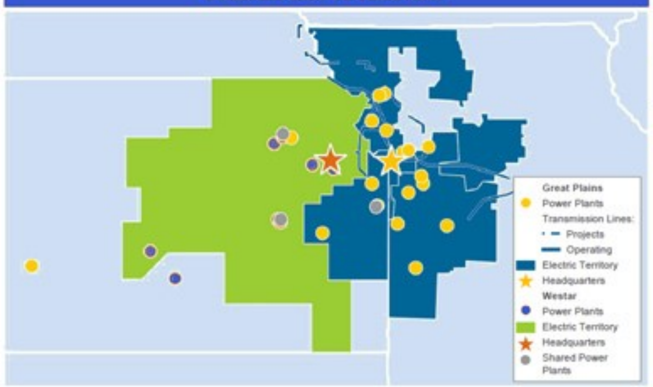
SPP organizational chart, dated March 1, 2011 (top), shows MMU Director Alan McQueen reporting to SPP's vice president and chief compliance officer, in apparent violation of FERC Order 719. A later organizational chart, dated Jan. 1, 2015 (bottom), adds the Oversight Committee and describes the relationship with SPP management "for administrative purposes," the limitation FERC imposed in the order. *Source: SPP*

SPP NEWS

KCP&L Parent Great Plains Energy to Buy Westar for $8.6 Billion

By Ted Caddell

COMBINED SERVICE TERRITORY[1]



FUTURE CORPORATE HEADQUARTERS

Great Plains Energy:	Downtown, Kansas City, Missouri
Kansas Operations:	Downtown, Topeka, Kansas

KEY OPERATING METRICS

	Great Plains Energy	Westar	Combined
Rate Base ($mm)	$6,600	$7,100	**$13,700**
Electric Customers	850,800	702,000	**1,552,800**
Generation Capacity (MW)	6,446	6,267[2]	**12,713**
Transmission Miles	3,600	6,300	**9,900**
Distribution Miles	22,500	28,800	**51,300**

Source: SNL, Great Plains Energy and Westar Investor Presentations
1. Excludes Great Plains' power plant in the Mississippi Delta and Westar's Spring Creek Energy Center in Logan County, OK.
2. Excludes 920MW of purchased power.

Source: Great Plains Energy

Great Plains Energy, the parent of Kansas City Power and Light, announced Tuesday it would buy Westar Energy for $8.6 billion in a deal that will give Great Plains a customer base of 1.5 million in Kansas and Missouri, nearly 13,000 MW of generation and 10,000 miles of transmission lines.

Great Plains would also assume about $3.6 billion in Westar debt.

Under the terms of the agreement, Westar shareholders will receive $60/share, consisting of $51 in cash and $9 in Great Plains common stock. Westar closed at $52.92/share on Friday.

Talk of a Westar acquisition has been percolating through the industry for weeks, with Ameren named as one of the potential buyers. Bloomberg reported earlier in the month that an investment group from Canada was also eyeing Westar.

But it was Great Plains that clinched the deal. Great Plains and Westar currently co-own and operate the 1,200-MW Wolf Creek Nuclear Generating Station, as well as the 1,418-MW La Cygne and 2,155-MW Jeffrey coal plants.

"Westar and KCP&L are trusted neighbors and have worked together for generations in Kansas. The combination of our two companies is the best fit for meeting our region's energy needs," said Terry Bassham, CEO of Great Plains Energy and KCP&L.

"This is an important transaction for Kansas and our entire region. By combining our two companies, we are keeping ownership local and management responsive to regulators, customers and regional needs, while enhancing our ability to build long-term value for shareholders."

Bassham said the merger would create efficiencies that would help reduce future rate increases resulting from increasing environmental standards, cybersecurity threats and slow demand growth.

Great Plains, which operates as KCP&L and KCP&L Great Missouri Operations, has been growing. In 2008, it acquired Aquila, an electric utility that operated adjacent to its territory in Missouri. Headquartered in Kansas City, Mo., it has more than 838,000 customers in Missouri and Kansas and owns about 6,446 MW of generation.

Westar, based in Topeka, Kan., has about 700,000 customers in east and east-central Kansas and about 6,267 MW of generation, mostly coal-fired.

Company Briefs

Northeast Energy Direct Pipeline Officially Dead

Kinder Morgan formally withdrew its application for the Northeast Energy Direct natural gas pipeline in a filing with FERC (CP16-21).

Tennessee Gas Pipeline, a Kinder Morgan subsidiary, in April suspended development of the $3.3 billion project that would have brought 1.3 million dekatherms per day into the New York-New England power markets from Pennsylvania. (See Kinder Morgan Board Suspends Work on Northeast Energy Direct Pipeline.) It cited a lack of customers and low natural gas prices.

"Tennessee provides notice of its withdrawal of the application in this proceeding," the company wrote to FERC, with no further explanation.

More: *New Hampshire Union Leader*

Talen Energy Signals Retreat from Colstrip

Talen Energy gave notice that it will pull out of its operator role at the Colstrip coal-fired power plant in Montana by May 2018. The Pennsylvania-based merchant generating company co-owns the plant near Billings, part of the fleet it inherited from its predecessor, PPL.

Talen notified the other owners of the plant that its role as operator of the giant complex is "not economically viable" and that they should start seeking a new operator. "This decision is part of Talen Energy's overall strategy to conclude our business operations in the state," said Todd Martin, the company spokesman. Talen is obligated to give two years' notice.

The other owners are Avista, Puget Sound Energy, Portland General Electric, PacifiCorp and NorthWestern Energy. Unlike the plant's other shareholders, Talen is an unregulated entity and unable to recover costs related to the plant.

More: *Billings Gazette; The Associated Press*

TVA's Watts Bar 2 Nuke Goes Critical

The Tennessee Valley Authority's Watts Bar Unit 2 went critical last week, the first new nuclear reactor to achieve a self-sustaining nuclear reaction in 20 years. When it comes online and is synchronized to the grid, it will bring 1,411 MW of generation to the region.

The plant's $4.7 billion cost is far less than another new reactor in the wings, Southern Co.'s Plant Vogtle in Georgia, which has an estimated $14 billion price tag. Construction of Watts Bar began nearly 30 years ago.

More: *Times Free Press*

Ameren Illinois Touts Savings Secured Through Auction

Ameren Illinois is touting the lower prices it secured in April during MISO's annual capacity auction. The company said its 2016 $72/MW-day capacity prices — compared with $150/MW-day in last year's auction — will translate into a $1.75/month savings for the average utility customer.

"This year's capacity planning auction resulted in a much more equitable distribution of charges for customers in the MISO footprint," said Richard J. Mark, president of Ameren Illinois.

However, watchdog group Citizens Utility Board said more can be done to lower costs, including purchasing electricity at off-peak times. "Nobody thinks their electric bills are low, so we've got a lot more to do to fix the Illinois electricity market," said CUB spokesman Jim Chilsen.

More: *Herald & Review*

Invenergy to Build 25-MW Solar Plant on Long Island

Invenergy announced that it will build a 25-MW solar facility on the grounds of Long Island's former Tallgrass Golf Course in Brookhaven.

The Long Island Power Authority will buy the output, the company said. The plant, to be called the Shoreham Solar Commons project, still needs the approvals of the New York attorney general's office and the state comptroller, according to a company spokeswoman. Construction is expected to begin in October.

More: *Bloomberg*

Lincoln Electric Accelerates Local Transmission Project

Lincoln Electric System, the public utility serving Nebraska's capital city, is accelerating the timeline for a $17.7 million transmission line and substation that will help meet increasing electric demands. The SPP member plans to complete its Southeast Reliability Project in in 2018, two years earlier than planned.

LES held three open houses for the project last year and is now expediting the project to stay ahead of continuing development in the area, LES representatives said during the monthly meeting of the utility's board.

The project includes construction of three substations and a 7.5-mile-long 115-kV overhead transmission line, as well as the relocation of a 345-kV line that will follow the same route.

More: *Lincoln Journal Star*

Chinese American Subsidiary Acquires Texas Wind Farm

China's Xinjiang Goldwind Science & Technology says its American subsidiary, Goldwind Americas, has signed an agreement with Renewable Energy Systems Americas to acquire the 160-MW Rattlesnake Wind Project in West Texas.

Goldwind says the Rattlesnake project will be its largest U.S. wind project once it is operational.

Located approximately 125 miles northwest of Austin, the project will use 64 Goldwind 2.5-MW permanent magnet direct-drive wind turbines. According to Goldwind, the development represents the first phase of an expected 300-MW wind project, which will be constructed under a balance-of-plant agreement by RES.

More: *North American Windpower*

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Company Briefs

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ND Allam Cycle Project Sponsors Seek More Funding

North Dakota researchers and regional energy companies are asking the state's Lignite Research Council for $3.5 million to continue research on what the industry considers a promising carbon-capture technology.

Energy & Environmental Research Center, Basin Electric Power Cooperative, 8 Rivers and ALLETE say the funds are needed for further lab testing and pre-planning for a synthetic gas-fired pilot plant using the Allam Cycle system for lignite coal. The Allam Cycle, invented by 8 Rivers, uses pressurized carbon dioxide rather than steam to generate power more efficiently, cheaply and cleanly.

A $140 million, 50-MW natural gas-fired Allam Cycle pilot power plant in Texas will start up in 2017. If the technology is proven to work with natural gas, the lignite coal industry is hopeful the system and processes can be adapted to handle gasified lignite.

More: *The Bismarck Tribune*

New York Hydro Owner Says It Has Buyer

The owner of the 33-MW Glen Park hydro facility near Watertown, N.Y., says it has a prospective buyer for the plant.

Calgary-based Veresen did not identify the prospective buyer, but it expects to close the $61 million transaction by the end of September, pending FERC approval.

Veresen, previously known as Fort Chicago Energy Partners, acquired the facility in 2010 for $80.1 million.

More: *HydroWorld.com*

Caithness II Plant Proponents Urge PSEG, LIPA to Deal

Proponents of Caithness II, a proposed 750-MW natural gas-fired power plant, are calling for PSEG Long Island and the Long Island Power Authority to enter into power purchase agreements with the plant. Caithness Energy already operates a 350-MW plant in Yaphank on Long Island and sells the output to PSEG and LIPA.

PSEG hasn't committed to Caithness II and questions the need for it. But local elected officials and others say the area is served by outdated, inefficient plants that should be replaced.

"Caithness II will help offset Long Island's reliance on aging power plants that are inefficient and costly," said Brookhaven Councilman Kevin LaValle. "Brookhaven and the entire region stands to prosper greatly from a modernized electric power supply, and this project brings us closer to the goal of providing Long Island ratepayers with more affordable and reliable energy."

More: *Long Island Business News* (subscription required)

Fluor Says Brunswick County Generating Station Complete

Fluor, the primary contractor for Dominion Resources' Brunswick County Power Station in Virginia, said that it has completed constructing the 1,358-MW natural gas-fired plant. Final testing will be needed before it goes into operation.

Fluor is now scheduled to begin construction of another Dominion project, the 1,600-MW gas-fired Greensville County generating station, which will be located 7 miles from Brunswick Station.

More: *Fluor*

Duke Signs Deal to Use Captured Swine Manure Gas

Duke Energy has signed a deal with pork producers in North Carolina to use captured methane to run two power stations.

Methane from the Smithfield Foods farms in the Kenansville area will be captured by Optima KV, converted to pipeline-quality fuel and transported to the H.F. Lee and Sutton power plants. Optima has a 15-year contract with Duke.

Duke in March joined in a similar project with Carbon Cycle Energy to capture manure gas to fuel four of its plants in the state.

More: *Charlotte Business Journal*

Union, Talen Offer Conflicting Reports on Job Losses

Talen Energy plans to eliminate 125 union jobs at three Pennsylvania power plants, according to the International Brotherhood of Electrical Workers 1600.

A Talen spokesman, however, disputed the report and would confirm only job cuts at the Susquehanna nuclear plant. The other two plants slated for job losses, according to the union, are the Brunner Island and Montour coal-fired facilities.

The company and the union cited the depressed cost of electricity as a driver in the restructuring.

More: *The Morning Call*; *The Daily Item*

PSE&G Says Upgrades Will Help Meet Summer Demand

Public Service Electric and Gas this year has deployed $2.7 billion in infrastructure improvements that it said will help it meet summer demand.

"Equipment has been replaced, facilities upgraded and additional redundancies added systemwide in order to maintain reliability," said John Latka, vice president of electric and gas operations.

The summer peak is expected to hit 10,090 MW, compared with last year's peak of 9,579 MW, set July 20.

More: *Transmission & Distribution World*

Utah Supreme Court Upholds PacifiCorp Fine

The Utah Supreme Court last week voted to uphold a $130.7 million jury award against PacifiCorp and its lawyers for violating trade secrets when the company constructed a power plant similar to a nearby facility being built by Dallas-based USA Power.

In bringing the suit in 2005, USA Power argued that PacifiCorp — parent of Utah's Rocky Mountain Power — had copied the plans for the air-cooled, gas-fired Spring Canyon plant, which was designed to limit impact on the local environment. PacifiCorp had previously entered negotiations to buy the plant, but it later backed out and constructed a similar unit a mile away.

After a five-week trial in 2012, a jury awarded USA Power $18.2 million in damages for stealing trade secrets and $112.5 million in damages because PacifiCorp unjustly profited from the theft.

More: *KSL.com*

NERC Adds Voice to Warnings on Gas Dependence

Joining others in raising the alarm, NERC released a short-term special assessment last week that highlighted the reliability risks created by increased dependence on natural gas for electricity generation.

The report focused on the four regions with gas-fired generation penetration of more than 40%: New England, New York, ERCOT and California. It found that most regions, while potentially at risk if a major supply interruption occurs during a period with exceptionally high load, are prepared to address it with contingency plans and alternative pipeline routes.

The lone exception was the Southern California region, where the shutdown of the Aliso Canyon storage facility earlier this year is straining the system. NERC reiterated warnings that the Los Angeles area could be at risk for outages for the next year. (See *Aliso Canyon Gas Restrictions Cloud CAISO Summer Outlook*.)

NERC recommended that it and the Western Electricity Coordinating Council convene a meeting with industry stakeholders to identify reliability impacts and develop mitigation strategies.

18-Month Forecast

NERC compared generation expected to be unavailable with forecasted loads over the next 18 months to identify potential times when demand might outstrip supply. The report then analyzed the region's infrastructure and planning to determine the likelihood of service disruptions.

The assessment pointed out that supply disruptions are possible in both the winter, when gas is needed for heating, and the summer, when air conditioning increases electric demand. Greater coordination between the natural gas and electric industries would help mitigate those risks, the report said.

The report recommended continuing to account for reliability risks from extreme weather events and large-scale supply disruptions and enhancing coordination during supply shortages. It also recommended two strategies ISO-NE and PJM have encouraged through new capacity market rules: dual-fuel generators and firm gas-delivery contracts.

— Rory Sweeney

FEDERAL BRIEFS

House Passes Amended Version of Energy Bill

The House of Representatives voted 241-178 to pass an amended version of the Senate's Energy Policy Modernization Act of 2016, tacking on drought relief aid for California, among other provisions. The passage means the House can now enter a conference with the Senate to reconcile the two versions.

"This has been a multiyear, multi-Congress effort, and a lot of work has gone into making sure that the bill we put forward to support the future of American energy is truly comprehensive," Rep. Fred Upton (R-Mich.) said.

The House's version would make it more difficult for the federal government to use endangered fish species protections to increase the flow of water from California's dams into the sea. Republicans say this practice wastes precious fresh water for humans in the drought-plagued state, while Democrats say the provision would damage fisheries.

More: *The Hill*

Obama Proposes Emissions Rules for Contractors

The Obama administration has put forward new rules that would mandate federal contractors disclose their greenhouse gas emissions.

The White House's Federal Acquisition Regulation Council filed the proposals in the *Federal Register* requiring contractors to say if they disclose emissions numbers, if they have reduction goals and what effect climate change will have on business operations.

"We'll be able to better assess supplier greenhouse gas management practices, manage direct and indirect greenhouse gas emission, address climate risk in the federal government's supply chain and engage with contractors to reduce supply chain emissions," White House officials said.

More: *The Hill*

Trump Vows to Undo Environmental Regulations


Trump

Donald Trump, the presumptive Republican presidential nominee, vowed to end President Obama's Climate Action Plan, of which the Clean Power Plan is the centerpiece, within his first 100 days in office if he's elected.

"Any regulation that's outdated, unnecessary, bad for workers or contrary to the national interest will be scrapped and scrapped completely," he said. "Any future regulation will go through a simple test: Is this regulation good for the American worker? If it doesn't pass this test, this rule will not be under any circumstances be approved."

Trump also said he would kill EPA's Waters of the United States rule, "cancel" the Paris Agreement and ask TransCanada to apply again for the Keystone XL Pipeline.

More: *Morning Consult*

DOE: Keep Funding International Fusion Effort

An Energy Department official said the U.S. should continue funding an international attempt to develop fusion technology, despite the project's overruns and delays.

Franklin Orr, undersecretary for science and energy, says the U.S. government should increase its support for ITER, a magnetic fusion device being built in France and initiated by President Ronald Reagan in 1985. The department says the U.S. contribution needs to be $230 million in 2018, or $105 million more than it has budgeted.

If successful, ITER would be the first device to maintain fusion for long periods of time and develop more energy than it consumes. Thirty-five nations are now contributing to the project, whose price has escalated dramatically over decades of development.

More: *Science*

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FEDERAL BRIEFS

Continued from page 30

NRC Sets Sliding Fee Scale For Small Modular Reactors

The Nuclear Regulatory Commission finalized rules that set a sliding fee scale for small modular reactors, aimed at encouraging development of the technology.

The annual fee for light water SMRs will be set according to how much heat they generate, according to the commission. The rules set a minimum fee, a variable fee and a maximum fee.

The commission said applying the same fee to smaller reactors that is applied to large reactors would be unfair, as smaller reactor designs pose a "lower regulatory oversight burden."

More: *Bloomberg*

NRC Approves La Crosse License Transfer

The Nuclear Regulatory Commission has approved the transfer of the license of the shuttered La Crosse Nuclear Plant in Genoa, Wis., to La Crosse Solutions, a subsidiary of radioactive waste disposal specialist Energy Solutions.

Dairyland Power Cooperative retired the plant in 1987 and filed with the commission last year to transfer the decommissioning and fuel storage license to La Crosse Solutions, which will lease the above-ground structures and assume decommissioning responsibility.

Energy Solutions has a similar arrangement with Exelon's retired Zion nuclear plant in Illinois.

More: *Nuclear Street*

Environmental Groups Call for End to FERC Pipeline Review

New Jersey opponents to the $1.2 billion PennEast natural gas pipeline project urged FERC to halt its review, contending the developers have failed to provide required information on the project.

The organizers of the 118-mile project, which would deliver 1 Bcf/d from the Marcellus Shale region in northeastern Pennsylvania primarily to New Jersey utilities, say they have provided all necessary information. "As PennEast moves through the FERC process, PennEast will continue to provide application information to FERC," a company spokeswoman said.

The project has aroused organized opposition, especially in New Jersey, where opponents say 70% of the property owners along the proposed path refused to allow PennEast to survey their land, and municipalities have passed resolutions opposing it.

More: *NJ.com*

FERC Fines Coaltrain $37.5M For Sham UTC Trades

FERC last week fined Coaltrain Energy and its owners $37.5 million for fraudulent up-to-congestion trades in PJM.
It also demanded the company disgorge $4.1 million in unjust profits. (See *Traders Deny FERC Charges; Seek Independent Review*.)

Coaltrain attorney Ken Irvin, of Sidley Austin, said the order "reflects the flawed process FERC uses and reiterates the need for our judicial system to impose the rigors due process provides."

More: *IN16-4*

STATE BRIEFS

CALIFORNIA

Environmentalists Oppose Proposed Gas Plants

Environmental groups are appealing the Public Utilities Commission's approval of a 558-MW natural gas-fired power plant in the seaside town of Carlsbad on the grounds that power could be supplied more cleanly and cheaply by renewable resources.

A state appellate court will soon decide whether to hear the appeal of the commission's decision. The plant would supply energy to San Diego Gas & Electric under a long-term agreement.

A decision in favor of judicial review could call into question a number of similar plants proposed in the state. SDG&E insists that gas-fired generation must remain part of the region's resource mix.

More: *The San Diego Union-Tribune*

MICHIGAN

Senate Committee Advances Energy Package

The Senate Energy and Technology Committee passed a pair of bills that would phase out the state's energy efficiency program and put restrictions on alternative energy suppliers.

SB 438 would establish a 35% clean energy goal by 2025 and expands the definition of renewable energy to include incineration. The bill would also phase out the state's current energy efficiency program by 2021 and maintain the current 10% renewable portfolio standard. Proposed amendments to increase the RPS to 15% and 20%, and to extend the energy efficiency program to 2025, were defeated.

SB 437 maintains the state's 10% cap on participation in electric choice and requires alternative energy suppliers to prove their ability to serve customers. The bill passed 6-1, with one Republican saying the provision would effectively kill the state's retail choice program.

More: *MLive; Midwest Energy News*

MISSOURI

PSC Approves Ameren Rider Increase

The Public Service Commission approved a request from Ameren Missouri to increase its Energy Efficiency Investment Charge. The line item that appears on electricity customers' bills will increase by about $2.22/month beginning in June.

The company said the increase was needed

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STATE BRIEFS

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to align the costs of its three-year energy efficiency plan, approved by the PSC in February.

The charge, part of the Missouri Energy Efficiency Investment Act, is intended to encourage utilities to implement demand-side and energy efficiency programs.

More: The Caldwell County News

MONTANA

Renewable Groups, City Launch Clean Energy Campaign

Representatives of the renewable energy industry and Bozeman city officials joined forces last week to launch a campaign pushing the state to tap into its potential for wind and solar production.

Renewable Northwest and the Montana Renewable Energy Association launched a website to educate people about the opportunities for renewable energy and to advocate for the industry in a time when consumers are turning away from coal-fired power.

According to the campaign, the state's energy economy is in crisis because of the expected demise of coal-fired generation.

More: Bozeman Daily Chronicle

NEVADA

Casinos Backing Effort To Deregulate State

Las Vegas casinos are bankrolling a proposed ballot initiative to end NV Energy's monopoly over most of the state's electricity supply and creating a competitive market in the state, according to financial disclosures.

Las Vegas Sands has contributed $500,000 to the Energy Choice Initiative, which seeks to put retail choice on the ballot. Initiative organizers must get 55,000 signatures by June 21. MGM Resorts International has also donated $10,000 to the effort.

Sands considered breaking with the utility and purchasing power on the open market, but changed course after the state's Public Utility Commission said the move would entail a $24 million exit fee. MGM has said it would pay $87 million to drop NV Energy in October.

More: Las Vegas Sun

NEW YORK

Bill Would Cut All State Emissions by 2050

A dozen lawmakers have introduced legislation to codify Gov. Andrew Cuomo's goal of completely eliminating the state's greenhouse gas emissions by 2050.

The bill would direct the Department of Environmental Conservation to issue regulations within a year that would require reporting of annual emissions from major sources. It would also be required to establish a registry and reporting system measured in tons of carbon dioxide equivalents.

The department would determine the 1990s emissions levels, then require statewide reductions to that same level by 2020, followed by deeper periodic reductions over the next 30 years.

More: The Associated Press

NORTH CAROLINA

McCrory Threatens to Veto Coal Ash Commission Bill

Gov. Pat McCrory says he would veto a proposed bill to restart a commission to oversee the cleanup of the state's coal ash pits. McCrory, a former Duke Energy executive, dissolved a previous commission to regulate the utility's efforts to clean up the dozens of coal ash impound pits and dumps, saying lawmakers were influencing the panel's work.

The effort to reform the commission would still give the governor the ability to fill five of the seven positions, subject to General Assembly confirmation. The commission would guide the Department of Environmental Quality's cleanup efforts. The bill would also give Duke until 2024 to clean up all of the coal ash pits.

Environmentalists say the measure still allows Duke too much leeway in cleanup efforts.

More: The Associated Press

State to Miss Poultry Waste RPS Requirement

The state will once again fall short of its poultry waste-fired generation target, after Duke Energy told regulators that it won't be able to meet its requirement under the state's renewable portfolio standard.

The statewide requirement for poultry power rose to 700 GWh from 170 GWh this year. Duke initially said it expected to be able to meet the requirement, but that was before one poultry project delayed its opening until later in the year. Another plant, owned by Prestage AgEnergy, was scheduled to open in spring but also had to be delayed because it would not have been able to meet environmental standards.

Turkey and chicken droppings are currently used by five state incinerators to produce electricity.

More: The News & Observer

OHIO

PUCO Approves AEP PPA Rehearing Request

After withdrawing its request for a power purchase agreement that would have provided guaranteed income for 3,100 MW of its generation in Ohio, AEP Ohio will get a hearing on a smaller proposal covering 440 MW it controls as part of the Ohio Valley Electric Corp.

The Public Utilities Commission granted the hearing request without discussion during newly installed Chairman Asim Haque's first meeting last week.

PUCO has also said it would hear a revised plan from FirstEnergy. The hearings are not yet scheduled.

More: Columbus Business First

OKLAHOMA

'Shamports' Pop up in Response to Wind Farms

The Federal Aviation Administration has certified more than two dozen private airports in the state this year, giving landowners some leverage to keep new wind turbines at a distance.

The sudden popularity of private airports,

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which wind industry representatives deride privately as "shamports," was triggered by a state law that went into effect in November that requires new turbines to be at least 1.5 nautical miles — 9,1000 feet — from a school, hospital or airport.

Most of the airports registered with FAA are turf runways mowed out of a pasture. "I don't even like to fly," said Jerry Condit, who registered Rooster Barn Regional and Condit Regional Airport on properties in Garvin County. "I've only ever been in an airplane but one time."

More: The Oklahoman

VIRGINIA

Pipeline Developers to Face Project-Specific Regulations

The state Department of Environmental Quality instructed the builders of two proposed natural gas pipelines that they will need to meet erosion and sedimentation standards set specifically for their projects.

"The basic point here is we want to make sure that if we do end up with pipeline construction, that appropriate steps are taken to protect the environment around the commonwealth," department spokesman Bill Hayden said. EQT, developers of the Mountain Valley Pipeline project, and Dominion, construction partner of the Atlantic Coast Pipeline, indicated they are willing to work under the conditions.

Both projects await FERC approval, and both are battling community opposition.

More: Richmond Times-Dispatch

WISCONSIN

WPL Requests Base Rate Increase

Wisconsin Power and Light has proposed a $12.9 million rate increase that includes a two-step boost to consumers' monthly fixed-rate charge, from $7.67 to $18/month in 2018.

Under the plan filed with the Public Service Commission, the utility would boost residential rates by 4.7%, or an additional $4/month. Business customers' rates would drop by an average 4%, and industrial customers would experience a 1.5% rate decrease.

WPL spokeswoman Annemarie Newman said the increase would fund environmental control projects at the Portage and Sheboygan power plants in addition to other investments. Newman said the filing is Alliant's first residential rate increase request in six years. She said WPL's residential customers pay the lowest bills in the state.

More: Milwaukee Journal Sentinel

Xcel Beginning LED Bulb Replacement Program

Xcel Energy has begun to replace about 25,000 old-fashioned city streetlights with more efficient LED technology.

Xcel's Mike Herro said some 100-W streetlights are at least 30 years old, and LEDs provide better lighting at a lower wattage. "They don't degrade in light quality, so at the end of their useful light quality, they're still fairly bright," he said.

The Public Service Commission approved the plan last year.

More: WKBT

Dynegy Proposes Bill to Move All of Illinois into PJM

Continued from page 1

in PJM failed to clear. (See PJM Capacity Prices Fall Sharply.)

"Illinois legislators have a great opportunity to take control of an issue that is debilitating communities across the state while at the same time bring lower power prices to consumers through a more efficient market design that can exist throughout the state," Flexon said.

Illinois is the only state in MISO's territory that fully offers retail choice. (Michigan currently allows 10% of its load to choose their suppliers.) The bifurcated nature of the state has caused controversy.

Zone 4's high prices in last year's capacity auction led to accusations by Illinois officials and stakeholders of market manipulation against Dynegy, which serves most of the load in the zone. Dynegy's proposed legislation comes three months after the company responded to MISO's request for auction reform suggestions by proposing a separate, PJM-style three-year forward auction for Zone 4. MISO is currently in the thick of contentious debate over this proposal. (See MISO Board Orders Negotiation in Longtime Auction Disagreement.)

According to Dynegy, Illinois legislators and labor leaders, including Senate Majority Leader James Clayborne and two Illinois branches of the International Brotherhood of Electrical Workers (IBEW), support the transition.

Clayborne pointed to MISO's unpredictable results in the last two annual capacity auctions and said the legislation would remedy the "huge gap" in how generators in different regions of the state are compensated.

The disparity, he said, "is leading to the shutdown of generation in Southern Illinois, which is threatening electric reliability, jobs, taxes and related economic development. This legislation is designed to address this gap, level the playing field and ensure electric generation reliability, jobs and the economy are protected."

Clayborne said that bringing downstate Illinois into the deregulated fold will bring congruity to the state.

Spokesmen from IBEW 702 and IBEW 51 said the bill would protect customers from high scarcity pricing, uphold statewide electric reliability and preserve jobs by stopping premature plant closures.

Exelon, Illinois' other power-producing giant, also is seeking relief from state lawmakers. The utility is seeking low-carbon-emissions subsidies for nuclear generators in order to keep its cash-strapped Quad Cities plant operational through 2032, when the plant's license expires.

The General Assembly's legislative session ends May 31.