RTO Insider

Your Eyes and Ears on the Organized Electric Markets

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Governance Plan Fails to Dispel Western RTO Concerns

By Robert Mullin

CAISO last week stepped up efforts to convert skeptics of a Western RTO, convening a forum in Denver to discuss a proposed set of governing principles and dispel concerns that California interests would dominate a West-wide entity.

"What we're doing actually matters, and it has enormous upsides," CAISO board member Ashutosh Bhagwat said of the effort.

CAISO is leading the push for an RTO in the West, in part driven by a 2015 California law requiring the grid operator and state energy agencies to explore ISO expansion to improve the state's ability to meet its 50% renewable energy mandate.

The ISO also seeks to accommodate the timelines of PacifiCorp, which hopes to join the ISO in 2019 but must gain regulatory approval from five Western states before doing so.

Bhagwat said the diversity of resources in an expanded ISO would improve renewable integration and reduce costs for customers in California and the broader region.

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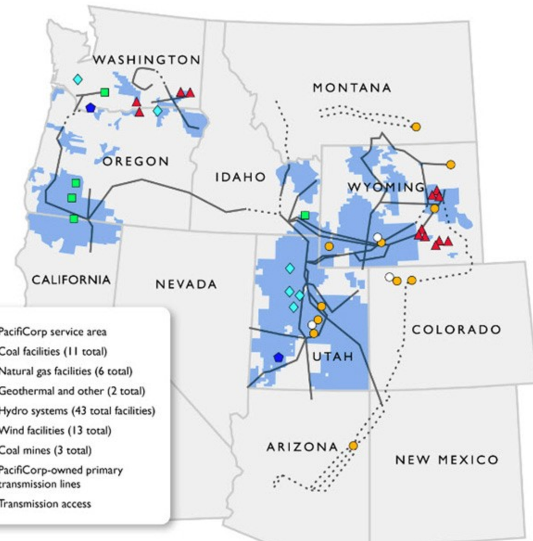

Source: PacifiCorp

MISO, Monitor Reach Compromise on Capacity Auction Design

Board Alarmed by Forecast Generation Shortfall in 2018

By Amanda Durish Cook

DETROIT — MISO and its Independent Market Monitor have reconciled their differences and reached a compromise on a redesign of the capacity auction, CEO John Bear told stakeholders at the RTO's Annual Meeting last week.

Bear made his remarks at Wednesday's Advisory Committee meeting, which was originally planned to feature a presentation on the new competitive retail solution (CRS), a proposal to create a separate, three-year forward auction for retail-choice areas in the RTO's footprint.

The delay gives MISO officials and the Monitor, which have disagreed on core aspects of the CRS, more time to work on their "hybrid" proposal. (See *MISO: Auction Design July Filing Doubtful*.)

Bear refused to give any details on the compromise, saying he preferred discussion to take place at the next Resource Adequacy Subcommittee meeting June 29-30, when the proposal will be officially unveiled. He also said further discussion would take place at a meeting in mid-July.

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Against All Odds:

Ratepayer Wins $4.2M Refund from AEP

By Tom Kleckner

Peine

A retired elementary school teacher goes to Washington to take on a powerful utility — and wins a $4.2 million refund.

A David and Goliath story?

"It certainly felt that way," says Martha Peine (pronounced "piney"), a former lawyer who hadn't practiced since 2002. "I was dealing with rules and regulations and procedures I had never been

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Against All Odds: Ratepayer Wins $4.2M Refund from AEP

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familiar with. It was just me … funding my own way against what I consider a behemoth organization, with outside and inside counsel with many years of experience."

The "behemoth" in question is American Electric Power, owner of the nation's largest transmission system, with a market capitalization of more than $32 billion and more than 5 million customers in 11 states.

Peine received her law degree from the University of Texas and spent seven years as a sole practitioner specializing in "consumer-type" issues, before taking down her shingle in 2002. She spent the next nine years as an elementary school teacher and lecturer for the Houston Independent School District.

Ozark Mountain Tx Fight

Several years ago, Peine found herself involved in a community effort to fight AEP subsidiary Southwestern Electric Power Co.'s plans to build a transmission line through the scenic Ozark Mountains in Northwest Arkansas. A grassroots organization, Save the Ozarks, spun up enough community support around the eccentric town of Eureka Springs, a haven for artists and retired hippies, that SWEPCO withdrew its plans in December 2014.

By then, Peine was submerged in AEP's filings at FERC, trying to make sense of transmission formula rates, protocols and operating tariffs. Poring over the company's annual updated filings to its formula rate under SPP's Tariff, she uncovered and contested almost $2.5 million in improperly recovered transmission costs for charitable contributions, general advertising, economic development, lobbying, and generation and distribution regulatory cases.

So what kept Peine going in what must have appeared early on to be a quixotic quest?

"Just determination. Pure determination," she said. "I wasn't going to give up until someone said, 'Go home and don't you ever come back here again.' I just kept putting one foot in front of the other."

Using her forensic skills and invoices provided by AEP, Peine was able to determine whether the company's expenses were properly accounted for under FERC regulations. She contested air travel for SWEPCO President Venita McCellon-Allen to attend legislative meetings and a luncheon honoring former Arkansas Public Service Commissioner Colette Honorable before her appointment to FERC. She also contested a tree-planting program around SWEPCO's Turk power plant in southwest Arkansas.

'Drilling Down'

"Drilling down to the actual invoice is something that rarely happens," Peine said, making sure she put quotes around "reviewed" when describing her understanding of how regulators and wholesale purchasers may check the annual updates. "They look at the delta from one year to the next and ask generally about it."

A FERC staff review after her complaint found additional improper charges in SWEPCO sister company Public Service Company of Oklahoma's AEP's rate structure.

On June 13, Peine and AEP reached a $4.2 million settlement agreement.

The money will be distributed as a one-time credit to utilities using AEP's SWEPCO and PSO transmission systems (ER07-1069). "I think it was a good result, a substantial refund, and I'm happy with that," Peine said. "I followed through, I stayed committed … I think this was a right result for ratepayers."

Pat Costner, director of Save the Ozarks, said in a press release, "Every SWEPCO electric customer owes a debt of gratitude to this remarkable woman, who has shown us that one person can make a big difference."

It didn't come easy, but *pro se* interventions — in which intervenors represent themselves — never are. Peine said she used a template provided by Keryn Newman and Alison Haverty, who successfully challenged AEP and Allegheny Energy (now FirstEnergy) in their bid to recover $121.5 million from an abandoned PJM project. (See *FERC ALJ Rejects $10 Million in PATH Transmission Project Recovery*.)

"That made my job much easier," said Peine, who followed the case closely and attended several days of FERC hearings on the matter.

Peine's interest was piqued during her work with Save the Ozarks. She asked herself, "What's in it monetarily for these people? How do they recover costs? What's the motivation there?"

She spent hundreds of hours on her challenges. She familiarized herself with the protocols and SPP's Tariff. She learned how

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CAISO NEWS

PG&E to Shut Down Diablo Canyon, California's Last Nuclear Plant

By Robert Mullin

Source: Pacific Gas & Electric

Pacific Gas and Electric said last week it will shut down California's last nuclear power plant in 2025 under an agreement reached with a coalition of environmental, labor and anti-nuclear groups.

The utility said it will develop a portfolio of renewable resources, energy efficiency and energy storage to replace output from its 2,240-MW Diablo Canyon facility, located on the state's central coast near Avila Beach.

That condition was a victory for environmental groups that had opposed the plant on safety grounds but wanted to avoid an outcome in which gas-fired generation would replace the plant's greenhouse gas-free output.

"It will be the first nuclear power plant retirement to be conditioned on full replacement with lower-cost, zero-carbon resources," said the Natural Resources Defense Council, one of the parties that negotiated the agreement.

Other parties included Friends of the Earth, Environment California, International Brotherhood of Electrical Workers Local 1245, the Coalition of California Utility Employees and the Alliance for Nuclear Responsibility.

Under the proposal, the company would also commit to serving 55% of its customer load with renewables by 2031.

The state's revised renewable portfolio standard, enacted last year, calls for 50% renewables by 2030. PG&E cited the RPS, the recent doubling of state energy efficiency goals, growth of distributed energy resources and the potential loss of retail customers to alternative suppliers known as community choice aggregators as key factors in the decision to retire the facility.

Quake Risk

Environmentalists have long been concerned with the plant's location near several earthquake fault lines, including one 3 miles from the plant that was discovered three years after construction began in 1968. Calls for its closure were renewed after the 2011 quake and tsunami that led to a meltdown at the Fukushima Daiichi nuclear plant in Japan.

Another major consideration: the inability of a baseload plant like Diablo Canyon — which cannot be quickly cycled up and down — to respond to the "overgeneration and intermittency conditions" stemming from increased penetration of solar and wind resources.

In response to the 50% RPS, CAISO will put a premium on the capability to respond to renewables' variability. The ISO is currently developing a "flexible ramping" product to encourage the development of resources to fulfill that need.

Diablo Canyon accounts for about 20% of annual electricity production in PG&E's service territory and 9% of production in the state. While the utility points out the plant is currently needed to help maintain system reliability, it said that its absence will reduce the need for solar curtailments during peak solar production and improve the integration of RPS resources.

"California's energy landscape is changing dramatically with energy efficiency, renewables and storage being central to the state's energy policy," PG&E CEO Tony Earley said. "As we make this transition, Diablo Canyon's full output will no longer be required."

2025 Retirement Assumed

The California Public Utilities Commission has not yet asked CAISO to perform any special studies related to the retirement, ISO spokesman Steven Greenlee told *RTO Insider*.

CAISO's 2016-17 transmission planning process — which looks 10 years into the future — already assumes Diablo Canyon will be retired by 2025 because of state restrictions on "once-through cooling," the process of drawing coastal or river water to cool turbines. That water is then expelled back into the environment at higher temperatures, affecting marine life. State regulators required the plant to end the practice by 2024.

Any reliability issues stemming from retirement will be identified in the current transmission planning analysis, according to the ISO.

"We will not present a recommendation [on retirement], but PG&E's decision allows the ISO to begin planning for a grid without Diablo Canyon and a grid that better integrates renewable resources in support of the state's goals," Greenlee said.

In 2009, PG&E filed with the Nuclear Regulatory Commission to extend the licenses for Diablo Canyon's two reactors for an additional 20 years. This week's proposal stipulates that the company will ask to suspend that proceeding. In return, the other parties to the agreement promised not to seek the facility's closure before the last license expires in August 2025.

They also agreed not to oppose PG&E's efforts to fully recover costs for the shutdown from California ratepayers. That stipulation requires the parties "to not oppose amortization and cost recovery of Diablo Canyon's costs in PG&E's 2017 general rate case" submitted to the PUC.

The agreement is subject to approval by the PUC. PG&E has asked regulators to render a decision by Dec. 31, 2017.

CAISO NEWS

Governance Plan Fails to Dispel Western RTO Concerns

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EIM Experience

"Experience with the [Energy Imbalance Market] has proven this," Bhagwat said. "We're doing this because there is a lot to be gained."

Contending that the West is "behind the rest of the country" in creating an RTO, Bhagwat also acknowledged "legitimate concerns" among Western industry stakeholders about how the organization would be governed.

"We've tried to address them," he told the forum, referring to the ISO's proposed principles for governance, which would seek to preserve state regulatory authority, provide all participating states the means to influence RTO policy and reshape the ISO into an entity no longer overly subject to the prerogatives of California.

Still, RTO skeptics — and some supporters — contended that an expanded ISO would be overly subject to California's influence even with the principles in place.

They cited one major sticking point: the transition to an independent and regionally representative board of directors.

CAISO's proposal calls for the RTO's initial board to include the five members of the ISO's current board and four new members selected by other RTO states through a process approved by those states. Initial board members would have terms staggered in such a way that California-appointed members would always hold a majority through a transition period.

That transition would conclude with the initial board selecting a final, independent board through a nominating process developed by a transitional committee of stakeholders. The nominating process — along with other governance elements proposed by the committee — would be subject to approval by the initial board.

A second sticking point: The transitional committee itself would be appointed by the ISO's current board.

'The Mother of all California-Centric Concerns'

"The proposal for the initial board is the mother of all California-centric concerns," said Bryce Freeman, administrator of the Wyoming Office of Consumer Advocate.

Freeman pointed out that the proposal did not provide an explicit deadline for the transition period, meaning the current ISO board would constitute a majority for an unspecified amount of time. Any policies "hammered out under that arrangement would be accountable to the California political process," he said.

Freeman also noted that the five PacifiCorp states would be forced to jockey for just four seats on the initial board.

"Whose ox gets gored in that process?" he asked.

"When we get to the final stage of things, California still gets what I've been calling a veto over everything anyway," added Abby Briggerman, an attorney representing inland industrial energy consumers in the West.

Continued reliance on the ISO's current board is also the American Wind Energy Association's biggest concern, said Caitlin Liotiris, a consultant representing the organization, which is a strong supporter of the expansion.

Montana Public Service Commissioner Travis Kavulla echoed Freeman's concerns about the open-ended nature of the initial board. He said it would have more influence on governance than the final board, as governance design would actually be developed and approved during the transition period.

> **"When we get to the final stage of things, California still gets what I've been calling a veto over everything anyway."**
>
> **attorney Abby Briggerman**

Market-Oriented Board

Kavulla instead suggested the establishment of a market-oriented board populated by members with expertise in electricity market operations, while the "big questions" regarding tariff design and governance would be left to another body.

"That leaves the more complex matters of market design to the people actually running the ISO," said Kavulla, the current president of the National Association of Regulatory Utility Commissioners.

While Kavulla didn't specify what body should have authority over the tariff and governance issues, CAISO's proposal calls for the formation of a body of state regulators "to provide policy direction and input on matters of collective state interest."

That body would be funded by the RTO but incorporated as a separate entity, with one regulator from each state serving as a voting member. Publicly owned utilities (POUs) within the RTO footprint would appoint one nonvoting representative to act in an advisory capacity.

CAISO intends for the body of state regulators to have "primary authority" over RTO initiatives related to matters like transmission cost allocation and "aspects" of resource adequacy — meaning the RTO would be required to seek the body's approval for any Section 205 filing with FERC.

"It has been noted that this body has a lot of reserve authority and power," Kavulla said, adding that it should be staffed with experts to advise its members and support that authority.

Public Power Role

Mark Gendron, Bonneville Power Administration (BPA) senior vice president of power services, suggested a full voting role for the public power representatives.

"That might be a good home for BPA as a

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ERCOT NEWS

Hunt Reopens Oncor Bid in Lawsuit Against PUCT

By Tom Kleckner

> **"It sounds like they want to reopen the case, which is confusing at best. This is unusual."**
>
> **Terry Hadley, Texas PUC spokesman**

Hunt Consolidated's bid for Texas utility Oncor may not be over after all.

The Hunt group filed a lawsuit Thursday in state court against the Public Utility Commission of Texas, seeking a review of its March order that accepted the proposed acquisition but imposed restrictions that led to the deal's unraveling.

The lawsuit says the PUC made a number of errors in its ruling on plans to split Oncor into two companies and incorporate a real estate investment trust (REIT) structure (Docket No. 45188).

The order approved the creation of Oncor AssetCo, which would own the transmission and distribution facilities, while Oncor Electric Delivery Co. (OEDC) would rent the facilities to provide electric delivery services. As a REIT, AssetCo would avoid paying federal income taxes if it derived at least 90% of its profits from property rents.

But the PUC's order included conditions that made it less attractive to investors, including requiring federal tax savings be set aside for possible refunds to customers. The REIT structure would have allowed Hunt to funnel as much as $250 million a year in tax savings to shareholders.

According to the lawsuit, the PUC "prejudiced" the group's rights by finding the leases between the Oncor companies would be tariffs subject to commission approval; by not treating AssetCo and OEDC on a consolidated basis for ratemaking purposes; by failing to give the restructured Oncor the standard income tax allowance; and by failing to vacate the final order and dismiss the docket.

The lawsuit says the PUC made "administrative findings, inferences, conclusions and decisions" in violation of the state Public Utility Regulatory Act and that were not "reasonably supported by substantial evidence in the record."

"Because the merger agreement terminated, there was no longer a transaction for the PUCT to approve," the lawsuit says. "At that time, the PUCT still had jurisdiction over the final order. … Therefore, the PUCT should have vacated the final order and dismissed the proceeding without prejudice. This would have avoided the errors."

"It sounds like they want to reopen the case, which is confusing at best," said PUC spokesman Terry Hadley when notified of the lawsuit Thursday evening. "This is unusual."

"Businesses often file appeals within the court system to preserve their legal rights going forward," Hunt spokesperson said Jeanne Phillips in a statement. "That is the intent here."

The Hunt bid appeared to be dead in May, when the PUC rejected all motions for rehearing in the case and let its March order stand. The Hunt group and creditors of Oncor's bankrupt parent, Energy Future Holdings, had asked the commission to vacate the order and dismiss the proceeding, thus leaving open the possibility of a new application. (See *Texas PUC Denies Rehearing on Oncor Sale, Ends Hunt Bid*.)

A litigation analyst for Bloomberg Intelligence, Julia Winters, told Bloomberg News that if the Dallas-based Hunt group's lawsuit is successful, "there's a chance they would get back to the negotiating table with the debtors and move forward on a deal to buy Oncor."

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[federal power marketing agency]," said Gendron, whose organization operates 78% of the transmission in the Northwest and markets the output from 31 hydroelectric projects.

Gendron's suggestion received support from Marshall Empey, COO of Utah Associated Municipal Power Systems, which represents community-owned utilities throughout the West.

"The reason we want this as public power is that regulators don't represent us," Empey said.

Steve Beuning, director of market operations at Xcel Energy, voiced a different perspective.

"I'm concerned to think of any stakeholder that might have more of a stake than me — such as public power getting a defined role," Beuning said.

Kavulla noted that the interests of POUs are represented on the state committees of other RTOs. None of those committees set aside a seat for POUs.

"That level of trust might not exist in the West," he added, referring to the fact that the region's public utility districts are not subject to state oversight and maintain an arms-length relationship with utility commissions.

Briggerman spotlighted what she considered to be yet another flaw in the design of the state body: a provision that policy changes would require not just a majority vote, but approval by members representing a majority of load in the RTO footprint. California would hold a clear majority in an RTO that includes just PacifiCorp.

"This just sort of echoes my general theme that California has too much authority in this proposal," Briggerman said.

"At the end of the day, [a Western RTO] is going to take mutual trust between California and non-California," Kavulla said.

ERCOT NEWS

Texas, ERCOT to Address Military's Frustration over Generation Siting

By Rory D. Sweeney

Attendees at the Gulf Coast Power Authority's monthly luncheon in Austin, Texas, mingle following the event.
© RTO Insider

AUSTIN, Texas — To address the Defense Department's frustrations over Texas' lack of regulation for siting new generation, the governor's office is working with ERCOT to require notifying the department of proposed projects that might impact military operations.

DeAnn Walker, a senior policy adviser in Gov. Greg Abbott's administration, told a Gulf Coast Power Association luncheon audience that she's been working on the issue for nine months. Military issues are a top priority for Abbott, she said.

The Pentagon's main concerns have been wind turbines disrupting radar signals and solar panels causing glare for pilots. Used to working with states who have control over siting facilities, military officials have been frustrated with Texas' system, which lacks any state-level oversight. "The military claimed there were times when the first time they knew about a wind turbine farm going up near their facility was when they started seeing the turbines built," she said.

Walker said concerns have been raised over projects planned around naval air stations in Corpus Christi and Kingsville. She knew of only one generation project canceled because of a conflict with military operations.

Walker worked with ERCOT to develop PGRR 47, which was presented in May. The change to ERCOT's Planning Guide would require developers seeking interconnection approval to report on the status of reviews by the Pentagon and the Federal Aviation Administration.

A luncheon attendee pointed out that the military already receives notification about projects from FAA, which can occur much sooner than the interconnection application.

In exchange for its cooperation, the state has asked the Defense Department to provide color-coded maps that show where developers might run afoul of military siting restrictions, Walker said. The maps would be of all military operating areas in the state and be marked green (where there are no restrictions), yellow (where they could work together toward a solution) and red (where the military would oppose any development). Another attendee said the maps already exist on FAA's website.

Walker said Abbott is adamant about winning approval of the change and asked that anyone with concerns address them with her directly.

Although the lack of siting regulation has caused tensions in Texas, the Defense Department has worked cooperatively with the power industry, becoming early advocates of renewables and microgrids.

At a FERC technical conference on reliability earlier this month, Chris Murray of the Navy's Renewable Energy Program Office invited transmission and generation projects onto naval facilities. "If there is land on our base that you think makes sense, let us know. And more often than not, that land is going to be behind a secure perimeter with guards, which also can be good for a critical asset," he said.

Hunt Reopens Oncor Bid in Lawsuit Against PUCT

Continued from page 5

"It would be a lot easier to move forward with the plan that was already on the table and approved by the bankruptcy court," Winters said.

The Hunt group has been pursuing an acquisition of Oncor, the largest transmission and distribution utility in Texas, for several years. Oncor is widely seen as the key to EFH's bid to restructure almost $50 billion in debt and emerge from two years of bankruptcy. (See *EFH Files New Chapter 11 Plan*.)

NextEra Energy is also thought to be a potential suitor.

The original plan EFH filed with a Delaware bankruptcy court included a Hunt-led purchase of Oncor for more than $17 billion.

Hadley said the PUC would have no additional response to the lawsuit. It will be represented in the proceeding by the Texas attorney general's office.

EBA Northeast Chapter Annual Meeting 2016

In Northeast, Fleet Turnover to Natural Gas is Unabated

By William Opalka

"I do take issue with the idea that the entire nuclear fleet is at risk across the board."

Vince Duane, PJM

NEW YORK — Whether the view is from PJM, which sits atop the Utica and Marcellus shale gas formations, or ISO-NE, at the "end of the pipeline," the so-called "dash to gas" shows no sign of abating, speakers said Friday at the Energy Bar Association Northeast Chapter's 2016 Annual Meeting.

"There's a fairly high degree of confidence in the market that gas prices will be consistently low for a fairly long time," said **Vince Duane**, senior vice president and general counsel at PJM. Of 36,000 MW of PJM generation that has retired in the last two decades, about 30,000 MW of the units replacing them are natural gas, he said.

Duane said that while the energy industry has "done a very poor job of forecasting prices and deploying capital" in the past, "the markets are [now] giving such an overwhelming signal" to choose gas.

In response to calls by FirstEnergy, American Electric Power and Exelon for subsidies to keep coal and nuclear plants operating, Duane co-authored a recent PJM study that counseled against such interventions. (See *PJM Study Defends Markets, Warns State Policies can Harm Competition*.)

"I do take issue with the idea that the entire nuclear fleet is at risk across the board. There's always been well-run nukes ... and the well-located ones are doing well," he said, calling the predicted demise "hyperbole."

Duane said markets have responded to environmental regulations in unexpected ways. EPA's Mercury and Air Toxics Standards rule "is kind of a national experiment in that it's imposing costs on every coal plant, whether it's in an organized market or a regulated market," Duane said.

"I thought I was going to write [that] the unregulated markets were ruthlessly efficient and regulated markets [were] holding onto that invested capital longer. We cut it every which way: the age of the resource; the size of the resource; the heat rate efficiency. And every time, we came up with no statistical difference ... as both are doing a comparable job of pushing out the inefficient coal resources."

Even where gas supplies are distant, market signals still point toward that fuel source.

"We are having more gas units come in through our capacity auctions, but we haven't really had any gas infrastructure built," said **Kevin Flynn**, senior regulatory counsel at ISO-NE.

Natural gas provides about half the energy in New England now, up from about 15% in 2000.

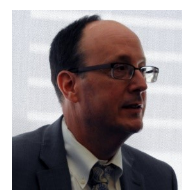
And as policymakers mandate more renewable energy resources, their integration requires more quick-start resources, usually natural gas, to maintain system balance, he added.

Because inadequate gas supplies exist during winter cold snaps, ISO-NE added its Pay-for-Performance program to incentivize generators when they're needed most. It starts in 2018.

More than 3,000 MW of gas-fired generation has cleared in the last two Forward Capacity Auctions. "What we found in FCA 10 is that all gas resources that cleared are dual-fuel, as that's the way the market is responding to Pay-for-Performance," Flynn said. (See *FERC Accepts ISO-NE Auction Results*.)

The region has lost most of its coal fleet, and much of its nuclear generation is at risk. Vermont Yankee closed at the end of 2014, and Pilgrim in Massachusetts will leave the market in 2019.

Two nuclear units in New York are at risk, as the James A. FitzPatrick plant is set to close in the spring, and the R.E. Ginna plant could follow at the end of its reliability support services agreement, also early next year.



From 2010 to 2016, 11,665 MW of generation was built to replace aging or retiring units, representing about a quarter of the state's total capacity of 39,000 MW, NYISO Assistant General Counsel **Carl Patka** said.

"We're seeing a greater amount of deactivation notices, especially in western New York. Not a great surprise to see some of the older coal units" retiring, he said.

The retirements will make it a challenge for NYISO, which has a reserve margin of 20%, to maintain its reliability.

"Longer term, that's something to keep an eye on," he said. (See *NYISO: FitzPatrick Closure will not Harm Reliability*.)

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EBA Northeast Chapter Annual Meeting 2016

Overheard at the Energy Bar Association Northeast Chapter 2016 Annual Meeting

NEW YORK — **Scott Weiner**, the New York Public Service Commission's deputy for markets and innovation, discussed the state's Reforming the Energy Vision initiative.

"REV distinguishes itself not by its specific proposals but by its comprehensiveness. If you take a look at the specific components of REV, most, if not all, are being tested or applied somewhere else in North America. What we've tried to do is pull them all together at one time in a holistically, comprehensively approach to reform."

Kerry Stroup, manager of state legislative and regulatory affairs for PJM, discussed the challenges of introducing any systemwide programs to the RTO, which operates in 13 states and D.C.

"Innovation is something that happens in a different way in a multi-jurisdictional entity like PJM as opposed to a single unit like New York or Ontario. ... PJM is a market maker and doesn't implement policy. So that can be a challenge at times because those state retail regulatory frameworks range from vertically integrated utilities to hybrid models to entire fully restructured retail markets."

Peter Fraser, vice president of industry operations and performance for the Ontario Energy Board, said previous market models are inadequate to address customer preferences for cleaner energy and the increased integration of newer technologies.

"We're changing the way electricity is priced to consumers in a number of ways, with residential rates going to a fixed monthly charge for their electric distribution rates. [We're] studying reforms to nonresidential rates, and we issued a discussion paper this spring that recognizes the changes that are ongoing in the electric distribution market."

Aleck Dadson, vice president of consultant StrategyCorp and former COO of the Ontario Energy Board, said the board embarked on a redesign of its market in advance of REV that was influenced by regulatory changes in Europe, particularly the U.K. It included a wide deployment of smart meters and increased renewable energy penetration.

"There is a really strong emphasis on performance measurement. We established scorecards that are customer-focused, with customer service metrics, operational effectiveness, safety, reliability, public policy responsiveness," he said. "And the board every year publishes a scorecard to compare the distribution companies, to see who's doing well and who isn't."

— William Opalka

ISO-NE NEWS

Northern Pass Challenge Headed to NH Supreme Court

By William Opalka

The Society for the Protection of New Hampshire Forests has appealed the dismissal of its complaint against the Northern Pass transmission project to the New Hampshire Supreme Court.

The Coos County Superior Court last month dismissed the group's suit, which sought to prevent the burial of lines in a highway right of way. The society said its property rights allowed it to deny access, even though it had granted rights of way for above-ground construction. (See *Court Dismisses Complaint vs. Northern Pass*.)

"We believe strongly that the Superior Court erred by not getting to the root of the private property rights issue in its decision," Forest Society attorney Tom Masland said.

He said the Superior Court ruling that dismissed the suit sidestepped legal questions about the property rights of the Forest Society by deferring to transportation officials.

New Hampshire Supreme Court building

"The N.H. Department of Transportation does not have the authority to determine the property rights of landowners affected by a project like Northern Pass," Masland said. "By failing to address that issue now — nor allowing the issue to be litigated — landowners like the Forest Society would be left with no remedy. This is a complex case, and important issues remain unresolved, including the complexities and ramifications of declaring DOT the sole authority to resolve all matters involving the use of roads."

Project developer Eversource Energy said it was confident it will prevail in the appeal.

"The New Hampshire Superior Court spoke clearly and decisively on May 25 when it dismissed the Forest Society's lawsuit that claimed that the Northern Pass project does not have the right to bury the project under public roads in the North Country," the company said in a statement. "The court's summary judgment decision was based on over a century of New Hampshire law. We are confident that the state Supreme Court will uphold the Superior Court's ruling."

Eversource and its partner Hydro-Quebec have proposed to bury 60 miles of the 192-mile route. The project is being reviewed by the New Hampshire Site Evaluation Committee. (See *Northern Pass Decision Delayed Nine Months*.)

ISO-NE NEWS

Generation Owners Seek to Block EDC-Pipeline Deals

By William Opalka

Two generation owners on Friday petitioned FERC to block New England states' efforts to have electric ratepayers underwrite the cost of expanded natural gas pipelines (EL16-93).

NextEra Energy and Public Service Enterprise Group said the proposals by state regulators to release natural gas capacity to electric distribution companies "will render ISO-NE markets unjust, unreasonable and unduly discriminatory, and result in manipulation of the ISO-NE market."

The generators asked FERC to rule by Aug. 23 and order ISO-NE to draft a "prophylactic tariff fix" within 90 days. They also seek a technical conference and "final" FERC order by the end of January 2017, before the next Forward Capacity Auction in February.

"State regulators in Massachusetts, New Hampshire, Connecticut and Rhode Island are on the verge of implementing a scheme expressly intended to artificially suppress prices in wholesale energy markets in New England," the companies wrote.

"Having no use for the pipeline capacity, the EDCs would release the capacity at below-market rates — first to gas-fired generators ... and then whatever is left will be released to the marketplace," the complaint continued. "This transportation subsidy would artificially flood ISO-NE markets with gas, thereby unreasonably suppressing gas prices and wholesale power prices."

The proposal by the EDCs, endorsed in varying stages in proceedings by state regulators, would allow the distributors to recover from their ratepayers the cost of access to expanded pipelines.

EDCs Eversource Energy and National Grid favored the capacity release proposal at a FERC technical conference held last month. (See *Utilities Seek OK for Gas Releases to Generators at Technical Conference*.) The two are partners in the proposed Access Northeast pipeline at the center of the dispute. It would bring shale gas from the Marcellus region of Pennsylvania into New York and New England.

The Massachusetts Department of Public Utilities, which is the furthest along among the regulators, has ruled such a contract is legal under state law. It is considering a proposal for a 20-year gas supply contract that could be approved as early as October. (See *More Pipelines for New England: 'Gold-plating' or Necessity?*)

Massachusetts Attorney General Maura Healey has supported a lawsuit filed by ENGIE and the Conservation Law Foundation that challenged the legality of such contracts. A ruling by the state's Supreme Judicial Court is expected soon.

Another proposed pipeline that could have benefited from ratepayer subsidies, Kinder Morgan's Northeast Energy Direct, was scuttled earlier this year, in part because of the lack of commitments for firm capacity customers. (See *Kinder Morgan Board Suspends Work on Northeast Energy Direct Pipeline*.)

MISO Annual Meeting 2016

Monitor's State of the Market Report Seeks Changes to MISO ELMP, Capacity Auctions

By Amanda Durish Cook

DETROIT — MISO's Independent Market Monitor added eight new recommendations in its 2015 State of the Market Report.

The 124-page report concluded that MISO's energy and ancillary markets "generally performed competitively" last year.

Monitor David Patton outlined the recommendations, four of which involve resource adequacy and planning, before the Markets Committee of the Board of Directors on Wednesday:

Energy Pricing and Transmission Congestion

1. Disable price setting by offline resources in extended locational marginal pricing (ELMP) and expand the share of online generators eligible to set prices to include those with start times of one hour or less and minimum run times of two hours or less, regardless of whether they are scheduled in the day-ahead market.

   MISO has proposed increasing the share of online peaking resources able to set prices to 14% from the current 2% in ELMP Phase II, which would eliminate $4.4 million in revenue sufficiency guarantee (RSG) payments. Patton said the RTO should permit pricing by 90% of online peaking resources, which he said would eliminate $20 million in RSG payments.

   The Monitor said offline resources should only set prices when they are economic and can be started quickly to address a shortage — a threshold it said was met by less than 10% of the offline resources that currently set prices. "Accordingly, we conclude that ELMP's offline pricing is inefficiently changing prices during shortage conditions and recommend that MISO disable the offline pricing logic as quickly as possible," the report says.

   Board member Paul Feldman said the negligible benefits of ELMP were "disappointing." (See "'Modest' Price Impacts as Extended LMP Enters Phase 2," *MISO Market Subcommittee Briefs*.)

   Jeff Bladen, executive director of MISO market services, said ELMP Phase I was "designed to be conservative" and that MISO is analyzing the Monitor's recommendation.

MISO Monitor David Patton presents recommendations from the 2015 State of the Market Report to MISO's Board of Directors.
© RTO Insider

2. Increase use of temperature-adjusted and short-term emergency ratings for transmission facilities.

Guarantee Payment Eligibility Rules and Cost Allocation

3. Begin modeling the voltage and local reliability requirement in the day-ahead market.

Improve Dispatch Efficiency and Real-Time Market Operations

4. Address "poor" dispatch performance and state estimator model errors in real-time operations by improving tools and procedures.

Resource Adequacy and Planning

5. Implement firm capacity delivery procedures with PJM instead of using pseudo-tied resources.

   The Monitor said a firm capacity approach with PJM "would guarantee the delivery of the energy from MISO capacity resources to PJM, while maintaining the efficiency and reliability of MISO's dispatch."

   In its quarterly report for spring 2016, Patton said 100 new market-to-market flowgates were created between March and June when MISO pseudo-tied 22 resources to PJM territory.

   Congestion on the new constraints totaled $22 million for the quarter, a six-fold increase over the first quarter.

   Patton said the M2M process doesn't have an efficient enough response for pseudo-ties positioned farther from the seam.

   The next batch of pseudo-tied resources to be committed outside of MISO will occur in June 2017.

   "We expect higher congestion as this process unfolds. We hope PJM gets tired of these high prices … and bearing the cost of MISO congestion. It's certainly bad for the Eastern Interconnect," Patton said.

   However, PJM has said it will not consider firm capacity delivery as an alternative to continue pseudo-ties, he said.

   MISO CEO John Bear said the RTO is discussing the issue with PJM but doesn't expect a resolution until the middle of 2017.

   "I'd encourage both parties to go back to the beginning," board member Michael Curran said. "Untying this knot could be more difficult than going back to the beginning and saying, 'how did we get here?'"

6. Improve the modeling of transmission constraints in the Planning Resource Auction.

7. Improve the physical withholding mitigation measures for the PRA by addressing uneconomic retirements and recognizing affiliates.

   The report says falling capacity margins will leave MISO more vulnerable to physical withholding and cites Tariff provisions that it says prevent the RTO from addressing it. "First, the physical withholding thresholds are applied on a market participant basis, rather than a company basis. This would allow a large supplier to create multiple market participants to effectively circumvent the mitigation. Second, it is not clear [that] retiring a unit that is clearly economic to continue operating would be considered physical withholding and subject to MISO's mitigation measures."

8. Improve modeling of the limit on transfers between MISO South and Midwest regions in the PRA.

Continued on page 12

MISO Annual Meeting 2016

Monitor's State of the Market Report Seeks Changes to MISO ELMP

Continued from page 11

MISO's recent settlement with SPP and other parties allows the RTO to transfer as much as 2,500 MW from MISO South to Midwest. But in the most recent PRA, MISO set a limit of only 874 MW.

The Monitor said the transfer limit in the PRA should equal the total transfer limit minus a derating factor that represents the probability that MISO neighbors will request a derating because of an emergency. "This recommendation would have had a substantial effect on the clearing prices in most of the Midwest zones in the most recent PRA for planning year 2016/17," it said.

Incentives for New Investment Lacking

Curran said the board would schedule a conference call with MISO and the Monitor for a more in-depth conversation on the remaining recommendations.

Patton said long-run price signals continue to discourage new investment, with net revenues declining in 2015. The Monitor noted the $27/MWh average electricity price was 32% lower than in 2014. Natural gas prices fell 50% for the year to their lowest levels since MISO launched its energy markets in 2005.

Milder weather in 2015 caused average load levels to fall 2% from 2014. The peak load of 120 GW, set in July, was well below the forecast peak of 127.3 GW.

Gas-fired generation increased its share of total output from 17% to 23% over the year. Gas-fired resources were central to price-setting, "setting the system marginal price in 76% of intervals and locational prices somewhere in MISO in 95% of intervals," the report said.

Patton said the spring 2016 quarter was competitive, attributable in part to continued low natural gas prices. The average cost of energy was $21.50/MWh, about 20% lower than in spring 2015.

Board member Thomas Rainwater asked how much MISO's market would have to value carbon to incentivize continued operation of nuclear units. Patton said if carbon was valued at $20/short ton, nuclear resources would be closer to recovering costs. Patton also said expansion of wind generation is not the most cost-effective means to reduce carbon but is currently economic because of subsidies.

Board members expressed concern that the Monitor's report included capacity margin values for the summer that differed from the RTO's projected 18.2% summer reserve margin.

The Monitor's base case scenario predicted a 20.5% margin because Patton said the 1,000-MW North-South transfer limit is too "pessimistic." For its margin, MISO assumes 1,203 MW of capacity in MISO South cannot be accessed because of the North-South transfer limit. However, in the Monitor's one-year-in-10 scenario, in a high-temperature, high-load forecast, the reserve margin falls to 11.6%.

Board members questioned the disparate reserve margins and asked why the board wasn't presented with them during MISO's summer readiness presentation. (See "MISO Prepped for Summer Demand," *MISO Markets Committee of the Board of Directors Briefs*.)

"If MISO doesn't see the world in the same way, our numbers may not match," Patton said, reminding the board that the Monitor is independent of MISO.

Board members asked that Patton display his results alongside MISO's in future summer readiness presentations. MISO and the Monitor agreed.

MISO's Shawn McFarlane also delivered the RTO's quarterly report during the meeting:

- Average load for the spring was 86.3 GW, 2.7% lower than last spring.
- Natural gas prices averaged $1.87/MMBtu, a 34.2% decline relative to spring 2015.
- Total forced and planned generation outages accounted for 23.8% of market capacity: Planned outages averaged 23.6 GW, an 18% drop from spring 2015; forced outages averaged 19.3 GW, up 5.5%.
- Average wind generation increased to 5.6 GW, 4.5% higher than last spring. Wind production was 4,934 GWh in April, setting a new monthly record.

Board of Directors Briefs

MISO on Budget in Mid-2016, Considers Becoming 501(c)(3)

DETROIT — MISO's 2016 spending is in line with its budget for the year, Vice President of Finance Jo Biggers told the Board of Directors at the RTO's Annual Meeting last week. Year-to-date expenses are $93.3 million, $300,000 under budget. The RTO was able to save about $700,000 with the renegotiated lease of its Carmel, Ind., building, among other factors, but spent an extra $400,000 on resource adequacy efforts, including capacity auction redesign and seasonal and locational constructs.

The RTO was allotted a $225 million operating budget in 2016. It currently expects to spend between $224.7 million and $225.5 million by the end of the year.

Biggers said that although MISO is $4.1 million under budget on capital expenses to date, it expects to spend most or all of the $31 million capital budget by year-end.

Board member Phyllis Currie said the board's Audit and Finance Committee is considering whether the RTO should file for 501(c)(3) status. MISO is currently categorized as a 501(c)(4), a social welfare organization; 501(c)(3) status would designate it a charitable organization.

"Over time, we'll look at the pros and cons. It's a good time to take a look at this," Currie said. MISO could benefit from tax-exempt status, especially when considering the amounts it may need to borrow over the next five years, she said.

2 Stakeholders Join Nominating Committee

Indiana Utility Regulatory Commissioner Angela Weber and Matt Brown, vice president of federal policy at Entergy Services, have joined MISO's Nominating Committee, filling the two stakeholder vacancies, board member Michael Curran reported.

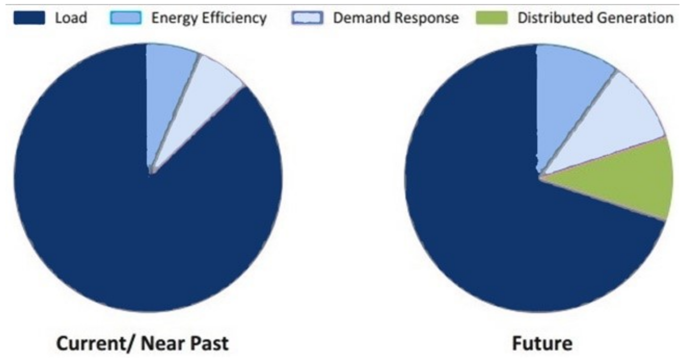
— Amanda Durish Cook

MISO Annual Meeting 2016

MISO Grid Meets 'Big Data'

DC Tx, Storage, Synchrophasors to Increase

By Amanda Durish Cook



Indicative load forecast breakdown *Source: MISO*

DETROIT — MISO expects the use of technologies such as energy storage, synchrophasors and HVDC lines to increase, Executive Vice President of Transmission and Technology Clair Moeller told the Board of Directors at its System Planning Committee meeting last week.

"As we do modeling into the out years … we see a substantial shift in the footprint away from coal — and that's expected. But how the rest of the mix [develops] plays an important role," Moeller said. "It's a pretty interesting time in terms of how the portfolio might shift."

Synchrophasors, which provide real-time transmission data, can answer whether "you can safely take the system to its physical limits to completely squeeze all you can out of the grid." Moeller said. "This is the electric system's introduction into big data."

"How much [capacity] is in [the transmission system]? Because you know it's there," board member Paul Bonavia said. "This is a lot of food for thought."

Board member Michael Evans asked if MISO could commission a technology company "that's already slogging through the big data" to analyze the RTO's information.

HVDC

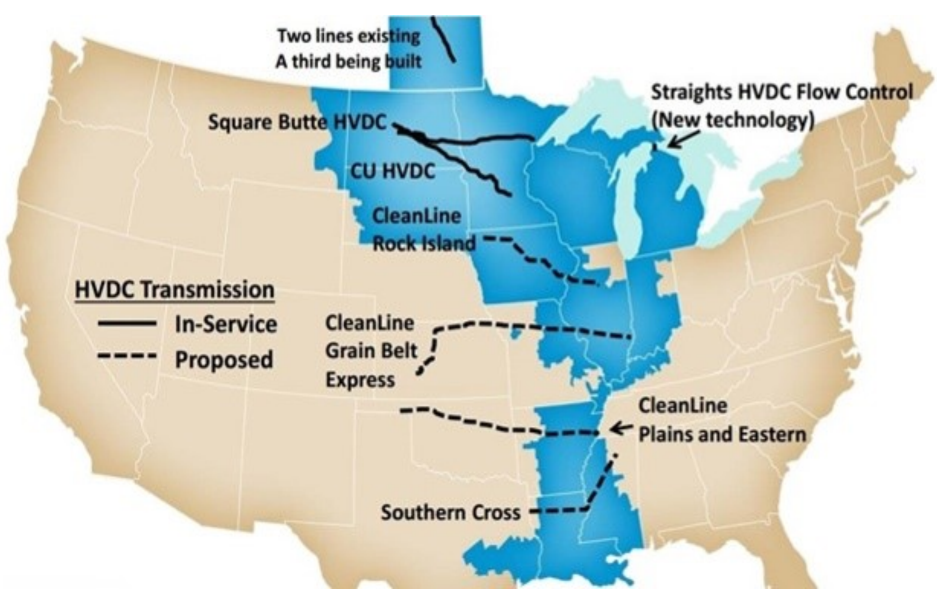
MISO has found that DC transmission, which is ideal for transporting large amounts of power over long distances, only becomes as cost effective as AC for lines longer than 600 miles.

Moeller said DC technology could connect MISO resources to ERCOT and the Western Interconnection.

"If there are technologies available to us to move power from Denver to Des Moines, direct current is the way to go," he said.

Clean Line Energy is MISO's largest DC merchant, with three interconnection projects in the queue: the Grain Belt Express (which could carry 4,000 MW of wind power from western Kansas to Missouri, Illinois and Indiana), the Rock Island line (3,500 MW of capacity from northwest Iowa to Illinois) and the Plains & Eastern line (4,000 MW of capacity from the Oklahoma Panhandle to Tennessee and Arkansas). The Plains & Eastern project faces opposition from Arkansas' congressional delegation. (See *House Panel OKs Bill Targeting Clean Line Project*.) MISO has just three DC lines to date: one in Manitoba and two transferring power from North Dakota into Minnesota.

"They're substantially faster and more flexible," Moeller said.



Direct current lines in MISO footprint *Source: MISO*

Storage

MISO's treatment of battery storage as generation will have to change, Moeller said. It cannot be "force fitted" into a generation market definition, he said.

Although energy storage is evolving rapidly, and utilities are beginning to experiment with it, it is not yet competitive in MISO, Moeller said. He said there is no an independent source that has identified when storage will become economically viable.

Moeller also said MISO believes storage's competitiveness has been hurt by the low cost of gas. While storage technology becomes cheaper and MISO shifts from its dependence on coal, Moeller said the RTO has discussed strategies to more precisely model price volatility, including securing grants for Ph.D.s in university mathematics departments for a more complex algorithm for gas prices and renewables. MISO currently uses U.S. Department of Energy data and simple inflation to forecast gas prices.

MISO Vice President of System Planning and Seams Coordination Jennifer Curran said the RTO expects installed gas capacity to increase in the near future, with 2,700 MW of gas-fired generation projects in advanced stages of study in the generator interconnection queue.

By 2030, MISO expects gas penetration to reach 35%, almost equal to coal's current 36% share.

MISO said the substantial shifts in generation mix is justification for the RTO to begin making its own independent load forecasts.

MISO Annual Meeting 2016

DERs, Attracting Generation the Focus in MISO Panel Discussion

By Amanda Durish Cook

Duke Energy Indiana's Melody Birmingham-Byrd shares concerns about aging infrastructure in the MISO footprint at the annual stakeholders meeting in Detroit last week. In the photo left to right: Robert Gee, Teresa Mogensen (partially hidden by Gee), Trevor Lauer, Birmingham-Byrd, Jennifer Vosburg and Sally Talberg © *RTO Insider*

DETROIT — Four industry executives and a state regulator shared their views on distributed generation, resource adequacy and aging infrastructure during a stakeholder panel at MISO's Annual Meeting last week.

Robert Gee, of Gee Strategies Group, moderated.

Melody Birmingham-Byrd of Duke Energy Indiana called distributed energy resources an "inevitability" and said her company is embracing the change with "heavy involvement" in research and projects.

However, she said designing a DER rate structure remains a concern. "We want to make sure those who can afford distributed resources aren't doing it on the backs of those that can't," she said.

Teresa Mogensen, senior vice president of transmission at Xcel Energy, said the grid "is a long, long way from being dead" and will continue to play a role even with greater use of distributed generation.

"We do have customers that have disconnected from the grid, and if they've done that, more power to them," said DTE Electric President and COO Trevor Lauer. He said his company will be aided in its transition to DER by new, younger workers: DTE Energy will turn over 50% of its workforce over the next seven years, he said.

Jennifer Vosburg, senior vice president of NRG Energy's Gulf Coast region, said customers "aren't waiting around: The utility of the future is here. Our concern is, can the markets keep up, can the regulation keep up, can it be integrated into the market system?"

Michigan Public Service Commission Chairman Sally Talberg said she didn't know how soon distributed resources would permeate the grid. "I have a *National Geographic* from 1983 that says solar is the way of the future," she joked.

Resource Adequacy Concerns

All of the speakers expressed concerns over MISO's ability to attract new generation to replace retiring plants.

"Right now, it's hard to see how an independent power producer [without] a power purchase agreement could build new generation," Lauer said.

Vosburg said MISO hasn't implemented anything to "trigger new investment."

The panel also addressed the growth of natural gas and its history of price volatility.

"Who would have thought seven years ago that there would be such a fundamental change in electric generation with fracking and natural gas use?" Lauer said. "I think price volatility is going to be there, but I think the larger concern is infrastructure and gas storage."

Talberg agreed and said pumping gas through pipelines in Michigan can be "high-risk" since some pipelines are "vintage."

The panel generally agreed that the Clean Power Plan stay isn't going to slow progress on emission reductions.

"Our concern is the rate and pace of carbon emission [reductions], not that we're going down that path," Birmingham-Byrd said. "What Duke Energy is trying to do while [we] retire coal plants is to have a more diverse generation portfolio."

Advisory Committee Briefs

Leadership Wants Newly Minted Priorities Stretched into 2017

DETROIT — The MISO Advisory Committee's five priorities in 2016 have been finalized, but now the committee's leadership would like them extended into 2017.

Chair Audrey Penner said the priorities process and priorities themselves would be subject to revision during an October strategy session, but they could carry into 2017. (See "Committee Endorses 5 Final Priorities," MISO Advisory Committee Briefs.)

Paul Kelley, representing the Transmission Owners sector, said he wanted an opportunity to revisit priorities in 2017.

CEO John Bear said the committee's agreed-upon priorities closely aligned with MISO's. "I feel like we're closer than ever with what [MISO] and the parent entities want," Bear said.

Stakeholder Redesign Completed

Committee Vice Chair Tia Elliott said the stakeholder redesign organization chart has been fully implemented since June 1.

She also said this update at would likely be her last.

Elliott said the redesign's benefits and possible shortfalls would be the subject of December's Hot Topic discussion.

"I think it's phenomenal that a very large group of stakeholders could coalesce and get this done. Kudos to you," board member Judy Walsh said.

Elliott quoted Henry Ford to sum up the redesign work: "Coming together is a beginning; keeping together is progress; working together is success."

— Amanda Durish Cook

MISO Annual Meeting 2016

MISO, Monitor Reach Compromise on Capacity Auction Design

Continued from page 1

"If we need more time, we'll take it. We're not going to release something that's half-baked," Bear said.

MISO stakeholders, however, predicted a tough road to implementation regardless of what is released. Resource Adequacy Subcommittee Chair Gary Mathis told the board that "there's a very big rift between those that think we shouldn't be doing this, if ever," and those in favor of varied approaches to redesigning the auction.

"It makes it hard to work through those issues," Mathis said. He said he anticipates a "big stress level from stakeholders" as they sift through the revised proposal.

Board member Baljit Dail asked if it would be stalled to the point where it would still be under development in a year.

"No, I think we'll have a big discussion, and then FERC will have to sort it out just like MISO has had to sort it out," replied Mathis, who predicted challenges to whatever the RTO files.

Despite the predicted challenges in FERC, MISO board members put pressure on stakeholders to come up with a solution as quickly as possible. Board member Judy Walsh said she hoped MISO would come up with a filing in "some sort of short timeline."

"The search for absolute consensus is going to lead us to endless delay," board member Paul Bonavia agreed.

However, Kevin Murray, of the End-Use Customers sector, said any attempt from MISO to implement a hybrid solution in time for the 2017/18 planning year would be too hurried and "circumvent stakeholder process."

Board Troubled by Forecast Generation Shortfall

At the Board of Directors meeting Thursday, board members said they were troubled by the possible generation shortfall in 2018, as predicted in this year's MISO-Organization of MISO States Survey. (See *OMS-MISO Survey: Generation Shortfall Possible*.)

MISO Executive Vice President of Transmission and Technology Clair Moeller told the board that a redesigned capacity auction that sends better price signals could curb the rate of retirements.

"That's why we continue to push the competitive retail solution and be aggressive, to solve this decline [in generation] before it becomes a reliability problem," Moeller said.

OMS President Sally Talberg urged implementation of the CRS in time for the 2017/18 planning year.

In the survey, MISO identified 2.5 GW worth of planned retirements and 1.8 GW worth of potential closures in 2017.

Board member Michael Evans asked Moeller if he could provide reassurance that adequate reliability exists in the near future.

"We don't anticipate significant problems in the local area as long as there is sufficient transfer capability. I am cautiously optimistic that things will be OK," Moeller said. "In the construction world, we'd say that we used up all our 'float.' So we need to get to work, but there's enough time."

Evans also asked how many coal and nuclear plants that recently threatened to retire have actually filed for retirement study requests.

MISO legal counsel Stephen Kozey answered that the RTO could provide the total capacity that has filed for retirement but couldn't name the individual plants.

"It is true that not everything [mentioned] in the press has gone through a [retirement study] request," Kozey said.

"We may end up with a retirement queue," Moeller added.

MISO's Board of Directors listens to stakeholder concerns about the RTO's planned auction redesign filing with FERC. © *RTO Insider*

MISO Executive Vice President of Transmission and Technology Clair Moeller dissects the OMS-MISO Survey results with the board. © *RTO Insider*

"It might be worthwhile to start doing some intensive 'what-if' studies," Evans said.

Dail asked if the 800-MW increase in forced outages predicted in the survey would be a continuing trend. Moeller said the higher outage rates are the result of using coal plants for short cycles, for which they weren't designed.

"Not to be an alarmist, but this makes me a bit uneasy," board member Thomas Rainwater said.

The board then asked if MISO could simply deny generator suspensions and retirements.

"We have the ability to call resources back to maintain local reliability but not to protect resource adequacy," Moeller answered. He said a market mechanism needs to be created to keep generators online for the sake of resource adequacy.

"So if you need them a day later, you can keep them. If you need them three years from now, you can't keep them?" Walsh asked.

"That's correct," Moeller responded.

PJM NEWS

MRC/MC Preview

Below is a summary of the issues scheduled to be brought to a vote at the Markets and Reliability and Members committees Thursday. Each item is listed by agenda number, description and projected time of discussion, followed by a summary of the issue and links to prior coverage in *RTO Insider*.

RTO Insider will be in Wilmington, Del., covering the discussions and votes. See next Tuesday's newsletter for a full report.

Markets and Reliability Committee

PJM Manuals (9:10-10:00)

Members will be asked to endorse the following manual changes:

A. Manual 7: Protection Standards. Clarifications were recommended by the Relay Subcommittee as part of its biennial review of the manual.

B. Manual 10: Pre-Scheduling Operations. Changes make clear that reporting rules for all outages apply to both capacity and energy resources.

C. Manual 11: Energy & Ancillary Services Market Operations. Conforming changes align with Manual 12: Balancing Operations (rev. 34), adding attachment F.

D. Manual 14B: PJM Region Transmission Planning Process. Critical Energy Infrastructure Information section of the introduction is replaced.

E. Manual 14B: PJM Region Transmission Planning Process. Updates light load and winter peak reliability analyses to align with current practices, among other updates.

F. Manual 14C: Generation and Transmission Interconnection Facility Construction. Revisions support the inclusion of Order 1000 processes.

G. Manual 15: Cost Development Guidelines. Clarifications are the result of a periodic review. Adds Tariff-approved language regarding pumped storage hydro units.

H. Manual 18: PJM Capacity Market. Changes are the result of a periodic review; conforming changes relate to Capacity Performance and the "deploy all resources" action.

I. Manual 28: Operating Agreement Accounting. New details and clarifications are the result of a periodic review.

PLS Exception Process (10:00-10:30)

The committee will be asked to endorse changes to make the parameter-limited schedule exception process more flexible. (See "More Flexible Parameter Limited Exception Process Approved," *PJM Market Implementation Committee Briefs*.)

Members Committee

CONSENT AGENDA (1:20-1:25)

Members will be asked to approve Tariff revisions recommended by the Earlier Queue Submittal Task Force. (See "Stricter Standards OK'd for Project Queue Submittal," *PJM Markets and Reliability Committee Briefs*.)

Finance Committee Election (1:25-1:30)

Members will be asked to elect Gary Greiner of Public Service Enterprise Group as a Transmission Owner sector representative. He will take the place of PSEG's Frank Czigler, who has left the company.

FERC Taking Second Look at Cost Allocation for 2 PJM Projects

FERC is taking another look at its April orders approving the cost allocations for a stability fix for New Jersey's Artificial Island nuclear complex and an upgrade of the Bergen-Linden Corridor.

The commission issued orders June 21 granting rehearing — a technical step to allow it more than 30 days to reconsider complaints that PJM's use of the solution-based distribution factor (DFAX) cost allocation method is inappropriate for the two projects (EL15-95, ER15-2563 and ER15-2562, *et al.*).

In the case of the Artificial Island project, the public service commissions in Maryland and Delaware, along with some transmission owners, complained that the customers they represent will bear the brunt of the cost of the fix while receiving a small percentage of load savings.

Similarly, Consolidated Edison and Linden VFT disputed the fairness of the Bergen-Lindon Corridor upgrade cost allocation.

Commissioner Cheryl LaFleur dissented from both orders, saying the DFAX method was inappropriate for the two projects. (See *FERC Upholds Cost Allocation for Artificial Island, Bergen-Linden Projects*.)

"We know this is only one step in the process of continuing to fight the current proposal, but we are encouraged by the opportunity to again make the case to FERC that the current cost allocation scheme is both unjust and unreasonable," Delaware Gov. Jack Markell said in a statement.

Earlier this month, Delaware lawmakers passed a resolution that would block easements needed for the Artificial Island project. (See *Del. Lawmakers Try to Block Artificial Island Plan; Project Still on Track*.)

— Suzanne Herel

PJM Opens Second Competitive Project Proposal Window of 2016

PJM is opening its second competitive project proposal window of the year this week.

Its scope consists of a year 2021 analysis of N-1 and N-1-1 thermal and voltage contingencies; generation deliverability and common mode outages; and load deliverability thermal and voltage.

The window will be open 30 calendar days, PJM said. Those offering proposals during that time will be permitted 15 additional days to submit detailed greenfield reports.

This is the second window for which a new proposal fee will apply for upgrades and greenfield projects. There is no fee for proposed projects costing less than $20 million. A $5,000 fee will be assessed for projects of up to $100 million. Proposals with a projected cost of more than $100 million must be accompanied by a $30,000 fee.

Details on registering were presented at the January Planning Committee meeting.

— Suzanne Herel

MACRUC Annual Education Conference 2016

Ex-Ohio Regulators Debate AEP, FirstEnergy PPAs

By Rich Heidorn Jr.

Todd Snitchler (left) and Steven Lesser © *RTO Insider*

WILLIAMSBURG, Va. — Two former Ohio regulators debated FirstEnergy's and American Electric Power's controversial power purchase agreements in the opening session of the Mid-Atlantic Conference of Regulatory Utilities Commissioners Annual Education Conference last week.

Steven Lesser, who served on the Public Utilities Commission of Ohio from 2010 to 2015, defended the commission's decision to award the eight-year PPAs for the companies' merchant generation, saying it was consistent with state policy since 1999. "The first thing I want to do is dispel this myth that Ohio has been on this clear trajectory toward deregulation," he said.

Lesser's opponent in the debate was former PUCO Chairman Todd Snitchler (2011-2014), who conceded that the state has moved in "fits and starts" toward competition. But he said consumers have indicated their preference for choice, with more than 80% of industrial and commercial customers in most areas of the state choosing alternate suppliers, along with more than 50% of residential customers.

After FERC said April 27 that the PPAs would be subject to its affiliate abuse review, the companies asked to replace the agreements with different proposals crafted to avoid FERC jurisdiction (14-1297-EL-SSO, 14-1693-EL-RDR, 14-1694-EL-AAM). Opponents of the deals have kept up the pressure in filings with FERC. (See *FirstEnergy Foes Ask FERC to Step in Again in Ohio Dispute*.)

Avoiding Risk

Lesser said PUCO was correct to adopt the PPAs as price hedges given natural gas' history of price volatility. The commission's role is to be "risk averse," he said.

"As regulators … we have to look to the future. Are we one large injection-well earthquake from some moratorium on gas [development]? Has gas ended its long history of being a boom-bust industry?"

He also cited the solar and wind development the utilities promised in return for the PPAs, and PUCO's conclusion — based on an assumption that gas prices will rise — that the PPAs will produce net benefits of $500 million versus market prices.

Ohio "should not have to choose between being a totally vertically integrated state or a fully deregulated state," he said. "States should be allowed to choose wherever in that paradigm they want to be."

Snitchler, now a principal with Vorys Advisors, said state restrictions on utility ownership of generation mean that the promised renewables "may not actually come to fruition."

"So they sounded terrific, but the deliverables are at some point in the future, to be paid for by a party yet to be determined at a cost that is unknown and unknowable," he said. He cited testimony that the PPAs could cost customers $3.5 billion to $5.5 billion "for nothing that ratepayers aren't already receiving."

Snitchler also acknowledged that gas prices have been volatile in the past. "But no commodity has zero fluctuation," he said. "And the last time we were concerned about the price of gas, the Marcellus and the Utica [shale plays] were not developed," he said.

Plant Closures

Lesser said the PPAs allowed regulators to balance the benefits of restructuring with reliability concerns and the state's "economic development needs," a reference, in part, to job losses that would result from plant closures.

"Ohio is just looking for some narrow flexibility between the fully deregulated" and fully regulated models, he said. "Regulators have the responsibility to ensure reliability — not hope for it, not wish it, but ensure it. … They need to be very risk-averse. Sometimes that might cost a couple extra dollars. … But being risk-averse is what they have been named to these positions to do."

Snitchler said the reliability concern is a "red herring," noting that the "plants in question that were threatened to be closed were committed [as PJM capacity resources] through the end of May 2019."

"The concerns about jobs are real, because jobs do matter. But all jobs matter," he continued, citing the construction jobs created by five new natural gas facilities being built in the state.

No Takers

The quick-witted Snitchler has been a crowd favorite at MACRUC gatherings in the past. But it was Lesser who drew the biggest laugh of the session when he responded to former New Jersey regulator Fred Butler, who asked whether politics influenced PUCO's approval of the PPAs.

"Todd and I both support our families by practicing before the commission," said Lesser, now senior counsel in the government relations and legislation group at Calfee, Halter & Griswold. "You expect us to answer that question?"

Continued on page 18

MACRUC Annual Education Conference 2016

Ott, Hughes, Thomas Talk Capacity Market

Continued from page 17

The Debate Continues

PUCO Chairman Asim Haque and Commissioner Thomas Johnson, who voted to approve the PPAs, had to leave the conference room for the debate because of *ex parte* concerns. "We're going to get a couple's massage," Haque joked.

But Haque was present for a later session at which PJM CEO Andy Ott, Maryland Public Service Commission Chairman Kevin Hughes, former U.S. Energy Secretary Spencer Abraham and former Pennsylvania regulator Glen Thomas discussed the benefits and limits of restructuring and PJM's capacity market.

Haque asked Thomas, now head of the PJM Power Providers Group (P3), whether the markets "got lucky" because of the cheap gas brought by the shale revolution. "Markets could be working but prices could be high," Haque said.

"Maybe," Thomas conceded. "But the bigger point is, because the markets were in place, consumers were able to benefit more than they would have otherwise.

"If you look at last 20 years of electric prices in PJM, there have been some [price] upticks. The polar vortex happened two years ago. There was Hurricane Katrina in [2005]. But if you look at the … overall trend over the long term, whenever there are [price] increases, the market responds, supply comes on and prices go down. … The market always responds to whatever is thrown at it."

In 2015, he noted, wholesale energy prices were about the same as they were in 1999.

Thomas said when Pennsylvania approved restructuring two decades ago, "the single biggest concern … was 'Could a competitive market build new resources?' Twenty years later … the answer is a resounding 'yes.' We're going into this summer with a 28% reserve margin."

At the same time, he said, NO_X, SO_x and CO_2 emissions are "all dramatically down."

Support from Maryland

Hughes said PJM's capacity market has recently resulted in new gas-fired generation in Maryland.

That was not the case in 2012, when the PSC ordered the state's utilities to enter into contracts-for-differences with Competitive Power Ventures to build a gas-fired plant in the state.

At the time, Hughes recalled, policymakers believed the state was overly dependent on imported power. No new baseload generation had been built in the state since the mid-1990s. As coal plants began to retire, the commission feared the lack of in-state replacement capacity could cause reliability problems, Hughes said.

The contract was voided in April by the U.S. Supreme Court. (See *Supreme Court Rejects MD Subsidy for CPV Plant*.)

Left to right: Andy Ott, Glen Thomas, Kevin Hughes © *RTO Insider*

But CPV found financing to build the plant anyway and now it is one of three gas-fired plants under construction in the state; the PSC recently granted a certificate of public convenience and necessity for a fourth. "So I do think … we are seeing some signs now that capacity markets are working and are incentivizing some new generation," Hughes said.

He said the state will seek additional in-state generation to comply with its Greenhouse Gas Reduction Act, enacted in April, which mandates a 40% reduction in emissions from 2006 levels by 2030.

But he added, "I do not think we are going to need to look at incentivizing new baseload generation. I think we have some good news there."

Ott acknowledged that the majority of new capacity in the RTO has been gas-fired, which he said raised the question, "How much gas is too much?"

But that, he said, is a long-term concern. For now, he noted, PJM's capacity is growing more diverse. Gas was the real-time marginal fuel in 35% of hours in 2015, up from 26% in 2011, while coal has dropped to 52% in 2015 from 69% in 2011, according to the Independent Market Monitor. Meanwhile, demand response clearing the capacity market has increased from less than 2,000 MW for delivery year 2011/12 to more than 10,000 MW for 2019/20.

"The good news is some of these gas units coming on … sit right on wellheads. … Some have dual-fuel capabilities. So the point is they are not all created equal from an operational perspective," Ott said.

"What are the operational implications of being 70% gas?" he continued. "Certainly there are areas of the country that are at that level today so it's not unprecedented."

Ott also addressed Exelon's threat to retire its Clinton and Quad Cities nuclear plants in Illinois, saying he hoped an "in-market solution" would be reached. The goal, he said, should not be to save every nuclear unit. (See *Exelon to Close Quad Cities, Clinton Nuclear Plants*.)

"Not every nuclear plant is created equal," he said, noting the higher operating costs faced by small, single-unit plants. "Not everyone is run the best. So there is some benefit to having a market-based solution."

MACRUC Annual Education Conference 2016

For Most States, Time-of-Use Rates Remain Elusive

By Rich Heidorn Jr.

WILLIAMSBURG, Va. — As of last year, 17 states had smart meter penetration of 50% or more. Yet only seven states — Maryland, Delaware, Arizona, Oklahoma, Ohio, Arkansas and Louisiana — have more than 5% of their residential customers enrolled in time-varying rate plans, according to the Energy Information Administration.

The reason for states' halting progress was the subject of a session moderated by Maryland Public Service Commissioner Anne Hoskins at the Mid-Atlantic Conference of Regulatory Utilities Commissioners Education Conference last week.

Leah Gibbons, director of regulatory affairs for NRG Retail Northeast, said consumers' wariness of time-of-use rates and the speed of technological changes are arguments for retail competition.

"The real reason for relying on retail markets … is because consumer needs and desires are a very quickly evolving thing. People change their minds on what they want and what they need all the time. And the best way to meet those needs is through the innovation of competitive markets. … The regulated model simply is not equipped to deal with that pace and keep up.

"We still don't know what are customers really going to want. What are they going to go for?" she asked, citing the experience in Texas and some experiments in the Northeast. "Customers really do not like big price spreads that you get in a time-of-use rate. … They're kind of afraid of it. But you really need to have a decent price spread between on- and off-peak to get customers to change their behavior and actually shift their load. So … we're going to have to figure out: How do you get customers to choose those kinds of products? Or does it make sense to think more about demand response products?"

Rich Sedano (left) and Gladys Brown © *RTO Insider*

Gladys Brown, chair of the Pennsylvania Public Utility Commission, said many of the state's industrial customers are already on TOU rates and that the commission is now focused on expanding the option to residential ratepayers to take advantage of its 2008 law mandating smart meters. The PUC says about 40% of its 5.7 million residential customers now have advanced meters.

A PPL Energy pilot program that began in 2011 was suspended after less than a year after an unexpected increase in spot market prices resulted in both on-peak and off-peak prices being below the fixed-price default service, resulting in undercollections (P-2013-2389572). When prices rose above the default rate, customers fled the program.

"It started out slowly," Brown said. But she said regulators hope that with "full deployment of smart meters that we'll have a lot of different programs."

Rich Sedano, director of U.S. programs for the Regulatory Assistance Project, said that in addition to reducing peak demand, TOU rates can influence customers' willingness to add solar panels or a high-efficiency water heater. "The marginal costs of the system are something that customers are typically not aware of if they are in a flat-rate situation, but with time-varying rates they can be made aware of that. And their investments can actually be replacing utility investments," he said.

William Fields, senior assistant for the Maryland Office of People's Counsel, questioned whether TOU rates are compelling enough to motivate consumers, citing Pepco's current TOU rates: 9.6 cents/kWh on-peak; 7.7 cents/kWh off-peak; and 8.2 cents/kWh intermediate.

"In this low-gas-cost, relatively high-capacity-cost … environment, is there really a big difference there?" he asked. "We just want to express some caution that we take a very close look at whether there's value there to make it worth it."

The first step is to obtain better data, he said. "One of the frustrations I've had … is the limited amount of really good customer data — usage for residential customers, different size houses, apartments," he said. "I think the [advanced metering infrastructure] that we have should be looked at as an opportunity to collect some better data on things like how does overall usage correlate to [peak] demand? … Do smaller-usage customers have small demand and large-usage customers have large demand?"

> **"The real reason for relying on retail markets ... is because consumer needs and desires are a very quickly evolving thing. People change their minds on what they want and they need all the time."**
>
> **Leah Gibbons, NRG Retail Northeast**

MACRUC Annual Education Conference 2016

Overheard at the MACRUC Annual Education Conference

WILLIAMSBURG, Va. — More than 300 regulators, PJM officials and industry stakeholders attended the Mid-Atlantic Conference of Regulatory Utilities Commissioners' 21st Annual Education Conference last week. Here are some highlights.

Haque Reflects on Year as MACRUC President

Public Utilities Commission of Ohio Chairman **Asim Haque** reflected on his year as president of MACRUC as he prepared to hand the gavel to incoming president and New Jersey Board of Public Utilities Commissioner Mary-Anna Holden.

Haque acknowledged obstacles in executing his theme for the year: "lead together, lead now."

His tenure coincided with a bruising battle in Ohio over FirstEnergy's and American Electric Power's requests for financial support for their merchant generation. At the same time, Exelon's acquisition of Pepco Holdings Inc. split commission members in D.C. and Maryland.

"What I've come to find this past year is that each of our states' challenges, while possibly common, are layered in so much subtext," Haque said. "Most often that subtext can be unique to that particular state. The subtext can be existing law, the makeup and strength of various stakeholders in the state, the political tenor, varying financial interests…

"Finding the answers that are universally acceptable to each of our states is incredibly challenging," he continued. "If you can't find universally acceptable answers, then most certainly you won't be able to lead now."

'CEO Panel' Compares Notes

In the "CEO Panel," executives from AEP, Pepco and NiSource discussed their challenges in response to questions from moderators Judith Jagdmann, of the Virginia State Corporation Commission, and Richard Mroz, president of the New Jersey BPU.

Robert Powers, COO of AEP, and David Velazquez, CEO of Pepco, shared their experiences operating in multiple jurisdictions. AEP has distribution utilities in seven states in SPP, ERCOT and PJM. In March, Pepco became part of Exelon, which now has distribution operations in five states and D.C. within PJM.

Powers said AEP's geographical diversity gives the company "opportunities to experiment" on initiatives in one location before proposing them elsewhere. AEP's philosophy is to "put strong people locally who don't always have to come to [AEP headquarters in] Columbus for every decision," he said.

Velazquez said dealing with multiple commissions prevents the company from rolling out initiatives such as smart meters and smart grids in all of its territories at once because of the need to "sell" them to state regulators individually.

On the other hand, he said, "As we get feedback, it helps us ... refine and make better the product we're offering. ... So there's pluses and minuses."

Carl Levander, executive vice president for regulatory policy and corporate affairs for NiSource, said his company faces a challenge in maintaining institutional knowledge because 23% of its workforce is eligible for retirement and another 29% has at least 20 years' experience — while a quarter of the employees have less than three years' tenure.

Levander said that his company, the parent of Northern Indiana Public Service Co. and Columbia Gas, is not interested in expanding into services, such as home security, that other utilities have tried. "We've made a decision to be a very boring company — and we have the right people running it," he said, prompting laughter.

— Rich Heidorn Jr.

SPP NEWS

Against All Odds: Ratepayer Wins $4.2M Refund from AEP

Continued from page 2

to file preliminary and formal challenges. And she researched FERC's eLibrary database from the comfort of her home. "*Everything* is filed," Peine marveled.

"I wasn't going to give up until someone said, 'Go home and don't you ever come back here again.' I just kept putting one foot in front of the other."

Proving Standing

Before filing her challenges, Peine had to first gain standing. She said AEP "quibbled" at first: Peine and her husband have a summer home in Eureka Springs, where they will eventually move to from Houston. It took a copy of Peine's electric bill to prove she had standing.

Peine had to prove her standing again once the commission set her challenges for hearing. Administrative Law Judge Carmen Cintron recommended the commission find that ratepayers don't have standing under the Federal Power Act. But FERC staff, the Electricity Consumers Resource Council and others strongly objected to Cintron's interpretation, and the commission reconfirmed Peine's standing.

She said she became aware in August 2013 of AEP's formula rate updates to the SPP Tariff, which it files on behalf of SWEPCO and PSO each May. Peine said she asked AEP for electronic submission of the underlying documents in the filing but was told to come up to the company's headquarters in Columbus, Ohio, to look at them.

"If you're having a dispute like that, you can request a FERC administrative law judge to act as a discovery master," Peine said. "Things were resolved that way. Certain documentation I never got, but we moved forward anyway."

When Peine's preliminary challenge was not resolved, she filed a formal challenge in January 2014. She followed the same process in challenging AEP's May 2014 update to the formula rate.

Peine disputed the recovery of $92,511 in costs for 2013 and $2,467,024 for 2014 in her formal challenges, which were set for settlement proceedings in August 2015. The two sides exchanged and rejected offers and went through two ALJs before reaching a final agreement.

"The settlement will completely resolve all issues in the current proceeding," said SWEPCO spokesperson Carey Sullivan, noting the agreement has yet to be approved by FERC. "The parties agree that the settlement is fair, reasonable and in the public interest."

The settlement makes it clear that "directly assignable" AEP's charges recovered under its formula rate after July 1 "shall mean expenses directly related to the provision of transmission services, and does not include those general, company-wide expenses that may be allocated partially to transmission."

The parties said the settlement addresses issues "both retrospectively and prospectively," through the ratepayer refund and by "explicitly excluding certain expenditures from recovery under the AEP formula rate."

But while the settlement is signed, Peine says the proper recovery of rate expenses going forward is "not a resolved issue."

"I will always wonder what mistakes there may be in the years to come," she said. "Some [SWEPCO employees] wear so many hats and have multiple functions — public relations, lobbying and outreach to officials — it's difficult to separate out what's recoverable and what isn't in a situation like that."

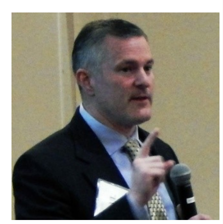
SPP Seeks Industry Experts for Next Round of Competitive Projects

SPP said last week it is seeking industry experts to serve on a second independent panel to review Order 1000 transmission proposals in 2017.

The panel will review and score proposals for competitive projects approved for construction by SPP's Board of Directors. The RTO's first independent expert panel earlier this year awarded a 22.6-mile transmission project to Mid-Kansas Electric. (See *SPP Awards First Order 1000 Project — But it May Not be Needed*.)

"We are proud of our initial [industry expert panel] process, having now seen it all the way through for the first time," said Paul Suskie, SPP's executive vice president of regulatory policy and general counsel. He said the process will be refined based on lessons learned and stakeholder feedback.

SPP said interested candidates must have expertise in at least one of five areas "as it relates to electric transmission": engineering design, project management and construction, operations, rate design and analysis, and finance.



Suskie

Applications will be accepted through Sept. 1. Panelists will be selected based on a recommendation by the RTO's Oversight Committee and approved by the board later this year. Those serving on the panel will be considered contractors and will be compensated through a monthly retainer and hourly rate.

More information on the panel's application process can be found here.

— Tom Kleckner

SPP NEWS

FERC OKs SPP Bylaw Change; Orders $1.6M in Refunds

FERC on Friday approved an amendment to SPP's bylaws clarifying that the RTO should not credit assessments for transmission service over and above the amount of members' monthly administrative fee.

But the commission said the RTO improperly clawed back overpayments last year based on its reinterpretation of its bylaws before the rules were officially changed, ordering the RTO to pay $1.6 million in refunds (ER16-829).

SPP collects its administrative costs through a monthly assessment applied to load eligible to take network service under its Tariff (Schedule 1-A fees). Members receive a credit against the monthly assessment for fees paid for serving their load with network or point-to-point transmission service.

Between 2003 and 2015, the RTO had been making credits that sometimes exceeded the 1-A fees, with the RTO providing credits against other portions of the customers' transmission settlement statements. The excessive credits resulted in a 1% undercollection of its administrative fees annually, forcing SPP to charge a higher administrative rate in the subsequent years.

In March 2015, SPP staff reinterpreted its bylaws and capped the credits. In December, the Board of Directors approved a revision of section 8.4 of the bylaws to clarify the new practice.

FERC approved the new crediting policy effective March 30, 2016, but denied SPP's request for a waiver allowing the RTO to apply it retroactively.

As a result, the commission ordered SPP to provide refunds within 30 days for credits it denied last year under its new interpretation. The ruling was a victory for 13 SPP members who received credits in excess of their monthly assessments during 2014. Two members who filed protests, Kansas City Power and Light and Nebraska Public Power District, will receive the majority of the refunds, a combined $1.2 million as of December.

— Tom Kleckner

Member	Total (February 2014 – March 2015)
KCPS	$898,357.25
NPPM	$253,545.28
WRGS	$147,311.36
KMEA	$123,204.76
OMPA	$99,562.03
SPRM	$31,051.00
MIDW	$8,273.08
KEPC	$5,996.61
SEPC	$4,146.09
WFES	$3,388.22
UCU	$1,663.99
EDE	$100.77
MKEC	$12.71

SPP administrative fee refunds as of December 2015 *Source: SPP*

COMPANY BRIEFS

Siemens, Gamesa Merging to Become Largest Wind Developer

Germany's Siemens and Spain's Gamesa will merge, creating the world's biggest wind farm builder. Siemens will pay $1.13 billion for 59% of the company, which would pass Denmark's Vestas to become the world's largest wind farm manufacturer by market share.

The merger combines Siemens' strength in offshore turbines and Gamesa's specialty in onshore wind. The companies have a combined 69 GW of installed capacity.

"The proposed merger is a sign of the strength of wind energy technology and the demand for wind expansion," said Jeff Clark, executive director for The Wind Coalition. "These two companies are positioning themselves to participate in a more robust global marketplace where wind is becoming mainstream, and pricing among suppliers is becoming more competitive."

More: Bloomberg; Reuters

Energy Transfer Can Back Away from Williams Merger

Glasscock III

A Delaware Chancery Court judge has ruled that Energy Transfer Equity can back out of the planned $33 billion merger with Williams Cos. because its experts could not be sure the deal would be tax-free, a condition for closure.

Williams' attorneys had argued that Energy Transfer was only trying to get out of the deal because of the downturn in the oil industry. But Vice Chancellor Sam Glasscock III ruled that he didn't think the company's lawyers were trying to pull a fast one when they said they could not determine whether the deal would expose investors to tax liabilities.

"Just as motive alone cannot establish criminal guilt, however, motive to avoid a deal does not demonstrate lack of a contractual right to do so," Glasscock III said. Williams is expected to appeal the ruling.

More: The New York Times; Bloomberg

Solar Farm Proposed for Shoreham Nuclear Site

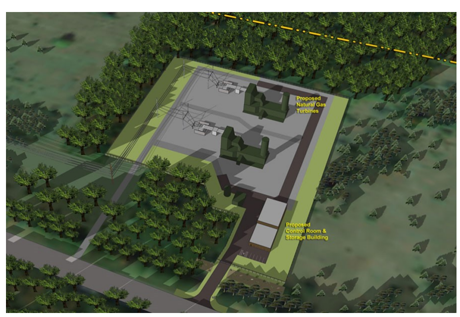
National Grid and NextEra are proposing to build New York's largest solar farm on 350 wooded acres near the decommissioned Shoreham nuclear plant on Long Island.

The proposal was submitted in response to a Long Island Power Authority/ PSEG Long Island request for proposals for clean energy. The 72-MW project is part of the companies' LI Solar Generation joint venture. If selected, the $100 million project would be operating by 2020.

Local officials and some conservation groups are opposed to locating the project at an undisturbed natural area.

More: CBS New York

Wolverine Commissions Alpine Power Plant



Wolverine Power Supply Cooperative last week fully commissioned the 205-MW Unit 1 at the company's new Alpine Power Plant, a natural-gas fired peaking facility in northern Michigan.

Along with the plant's Unit 2, which came online in May, the 410-MW plant can supply power to nearly 120,000 homes.

The plant employs two simple-cycle GE Frame 7F.05 combustion turbine generators.

More: Wolverine Power Supply Cooperative

Bankruptcy Judge Approves Peabody Retention Bonuses

A bankruptcy court judge in St. Louis approved Peabody Energy's plan to pay retention bonuses to "mission critical" nonexecutives to keep them from jumping ship as the energy giant navigates through Chapter 11 bankruptcy.

Judge Barry Schermer ruled in favor of the company's request to pay as much as $3.4 million to about 40 white-collar employees at its St. Louis headquarters. The United Mine Workers of America objected, saying the company already cut $70 million in retiree health plans in an attempt to stay solvent, and the union sees this as more money leaving its members.

"Slashing the health benefits of aged and medically vulnerable retirees with extremely limited resources, while lavishly rewarding white-collar employees, is neither fair nor reasonable," the UMWA said in filings.

More: St. Louis Post-Dispatch

Exelon to Build 200-MW Wind Farm in Ohio

Exelon announced plans to build a 200-MW wind farm in Ohio, its first in that state. According to filings, it would erect 87 turbines on 25,000 acres in four Seneca County townships, in northern Ohio.

The company has 47 wind farms in 10 states, for a total of 1,491 MW of capacity. While it is the nation's 12th largest wind producer, wind makes up only 4% of its generation portfolio. Nuclear makes up two-thirds, but those plants have been struggling.

Ohio has only two wind farms operating; many potential wind developers have put their proposed projects on hold, citing concerns about the state's legislature ending its renewable portfolio standard.

More: Columbus Business First

Probe: No Cover-Up at Energy Northwest Nuke

An investigation commissioned by Energy Northwest's executive board has cleared company managers of accusations that they attempted to conceal falling performance measures at the Columbia Generating

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COMPANY BRIEFS

Continued from page 23

Station, the company's sole nuclear plant.

While the probe by Pillsbury Winthrop Shaw Pittman confirmed that standards at the plant have declined, it found no evidence of a deliberate cover-up by managers.

The investigation was launched after company whistleblowers raised the allegations in regional media.

More: The Seattle Times

Westar Issues $350M In 'Green Bonds'

Westar Energy last week issued $350 million in "green bonds" to finance renewable energy projects in Kansas.

Most of the funds will go to constructing the Western Plains Wind Farm, a 280-MW facility that the company has said would go online in 2017.

The Climate Bonds Initiative says the green bond market has grown from $2.6 billion in 2012 to $41.8 billion last year. Green bonds are like conventional fixed-income bonds, except they are marketed to investors who want to target projects that promote climate or other environmentally sustainability projects.

More: The Topeka Capital-Journal

AEP Names Kip Fox President of ETT

Kip Fox, American Electric Power's director of transmission asset strategy and grid development since 2013, was named president of Electric Transmission Texas last week. Fox will report to Wade Smith, AEP's senior vice president of grid development.

Fox joined AEP in 2008 as senior manager in the RTO regulatory department, where he was responsible for coordinating and consensus building with SPP and ERCOT. Electric Transmission Texas, which is jointly owned by subsidiaries of AEP and Berkshire Hathaway Energy, was formed in 2007 to construct, own and operate transmission facilities as a regulated utility in ERCOT.

Fox replaces Calvin Crowder, who left for GridLiance in May.

More: American Electric Power

Xcel Planning 345-kV Line Across Texas-NM Border

Xcel Energy said last week it is seeking regulatory approval in Texas and New Mexico for a 240-mile, 345-kV transmission line between the states. The company said the $400 million project will meet the region's significant increase in electricity demand.

The line would connect the TUCO substation in Abernathy, Texas, to the China Draw substation in Eddy County, N.M. Xcel hopes to complete the project by 2020.

David Hudson, president of Xcel subsidiary Southwestern Public Service, said the project "ensures power can move freely into one of the nation's most prolific oil- and gas-producing regions, which also happens to be rich in agricultural and mining resources and renewable energy prospects as well."

More: Lubbock Avalanche-Journal

SunEdison CEO Resigns; Replaced by Restructuring Expert

Ahmad Chatila, CEO of bankrupt solar energy developer SunEdison, has resigned and will be replaced by John Dubel, who has served as the company's chief restructuring officer since April 29.

Chatila, 49, notified the company June 16 of his decision to resign after seven years as CEO. He won't receive any severance, in accordance with his current employment agreement.

Dubel, 57, most recently was CEO of Financial Guaranty Insurance Co., and prior to that he was a partner in hedge fund Gradient Partners. He also heads Dubel & Associates, a restructuring and turnaround services provider he founded in 1999.

More: St. Louis Business Journal

Exelon: not Enough Funds To Restore Nuke Sites

Clinton nuclear plant

Exelon says it is hundreds of millions of dollars short of the funds it needs to restore the Clinton and Quad Cities nuclear plant sites after the generators are taken offline in the coming years.

Exelon said in a June 2 Securities and Exchange Commission filing that it might have to put up an additional $790 million for cleanup. Federal rules require nuclear operators to maintain a fund for eventual reclamation. The company announced last month it would shutter Clinton next June and Quad Cities in 2018 after failing to win subsidies from the Illinois General Assembly. (See Exelon to Close Quad Cities, Clinton Nuclear Plants.)

Federal rules also allow operators up to 60 years to clean up nuclear generator sites. Exelon has not said how long it will take to complete the work.

More: Crain's Chicago Business

Calif. Utilities Lead US in Renewable Sales

Three California utilities top the rankings for renewable power as a share of total sales, according to a report released Tuesday by Ceres, a nonprofit organization that seeks to encourage companies and investors to act on climate change.

The report said Sempra Energy (parent of San Diego Electric & Gas), Pacific Gas and Electric and Edison International (Southern California Edison) topped its ranking of the 30 largest electric utility holding companies, each with renewables representing more than 23% of sales — more than double the median of 10.2%. Consolidated Edison, American Electric Power and Florida Power & Light were at the bottom of the list with less than 1%.

More: 2016 Benchmarking Utility Clean Energy

FEDERAL BRIEFS

White House: Coal Program Costs Taxpayers Billions

A White House study of federal coal leases concluded that the U.S. government is probably losing $3 billion of revenue a year because of permissive rules and loose oversight.

“Companies have employed several tactics to lower the selling price of coal without losing revenue," according to the report by the White House Council of Economic Advisors. Mining companies sell coal to affiliates at low prices or levy penalties from utilities that reject deliveries. In those instances, the government doesn’t receive its share. “The program has been structured in a way that misaligns incentives going back decades," the report states.

The U.S. is supposed to collect a 12.5% royalty on coal mined from federal land but is actually receiving closer to 5%, according to the report.

More: *Reuters*

Cantwell Urges FERC Vigilance in West

Cantwell

Sen. Maria Cantwell (D-Wash.) is urging FERC to take special actions to make sure an expected natural gas shortage on the West Coast doesn’t lead to market manipulation.

In a letter to FERC Chairman Norman Bay, Cantwell said the Aliso Canyon leak could lead to increased electricity and gas prices and enable companies to “engage in Enron-like tactics.”

“Westerners still remember 2000-2001,” Cantwell wrote. “History must not be allowed to repeat itself.”

More: *Morning Consult*

FEMA Gives High Marks After Cooper Nuke Test

The Federal Emergency Management Agency said officials who participated in a recent test for Nebraska’s Cooper Nuclear Station are ready to work together in the event of a disaster at the plant.

The test, conducted June 14, probed how well Missouri and Nebraska agencies, organizations and the utility itself would react to a crisis involving Cooper, which is owned and operated by the Nebraska Public Power District. The exercise is a biennial requirement that measures adequacy of state and local radiological emergency readiness and response plans.

“It was a very productive event,” said Chuck Gregg, a senior planner with FEMA. “There's a lot of good things that came out of this.”

More: *St. Joseph News-Press*

Germany Passes Measure Limiting Shallow Fracking

The lower house of Germany’s legislature passed a measure that will ban fracking in clay formations and issue more stringent rules governing fracking in deeper formations.

The legislation bans fracking in clay formations, which normally lie between 1,000 and 2,500 meters deep. The ban would be reviewed in 2021. Energy companies, however, say exploring the country’s shale gas reserves would guard against the country growing more dependent on natural gas imports, which mostly come from Russia.

Lawmakers have been mulling an amendment that would allow shale fracking under 3,000 meters and had asked companies to hold off on their projects until they finalized the details. They moved quickly to pass the ban, however, after a report that companies were growing impatient and moving ahead. Fracking is deeply unpopular among the German populace.

More: *Reuters*; *Bloomberg*

NRC Denies Request to Up Vermont Yankee Security

The Nuclear Regulatory Commission ruled that the operators of the shuttered Vermont Yankee are permitted to shrink the plant’s emergency operations, denying a request from Vermont officials that Entergy reinstate the same standards used when the plant was operating.

Entergy retired the plant in December 2014. Since then, it has reduced personnel at the emergency operations center and successfully lobbied NRC to erase the standard 10-mile emergency planning zone.

The commission said the state didn’t provide evidence to support its arguments that the reduced emergency plan failed to account for all credible emergency scenarios and posed an increased risk to the health and safety of citizens.

More: *VTDigger.org*

FERC: Redesign Overlapping Pipeline Routes in Ohio

FERC told the developers of two competing Appalachian natural gas pipelines that they have to redesign an overlapping 13-mile section of their routes in Ohio before it can consider approving them.

The Rover and Leach XPress pipeline projects, planned by Energy Transfer Partners and Columbia Pipeline Group respectively, “are proposed in exactly the same location” with construction planned for “the same calendar year.”

FERC said it wants a response from the companies within 10 days of the June 21 letter. The Rover pipeline is planned to run 700 miles through West Virginia, Pennsylvania, Ohio and Michigan, while Columbia’s Leach Xpress is to run 130 miles from West Virginia, through Pennsylvania and into Ohio.

More: *Natural Gas Intelligence*

TransCanada Files for $15B From US Through NAFTA

TransCanada last week filed a formal arbitration request under the North American Free Trade Agreement, seeking $15 billion in damages for President Obama’s rejection of its Keystone XL Pipeline project.

NAFTA’s arbitration rules allow companies to challenge government decisions before international panels. TransCanada had filed a notice of intent in January and tried to negotiate a settlement with the U.S. government.

The company said it is seeking to recover its costs, calling Obama’s decision “symbolic and based merely on the desire to make the U.S. appear strong on climate change, even though the State Department had itself concluded that denial would have no significant impact on the environment.”

More: *Reuters*; *OilPrice.com*

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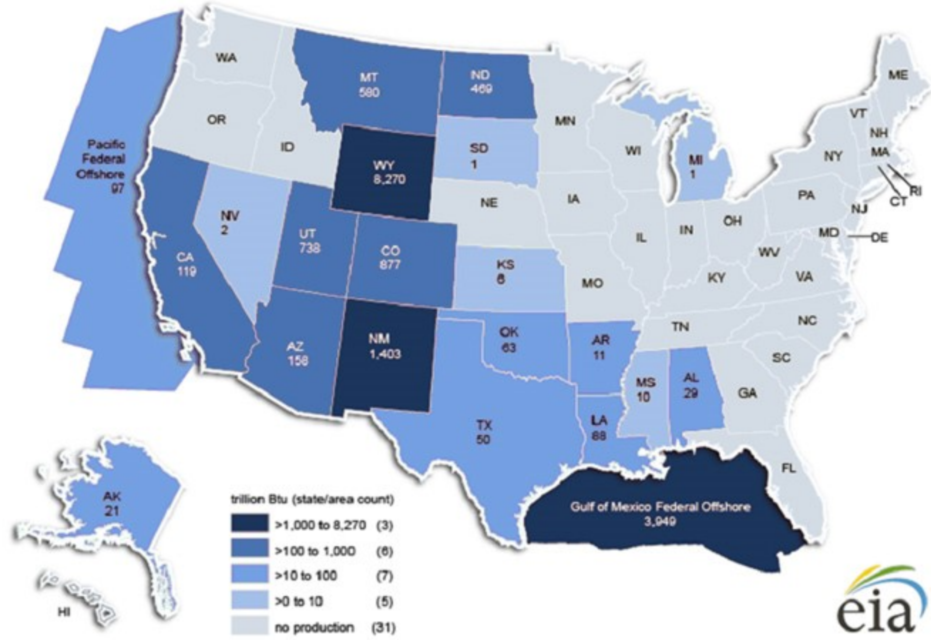
Rejection of BLM Fracking Rule to Save Drillers Millions, Industry Says

By Rory D. Sweeney



Fossil fuel production on federal and Indian lands, FY 2014

A Wyoming federal judge's ruling last week striking down the Obama administration's regulations on fracking on federal lands will save operators about $113,000 per well, according to an industry-sponsored analysis.

The study, which was performed by John Dunham & Associates at the request of the Western Energy Alliance, found that the regulations by the U.S. Bureau of Land Management would have added at least $403 million annually to well development costs.

The regulations would have affected several thousand wells each year on federal and Indian lands, either as new drilling or maintenance of existing wells. The majority of the lands are in western states and the Gulf of Mexico.

Wyoming, Colorado, Utah, North Dakota and the Ute Indian Tribe challenged the regulations in a case that was combined with a separate suit by WEA and the Independent Petroleum Association of America.

The regulations, which were to take effect in June 2015, were stayed pending the outcome of the case.

While the breakdown between oil and gas wells was unclear because federal statistics don't separate them, U.S. Energy Information Administration data show that the average cost to develop a natural gas well has been steadily rising to more than $600/foot as of 2007, which is the most recent information the agency provides. EIA reported the average total well cost at nearly $4 million.

In his ruling, U.S. District Judge Scott Skavdahl explicitly avoided the question of whether or not the regulations are necessary and instead focused entirely on BLM's authority to enact them (Case Nos. 2:15-CV-043-SWS, 2:15-CV-041-SWS).

Dismissing the agency's arguments that it has jurisdiction through several tangential regulations, Skavdahl searched for specific delineation of authority from Congress. He found that the Safe Drinking Water Act requires EPA to adopt requirements for state programs to prevent underground injection from threatening drinking water sources.

He also cited the Energy Policy Act of 2005, which expressly excluded federal oversight of fracking that doesn't involve diesel fuel.

Skavdahl rejected BLM's argument that the generalized authority the agency cited would supersede the more specific SWDA and EPACT.

"Given Congress' enactment of the [Energy Policy] Act of 2005, to nonetheless conclude that Congress implicitly delegated BLM authority to regulate hydraulic fracturing lacks common sense," he wrote. "Congress' inability or unwillingness to pass a law desired by the executive branch does not default authority to the executive branch to act independently, regardless of whether hydraulic fracturing is good or bad for the environment."

The administration filed an appeal on Friday. "We believe that we have a strong argument to make about the important role that the federal government can play in ensuring that hydraulic fracturing that's done on public land doesn't threaten the drinking water of the people who live in the area," White House spokesman Josh Earnest said during a press briefing on Wednesday.

FEDERAL BRIEFS

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ETRACOM Fined $2.5M; Will Seek Federal Court Review

ETRACOM and its principal trader Michael Rosenberg said they will seek a *de novo* review in federal court of FERC's June 17 order fining them $2.5 million and demanding repayment of $315,000 in unjust profits (IN16-2).

The commission concluded the company submitted uneconomic virtual supply transactions at the New Melones intertie at the CAISO border to affect power prices and benefit its congestion revenue rights in 2011. The commission ordered the company and Rosenberg to pay the fines within 60 days. Chairman Norman Bay, who headed the Office of Enforcement during part of the commission's investigation, did not participate in the order.

ETRACOM insists it used a legitimate bidding strategy at New Melones based on hydro conditions. In a press release, it said FERC's order was "the result of an unfair and arbitrary process, wrong on the merits and largely rubber stamps the views of its Enforcement staff." It said it "is confident that a neutral decision maker will decide it committed no wrongdoing."

More: *FERC: Market Flaws Irrelevant to Case*

STATE BRIEFS

CALIFORNIA

Study Shows Snowpack Deficit Could Last 3 Years

Snowpack in the Sierra Nevada mountains, depleted after four years of drought, will likely remain in deficit until 2019, according to a University of California, Los Angeles study. The research debunks the notion that the recent El Niño, which increased snowpack levels to about 85% of normal, was a "drought buster."

Sierra snowmelt accounts for more than 70% of the region's streamflow, 60% of the state's water supply and much of the energy output for the state's extensive system of hydroelectric dams, which declined by two-thirds between 2011 and 2015.

Only one previous drought in 65 years required more than a year of recovery to the snowpack. "The fact that this deficit is so much larger is where this number comes from and why we would expect it to be a multiyear recovery," said Steve Margulis, the study's lead.

More: *SFGate*

IOWA

DNR: Dakota Access Can Transit Under Tribal Lands

The Department of Natural Resources will allow the builders of the Dakota Access pipeline to use horizontal drilling methods to construct the Bakken crude pipeline under historic tribal burial grounds in the Big Sioux River Wildlife Area, removing a regulatory impediment to the $3.8 billion pipeline.

The pipeline's developers, Energy Transfer Partners, suggested the pipeline could be bored 85 feet beneath the surface as a way to resolve the dispute over the recently discovered burial ground. The drilling method would avoid surface disturbances of an open trench. "It's obviously going to have to go deep enough so it's not going to disturb the tribal grounds," DNR spokesman Alan Foster said.

Native Americans said they still opposed the 1,168-mile pipeline. "It is disheartening that they have a green light to move ahead, but I feel very confident that there are a number of landowners, tribes and well-informed citizens who will be standing up to make sure that this pipeline does not get built," said Dallas Goldtooth, an organizer for the Indigenous Environmental Network.

More: *Des Moines Register*

KANSAS

Westar Energy Asks KCC To Reduce Rates by $18M

Westar Energy customers could see an $18 million rate reduction as a result of FERC's approval of a settlement between Westar Energy and the Corporation Commission over transmission-delivery charges.

FERC on March 30 approved a settlement between Westar and the KCC after determining the company had collected too much money from customers. The ruling came a day before the state commission approved a $25 million increase to Westar transmission delivery charges, adding about $4 to an average customer's bills.

As a result of those two decisions, Westar updated its transmission costs June 21, dropping the amount charged to customers by $18 million.

More: *The Topeka Capital-Journal*

MICHIGAN

MISO Pegs SSR Costs For UP at Nearly $50M

Upper Peninsula utilities say their customers will unfairly bear the burden of $49.7 million in MISO reliability charges to keep three coal-fired power plants operating.

The RTO filed a new cost calculation for the plants' system support resource agreements with FERC, and the bills' first installments are due July 8. Utilities are blaming the state's customer choice program, which allowed all large mining customers to switch energy suppliers but capped the rest of the state at 10%.

Cloverland Electric Cooperative owes the most, at nearly $11.3 million. Cloverland CEO Dan Dasho estimated that each customer would have to pay an additional $17 to $20 a month for the next 14 months to satisfy the bill.

Presque Isle power plant

More: *Midwest Energy News*

Ann Arbor Eyes More Solar To Combat Climate Change

Ann Arbor has unveiled a plan to cut the city's carbon emissions 25% by 2025, aiming to add the equivalent of 2.4 MW in solar installations every year over the next decade.

The City Council unanimously approved a resolution that supports solar-friendly measures, including instructing city departments to abide by the Clean Energy Coalition's Solar Ready Community guidelines.

More: *MLive*

Consumers Energy Contests Taxable Value of Wind Farm

Consumers Energy is challenging the tax assessment of its 111-MW Cross Winds Energy Park in Tuscola County, where several other wind farms are also seeking reductions in their property tax payments.

The utility filed petitions with the Tax Tribunal, arguing that the assessed value of the $250 million wind farm was too high and asking for refunds for overpayment.

NextEra Energy Resources has filed a similar petition regarding their Tuscola I and Tuscola II windfarms. Tuscola County Controller Mike Hoagland said the assessed values of "most, if not all" the county's wind turbines are being challenged.

More: *Tuscola County Advertiser*

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STATE BRIEFS

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MINNESOTA

Governor Vows to Appeal Fed Ruling on Energy Rule


Dayton

Gov. Mark Dayton said his state will ask the full panel of the 8th U.S. Circuit Court of Appeals to hear its appeal of a lower court ruling that the state's clean energy law illegally regulates out-of-state energy companies.

A three-judge panel of the 8th Circuit upheld a ruling that the state's law, which restricted electricity imports from power plants that increase the state's greenhouse gases, was unconstitutional.

More: *Star Tribune*

NEW YORK

Entergy Forced to Shut Down Indian Point Because of Leak

A week after it came back into service following a three-month outage, Entergy once again shut down Unit 2 at its Indian Point nuclear plant so workers could repair a leaking water intake pipe.

The leak in the cooling-water intake was unrelated to the problem that Entergy encountered with damaged baffle bolts, which required the recent protracted outage to repair. But Gov. Andrew Cuomo slammed the plant's operators for the latest in a series of problems at the twin-reactor complex.

"This is yet another sign that the aging and wearing away of important components at the facility are having a direct and unacceptable impact on safety and is further proof that the plant is not a reliable generation resource," Cuomo said.

More: *The Journal News*

NORTH CAROLINA

Senate Passes Bill Banning Wind Farms


Brown

The Senate passed a bill that will prohibit wind turbines from being erected in the central and eastern portions of the state, threating two proposed wind farms with a combined output of 400 MW.

Sen. Harry Brown (R-Onslow County), the bill's sponsor, said the wind turbines present a danger to low-flying aircraft, especially military jets and helicopters operating out of the several large bases, including Fort Bragg and Cherry Point Marine Air Station. "Anything we can do to protect them is important," he said.

A Department of Defense spokesman, however, said Brown's legislative effort was done without any consultation from the military. "We have not officially been engaged or involved with North Carolina regarding the latest proposed revisions to state law," Lt. Col. James B. Brindle said.

More: *WUNC*; *Coastal Review Online*; *The News & Observer*

Duke Energy Progress Proposes Rate Cuts

Duke Energy Progress has proposed to cut rates for its 1.35 million customers to reflect lower energy costs.

The proposal, made last week to the Utilities Commission, includes some rate increases and some decreases on various components of its service.

Overall, residential customers would see a 4.9% drop; industrial consumers, 5.7%; and commercial customers, 6.3%. The rates would go into effect on Dec. 1.

More: *The News & Observer*

NORTH DAKOTA

PSC Approves 100-MW NextEra Wind Farm

The Public Service Commission last week approved a proposed $153 million wind farm and associated electric transmission line in Oliver and Morton counties. The three-member panel unanimously approved the project's siting application, clearing the way for construction to start.

A NextEra Energy subsidiary is developing the wind farm, which will include up to 48 turbines and produce up to 100 MW of power. The project also includes a 4.5-mile, $11.4 million transmission line to connect the wind farm to the grid.

More: *The Associated Press*

July Vote on Brady Wind II Project Appears Likely

The Public Service Commission may vote as early as next month on the 72-turbine Brady Wind Energy Center II project. The PSC has meetings scheduled for July 6 and July 20.

Commissioner Brian Kalk said the commission did not have many additional questions for representatives of Brady Wind, a subsidiary of NextEra Energy.

The PSC has already approved Brady Wind I, the first phase of the project, which consists of 87 turbines and a 19-mile transmission line.

More: *The Dickinson Press*

OHIO

Kasich Sends PUCO Nominee to Senate


Petricoff

Gov. John Kasich has nominated energy industry attorney Howard Petricoff to fill a vacant seat on the Public Utilities Commission, which spurred Senate President Keith Faber, a Republican, to call for hearings into the Democratic nominee's record.

Petricoff recently retired as head of the energy section of a large Columbus law firm

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STATE BRIEFS

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and had many competitive retail energy suppliers as clients. Faber said Petricoff's legal work "raised questions about his ability to make neutral decisions given his past activism."

If Petricoff is confirmed by the Senate, PUCO would have two Republicans, two independents and one Democrat. State law mandates that no party can have more than three of the five seats on the commission, but it does not require at least one member of each party.

More: *The Columbus Dispatch*; *Columbus Business First*

PENNSYLVANIA

Proposed Wind Farm Prompts Raucous Hearing

An overflow audience of nearly 300 residents turned out to debate a zoning proposal by a subsidiary of Iberdrola Renewables to build 37 wind turbines on 266 acres in Penn Forest Township, Carbon County.

The crowd, mostly hostile to the proposal, jeered representatives of Iberdrola and the Sierra Club, which supports the wind project. The 525-foot-high turbines and blades would be built on land leased from the Bethlehem Authority, the financial arm of the town's water business. It would be located less than a mile of several homes.

The zoning hearing is set to resume July 14.

More: *The Morning Call*

RHODE ISLAND

Renewable Energy Bills Progressed in Session

Bills aimed to block a natural gas power plant and to shift a wind project's interconnection costs to ratepayers failed in the legislative session, but other proposals favored by clean energy advocates moved forward, including an extension of the state's renewable portfolio standard from 14.5% by 2019 to 38.5% by 2035.

The legislature also extended the Renewable Energy Fund to 2022, which provides grants and loans to install renewable-energy systems.

More: *Providence Journal*

SOUTH DAKOTA

County Rebuffs Deep Bore Waste Experiment

The sponsors of a federally funded experiment to explore deep underground storage of nuclear waste will have to search for a new site.

Spink County turned away technology development company Battelle from conducting experiments that involve drilling as much as 3 miles deep into bedrock to test storing waste in boreholes. The experiment wouldn't involve any radioactive waste, but wary residents expressed fear the tests would increase the chances their area would eventually be chosen for a waste well.

"It was a good spot to try and do our science experiment, so we're disappointed we couldn't work something out with them," a Battelle spokesman said. "But we understand."

More: *The Associated Press*

TEXAS

LP&L Board OKs Proposed Budget

Lubbock Power & Light's Electric Utility Board has proposed a 2% increase in customer bills and $70.9 million in infrastructure improvements. The budget will be presented this summer to the Lubbock City Council for final approval.

The rate increase would pay for the projected $333 million worth of capital improvements LP&L plans in the next six years, largely in preparation for the switch to ERCOT in 2019, when the city's wholesale contract with Xcel Energy expires.

The inner transmission loop will be upgraded to 69 kV and the outer loop to 115 kV as part of the infrastructure improvements.

More: *Lubbock Avalanche-Journal*

VIRGINIA

Dominion Begins Construction On Greensville Plant

Less than a week after obtaining its air permit from the Air Pollution Control Board, Dominion Virginia Power began construction on its 1,588-MW Greensville County Power Station. The company said it expects the $1.3 billion plant to go into service by 2019.

Dominion says the power station will be a major boost for the region's economy, with up to $8 million in property taxes paid to Greensville County in its first year of operation. The company also said its customers will save about $2 billion over the plant's expected 36-year life, as the company will not need to purchase power on the market.

"The air board has approved and the Virginia Department of Environmental Quality has issued a very strict permit, which will require that our station be one of the most efficient and environmentally protective natural-gas fueled power stations in the world," Dominion's Pamela F. Faggert said.

More: *PennEnergy*