RTO Insider

Your Eyes and Ears on the Organized Electric Markets

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Governor Delays CAISO Regionalization Effort

By Robert Mullin

Brown

California Gov. Jerry Brown on Monday postponed CAISO's effort to expand into a Western RTO, saying he wants state agencies to take more time to develop a proposal.

"While very significant progress has been made by the ISO on a transition proposal that meets the criteria in SB 350, there remain some important unresolved questions that would be difficult to answer in the remainder of this legislative session," Brown said in a letter to legislators.

Passed last year, SB 350 increased California's renewable portfolio standard to 50% by 2030 while also directing the ISO to explore how its expansion into the wider West could help the state meet that goal.

In response, the ISO commissioned a series of studies investigating the economic, environmental and reliability benefits of regionalization. (See *Study Touts Benefits of CAISO Expansion*.) CAISO staff also quickly

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NY Attempts to Thread Legal Needle with Clean Energy Standard, Nuke Incentives

By William Opalka

Exelon's Nine Mile Point nuclear plant

The U.S. Supreme Court cast a long shadow as New York regulators drafted the Clean Energy Standard and its incentives to preserve upstate nuclear power plants.

Audrey Zibelman, chair of the state Public Service Commission, said that the order adopted last week was drafted to avoid legal challenges that could jeopardize the standard's goal of generating 50% of the state's power from renewable resources by 2030. PSC lawyers feared challenges to the zero-emission credit (ZEC) program for nuclear plants and the way in which renewable energy development is encouraged. (See *New York Adopts Clean Energy Standard, Nuclear Subsidy*.)

The PSC says it believes it avoided the issues that caused the Supreme Court's April ruling in *Hughes v. Talen* voiding Maryland regulators' contract with a natural gas plant as an intrusion into federal jurisdiction over wholesale power markets. (See *Supreme Court Rejects MD Subsidy for CPV Plant*.)

The court ruled unanimously that the state's attempt to subsidize generation interfered with FERC's jurisdiction over wholesale electric markets because it employed a contract-for-differences tied to PJM capacity prices. The court said the contract also violated the Constitution's Supremacy Clause, which establishes that federal law pre-empts contrary state law.

The court provided state regulators some guidance for crafting their programs in the future, saying it rejected Maryland's initiative only because it disregards FERC's wholesale rate.

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PJM Board Halts Artificial Island Project, Orders Staff Analysis

By Suzanne Herel

The PJM Board of Managers has suspended the controversial Artificial Island transmission project pending a "comprehensive" staff analysis to be completed by February, at which time it will decide a course of action, CEO Andy Ott said in a letter to stakeholders Friday.

"It has become evident to all involved that the projected costs to resolve the problems at Artificial Island have increased significantly. PJM has been examining alternatives in an attempt to offset some of the increases," Ott wrote. "In addition, questions have arisen about whether the currently proposed solution would perform as intended without further expense. Because of these concerns, PJM has come to the conclusion that a pause in the project is necessary before any new financial obligations are incurred by the project developers.

"In light of the current uncertainties around the changing scope and configuration of the project, it is imperative that we understand

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New York Attempts to Thread Legal Needle

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It was not ruling on "the permissibility of various other measures states might employ to encourage development of new or clean generation, including tax incentives, land grants, direct subsidies, construction of state-owned generation facilities or reregulation of the energy sector," the court said. "Nothing in this opinion should be read to foreclose Maryland and other states from encouraging production of new or clean generation through measures 'untethered to a generator's wholesale market participation.'"

FERC General Counsel Max Minzner has called the ruling "a very narrow decision" that preserved "a wide range of tools for states." (See *Court's Reticence Frustrates Energy Bar*.)

The PSC order considered various scenarios for procuring renewable energy, including its existing renewable energy credit model, a reliance on long-term power purchase agreements and a hybrid of the two. (See *NYPSC: Minimal Cost to Meet 50% Renewable Goal*.) The order adopted last week relies on the REC-only framework, which New York has used for 12 years to encourage compliance with its renewable portfolio standard.

"One question is our ability as a retail regulator to mandate power purchase agreements in light of the Supreme Court's recent decision, so we didn't want to get embroiled in litigation and have that slow up the program and introduce uncertainty," Zibelman said at a news conference following the order's adoption.

"The potential for federal pre-emption creates a risk that could slow the implementation of the CES. The [Maryland case] does not directly bar power purchase agreements. It does, however, cast uncertainty over state-mandated contracts that parties may argue interfere with federally supervised wholesale markets," the PSC order states.

Zibelman said the REC approach also is better for ratepayers. "With longer PPAs, you're fixing the price upfront, and obviously that's the value investors see. But … to the extent that the technology costs continue to go down, you're pushing that risk onto consumers."

The New York State Energy and Research Development Authority will continue to run competitive auctions for developers selling renewable projects' environmental attributes — competitions separate from NYISO's energy and capacity markets.

ZEC Pricing

New York has priced ZECs based on EPA's social cost of carbon, minus prices for carbon allowances sold under the nine-state Regional Greenhouse Gas Initiative, in which New York participates. Load-serving entities must purchase ZECs, which recognize the carbon-free attribute of nuclear power, proportionate to their annual energy sales.

Although it was designed to be similar to the REC procurement, the ZEC program may face a legal challenge that the mandate would suppress energy and capacity prices.

A group of power generators advanced that argument during the public comment period last month.

The comments were "a dry run driving right at the heart of ZEC," said David Appelbaum, an attorney for the New York Power Authority. "They're going to try to derail this. I don't know if they're going to be successful."

The suppliers, 11 power generators and marketers, say the ZEC proposal violates the Federal Power Act and impinges on FERC jurisdiction over wholesale markets. "It conflicts with FERC's policy that the NYISO's capacity market provide the necessary price signals to encourage maintenance of existing, and development of new, facilities to meet reliability needs," the suppliers contend. "But for the artificial price suppression, prospective new generators that may have been economic may forego entry, and existing generators that may have been economic may prematurely retire."

The PSC order sought to head off this line of attack. The proposal "does not establish wholesale energy or capacity prices; it only establishes pricing for attributes completely outside of the wholesale commodity markets administered by NYISO," the order states. "To the contrary, it addresses a well recognized externality that otherwise would lead to economic inefficiencies with respect to the costs incurred due to environmental damage, in particular, climate change."

John Reese, the senior vice president of Eastern Generation, one of the suppliers, told *RTO Insider* on Monday that no decisions on any appeal have been made.

"We continue to look at all of the options, so we are in the process of deciding what is the best action to take," he said.

CAISO News

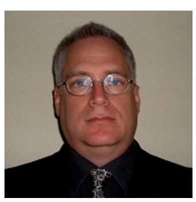
CAISO Charts Course for External Resource Participation in EIM

By Robert Mullin

CAISO last week began work on a plan to extend participation in the western Energy Imbalance Market to resources located outside the market's footprint.

The move comes a month after FERC rejected CAISO's proposal to indefinitely prohibit EIM participants from implementing economic bidding at the market's interties until the ISO could develop procedures to manage the practice. (See *FERC Order Prods CAISO to Allow EIM Intertie Bidding*.)

In its June 30 decision, the commission found the ISO's open-ended timeframe for producing a bidding solution to be "inappropriate" and directed FERC staff to convene a technical conference to explore the issue.



At an Aug. 4 Regional Issues Forum held at Idaho Power's headquarters in Boise, CAISO Vice President for Market Quality and Renewable Integration **Mark Rothleder** floated a set of principles for allowing external resources to bid into the EIM.

Rothleder first laid out what CAISO considers to be the challenges in managing bids at the market's seams. "It's important to understand how resources participate in the EIM," he said.

The EIM requires the ISO to accurately model physical flows across the market for every five- and15-minute interval, Rothleder said. The model factors in variables such as EIM demand, expected output from internal and pseudo-tied resources (including short-term forecasts from renewables); and dynamic import schedules.

"Accurate flow-based modeling means we can do accurate congestion management," which helps minimize the ISO's uplift costs, Rothleder said.

Less Granularity

Fifteen-minute scheduling of imports at the EIM's interties doesn't provide the same granularity. The ISO doesn't know the exact source of imports, which "can have an impact when something changes at the source level."

> **"I didn't sign up to be a market operator; I signed up to be a market participant. I want to know if this is going to present another burden on us and [if we'll] be compensated for it."**
>
> **Brad Albert, Arizona Public Service**

And Rothleder pointed out the distinction between bidding and scheduling at the EIM's interties.

Bidding is "an offering into the market. That means the market is determining when [the generation is] dispatched," he said. "The expectation is that, if it's dispatched, it delivers."

Still, even a "generic" — or system — bid at the seams "does not have the same type of accuracy as an internal market bid," Rothleder said.

"Frankly speaking, if it were up to us, we'd want to know where those [external] sources are coming from and accurately model them," Rothleder said. "Uplift costs can be significant. We don't want to extend that inefficiency to the EIM without knowing what we're doing."

Fifteen-minute "generic" bids at the seams have another shortcoming. That's because the EIM dispatches beyond that interval down to the five-minute level, where resources can provide services other than just energy, such as flexible ramping capability to account for uncertainty from renewable output forecasts.

"The point is, generic bidding at a 15-minute level might not be offering all the services we need," Rothleder said.

Economic intertie bidding poses additional challenges for the market:

- Intertie bids are currently not subject to market power mitigation, but mitigation and default energy bids — which reflect a unit's marginal operating costs — are required by the EIM.
- Uncertainties regarding the transmission policy and compensation scheme required to facilitate EIM participation by external resources.
- Lack of metering, greenhouse gas accounting, responsiveness monitoring and control of external resources.

The first step in addressing those challenges: stakeholder agreement on the principles underpinning a solution.

"If everyone agrees to discuss the principles, we think we can find a way to extend EIM participation to other areas," Rothleder said.

Participation Voluntary

He emphasized that any solution must first recognize that participation in the EIM is voluntary — external resources are not subject to a must-offer obligation. Balancing authorities outside the market must retain their ability to dispatch resources, serve load and balance their own areas.

The proposal must also address the transmission requirements for external resources to participate in the market. And while compatibility with the region's existing system of bilateral trades is considered another key principle, so is compatibility with the EIM's current process — which would entail the kind of flow-based modeling of resources necessary to manage congestion.

CAISO also wants external resources to be comparable to those already participating in the EIM. That would require those resources having 15-minute scheduling and five-minute dispatch capability, as well as meeting data exchange, settlements and metering requirements in order to verify delivery.

External resource participation must also avoid "undue operational risks, administrative burden and implementation costs" for

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CAISO NEWS

Arizona Public Service, Puget Sound Energy Enter EIM Testing Phase

By Robert Mullin

Arizona Public Service and Puget Sound Energy have moved a step closer to linking up with CAISO's Energy Imbalance Market.

The ISO on Aug. 1 commenced the operations testing phase to prepare the companies for full entry into the real-time market this fall. Over the next two months, the two utilities will operate in the market under real conditions, although their transactions will not become financially binding until Oct. 1.

The testing period will enable grid operators, system engineers and market managers to verify that systems are working as planned, CAISO said.

Unlike an RTO, the EIM does not require transmission-owning members to turn over operational control of their balancing authority areas (BAAs). Generator participants are also allowed to bid real-time energy into the market on a voluntary basis; there is no must-offer rule.

A recent CAISO report said the EIM has accrued $88.2 million in benefits to its participants since the market commenced operation in November 2014. (See *EIM Report Shows Continued Growth in CAISO Exports*.) Berkshire Hathaway Energy's NV Energy and PacifiCorp are currently the only utilities participating in the market. Portland General Electric is scheduled to join in October 2018, followed by Idaho Power in spring 2019.

"The addition of APS and PSE will create more opportunities to produce additional benefits, including improved integration of renewable energy," CAISO CEO Steve Berberich said in a statement.

APS serves about 1.2 million customers in Arizona and operates nearly 6,000 miles of transmission. A 2015 EIM benefits study by consulting firm Energy and Environmental Economics (E3) assumed the utility would maintain about 2,500 MW of transfer capacity with CAISO and another 600 MW with the PacifiCorp East BAA. The utility has no direct links with NV Energy.

The E3 study also determined that EIM membership would help APS lower costs by $7 million to $18.1 million, including $1 million to $3.2 million from the reduced need to maintain flexibility reserves — the type of capacity required to quickly firm up variable output from renewable resources. Implementation costs were estimated at $13 million to $19 million.

PSE serves about 1.1 million electricity customers in Washington state and operates about 2,600 miles of transmission, with a 1,600-MW import capability to compensate for a shortage of generation resources.

But the utility also has a surplus of flexible capacity, "which is probably why we're joining the EIM," Phillip Popoff, PSE manager of resource planning, told the Infocast California Energy Summit in May. The utility expects to realize annual benefits of $18 million to $30 million, with start-up costs estimated at about $14 million.

EIM start-up costs include metering upgrades to enable generating plants to capture data at five-minute increments, new market software, business process changes and Open Access Transmission Tariff revisions.

Both utilities will additionally incur ongoing costs of $3.5 million to $4 million a year, which includes fees paid to the ISO to manage the market.

CAISO Charts Course for External Resource Participation in EIM

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both source non-EIM balancing authority areas and sink EIM BAAs.

That last principle was a key concern for Brad Albert, general manager of resource management at Arizona Public Service.

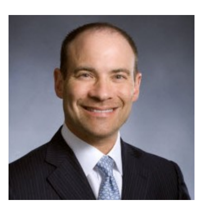
"I didn't sign up to be a market operator; I signed up to be a market participant," Albert said. "I want to know if this is going to present another burden on us and [if we'll] be compensated for it. This is something we're going to pay close attention to."

'Free Riders'

Albert also expressed concern about "free riders" on the EIM system but said CAISO had "caught the high-level principles" needed to formulate a proposal.

Clay MacArthur, assistant vice president for power marketing and contracts at Deseret Power, wondered whether "both the positive and negative effect" of intertie bidding could be modeled in the EIM's current market construct.

"In my mind, it's volume and frequency," Rothleder replied. "If there were a large volume of intertie bids, you're faced with managing it. We feel a lot more comfortable if we have the physical location [of the resource] right. Then we have metering."



"You're going to need a significant amount of information from that resource that's going to get bid," said **Tony Braun**, a consultant and member of the EIM transitional committee. "How much would be required?"

"I think the level of information is probably comparable to a participating resource" in the EIM, Rothleder replied. "I don't see that as a technical hurdle here." Policy issues are more of a concern, he added.

"I don't see anything that isn't workable," said **Bob Kahn**, executive director of the Northwest & Intermountain Power Producers Coalition, which supports increased regionalization of the western electricity market. "There's clearly a responsibility for those of us who'd like to effectuate this."

While FERC's June ruling leaves open the option for each EIM BAA to develop its own plan for external participation, CAISO is seeking uniformity.

"We thought that this would be something that could be adopted by all EIM entities," Rothleder said. "That's why what we're proposing would be a generic solution."

CAISO NEWS

CAISO, ARB to Address Imbalance Market Carbon Leakage

By Robert Mullin

CAISO last week provided stakeholders an update on its efforts to address concerns that the Energy Imbalance Market is not properly accounting for the impact of emissions from dispatching out-of-state resources into California — what the state's Air Resources Board calls "carbon leakage."

"We are working collaboratively with the ARB to address their identified issues with greenhouse gas accounting in the EIM," Mark Rothleder, CAISO vice president for market quality and renewable integration, said during an Aug. 4 Regional Issues Forum held at Idaho Power headquarters in Boise.

Leakage occurs when California's emissions program logs a reduction, despite the fact that no actual decrease in atmospheric GHGs has occurred based on the effects of the secondary dispatch.

The board's concerns focus on how the EIM's least-cost dispatch model attributes balancing energy from a low-emitting out-of-state resource to CAISO, while not accounting for the secondary dispatch of another higher-emitting resource that serves external demand that could have been covered by the first resource absent the market.

The cleaner resource is "deemed delivered" to California, and the cap-and-trade system issues an emissions-compliance obligation to the scheduling coordinator for the resource, the ARB has noted.

"However, in certain instances, the full transfers that support balancing load to California are not identified and accounted for in the cap-and-trade program, resulting in emissions leakage," the board wrote in a recent staff report proposing changes to the state's cap-and-trade system.

CAISO is considering a range of options to help the ARB account for the emissions stemming from secondary dispatch.

The favored option: calculating the emissions from the secondary dispatch and assigning the GHG obligation to ISO load responsible for imbalances. However, this option could call the ISO's dispatch decisions into question, Rothleder said.

Other options include requiring a minimum GHG bid for low-emission resources based on a system-emission rate or creating a hurdle rate for EIM transfers into the ISO. Both would put clean out-of-state resources at a disadvantage to equivalent resources inside the ISO.

The ISO also floated the idea of ARB lowering the electricity sector's emissions caps or retiring GHG allowances by the estimated amount of secondary dispatch effects. Under California's cap-and trade system, load-serving entities are issued a set amount of allowances each year subject to a declining annual cap.

One unlikely proposal is to have CAISO become a regulated party under cap-and-trade and produce all the emissions compliance instruments associated with EIM dispatch.

"This is not high on our list as the way to go," Rothleder said.

He pointed out that any solution would apply only to the EIM, and not to an expanded ISO. Still, the outcome could inform GHG accounting under regionalization.

CAISO seeks to issue a paper on the subject within a month and is targeting a fall meeting for further discussion. Any changes to GHG accounting in the EIM are slated to go into effect in January 2018.

CAISO NEWS

Federal Judge Upholds Imperial Irrigation District Suit Against CAISO

By Robert Mullin

A federal judge in Southern California declined to dismiss a lawsuit alleging that CAISO unjustly deprived the Imperial Irrigation District (IID) of its full export rights on a transmission line linking the utility's balancing authority area (BAA) with the ISO.

U.S. District Court Judge Anthony Battaglia on Monday ruled that IID's suit had "sufficiently alleged monopolistic conduct that threatens competition" and directed the utility to file an amended claim addressing deficiencies within three weeks.

"Specifically, by depriving IID of its expanded [maximum import capability], generators of renewable energy located within IID's BAA who cannot interconnect directly with the CAISO grid cannot compete with other generators for the business of load-serving entities located in or through the CAISO grid," Battaglia wrote.

IID's suit contends that — through a series of memos and public statements from 2011 to 2014 — CAISO "induced" the publicly owned utility to perform $30 million in upgrades to Path 42, one of two transmission lines connecting IID with the ISO. CAISO estimated that the improvements would increase IID's maximum import capability (MIC) into the ISO from 462 MW to 1,400 MW. The upgrades were put in service in January 2015.

In July 2014, CAISO downgraded IID's future "expanded MIC" to its previous level, citing the closure of the San Onofre nuclear generating station as the reason for the decision. That move came after IID had already begun work on the upgrades. At the same time, the ISO said that other network additions — although not IID's upgrades — would restore future flows out of the IID area by up to 1,000 MW, extra capacity that CAISO reserved for itself.

Skeptical of the claim that San Onofre's closure was the basis for downgrading IID's MIC, the utility initiated an investigation revealing that CAISO had miscalculated the flows on one of its own transmission lines — a misstep that IID alleges stemmed from the ISO violating its own operating procedures. A correct calculation would have restored the utility's expanded MIC to 1,400 MW, IID argued.

IID contends that elimination of the expanded MIC prompted renewable energy developers to bypass the utility's system to directly connect with the ISO, denying IID "significant revenue" from transmission services. IID further alleged that CAISO's action was part of broader strategy to "further its monopolistic position" by forcing the utility to join the ISO.

While the court dismissed IID's breach of tariff and federal antitrust claims, it let stand claims against CAISO for breach of contract, conversion, unjust enrichment and restitution.

"The court finds CAISO's multiple public statements from 2011 through 2013 acknowledging the Path 42 project and the expected increase to IID's MIC are sufficient to support, at this stage of the litigation, an inference that CAISO implicitly assented to the alleged contract, namely, that CAISO would increase IID's MIC in exchange for IID's upgrades to its side of Path 42," Battaglia wrote.

The court also affirmed its jurisdiction over the proceeding.

"While it is true that transmission of electric energy in interstate commerce is generally a matter of federal concern, FERC simply has no jurisdiction over the transmission facilities at issue here, namely, IID's facilities, because FERC's jurisdiction extends only to 'public utilities,'" Battaglia wrote — noting that, as a municipal utility, IID did not fit the definition of the term.

"IID is pleased that the case against CAISO can now move forward," IID General Manager Kevin Kelley said. "There is no doubt that the district, its renewable energy generators and ultimately its ratepayers have been harmed by the state's grid operator in denying transmission access to IID's balancing area."

CAISO said it disagreed with the court's ruling that it has jurisdiction over IID's remaining claims. "We believe these claims are likewise completely without merit, and we expect that they will be dismissed by the court as further proceedings unfold," CAISO said in a statement.

Governor Delays CAISO Regionalization Effort

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drew up a proposed set of principles for governing an expanded ISO, a task made more urgent by PacifiCorp's intention to join in 2019. The utility will need to gain approval from regulators in the five Western states in which it operates.

After the original governance plan received a cool reception from many Western industry participants for its "California-centric" nature, the ISO issued a revision to more favorable — if still wary — reviews. (See <u>*Revised Western Governance Plan Highlights State Authority*</u>.)

Still, some critics were concerned about the rush to complete the proposal in time to seek approval from lawmakers before the current legislative session concludes later this summer. (See <u>*Governance Plan Critics Urge Slowdown of Western RTO Development*</u>.)

"Regionalization is one of the largest issues facing the ISO in its history," said Carolyn Kehrein, principal consultant for the Energy Users Forum, which represents large energy customers in California. "Unfortunately, the changes [to the original proposal] were made to meet a quick turnaround."

Others worried that the revised principles — which eliminated a provision for accounting for greenhouse gas emissions from all generators in an expanded ISO footprint — could compromise the state's efforts to sharply reduce carbon emissions.

Brown was expected to present the governance plan to lawmakers early this month. The governor said he put off that action in order to allow state agencies to develop a "strong proposal" that the legislature can consider early next year.

"The ISO is pleased with the governor's and legislature's continued commitment in establishing a regional electricity grid," CAISO CEO Steve Berberich said in a statement. He pledged to work with stakeholders "to further refine our governance proposal and any other remaining issues to ensure that all parties have ample time to fully evaluate the impacts of a Western grid."

ERCOT NEWS

With or Without Support, Texas Customer Advocate Remains Undaunted

By Rory D. Sweeney

AUSTIN, Texas — In a meeting with Carol Biedrzycki, you will know two things without question:

1. If she isn't talking, she has nothing to say.
2. If she is talking, she will not stop until she is done speaking her mind.

Candor and steadfastness are qualities that Biedrzycki, the consumer advocate in charge of Texas Ratepayers Organization to Save Energy (ROSE), developed over 24 years of engagement with the electricity industry. They've made "Carol B" a "storied figure" in state industry regulatory circles, said Ned Ross, who oversees government affairs for energy supplier Direct Energy.

"You can't question her stamina and her tenacity at any point," he said. "Interestingly, she finds herself on both sides of the table depending on the issues. Sometimes, she'll be joined at the hip with industrial customers. Sometimes, she'll be aligned with us. … She has an interesting job where she's advocating for things that are consistent for her constituencies, but her constituencies are often aligned with different parties."

She came to Texas ROSE as its executive director in 1992 after working at the Public Utility Commission of Texas for most of the 1980s. She is the organization's first, and still only, employee. "When I took the job, all I had was the [organization's] charter," she said. "I had no office. Even the [tax] paperwork wasn't finished for the IRS."

In the ensuing two-plus decades, she has built the organization up enough to take the state's electricity industry head on and found some success. From suspicious billing charges to questionable customer service practices, she campaigns to maintain the balance for consumer interests in a system that she feels is heavily weighted toward the industry.

The Regulator Experience

"It was amazing to me the amount of hold the industry had on what happened at the agency," Biedrzycki said of her time at the PUC.

In fact, she found herself at one point in charge of a meeting to explain rules to industry representatives who she felt were actively trying to not understand them. As the person responsible for reviewing utilities' energy efficiency programs, she kept hearing from the industry that they didn't understand the rules. So she called a meeting of the stakeholders to hash out the misunderstandings.

Carol Biedrzycki © *Gene Chavez*

The meeting was well attended, but completely silent.

"They wouldn't ask a question, they wouldn't say a word," Biedrzycki remembers. "I managed to … provide them with what I thought the rule meant, and then the meeting was over. … If they would have been cooperative, then they would have had to submit something that made sense and fulfilled what we thought the requirements of the rule were."

Instead, she felt, they wanted to maintain their plausible ignorance. "They really didn't want to ever admit to understanding what the rule meant because they had no intention of complying with it," she said.

The experience was one that molded Biedrzycki's persistence. "I just stood in front of that room, and I thought, 'It's a good thing I've got three brothers who have given me a hard time my whole life' because I was not really intimidated by them."

The Story of Texas ROSE

In 1987, the PUC's energy efficiency division was moved by the state legislature to the governor's office and renamed the Energy Management Center. Biedrzycki moved with it to continue her work on increasing energy efficiency in the state, but she eventually left and ended up doing consulting work for federal energy efficiency programs.

The legislature earmarked funds for a consumer representation program to be administered through the Office of Public Utility Counsel, but the office thought it should be handled by a nonprofit. Texas ROSE was formed by a group of Austin insiders, who hired Biedrzycki as its executive director.

"The original purpose of the organization was to be a party at cases at the PUC, and I knew a lot of about that because I had direct involvement with it," Biedrzycki said. "I also knew that it was a worthwhile endeavor because my experience is if you participate as a formal party at the commission … you always got something as a result of it."

When ROSE's state funding was eliminated, Biedrzycki scrambled to keep it afloat. The organization is now funded completely by grants, some of which come through Biedrzycki's collaboration with the Texas Legal Services Center.

"The industry came after me," she said. "I knew exactly what was going on, and I think they were kind of surprised when I showed up after" the funding was cut.

Staying the course is the first rule of winning regulatory battles, she said. "It's a game of attrition. They just wait for people to become sick of it and get tired of it and drop off," she said. "I always tell people: don't start a utility issue unless you are prepared to carry it all the way through, because it's the only way that you will see benefit and succeed. … As soon as you don't show up, they think that you don't care anymore and that you're done with it."

For all of her commitment, Biedrzycki appreciates that it's mirrored by her organizations' dedication in her.

"It's just kinda nice to have people on your side," she explains about why she took the position at Texas ROSE. "It was a wonderful thing to have people speak to you, 'We think that what you're doing is really important.' How great is that? It doesn't get much better than that."

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ERCOT NEWS

With or Without Support, Texas Customer Advocate Remains Undaunted

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Bringing Back the Regulation

Biedrzycki's biggest complaint about the industry is what she sees as the failure of power deregulation. Even before it arrived in Texas in 2002, she had been fighting for years to derail the deregulation movement and has spent the subsequent 14 years trying to get the price of power generation regulated again. She points out that several other states have done so and others, including Ohio, are considering it as well.

She believes deregulation was a mistake that hasn't gotten better, Biedrzycki said. She regularly hears stories of consumers with bills that are hundreds of dollars a month. "I don't have a background in economics," she said, "but they took a business that had no middleman and inserted multiple middlemen. Just from a practical standpoint, that never made any sense to me."

The Power to Choose

In the meantime, she's remained focused on what she can do for consumers by recommending improvements to the PUC's retail choice website, on which electric providers list their offers. While the site has received many improvements over the years, it can get better, she said. More than anything, she feels it needs to be simplified. There are too many plans, too much fine print and too much research required by consumers who were fine with just paying the bill when it arrived every month, she said.

"My own personal opinion is [companies] should not be permitted to charge fees for anything that they are required to do under the PUC's rules because then that way everybody just has to include that cost in their rates and it makes it better for the consumer from a cost comparison perspective," Biedrzycki said. "I'm really tired of everybody blaming everything on the consumer. You should be able to pay your bill and be left alone, and you should be able to be happy."

Her opinions are backed up by nearly 100 comments from consumers on the issue filed with the PUC in May. Short and to the point, nearly each comment riffs on the same theme: buying electricity is too complicated. Biedrzycki would like to see the site have a way to calculate estimated monthly bills, along with requiring each retail electric provider to offer a plan that fits a standardized, PUC-approved model so consumers can make easy comparisons.

A recent workshop on the issue with PUC Chairman Donna Nelson produced another of Texas ROSE's sometimes strange alliances.

"We found ourselves aligning on the vast majority of issues," Direct Energy's Ross said, "because we both were trying to find ways to reduce consumer confusion and make shopping easier."

Respecting the Process

Despite her contentious positions, Biedrzycki's years of dedication have afforded her respect. It was more than 10 years ago when she was working for the governor's office that Nelson met Biedrzycki.

"She's always struck me as someone who wanted to make a change. She wasn't there for a paycheck," Nelson said. "Carol does a really good job of representing her client base, which is low-income customers, but she really represents all residential customers — people who often don't have a voice."

Nelson also acknowledges that some companies have been "shysters" and "in many cases," Texas ROSE has provided the information needed to heavily fine them or revoke their certifications. Biedrzycki has also engaged the PUC on several other projects, including revamping rules for company disclosures and ensuring the commercial viability of natural gas retailers.

"I don't always agree with her, but I usually come to modify the position I went in with originally," Nelson said. "You always want that counterbalance to what the utility or what the competitors in the competitive market want. … I've found that when I get everybody in a room, sometimes the [retail electric providers] will learn something from Carol."

Building on her past success, Biedrzycki envisions a way for customers to import their actual usage data from the Smart Meter Texas website so they can quickly see how their monthly bills under each plan are likely to look. (See *PUCT to Look at Smart Meter Web Portal*.)

Aside from those future goals, Biedrzycki continues to advocate for billing assistance, weatherization programs and rate discounts for low-income consumers.

Nelson said it's hard to have personal relationships while trying to be unbiased, but it's also impossible not to become familiar because the same people present before the PUC so often that it's "a small family." She and Biedrzycki have shared similar medical experiences, and Nelson has noticed some of Biedrzycki's quirks.

"Sometimes when she testifies, she puts her comments on pink paper so they stand out," Nelson said. "She's reasonable, but she's passionate. Here you lose your credibility if you're difficult."

Richard Sedano, a principle at the Regulatory Assistance Project, met Biedrzycki when his organization convened meetings to bring consumer and environmental advocates together. He found out exactly what folks in Austin already knew.

"She is certainly not a shy person. She stepped up and said things she felt needed to be said," he remembered. "Carol is her own person. … I thought she was really terrific."

Outside the Office

Expecting to retire in perhaps a year and a half, Biedrzycki is already planning her next moves. Never married and an avid patron of the theater, she plans to spend her summers with family in Pittsburgh, Pa., and return to Austin when the theater season starts up in the fall. She volunteers at several theaters in town.

She is also planning to find a successor to groom. "That's one thing that I have on the back burner," she said.

While Biedrzycki has so many changes she'd like to see, she knows to take the long view. Just keep asking the questions, and eventually someone will answer.

"I think her presence [at meetings] — although maybe it's uncomfortable at times for those who are on the other side — I think people take comfort that she's there so that [her] interests are represented," Ross said.

MISO NEWS

MISO Delays Forward Auction Filing; Issues Draft Tariff and Business Rules

By Amanda Durish Cook

CARMEL, Ind. — After a missed July filing target and subsequent weeks of hints, MISO on Monday confirmed that it was postponing its forward capacity auction proposal until the 2018/19 planning year.

Richard Doying, MISO executive vice president of operations and corporate services, told the Markets Committee of the Board of Directors that the RTO plans to file the proposal with FERC in early November while using September and October for continued analysis with The Brattle Group.

"I'm glad we're going to take more time. We need the community along with us," MISO board member Jennifer Curran said.

Resource Adequacy Subcommittee Chairman Gary Mathis said stakeholders "greatly appreciate the additional time." MISO had released the draft Tariff language and business rules at a RASC meeting last week.

IMM Wants Board Intervention

Independent Market Monitor David Patton, whose proposed changes were rejected by MISO staff, said the Board of Directors should intervene to stop the forward auction filing.

"This is the first time we've asked this in over a decade since the markets were created," Patton said. "That doesn't mean good work hasn't been done, and I think MISO has worked very hard in the last few months. There's a tremendous amount that we agree on, most importantly that there is a problem.

"I just haven't been able to come up with anything that would make this market produce efficient prices" within the voluntary forward construct, Patton added.

Board member Thomas Rainwater said MISO's plan to take more time to explain the Brattle analysis and hold additional stakeholder meetings was enough to hold off on action. However, the Markets Committee plans to hold an executive session to "evaluate the quality of the decisions being made" and determine whether to proceed with the filing.

Board members said their role isn't to order MISO staff to adopt specific provisions, but to provide oversight. "We're not going to adjudicate dueling economists," Curran said.

Patton said he was concerned that MISO plans to make the forward auction voluntary, unlike those in PJM and ISO-NE, which are mandatory.

He also repeated his concern that the proposed auction's prices will be "highly volatile." He said demand needs to reflect reliability requirements, and current merchant demand doesn't include planning reserve margins. (See MISO Backs Forward Auction Plan, Rejects Prompt Proposals.)

The board expressed concerns that excess regulated generation entered at the lower prices expected under the vertical demand curve in the prompt Planning Resource Auction will be "dumped" into the forward auction.

Doying said MISO will restrict the suppliers participating in the forward market to address the concern. MISO says it doesn't plan to enact a minimum offer price rule.

Patton said he did not share the board's concern. "That's not dumping, that's simply desiring to sell capacity and benefit their customers," he said.

Rainwater wondered if Patton was paying too much attention to economics and not factoring in electricity subsidies and public policy: "the reality of the markets versus the theoretically perfect market structure."

Patton said that in private conversations, Brattle staff shared his price signal concerns. He also said Brattle made no attempt to model forward auction participation trends, but it is "nearly unknowable."

"It wasn't a very satisfying reliability analysis," Patton said.

Doying said MISO's proposal is similar to other FERC-approved designs except for the smaller scale of the affected areas. He also told the board that the forward auction is intended to produce an efficient price, not send strong investment signals.

Meanwhile, Brattle analyst Sam Newell took aim at the hybrid prompt proposal, saying it would create price discrimination between merchant and non-merchant suppliers. He said when a utility has extra capacity to sell, mandating that the price be raised "much higher" for merchant suppliers is "clear economic waste."

He added that "indisputable economic discrepancy" exists in the hybrid prompt proposal: a two-stage prompt auction with separate clearing prices for retail choice and regulated load.

The board also asked MISO officials about the stakeholder process over the 18 months of negotiations on a new auction design.

"Given that the issue is targeted to retail choice load in Illinois and Michigan, we did start the stakeholder discussions in those areas," Doying said, adding that once affected stakeholders weighed in, the discussion was brought before the RASC.

Rainwater said he noticed stakeholders were split and asked if the RASC was a public-enough forum for redesign discussion.

"This was a very well attended set of meetings," Doying replied.

Board member Paul Feldman asked if the state legislatures in either Michigan or Illinois could supersede MISO's proposed solution. Stakeholders have expressed concerns that state laws could force an entire zone into the forward auction, such as Zone 2, which contains Michigan's Upper Peninsula. The Michigan Legislature is considering removing its current 10% cap on retail choice and becoming fully deregulated.

"We'd need a lawyer to answer that question," Doying replied. "In that case, there may be a difference between [MISO] 'choos[ing] to abide by' and 'respect[ing] the jurisdiction of.'"

Demand Curve Shape not Decided

Bladen

Jeff Bladen, executive director of MISO market services, said at last week's RASC meeting that MISO will hold a conference call Aug. 12 to respond to stakeholder questions on the draft Tariff language and business rules. The thrust of both drafts is to put generators in retail choice states on the

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MISO NEWS

MISO Delays Forward Auction Filing; Issues Draft Tariff and Business Rules

Continued from page 9

"This is difficult because there's very little being presented. It's hard to understand what's going on."

Ted Leffler, Indianapolis Power and Light

"same footing" as utilities in traditional, vertically integrated states.

MISO's proposal specifies that the full planning reserve margin be procured in the forward auction, instead of fulfilling local clearing requirements as proposed in the first version of the auction redesign.

The RTO is still working to shape a demand curve for the three-year forward auction for retail choice load. A demand curve was not included in the draft Tariff language.

"We are working with The Brattle Group to refine the shape," Bladen said. "This is the main element that's outstanding." Bladen said the RTO is reviewing demand curve parameters it recently received from Brattle's pricing and reliability analysis and hoped to provide a demand curve shape by the Aug. 12 conference call.

NRG Energy's Tia Elliott asked if MISO could still implement the forward auction construct by next year with an October filing. Bladen said the RTO was "unlikely to implement" the revised auction design in 2017 if a filing is made in the fall.

Michael Chiasson, of the Independent Market Monitor, stressed "the importance of having adequate time to review the Brattle analysis." (See *MISO Backs Forward Auction Plan, Rejects Prompt Proposal*.)

PJM Influence

Bladen said some of the Tariff language was inspired by PJM's three-year forward auction descriptions. "There aren't very many examples of closely modeled language except in the conceptual sense," he said.

"This is difficult because there's very little being presented. It's hard to understand what's going on," Indianapolis Power and Light's Ted Leffler said, adding that although Tariff language and business rules were issued, MISO did not walk through them in a public forum.

Bladen said Leffler's assessment of the "dense" Tariff language was "fair enough" and said it is why MISO was considering taking more time before filing.

Jim Dauphinais of the Illinois Industrial Energy Consumers said he was concerned that local resource zones with competitive demand — otherwise required to participate in the forward auction based on a bright line test — will be exempted if the demand's local requirement is less than 0.5% of the systemwide planning reserve margin requirement.

"To us, they're complicating things," Dauphinais said.

Arkansas Public Service Commission Chairman Ted Thomas asked if load-serving entities failing to procure capacity in the new model will still be subjected to the capacity deficiency charge of 2.75 times the applicable cost of new entry. Bladen said they would.

Six External Zones

MISO is considering the addition of six external resources zones, Manager of Resource Adequacy Coordination Laura Rauch told the RASC.

External resource zones *Source: MISO*

Rauch said the RTO used participation from the 2016/17 planning year to create four external resource zones in MISO North and two in MISO South. Rauch said that external resources bordering the RTO and companies with reliability coordination duties not participating in the market would be excluded from the zones.

MISO officials asked for stakeholder suggestions by the end of the month on external resource zone offer price caps. The RTO still does not have a target date on filing its seasonal and locational proposal.

Customized Energy Solutions' David Sapper asked why external resource zones need a price cap, as external resources are not subject to economic withholding rules. "External resources are not registered with MISO, and it doesn't seem like you could force them to offer in the first place," Sapper said.

MISO engineer Akshay Korad said price offer caps could be useful when there's insufficient supply to clear. Korad said the RTO could set price and offer caps based on the cost of new entry or assign two separate values for the South and North external zones.

Korad said adding external zones will not significantly increase cleared capacity in the auction.

He also said external resources will only clear toward the planning reserve margin requirement in the capacity auction, and that cleared external capacity will count toward sub-regional import and export limits. External zone auction clearing prices would be the same as systemwide clearing prices if sub-regional import/export limits do not bind. Marginal resources could set external clearing prices, Korad said, if a simultaneous feasibility test reduces the external zone's capacity export limit.

MISO NEWS

MISO Study Undercuts IMM Proposal on Expanding ELMP Pricing

By Amanda Durish Cook

MISO said last week that it is leaning against the Independent Market Monitor's proposal to restrict the ability of offline resources to set prices based on the results of a simulation study.

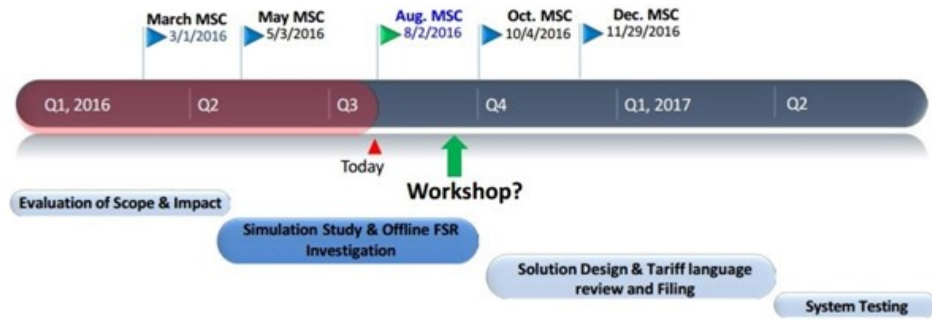
Congcong Wang, market design engineer, told the Market Subcommittee on Aug. 2 that MISO "continues to recognize the value of offline pricing" and is developing alternative solutions to the Monitor's recommendation in the second phase of the extended LMP rollout.

Using simulations, MISO found that the Monitor's proposed expansion of price setting doesn't result in the most efficient prices, Wang said. "It does not mean the recommendation isn't a good one; it just means that our current software … may not maximize price efficiency," she added.

In the State of the Market report, the Monitor said offline resources should only set prices when they are economic and can be started quickly to address a shortage.

Monitor David Patton's ELMP recommendation was two-pronged: He also advised expanding the share of online peaking resources 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. (See *Monitor's State of the Market Report Seeks Changes to MISO ELMP*.)

Wang said MISO ran four days of simulations: Jan. 18, 2016, with no fast-start resource participation; Jan. 4, 2016, with low participation of fast-start resources; July 17, 2015, with high participation of fast-start resources; and July 12, 2015, with scarcity conditions with offline resource participation and heavy online participation.



ELMP phase II progress *Source: MISO*

MISO found the Monitor's recommended price-setting expansion resulted in price increases from $1.52/MWh to $9.42/MWh. Expanding ELMP price-setting to units with 30-minute start times resulted in price increases of $0.34/MWh to $3.50/MWh. The Monitor's recommendation causes price divergence between day-ahead and real-time prices in as much as 85% of intervals, but the 30-minute unit expansion doesn't affect price convergence, the RTO said.

The recommendation results in online fast-start participation in more than 99% of intervals and the amount of pricing intervals impacted by ELMP rose from 0-7% to 35-74%, according to the RTO.

Patton responded that two of the test days MISO used were already under-scheduled by as much as 6 GW. "The convergence was naturally bad to begin with," he said.

"I think it's important to note that this high, it's true that ELMP will affect more intervals, but many of these intervals are moving by a few cents," Patton said. "To me, these results suggest that the expansion is necessary."

Patton said he discovered that offline units setting prices were actually used only 8% of the time, and a diesel unit in Michigan was allowed to set prices 50 to70 times during the period he studied for the State of the Market report without ever being started.

"I'm not sure offline pricing has a strong benefit to begin with," said Patton, who argued to FERC in the creation of Order 825 that offline pricing can "artificially lower energy prices and obscure shortages."

Wang pointed out that in Order 825, the commission noted that offline pricing can result in efficient prices.

She said one of the alternatives to dropping offline price setting in ELMP is shortening cost amortization intervals. MISO currently amortizes the commitment costs of offline fast start resources over four real-time intervals, or 20 minutes.

The RTO is planning a September workshop and would come back with more results at the October MSC meeting. Until then, Wang said MISO will continue to run simulations and investigate the impacts of offline price setting. MISO wants to test the second phase of ELMP in the second quarter of next year.

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MISO NEWS

Resource Adequacy Subcommittee Briefs

South-North Transfer Limit in 17/18: Higher or Lower? Firm or Non-Firm?

MISO is considering whether the transfer limit of 876 MW between MISO South and MISO North used in this year's Planning Resource Auction should be adjusted for the 2017/18 capacity auction and if resources supplying the capacity will be delivered on a firm or non-firm basis.

MISO posed several questions to stakeholders at the Aug. 3 Resource Adequacy Subcommittee (RASC) meeting:

- Should the starting limit for the sub-regional power balance constraint (SRPBC) prior to accounting for firm transmission service be 2,500 MW or 1,000 MW?
- In treating firm transmission service sold across the contract path, should SPP:
    - ◊ Differentiate for firm transmission that is or is not associated with a capacity sale in another market?
    - ◊ Consider the ability of a transmission customer to redirect transmission service (i.e., redirect sink from PJM to MISO North)?
    - ◊ Treat pseudo-tied resources differently?

Under MISO's settlement with SPP over the use of its transmission system, flows between the North and South regions are considered non-firm. The agreement "explicitly did not provide firm contract path or firm flow entitlements," according to MISO.

MISO's 2016/17 PRA enforced a limit of 876 MW for South-to-North transfers. The initial limit of 2,500 MW was downgraded to 876 MW after MISO subtracted firm exporting reservations that had completed a feasibility analysis.

"We're trying to achieve an efficient but reliable PRA outcome," explained Kevin Sherd, MISO director of forward operations planning. "If we approve 2,500 MW and can only get 500 MW delivered due to congestion, that's a problem. The higher the number goes from South to North or Zone 1 to Zone 6," the higher the risk, he said.

"I'm not arguing one or the other today. I'm teeing this up for a September discussion," Sherd said.

Currently MISO allows two opportunities for resources to participate in the PRA as firm capacity: as a network resource interconnection service (NRIS) or as an energy resource interconnection service (ERIS) with a firm point-to-point transmission reservation.

MISO Manager of Resource Adequacy Coordination Laura Rauch said the RTO completes an annual deliverability test on NRIS generators to make sure they are able deliver power to network load. ERIS generators are analyzed via an annual long-term transmission rights feasibility test and through the expansion planning process.

ITC Holdings' Ray Kershaw suggested that opening up participation for generators without firm rights might allow some non-firm external generators to participate in the PRA. "You're opening up a whole lot here," Kershaw said.

Dynegy's Mark Volpe asked if MISO could use data from this summer to establish anticipated power flow needs to make a more educated decision.

Sherd said multiple days this summer could provide data for an estimated transfer limit and said MISO would bring numbers back to the next RASC meeting.

Other stakeholders asked what the Independent Market Monitor thought of changing the transfer limit.

IMM staffer Michael Chiasson said the Monitor will review MISO's questions but declined to comment on the transfer limit. The Monitor's State of the Market report recommended improving the modeling on transfers by introducing a derating factor representing the probability that MISO neighbors will request a reduction from the 2,500-MW transfer limit because of an emergency. (See *Monitor's State of the Market Report Seeks Changes to MISO ELMP*.)

Stakeholder input on the matter is requested before the Aug. 31-Sept. 1 RASC meeting. MISO hopes to adopt a solution for the 2017/18 PRA.

MISO Inserting More Deadlines into PRA Timeline

MISO wants more official deadlines for market participants worked into the PRA timeline, Manager of Resource Adequacy John Harmon said.

The RTO is proposing to attach explicit due dates to multiple data submittals made before the auction, including quarterly Generating Availability Data System figures, annual output data for run-of-river and biomass resources, load forecast revisions after Nov. 1 and the unforced capacity value confirmation.

"These [requirements] aren't new, but we've never had definitive dates. No new action is required … but a lot of market participants said, 'I didn't know you needed this by this date,'" Harmon said. "We had trouble during the last auction working with folks to make sure deadlines were met."

The RTO will also attach consequences to missed deadlines, Harmon said, but not before MISO Client Relations reaches out to market participants about delinquent information. After that, MISO will process late submissions in monthly "batches" rather than on an individual basis and could deny requests for late submissions altogether, possibly disqualifying the market participant from offering in the PRA.

Harmon said MISO is also striking the deadline for the Monitor to deliver default technology-specific avoidable costs, as those reference levels will become static in upcoming auctions. (See *MISO Moves Forward on Auction Design; Seasonal Filing Delayed Again*.)

New deadlines aren't yet finalized. Harmon said MISO would post a new PRA timeline with additional deadlines next month.

— Amanda Durish Cook

"We're trying to achieve an efficient but reliable PRA outcome. If we approve 2,500 MW and can only get 500 MW delivered due to congestion, that's a problem."

Kevin Sherd, MISO

MISO NEWS

Market Subcommittee Briefs

New Emergency Pricing Floors Undergoing Monitoring

MISO will monitor maximum generation procedures as a result of pricing errors during a late July max gen warning, the RTO's Kevin Larson said at last week's Market Subcommittee meeting.

Jeff Bladen, executive director of market services, said pricing corrections for the multiple scheduled resources and one emergency resource were "relatively small" and represented less than $1/MWh. (See "June Energy Prices Up Across Footprint; New Emergency Pricing Encounters Snag in July," *MISO Informational Forum Briefs*.)

David Sapper of Customized Energy Solutions asked if MISO could have withdrawn the max gen warning.

Rob Benbow, MISO's senior director of systemwide operations, said the RTO forecast that high loads would persist throughout the day. "It's one of those things where you've got data saying one thing, but … the load did not materialize," Benbow said.

In the coming months, Bladen said MISO would review the performance of the new emergency offer floors.

Task Team to Take on 5-Minute Settlement Issue

MISO has charted a course for achieving five-minute settlement calculations with the creation of a six-month-long task team.

John Weissenborn, MISO's director of market services, said the task team will discuss which day-ahead, real-time and financial transmission rights charges might be impacted, and identify changes needed for the Tariff and Business Practices Manuals. It will then shape the subsequent compliance filing due this winter.

Weissenborn said MISO hopes to have five-minute settlement language completed by December. The RTO expects five-minute settlements of energy resources and operating reserves in place by January 2018.

Currently, MISO's real-time settlement occurs with an hourly average price while real-time operating reserve settlements are already conducted on a five-minute basis.

FERC Order 825, issued in June, directed RTOs to align settlement and dispatch intervals in real-time markets by January 2017.

However, MISO said even after Order 825 is implemented, interchange transactions will continue be settled at the 15-minute intervals that were instituted last June, as the settlement is performed using five-minute prices.

Weissenborn said MISO will have to explain the continued used of the 15-minute interchange transaction settlements in the compliance filing to FERC. "I think we'll be successful in explaining that," he said.

Brian Garnett of Duke Energy asked if the RTO expects companies to provide information on a five-minute basis.

Weissenborn said MISO "spent a lot of time talking with SPP on their implementation." He said SPP experiences roughly 10% of market participants reporting at five-minute intervals and uses a curve fitting to calculate the rest. Weissenborn said most companies within SPP continue to report meter information hourly.

MISO Wants Future Control in Flow-Control Resources

Beibei Li, a senior operations engineer, said MISO is evaluating the need for optimization of flow-control resources to follow a real-time dispatch target.

MISO says its flow-control resources "are not directly represented in the market dispatch process" and that its inability to control them leads to inefficiency in the physical flow. This inefficiency, the RTO said, could impact AC system dispatch and "introduce unnecessary losses and congestion across the surrounding AC system."

The RTO envisions increased use of several types of flow-control resources in the future, including HVDC lines, phase shifters, variable frequency transformers and series compensation flexible AC transmission system devices, designed to increase control and power transfer capability on the network. (See *MISO Grid Meets 'Big Data'*.)

Li said MISO wants to be able to optimize its fleet of flow-control resources by the fourth quarter of 2018.

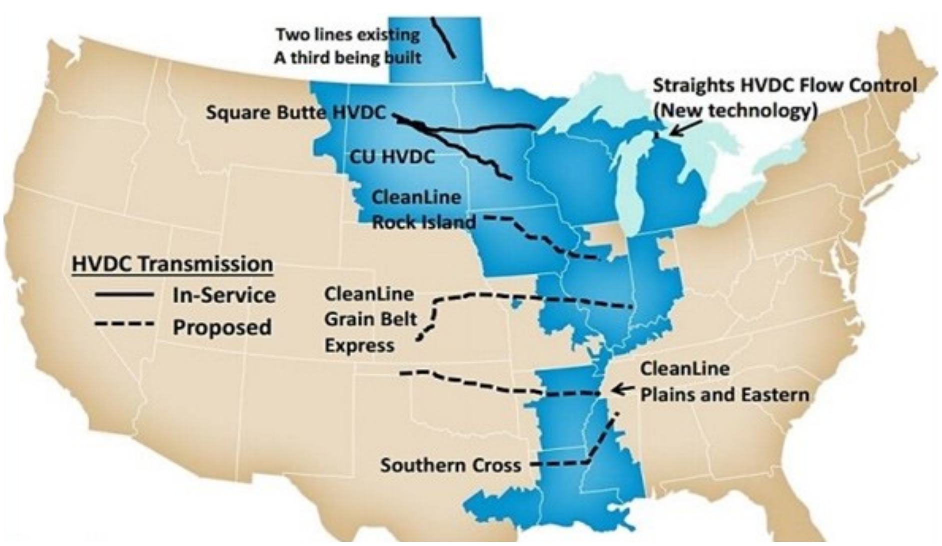
MISO staff plan to return to the October MSC meeting to deliver an update with project objectives and rough work plan.

Real-Time Offer Enhancements Start Time Delayed, Storage Assignments Divvied Up

Bladen reported that MISO's real-time offer enhancements project will be delayed more than a month while MISO runs additional software testing.

The project, which will allow market participants to make overrides to real-time offers in MISO's portal, is now scheduled for an early September go-live date. MISO was expecting to have the project completed by the end of July.

Although real-time offer enhancements are



HVDC lines in use and under evaluation for expanded use *Source: MISO*

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MISO NEWS

ATC Plan Could Eliminate White Pine SSR; Refunds Coming on Presque Isle?

By Amanda Durish Cook

MISO promised last week to review a plan that could end the system support resource agreement for White Pine Unit 1 in Michigan's Upper Peninsula.

American Transmission Co. said MISO could eliminate the need for the 40-MW generator by revising ATC's system operating guide and making a temporary two-radial reconfiguration of its transmission system, returning it to pre-1998 conditions. ATC said its solution — details of which haven't yet been made public — could remain in place until either new generation or new transmission are built.

The Michigan Agency for Energy supported ATC's plan, saying it would save Upper Peninsula ratepayers $7.3 million annually in SSR payments.

"I applaud the problem-solving that led to this solution. I wished all stakeholders had gotten more warning early on so there would have been time to develop and implement this solution before costs started to go up and litigation was needed," said Valerie Brader, executive director of the agency.

Brader also sent a letter to MISO, urging that the grid operator accept ATC's proposal "without delay," as it would not result in Tariff revisions. Bader also criticized the "poor condition" of White Pine Unit 1 and noted its six- to 12-hour cold start time.

ATC spokeswoman Anne Spaltholz said the company is working with MISO on the details of the proposals. The RTO has committed to reviewing ATC's plan during the Aug. 9 meeting of the West Technical Study Task Force.

FERC has final say in the termination of SSR

White Pine power plant *Source: P.M. Power Group*

agreements. If an alternate solution isn't identified, the 60-year-old White Pine plant will continue SSR operations until 2020.

ALJ Orders Refunds for Presque Isle SSR

In a related case, FERC Administrative Law Judge Michael Haubner issued a 37-page initial decision on July 25 (ER14-1242-006, *et al.*) concluding that Michigan ratepayers were overcharged by Wisconsin Electric Power Co. (WEPCo) for SSR payments on the 344-MW Presque Isle coal plant in Marquette, Mich., in 2014 and early 2015. The judge says $17 million in refunds plus interest are in order; final say rests with the commission.

The ruling came three months after FERC decided that the SSR rate schedules for the Presque Isle, Escanaba and White Pines power plants were appropriate. (See *FERC Upholds 3 MISO SSR Cost Allocations in Upper Peninsula*.) The Presque Isle and Escanaba SSRs were terminated in 2015.

Brader blamed MISO for the overages, saying the RTO failed to perform due diligence. "MISO blindly accepted numbers without reviewing their reasonableness, resulting in the state and other interested parties having to challenge the expenses through costly proceedings at FERC," she said.

In May, MISO asked FERC for permission to revise its SSR procedure to require generation owners to provide 26 weeks' notice of plant suspensions or retirements. The RTO also wants to relax some confidentiality provisions around SSR agreements. (See "MISO Planning Confidentiality, Notification Changes to Attachment Y Procedure," *MISO Planning Advisory Committee Briefs*.)

Cloverland Electric Cooperative, a Sault Ste. Marie, Mich.-based nonprofit that has the highest Presque Isle surcharge at $11.7 million, welcomed the ruling, but said it doesn't fix the larger SSR problem.

"The judge proposed a refund, but for Cloverland members, this just reduces the costs we will have to pay over the next several months. The judge's decision is one positive step in the legal process that allows the case to continue," Cloverland CEO Dan Dasho said in a statement.

Dasho also criticized a 2008 exemption to Michigan's 10% retail choice cap that allows Upper Peninsula iron ore mines to choose their power suppliers. The decision by iron ore provider Cliffs to leave the Presque Isle plant for another generator is the reason WEPCo decided to close the plant in 2014. Dasho said if the law is not changed, the mines could "leave again," leaving Upper Peninsula ratepayers responsible for a new $300 million natural gas cogeneration plant planned by Chicago-based Invenergy on the Cliffs mining site.

"Our senators and representative supports our position on this, but the governor's administration is refusing to have this exemption removed and finally protect all the ratepayers in the Upper Peninsula," Dasho said.

Market Subcommittee Briefs

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on hold, energy storage work is moving ahead. Bladen said MISO has divvied up tasks related to creating a storage policy.

Clarifying a storage interconnection definition has been referred to the Planning Advisory Committee and Interconnection Process Task Force. The Resource Adequacy Subcommittee will tackle how behind-the-meter generation can participate in the capacity market and decide how a stored energy resource capable of providing four hours of continuous power can participate in the regulation market.

Bladen also said MISO has had a low response rate to its annual customer opinion survey. MISO sent out 1,200 requests for responses to market participants. Bladen said just 9% of companies had responded as of Aug. 2. "That's quite low, even at this stage in the process. We would very much like to get above the 9% we've got so far," he said.

The survey window was extended by a week and is open until Aug. 12.

— Amanda Durish Cook

MISO NEWS

SPP, MISO Try to Bridge Joint Study Scope Differences

By Tom Kleckner

SPP and MISO are inching closer to agreement on a second joint transmission study on their seams, though they continue to disagree how "targeted" a targeted study should be.

The two grid operators have agreed to conduct another transmission study this year, using the carbon-constrained scenarios in SPP's 2017 Integrated Transmission Planning 10-year Assessment and MISO's 2016 Transmission Expansion Plan as starting points.

The study, to be completed in the first quarter of 2017, will use the needs identified in the regional studies to develop solutions that benefit both RTOs. It will model the years 2020, 2025 and 2030; SPP will have to create a model for 2030, which is not included in the 2017 ITP10.

MISO prefers limiting the study to the seams between it and the Integrated System, which joined SPP last October, while SPP favors looking at a broader geographic area.

Staff shared the draft scope with the RTOs' Interregional Planning Stakeholder Advisory Committee on Aug. 2, with SPP's Seams Steering Committee again taking up the issue Aug. 3.

1. Develop and finalize scope document for CSP study – August 2016
2. Develop detailed schedule for CSP study – August 2016
3. Economic Evaluation:
• Model Development – November 2016
• Determine needs list from regional studies – August 2016
• Solution Development – November 2016
• Solution Evaluation and Robustness Testing – February 2017
• Reliability No Harm Analysis – March 2017
• Determine interregional cost allocation – March 2017
4. Coordinated Reliability Assessment – March 2017
5. Draft Coordinated System Plan study report – April 2017
6. Regional Evaluation and Cost Allocation (if needed)

SPP-MISO Coordinated System Plan tasks
Source: MISO and SPP

MISO staff said it preferred to focus on process improvements this year, but it did propose that a set of five needs — three belonging to SPP, two to MISO — be included in the joint study. SPP suggested 10 regional needs, eight in its footprint and two in MISO's, that it said would "provide the most value to be evaluated" in the Coordinated System Plan study.

Time Best Spent

MISO agreed to a joint study this year only after a May meeting of its Planning Advisory Committee. (See "MISO Rethinks Coordinated Study with SPP," *MISO Planning Advisory Committee Briefs*.)

"We have to ask ourselves, where is our collective time best spent?" said MISO's Eric Thoms, manager of planning coordination and strategy, in arguing against a broader study. "The 2014-15 [study] took three extra months. It took a herculean effort to finish … that's the most diplomatic way to define it."

"My impression was [MISO has] already decided what they want to do, and it's up to us to convince them otherwise. I don't like that position," SSC Chair Paul Malone, of the Nebraska Public Power District, said at Wednesday's meeting.

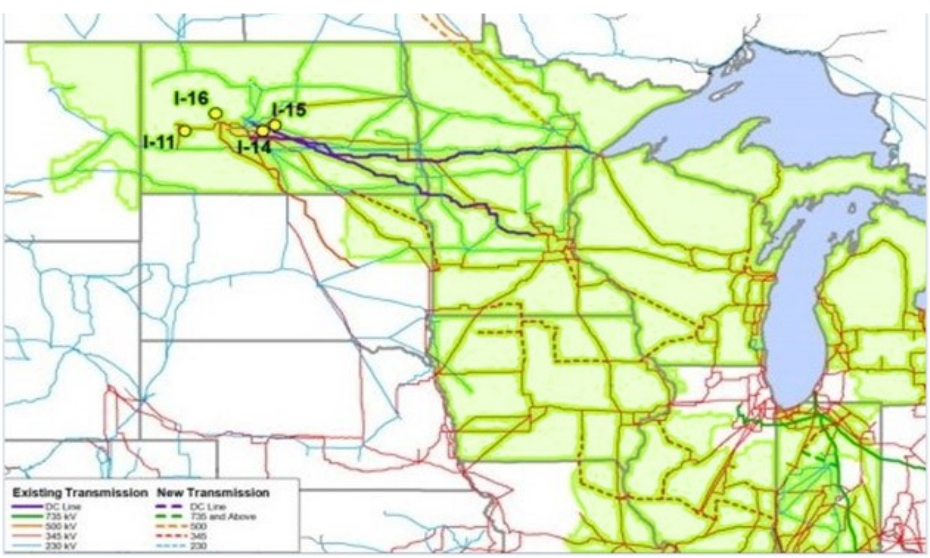
The IPSAC conference call also left some SPP stakeholders questioning the stakeholder meeting process. The Wind Coalition's Steve Gaw expressed concern that the decision to use a targeted scope was made prior to the joint stakeholder meeting.

"I thought the [IPSAC] call was about defining the scope," Gaw said at the SSC meeting. "It confused me that a decision has already been made about [the scope] being targeted."

David Kelley, SPP's director of interregional relations, agreed with Gaw. "The way you described it should have been the way to work," he said. "We bring issues to the table, [and] we decide if they're enough to warrant a study."

Staff set an Aug. 24 deadline for stakeholders to submit comments on the draft scope. MISO has another PAC meeting scheduled Aug. 17 that could further clarify the study's final scope.

The IPSAC has tentatively selected Sept. 7 to finalize the scope with stakeholders.



MISO will participate in a study identifying joint transmission needs along its seam with SPP's Integrated System in North Dakota, South Dakota and Iowa. *Map source: MISO*

Task Force to Look at Non-Order 1000 Regional Cost Allocation

In a related matter, the SSC voted 8-5 to create a task force to revise a proposed business practice for regional cost allocation of seams projects outside FERC's Order 1000 process. The task force will use a white paper that has already been through the stakeholder process to document the policy. The group will be chaired by Oklahoma Gas & Electric's Jake Langthorn.

In November, FERC rejected SPP's proposal to create a new class of seams transmission projects; staff has been trying to determine how best to respond ever since. (See *FERC Rejects SPP Proposal for Seams Transmission Projects*.)

PJM NEWS

Despite Lengthy Negotiations, PJM Cost Allocation Settlement Still Finds Detractors

By Rory D. Sweeney

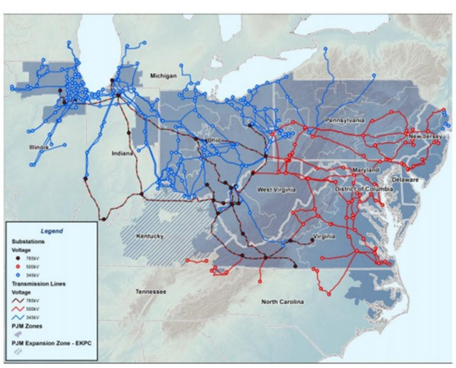
Years in the making, a settlement between PJM and transmission owners over the RTO's procedure for allocating the costs of major transmission projects is receiving criticism from stakeholders that say they weren't invited to the table.

The case has dragged on for nearly a decade, with FERC's orders on how to allocate costs for transmission projects at or above 500 kV twice being remanded by the 7th U.S. Circuit Court of Appeals back to the commission.

PJM's "postage-stamp" cost allocation for the projects was challenged by the RTO's Midwestern utilities. The method billed all PJM utilities in proportion to their load, regardless of where the projects were located.

The commission had originally approved the postage-stamp method in 2007 and attempted to justify it in its order on remand. The court, however, ruled that FERC had again failed to show how a western utility would benefit as much as an eastern utility from new transmission facilities in the east. (See *FERC Orders Proceedings to Decide PJM's Postage-Stamp Cost Allocation*.)

In June, after more than a year of negotiations, a large majority of stakeholders submitted to FERC a settlement that created a cost allocation formula for projects approved prior to Feb. 1, 2013, when PJM abandoned the postage-stamp method (EL05-121).



Map of PJM high-voltage transmission. 500-kV lines are marked in red. *Source: PJM*

"The overwhelming majority of the PJM transmission owners and all of the state regulatory authorities that have actively participated in this proceeding are either settling parties or have agreed not to oppose the settlement," the filing reads.

The agreement would require collecting fees from customers on the eastern side of PJM's territory and distributing them to customers on the western side. For projects that have been or will be completed, the settlement assigns 50% of costs on a load-ratio-share basis and the remaining 50% under the solution-based distribution factor (DFAX) methodology — the same method used for regional 500-kV projects approved since 2013.

Abandoned or canceled projects would be assigned using the violation-based DFAX method. The charges would be retroactive to Jan. 1, 2016.

Retroactive Issues

The settlement didn't sit well with Direct Energy and the Retail Energy Supply Association, which argued they were neither invited to participate in the settlement talks nor informed through the PJM stakeholder process that they'd be expected to pay for the result.

On Monday, RESA appealed the denial of a previous motion to intervene in the case. In the appeal, the group stated that the settlement would require its members to pay their allocated share retroactively, "even if the customers who should be billed for the amounts have migrated to another supplier."

Under deregulation, customers of the load-serving entities that make up RESA's membership can switch companies quickly, so LSEs aren't able to pass along retroactive charges to those who've left in the interim, the group said.

The denial, written by Acting Chief Administrative Law Judge Carmen A. Cintron, called RESA "a party that is uninformed of the delicate and complex negotiations that transpired in its absence."

"When entities wait unreasonably long to seek intervention, [FERC] has stated that they 'assumed the risk that the parties would settle the case in a manner not to their liking.' Such is the situation that RESA's delayed request has created for itself," Cintron wrote.

RESA said it only became aware of the proceedings by reading the published settlement and that its suggested changes would "create minimal, if any, disruptions."

"This is not a situation where an intervenor seeks to scuttle a settlement," RESA said.

The group suggested two options to solve the issue: change the date for when charges should go into effect to sometime in the future, or put the burden of recovering the costs on electric distribution companies.

RESA is "hopeful" its new arguments will allow it to intervene, spokesman Bryan Lee said.

Marji Philips of Direct Energy said her company estimates the settlement will cost eastern ratepayers about $287 million.

"The LSEs are going to wind up having to pay for these costs that everybody agreed should be rate-based, and the calculation when it was originally done was done incorrectly," she said.

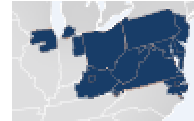
Comments Pro and Con

Direct Energy and RESA are not alone in their opposition to the settlement. Linden VFT, which owns merchant transmission facilities, said it would not receive benefits in the settlement commensurate with the costs it would incur. In filed comments, Linden said the solutions-based DFAX method is "unduly prejudicial" to companies like itself.

But many stakeholders filed comments in support of the settlement.

"Pennsylvania's ratepayers have been unfairly burdened, since 2007, with an excessive portion of those costs associated with the transmission projects encompassed by the settlement," the state's Public Utility Commission said. "The settlement agreement resolves those inequities and establishes a more reasonable and equitable cost allocation for both previously incurred costs as well as costs yet to be recovered."

PJM NEWS



OPSI Urges PJM to Preserve Role for Demand Response

The Organization of PJM States Inc. has adopted a resolution urging the PJM Board of Managers to instruct staff to develop market rules "which optimize the participation and value of demand response" in the wholesale markets.

The resolution, sent to CEO Andy Ott on July 29, notes that 10,348 MW of the 12,000 MW in DR offered into the 2019/20 Base Residual Auction cleared. For the following delivery year, PJM will only purchase Capacity Performance products.

DR, which is mostly seasonal, has been a reliable resource that adds value to competitive markets, OPSI said.

"PJM's planning process for the Base Residual Auction does not provide explicit recognition of the benefits from demand response except for those megawatts of demand response which clear in a PJM capacity auction," the resolution said.

PJM's Seasonal Capacity Resource Senior Task Force, whose charter was approved by the Markets and Reliability Committee in May, is studying rule changes to better allow for the participation of seasonal resources into the market once the base capacity product is eliminated. (See *MRC Approves Charter for Seasonal Capacity Effort*.)

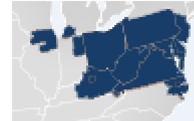
Those resources now may offer in aggregate, but only one such offer was made during PJM's transition auctions.

Proposals include allowing aggregate offers across locational delivery areas and permitting a seasonal product.

State consumer advocates pushed the PJM board at the RTO's annual meeting in May to change Capacity Performance rules to encourage the participation of DR, energy efficiency and solar resources. (See *Consumer Advocates, Enviros Press PJM on Seasonal Capacity*.)

In order for new rules to be in place for the 2020/21 BRA, held next year, PJM must file them with FERC by late fall.

— Suzanne Herel



PJM Board Halts Artificial Island Project

Continued from page 1

the basis for any alternatives that may exist to manage the operational issues at Artificial Island."

This is the second time the board has overturned the stability project — PJM's first competitive solicitation under Order 1000.

Initially, PJM planners recommended awarding the work to Public Service Electric and Gas, but the board reopened bidding to finalists following protests from spurned bidders, state officials and others. (See *PJM Board Puts the Brakes on Artificial Island Selection*.)

PSE&G, one of three entities eventually designated to build a 230-kV transmission line from the New Jersey nuclear complex under the Delaware River to Delaware, said Friday it was "committed to working with PJM and will provide PJM with any information and support they request."

LS Power's Northeast Transmission Development, picked to construct the transmission line, said Friday it was "disappointed" by the board's action.

"The modeling errors in question do not relate to Northeast Transmission's designated portion of the Artificial Island project and Northeast Transmission was not involved [in] the associated modeling activities," it said. "Northeast Transmission was surprised by the PJM board's decision, as Northeast Transmission had received no indication prior to the announcement from PJM on Aug. 5 that PJM had any concerns with PJM's or PSE&G's modeling of the system protection and control upgrades."

Pepco Holdings Inc., chosen to work with PSE&G on the project, did not immediately respond to requests for comment.

The board approved the stability fix for the complex that houses the Salem and Hope Creek nuclear generators last summer. But in April, PJM revealed that PSE&G's portion of the project — which the RTO initially pegged at $137 million — had nearly doubled to $272 million once the transmission owner completed a detailed analysis. (See *Artificial Island Cost Increase Could Lead to Rebid*.)

"PJM conducted a preliminary estimate regarding the interconnection to Salem," a PSE&G spokeswoman said Friday. "We then conducted a detailed, design-level analysis of the interconnection to Salem. We had not previously prepared a detailed estimate for Salem because our proposal would have terminated in Hope Creek." (See *PSE&G Defends Artificial Island Cost Increase*.)

The sticker shock prompted PJM planners to consider other alternatives, including terminating the line at Hope Creek.

"However, in reviewing this alternative, an issue arose related to one of the other components of the project: that is, whether proposed system protection and control upgrades would perform as intended," Steve Herling, PJM's vice president for planning, said in a letter to stakeholders Friday. "Specifically, PSE&G identified an error related to the modeling of circuit breaker clearing times associated with those upgrades. The effect would be a reduction in the margin of stability provided by those upgrades, regardless of any alternatives to the transmission solution under review, requiring further steps and expense to correct."

In an informational filing with FERC submitted Friday, PJM said, "By virtue of this suspension, all designated entities are placed on notice to cease incurring any new financial obligations on the Artificial Island project until PJM completes its analysis and the PJM board has made a subsequent determination based on that analysis."

The cost allocation of the project, the lion's share of which would be charged to customers on the Delmarva Peninsula, led the governors, legislators and consumer advocates of Delaware and Maryland to oppose it. (See *Del. Lawmakers Try to Block Artificial Island Plan; Project Still on Track*.)

In June, FERC agreed to rehear its order approving the use of the solution-based distribution factor (DFAX) cost allocation method for the project. (See *FERC Taking a Second Look at Cost Allocation for 2 PJM Projects*.)

Neither of the letters PJM sent out Friday mentioned the cost allocation controversy.

Delaware Gov. Jack Markell released a statement commending the PJM board for its action.

"This decision is one that the state of Delaware welcomes," he said. "The project as it was proposed would have placed an unjust burden on the state, resulting in higher electric rates for our consumers and businesses. I hope that upon further review, a more equitable solution can be identified."

Bob Howatt, executive director of the Delaware Public Service Commission, said the agency was still analyzing the board's decision.

"It seems like the political and economic concerns may have succeeded in stopping what has been called the most efficient and cost-effective solution because PJM and FERC have failed to address the cost allocation issue," he said, adding that the decision seemed "totally unfair" to LS Power.

Howatt said he worried what effect the suspension would have on the desire of independent transmission companies to participate in the Order 1000 process.

"If I were an independent transmission company, why would I waste a lot of time on a project that could get overturned?" he said. "I just see it chilling the competitive transmission market that FERC has been attempting to create."

Company News

Entergy Sells FitzPatrick to Exelon

By Tom Kleckner and William Opalka

Exelon announced Tuesday it has purchased the James A. FitzPatrick nuclear plant for $110 million from Entergy.

Officials from both companies were joined by Gov. Andrew Cuomo at the plant's gates to announce the deal, which is subject to regulatory approval.

"We are pleased to have reached an agreement for the continued operation of FitzPatrick," Exelon CEO Chris Crane said in a statement. "We look forward to bringing FitzPatrick's highly skilled team of professionals into the Exelon Generation nuclear program, and to continue delivering to New York the environmental, economic and grid reliability benefits of this important energy asset."

Entergy executives had reiterated last week that the company did not intend to continue operating the troubled plant in upstate New York beyond January 2017.

"There are no plans to continue to run the plant under Entergy ownership," Bill Mohl, president of Entergy Wholesale Commodities, told analysts during the corporation's second-quarter earnings call Aug. 2.

The company had announced plans to shut down both FitzPatrick and the Pilgrim nuclear plant in Massachusetts, but it recently said it had opened negotiations with Exelon over FitzPatrick. (See *Entergy in Talks to Sell FitzPatrick to Exelon*.)

Mohl told analysts if Entergy and Exelon are able to gain regulatory approvals for the transaction, refueling activities would begin in January. Otherwise, the decommissioning process would begin instead.

"We've made a commitment to reduce the size of the EWC footprint," Mohl said. "If we're unable to reach commercial agreements with Exelon or we're not able to achieve those regulatory approvals, we'll begin the regular decommissioning process and stay on the same path that we have previously been on."

New York's Public Service Commission on Aug. 1 unanimously approved 12-year subsidies for the state's nuclear power plants on Lake Ontario, which have been buffeted by market forces. (See *New York Adopts Clean Energy Standard, Nuclear Subsidy*.)

Entergy reported second-quarter net income of $572.6 million ($3.11/share). That beat analyst expectations of $1.05/share, as polled by Thomson Reuters.

Revenue dropped to $2.46 billion, from $2.71 billion in the second quarter of 2015. The company said its March purchase of a 1,980-MW natural gas plant in southern Arkansas helped support revenue during the quarter.

Company shares, up 18.9% this year before the earnings announcement, have dropped 94 cents since, closing at $80.33 on Aug. 3.

Xcel Seeks O&M Cuts, More Wind

By Tom Kleckner

Xcel Energy CEO Ben Fowke said last week that executives are sharpening their pencils after the company failed to meet analysts' second-quarter expectations.

"We have taken action to reduce [operations and maintenance] expenses," Fowke told analysts Aug. 3. "As a result, we are confident in our ability to deliver ongoing earnings solidly within our 2016 guidance range" of $2.12 to $2.27/share.

Xcel reported second-quarter earnings of $196.8 million ($0.39/share), compared with $197 million ($0.39/share) a year ago. Analysts surveyed by Thomson Reuters were expecting a penny more ($0.40/share).

Sales were $2.5 billion, lower than the $2.53 billion forecast because of what the company called "some unfavorable weather." Xcel's sales for the same period last year were $2.52 billion.

Xcel reported several positive regulatory developments in the eight states in which it operates and touted the proposed 600-MW Rush Creek wind farm in Colorado as an affordable step toward decarbonizing its generating fleet.

"You basically are buying wind at a price point less than you can lock in natural gas reserves," Fowke said. "So, that's a pretty compelling story for customers and, I think, investors alike."

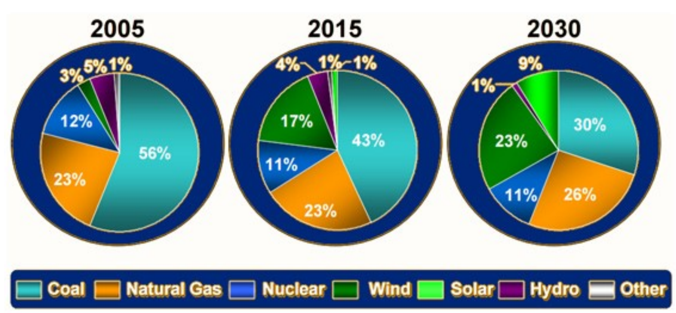
According to the American Wind Energy Association, Xcel is the country's top-ranked utility wind provider, with 6,545 MW of wind capacity owned or under contract as of the end of 2015. The company has reduced coal's share of its fuel mix from 56% to 43% since 2005, while wind increased from 3% to 17%.

Fowke said the company expects to add more wind.

"MISO is a big footprint and so, I mean, I certainly think from a reliability standpoint … you can handle more wind … and it's pretty economically compelling right now," he said, according to a transcript by Seeking Alpha. "In Colorado, where we're not part of an RTO, we have experienced wind as high as I think 65% of our load in any particular time, and we've managed to integrate it very well. And part of that is we've developed some of the most sophisticated wind forecasting software in the business, and it's helping us be more efficient with wind. So [there are] very little curtailments in our wind portfolio; we're pretty proud of that."

The company's shares closed Friday at $42.66, down $1.07 (2.51%) since the earnings announcement.

Minneapolis-based Xcel has operations in the Dakotas, New Mexico, Texas, Wisconsin and Michigan.



Xcel fuel mix *Source: Xcel Energy*

COMPANY NEWS

CenterPoint Abandons REIT Plan; Offers Stake in Gas Partnership to OGE

By Tom Kleckner

CenterPoint Energy said Friday it is no longer considering transforming itself into a real estate investment trust.

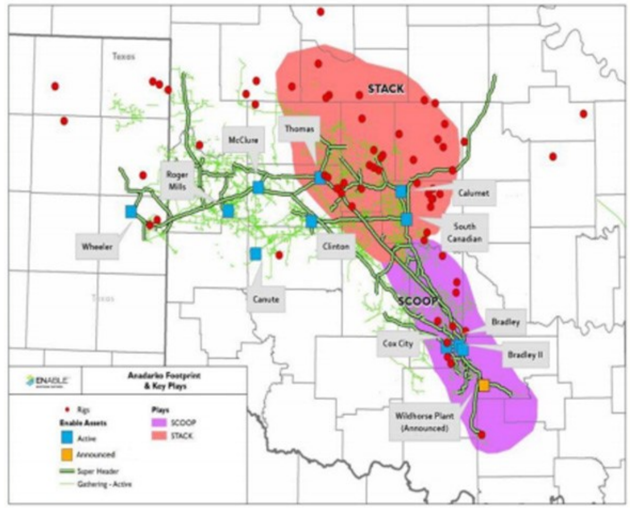
"Given a broad range of assumptions, we have determined that the potential to create long-term shareholder value by forming a REIT is very limited and does not justify exposure to the associated risks," CEO Scott Prochazka said in a statement. "We continue to focus on increasing shareholder value by investing in our growing utility businesses."

CenterPoint executives did not elaborate on the decision during their quarterly earnings call. The company had said in February that it was considering the use of a REIT for all or part of its utility business.

The decision may have been influenced by Hunt Consolidated's unsuccessful plan to use a REIT structure to acquire Oncor. In March, the Public Utility Commission of Texas approved Hunt's proposal to split Oncor into two companies, one of which would operate as a REIT. But the commission ordered the REIT's tax savings be shared with Oncor customers, effectively scuttling Hunt's plan to acquire the utility.

CenterPoint officials spent much of their earnings call discussing plans to divest the company's stake in Enable Midstream Partners, a gas gathering and processing limited partnership with OGE Energy.

OGE said during its Aug. 4 earnings call that CenterPoint offered to sell OGE its 55.4% stake in Enable. Under the partnership agreement, OGE has the right of first offer and the right of first refusal on any sales of CenterPoint's share of Enable, which went public in 2014.



Enable Midstream Partners *Source: Centerpoint Energy*

"Our options are essentially the same as they've been in the past. We're looking at a sale or a spin," Prochazka said. "The timing is such [that] we're continuing to step through the process. Providing notice to OG&E was one part of [the] process."

Prochazka said Enable's performance helped weigh down CenterPoint's second-quarter results. The company reported a loss of $2 million for the quarter ($0.01/share), after registering a $77 million profit ($0.18/share) for the period in 2015. It had operating income of $182 million, compared to $186 million a year ago.

The company said the losses could be attributed to "changes in the fair market value of commodity derivatives." Investors reacted Friday by sending CenterPoint's stock down 3.9%, closing at $22.67.

Houston-based CenterPoint serves more than 5 million metered electric and gas customers, mostly in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma and Texas.

COMPANY BRIEFS

Tres Amigas Segment Slated For Service in Early 2017

A segment of the long-awaited Tres Amigas transmission project in New Mexico is expected to begin transmitting power to CAISO in early 2017. A company executive confirmed that construction of a 35-mile portion of the line called the Western Interconnect began after FERC approved the project last December and is expected to be completed at the end of the year.

"It's a huge win for New Mexico: that much wind developed here and going all the way to California [is] a great business development piece, and a great asset for the state," Tres Amigas CFO Russell Stidolph said.

The Broadview and Grady wind farms will be allocated 497 MW of the line's 1,100 MW of capacity.

More: *Albuquerque Business First*

Alliant Eyeing Wind Development in Wisconsin

After announcing it would spend $1 billion on wind projects in Iowa, Alliant Energy's CEO said the company will also consider investing in wind buildout in neighboring Wisconsin.

"We are also evaluating additional wind energy purchases and future investments for Wisconsin customers," Alliant CEO Pat Kampling said during an earnings call. "This will add economic and stable energy to our fuel cost and allow us to offset market purchases of energy."

Alliant reported net income of $86.4 million ($0.37/share) for the second quarter this year, compared to $67.6 million ($0.31/share) for the same period last year.

More: *Milwaukee Journal Sentinel*

Dynegy Posts Q2 Loss, New Company Logo

Dynegy reported a net loss of $800 million for the second quarter this year, compared to net income of $388 million for the same period last year.

The announcement comes as Dynegy completed a "rebranding," with a new logo and redesigned website, in recognition of becoming one of the country's largest independent power producers after purchasing 17 power plants from Paris-based ENGIE.

More: *Dynegy*; *FuelFix*

Solar Mosaic Raises $220M For Solar Installation Loans

Solar Mosaic, a six-year-old California company that acts as a middleman between residential customers and solar installation companies, raised $220 million to finance installations around the U.S. The company provides loans with fixed interest rates to residential customers, with an average loan of about $30,000.

The company has previously secured about $200 million in debt in April and said that it would support loans for about 5,000 customers. More than 250 solar companies use Solar Mosaic to arrange funding for their customers.

More: *Reuters*

Exelon, PHI Hire New Communications Execs

FitzPatrick

Exelon has named Maggie FitzPatrick, formerly of Johnson & Johnson, as its senior vice president of corporate affairs, philanthropy and customer engagement, effective Aug. 29. She takes the place of Jamie Firth, who is retiring at the end of this year.

FitzPatrick will oversee communications, brand strategy and the disbursement of charitable giving out of D.C., where Exelon's headquarters moved following its acquisition of Pepco Holdings Inc. She also takes a seat on Exelon's executive committee.

Exelon's Pepco subsidiary hired Clarissa Beyah-Taylor as its vice president of communications to oversee public outreach for the three PHI utilities: Atlantic City Electric, Delmarva Power and PEPCO.

More: *Exelon*

El Paso Electric Touts Coal-Free Status

El Paso Electric officials said the company has become coal-free and no longer is using the fossil fuel, making it the only electric utility in Texas and New Mexico without any coal-fired generation.

EPE recently completed the sale of its part ownership in the Four Corners coal-fired power plant on the Navajo Indian Reservation near Farmington, N.M., the company's sole source of coal power. The company received 5% of its power this year from the plant, which has been replaced with natural gas-fueled generators and solar power.

More: *El Paso Times*

ExxonMobil to Invest $15M In Renewable Energy Research

ExxonMobil announced it invested $15 million in the University of Texas at Austin Energy Institute to research integrating renewable energy sources into the nation's current portfolio to reduce the impact on water, air and climate. The research will take advantage of the school's renewable energy, battery technologies and power grid modeling.

More: *Houston Business Journal*

PECO Gives Customers a Glimpse into Neighbors' Homes

PECO Energy has embarked on a behavioral experiment to reduce power consumption by sharing customers' usage with their neighbors.

The utility plans to provide the reports every other month for two years. All customers, regardless of whether they were chosen to receive the mailed reports, can view the data online.

The plan is part of PECO's effort to cut 2 million MWh and lower peak demand by 161 MW by 2021.

More: *The Philadelphia Inquirer*

Black Hills Energy in Midst Of $20M Tree-Trimming Effort

South Dakota's Black Hills Energy has invested more than $10 million during the past three years trimming trees and other vegetation along its electricity lines and intends to spend $10 million more in 2016-17, according to a report approved Aug. 2 by the state's Public Utilities Commission.

The five-year project to trim vegetation along 69-kV rights of way stems from a

Continued on page 22

Company Briefs

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2012 agreement between the company and the commission to protect the utility's distribution system. Outages caused by trees numbered 116 in 2011 but fell to 38 in 2014.

PUC Chairman Chris Nelson said the results looked good but expenses have been "surprisingly" more than expected. "The numbers are higher than we had been anticipating, and we have been given an explanation why that is."

More: Rapid City Journal

Once Fastest-Growing Austin Firm, Solar Company Faces Bankruptcy

Austin-based Revolve Solar, formerly one of Texas Hill Country's largest clean-tech companies, has filed for Chapter 11 bankruptcy protection.

The company's CEO, Tim Padden, said the bankruptcy filing was the result of a billing dispute with a vendor and that he was optimistic the matter could be resolved. Revolve filed a voluntary petition for bankruptcy on July 31 in U.S. Bankruptcy Court for the Western District of Texas.

The bankruptcy comes less than a year after Revolve was honored as the second-fastest-growing Austin company, with revenue of more than $10 million from 2012 to 2014. During that time, the company said its revenue grew from $1.76 million in 2012, the year it was founded, to $15.9 million in 2014.

More: Dallas Business Journal

AEP Buys EnSync Hawaiian Projects

American Electric Power purchased a series of solar and energy storage projects in Hawaii from EnSync Energy Systems. Neither AEP nor the Wisconsin-based company put a price tag on the acquisition, but EnSync said the projects were the "major portion" of its investment of $13 million.

EnSync is switching to a business model according to which it will be more reliant on projects using power purchase agreements, rather than selling its energy storage equipment.

AEP's subsidiary, AEP OnSite Partners, sees more opportunity in Hawaii. "Hawaii provides ideal conditions to create customer value with solar resources combined with energy storage," said Joel Jansen, COO of AEP OnSite Partners. "These projects are the first integrated solar and storage projects in Hawaii."

More: Milwaukee Journal Sentinel

EFH Creditors See Industry Vet As Luminant, TXU Energy CEO

Energy Future Holdings creditors filed court papers last week that said energy veteran Curtis Morgan would become CEO of power generator Luminant and retailer TXU Energy once their parent company emerges from bankruptcy.

Morgan has 35 years of experience with Reliant Energy, NRG Energy and EquiPower Resources, and he was an operating partner at Energy Capital Partners. He has served on a committee of private equity consultants advising Dallas-based EFH as it winds its way through one of the largest bankruptcies in U.S. history.

If the company's bankrupty reorganization is approved later this year, Luminant and TXU Energy will break away from EFH as a tax-free spinoff. EFH's other main business, distributor Oncor, is expected to be sold to NextEra Energy for $18.4 billion.

More: The Dallas Morning News

NextEra to Sell $1.5B in Equity To Help Finance Oncor Purchase

NextEra Energy said it will sell $1.5 billion of equity units to Goldman Sachs, Credit Suisse and Mizuho Securities.

Each equity unit will be issued for $50 and will consist of a contract to purchase NextEra common stock in the future and 5% interest in a $1,000 NextEra Energy Capital Holdings debenture, a bond without collateral, due Sept. 1, 2021. The proceeds of the sale will go toward financing the company's acquisition of Oncor, it said.

More: NextEra Energy

Federal Briefs

Clark Stepping Down After September FERC Meeting


Clark

FERC Commissioner Tony Clark announced through Twitter that he would leave the commission after its next open meeting in September.

"After 4+ years on FERC, I'm announcing today that the September Commission meeting will be my last," Clark posted. "Public service has been an honor, but these aren't meant to be forever jobs. Looking forward to next chapter, whatever that may be."

Clark announced in January that he would not seek reappointment after his term expired June 30. He had said that he may serve beyond his term until a replacement is found. President Obama, however, has yet to nominate anyone to fill the seat vacated by Philip Moeller, let alone Clark's. His departure means that FERC will be left without a Republican commissioner.

More: Clark Won't Seek New FERC Term

Report: More EE Standards Under Obama than Any Other President

Under the Obama administration, the Energy Department has finalized more energy efficiency standards than under any other administration, a recent report said.

Updating and creating energy efficiency standards has been part of the department's duties since President Ronald Reagan signed the National Appliance Energy Conservation Act in 1987. While the department has been publicly touting its progress, the report by two independent groups, the Appliance Standards Awareness Project and the American Council for an Energy-Efficient Economy, validates its claims. The department has adopted 45 standards under President Obama and will potentially adopt 10 more before his term ends next year.

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The runner-up to Obama is President George W. Bush; under his presidency, 27 standards were adopted. Bill Clinton's administration adopted the fewest with only six, the report said. Obama made catching up a top priority for the department after it fell behind in its mandated update quota under Bush, according to the report.

More: *The Washington Post*

American Petroleum Institute Challenging EPA Gas Rule

The American Petroleum Institute has filed a lawsuit against EPA with the D.C. Circuit Court of Appeals, challenging the agency's final rule on emissions for new and modified natural gas facilities. The suit says the agency didn't follow Clean Air Act limitations when developing the regulations.

API joins a coalition of 14 states and a number of trade groups in challenging the rules.

More: *API*

Court Orders 99% Cut for PG&E San Bruno Penalty

A federal judge last week sharply reduced the potential fine against Pacific Gas and Electric in its criminal trial over gas pipeline violations related to the San Bruno explosion in 2010, which killed eight people and destroyed 38 homes.

U.S. District Court Judge Thelton Henderson slashed the penalty from $562 million to $6 million at the request of prosecutors in the case. Neither Henderson nor the prosecutors did not provide a reason for the move.

The original penalty would have represented one of the largest corporate criminal fines in history. San Bruno Mayor Jim Ruane said the fine was less important to him than seeing the utility punished.

More: *NPR*; *The Guardian*

FERC Alleges Trader Manipulated Gas Market

FERC issued a notice last week alleging that National Energy & Trade and one of its traders, David Silva, engaged in fraudulent trading in the natural gas market in January 2012 by selling a large position in the Texas Eastern M3 market at low prices and then benefiting from the resulting market uptick.

More: *FERC*

NRC Issues Final Safety Report for Duke Nuke

The Nuclear Regulatory Commission issued the final safety evaluation for Duke Energy's proposed Williams States Lee nuclear plant to be built in Cherokee, S.C., bringing the company one step closer to beginning construction. The commission found no safety issues to prevent the plant from being built.

Duke applied for the licenses in 2007 and received the commission's final environmental impact statement in 2013, but it still hasn't made a final decision on whether to go ahead with construction. That decision would come after the commission has issued the two necessary operating licenses, according to the company.

More: *WFAE*

DOJ Opens Investigation into Westar-Great Plains Deal

Coming on the heels of a Missouri Public Utilities Commission staff recommendation that the commission should have jurisdiction over the pending $12.2 billion Westar Energy-Great Plains Energy merger, the federal Department of Justice is also looking into the deal.

Word of the Justice Department investigation came in a report Westar filed with the Securities and Exchange Commission. "We and Great Plains Energy intend to fully cooperate with the DOJ in its investigation," Westar said in its filing, which did not give details about the reason for the inquiry.

The PUC staff filing said it is looking to see if it can claim jurisdiction, even though Westar operates only in Kansas. Great Plains operates in Missouri. "Staff maintains that all of the known evidence supports a determination that the proposed transaction is detrimental to the public interest and ought not be permitted to go forward," the staff said.

More: *Topeka Capital-Journal*

EIA Predicts NA Carbon-Free Power to Grow to 45% by 2025

The Energy Information Administration projects that by 2025, energy generation from renewable and nuclear resources will grow from 38% to 45%. Part of the outlook is predicated on the recent agreement between the U.S., Canada and Mexico to attain a goal of 50% by then.

EIA also included energy efficiency in the figures, but it didn't break out the three resources. It predicted a decline in coal-fired generation of about 13% by 2025 and an increase in natural gas generation by 4%. It noted that Canada has already attained a level of 80% clean energy generation, primarily because of its large hydroelectric capacity.

Mexico's combined nuclear and renewables should grow to 29% by 2025, EIA said. The outlook assumes EPA's Clean Power Plan is upheld.

More: *EIA*

White House Requiring All Agencies to Consider Climate

The White House Council on Environmental Quality last week issued guidance under the National Environmental Policy Act that requires all federal agencies to consider the environmental and climate implications of projects.

The directive requires agencies to quantify greenhouse gas emissions and note the potential climate change impacts of each project during the review process. "This increased predictability and certainty will allow decision-makers and the public to more fully understand the potential climate impacts of all proposed federal actions," the council said in a statement.

The policy change was first proposed in 2010. Republicans complained that it would allow the Obama administration to institute regulations without congressional approval.

More: *Morning Consult*

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NRC Upholds Entergy's 'No Booze' Policy at Vermont Yankee Plant

The Nuclear Regulatory Commission upheld Entergy's zero-tolerance rule for alcohol at its Vermont Yankee nuclear plant. The commission's decision was prompted by Entergy's 2014 suspension and firing of an employee after unopened bottles of alcohol were found in a private vehicle.

A company panel of managers later overturned the suspension, but a further company review reinstated it. A company spokesman said the zero-tolerance policy extended even to empty alcohol bottles that were headed for recycling. "You can't even have the perception" of alcohol on site, the spokesman said.

At the time of the violation, the plant, which has since been retired, was in full operation with 636 employees.

More: *Times Argus*

NRC Reviewing NextEra's Plan to Correct Seabrook Concrete Issue

The Nuclear Regulatory Commission is reviewing NextEra Energy's plan to address concrete degradation issues at its Seabrook nuclear generating station.

The degradation is being caused by an alkali-silica reaction (ASR) in the concrete throughout the plant. It was first discovered in 2009 when Seabrook employees found portions of an underground electrical conduit tunnel degrading. It has since been found in numerous walls throughout the plant.

ASR is a chemical reaction that forms a gel in some concrete mixtures. The moisture-caused reaction forms the gel, which then expands and forms cracks. Approval of NextEra's plan is critical to NRC issuing a license extension.

More: *Gloucester Times*

FERC Approves Apple's Solar Marketing Plan

FERC last week approved Apple's application to sell solar capacity at facilities it owns in Nevada, Arizona and California on the wholesale market. The ruling allows it to enter the wholesale market with 20 MW of generation capacity in Nevada, 50 MW in Arizona and 130 MW in California.

"Based on your representations, Apple Energy meets the criteria for a Category 1 seller in all regions and is so designated," FERC wrote in a letter to Apple attorneys.

Google also has received FERC approval to sell solar capacity into wholesale markets.

More: *The Mercury News*; *Fortune*

FERC Calls for Post-Conference Comments on Order 1000

FERC is giving respondents until Sept. 2 to provide comments on recommended changes to Order 1000 following a June technical conference at which some participants suggested complete overhauls of the landmark rule and others said it's too early to tell if changes are necessary (AD16-18). (See *Five Years Later, FERC Takes Another Look at Order 1000*.)

The order, which sought to increase transmission development by eliminating incumbent utilities' right of first refusal and creating incentives for more innovative, cost-effective and efficient projects, has been slow to produce results.

PJM's Artificial Island project has been a magnet for controversy and was canceled last week. (See *PJM Board Halts Artificial Island Project, Orders Staff Analysis*.) SPP canceled its first Order 1000 project because of falling load projections. (See *SPP Cancels First Competitive Tx Project, Citing Falling Demand Projections*.) MISO and NYISO have yet to award any Order 1000 projects.

FERC asked for comments on "the use of cost containment provisions, the relationship of competitive transmission development to transmission incentives, and other ratemaking and transmission planning and development issues."

— Rory D. Sweeney

FERC Certifies Settlement of Entergy's 9th Annual Bandwidth Filing

FERC last week certified a settlement between Entergy Services and the Louisiana Public Service Commission in the corporation's ninth annual bandwidth filing under its system agreement, saying it "resolves all issues of dispute" (ER15-1826).

Entergy filed the settlement in March. In April, FERC staff filed supporting comments and Louisiana PSC staff approved the agreement, which had been set for hearing and settlement procedures in October. (See *FERC Sets Hearings for Entergy's Cost Allocations*.)

At issue was Entergy's exclusion of its Arkansas subsidiary from the allocation of its operating companies' 2014 production costs. The corporation's cost allocation under its system agreement has been regularly challenged by regulators since it took effect in 2007.

Entergy's six operating companies essentially operate as one system, although each has different costs. Payments are made annually by Entergy's low-cost operating companies to the highest-cost company in the system, using a "bandwidth" remedy that ensures no company has production costs more than 11% above or below the system average.

— Tom Kleckner

State Briefs

REGIONAL

Public Policy, Market Efficiency Theme of PJM's Grid 20/20

Public policy goals and market efficiency are the topics of PJM's upcoming Grid 20/20 conference, to be held Aug. 18 in Audubon, Pa., the RTO announced.

Panelists will explore how market rules can further public policy goals without distorting market principles. Discussions will include changing the minimum offer price rule, restructuring the process of procurement and other "outside the box" alternatives.

More: PJM

DELAWARE

Constellation, Direct Energy Vie for Residential Customers

Exelon subsidiary Constellation Energy has begun offering residential electricity supply plans in Delmarva Power territory. The company is featuring fixed-rate plans of one or two years with gift cards and no enrollment charge.

Also this summer, the state declared Direct Energy the "electric retail supplier exclusively contracted by the state of Delaware."

In addition to lower fixed prices, Direct Energy gives residents who enroll a free Nest Learning Thermostat and a six-month heating and cooling equipment protection plan.

More: Constellation Energy; Direct Energy

KENTUCKY

LG&E, KU File with PSC to Develop Community Solar

Louisville Gas & Electric and Kentucky Utilities have filed a request with the Public Service Commission to start a community solar network. The solar facility would be established in Shelby County on a subscription-based system, allowing residential, business and industrial customers to join and receive solar energy credits.

The PPL-owned utilities said the site is big enough for a 4-MW facility, but plans call for it to be built in 500-kW sections, based on customer demand. Construction would begin when the first section is fully subscribed.

More: Courier-Journal

LOUISIANA

Hundreds in Financial Limbo As Solar Credits Fade Away

Hundreds of rooftop solar users have been thrown into financial limbo after the state's Department of Revenue warned in July that it had run out of money to fund tax credits intended to promote installations.

Lawmakers decided last year to cap the solar tax credit program in the face of worsening budget woes. Legislators also widened the cap to cover everyone who purchased solar in 2015, including those who bought their systems well before any changes were proposed.

The solar tax credit is among the most generous in the country, covering up to 50% of the first $25,000 spent to install a rooftop solar system, or up to $12,500 total. It can be combined with a 30% federal tax credit for extra savings. The program had a 2017 sunset, but lawmakers went a step further last year and capped credits for purchased systems at $25 million.

More: The Times-Picayune

MASSACHUSETTS

Kinder Morgan Pipeline Project Surveying Begins

Kinder Morgan surveyors are mapping the route of its proposed 2-mile natural gas pipeline, part of the three-stage $86 million Connecticut Expansion Project, through a state forest.

The state Department of Conservation and Recreation granted permission for surveying and marking the pipeline's right of way through Otis State Forest. No permission for land clearing has been granted as the developers await FERC approval and legal challenges to the project continue.

Opponents argue that the old-growth forest is protected by the state constitution, as the land was acquired by the state for conservation a decade ago at a cost of $5.2 million.

More: The Berkshire Eagle

Governor Signs Clean Energy Bill

Gov. Charlie Baker on Monday signed a bipartisan bill that requires utilities to obtain 9,450 GWh annually of clean energy from large-scale Canadian hydropower, onshore wind power and solar, and 1,600 MW of offshore wind from developers who currently hold federal leases.

"Massachusetts is always at the forefront of adopting innovative clean energy solutions, and this legislation will allow us to build on that legacy and embrace increased amounts of renewable energy, including hydropower," Baker said. The bill was passed a week ago in the waning hours of the recently concluded legislative session. (See Massachusetts Bill Boosts Offshore Wind, Canadian Hydro.)

More: Gov. Charlie Baker

MICHIGAN

AG Accuses Enbridge of Mackinac Safety Violations

Attorney General Bill Schuette says Enbridge Energy's application to install more pipeline support anchors is evidence that the company's Line 5 pipelines under the Mackinac Straits are currently in violation of safety standards, which require pipe-support anchors at least every 75 feet.

Enbridge recently submitted a request for a permit to install up to 19 additional anchors. The company says it informed state officials of the need for more support after a June inspection.

The company has been under heightened scrutiny since a 2010 pipeline break spilled more than 800,000 gallons of oil into the Kalamazoo River. In July, it agreed to pay $177 million to settle claims in connection with that spill.

More: The Detroit News

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NEVADA

Supreme Court Nixes Net Metering Referendum

The state Supreme Court last week unanimously ruled to block a referendum from appearing on the Nov. 8 general election ballot that could have restored favorable net metering rates to customers. The court ruled that the way the question was formed was "not only inaccurate and misleading, but also argumentative."

The referendum question has been seen as a battle between NV Energy and the solar industry. The state, after heavy lobbying from NV Energy, set lower net metering rates this year. Many solar companies announced they were leaving the state, saying the new rates effectively suffocated the solar industry there.

Solar advocates expressed disappointment in the ruling, but said they would pursue alternative strategies. "We look forward to crafting strong solar policies that give Nevadans the freedom to power their homes and communities with clean solar energy," said Erin McCann, campaign manager for Bring Back Solar.

More: *Las Vegas Review-Journal*

NEW HAMPSHIRE

PUC Adopts New Energy Efficiency Resource Standard

The Public Utilities Commission approved an Energy Efficiency Resource Standard, creating a framework for achieving cost-effective energy savings.

Programs will be required to demonstrate they are cost-effective and satisfy goals laid out in the standard. According to the PUC, the standard will help the state meet its 10-year State Energy Strategy goals.

During the first three-year period of the EERS, the cumulative goal for electric savings will be 3.1% of delivered 2014 kilowatt-hour sales, with interim annual savings goals, by 2021. Programs under the standard will begin on Jan. 1, 2018.

More: *New Hampshire Public Utilities Commission*

NEW MEXICO

Regulators, AG Doubt PNM's Smart-Meter Claims

Public Regulation Commission staff have expressed doubt about the public benefits of Public Service Company of New Mexico's plans to install advanced metering infrastructure (AMI), while eliminating the jobs of the 125 employees who monitor them.

Charles Gunter, accounting bureau chief for the PRC's utility division, said the commission staff support the concept of advanced metering, but PNM's projected costs to replace about 531,000 electricity meters "are uncertain and indicate that the AMI project would not produce sustained savings, compared to the existing metering system, until 2024."

The attorney general's office also submitted testimony from an expert witness, Columbia Group President Andrea Crane, who said the project would result in a net cost of $12 million instead of the net savings of nearly $21 million that PNM claims.

More: *Albuquerque Business First*

NORTH CAROLINA

McCrory Denies Discussing Duke Coal-Ash Warnings

The state toxicologist said he discussed with Gov. Pat McCrory the "scientifically untrue" health advisories the state released that downplayed the risk of well water contamination near Duke Energy plants, but the governor's office strongly denied ever having that conversation.

State Toxicologist Kenneth Rudo testified in a deposition that state-issued health advisories saying the water was safe to drink were wrong and that he told McCrory and other state officials. Rudo, in a later interview with *The Charlotte Observer*, said he spoke with the governor by phone for about four minutes and said he advised that well owners should be warned of the risk, as an earlier state-issued comment had done. Instead, the state issued a statement saying tests showed well water met federal clean water standards.

"We don't know why Ken Rudo lied under oath, but the governor absolutely did not take part in or request this call or meeting as he suggests," Chief of Staff Thomas Stith said in a statement. Lawmakers passed legislation calling for Duke to provide clean drinking water to affected residents.

More: *The Charlotte Observer*

Plant Critics Lose Appeal For Lack of Guarantee

Opponents of a new $1 billion natural gas power plant lost their appeal to the Utilities Commission because they failed to post a nearly $100 million guarantee to cover potential construction delays.

The commission had approved the Ashville plant to take the place of a coal-fired facility run by Duke Energy.

The appeal was filed by NC WARN and the Climate Times.

More: *The Associated Press*

NORTH DAKOTA

State Working to Fill Abandoned Coal Mines

Contractors are pumping about 7,500 cubic yards of grout into an abandoned underground lignite mine, part of a project conducted by the Abandoned Mine Lands Division of the Public Service Commission. The drilling and grouting project will prevent dangerous sinkholes from forming as a result of mine subsidence.

The cost of the work is covered by federal reclamation fees on active coal mines. The division has conducted two major and one minor project this year; since its start in the 1980s, it has conducted more than 100 reclamation projects, usually finishing four to 10 annually.

Wilton was the focal point for state lignite mining in the early 20th century.

More: *The Bismarck Tribune*

RHODE ISLAND

Offshore Turbine Installation Starts at Block Island Project

Deepwater Wind has begun installation of the first offshore wind turbines in the U.S. at its project 3 miles off Block Island. The turbines will each rise 589 feet above the ocean's surface.

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The work kicked off a month-long push to complete construction of the 30-MW wind farm. Two months of testing will follow before full operation starts in the fall.

Deepwater has budgeted three days to put up each turbine, the company says. In Europe, where thousands of offshore wind turbines are in operation, the standard is a day and a half.

More: *Providence Journal*

WISCONSIN

Natural Resources Board Buys Riverfront Land from Xcel

The Natural Resources Board last week approved the purchase of nearly 1,000 acres of riverfront property from Xcel Energy, which had planned to build a power plant on the site.

With the board's approval, the state's Department of Natural Resources will pay almost $2.1 million for 990 acres along the Lower Chippewa River southwest of Eau Claire. The property includes 18,000 feet of shoreline and a section of the Chippewa River Trail.

Xcel was planning to use the site for a nuclear power plant that it never built. The utility still owns just more than 3,400 acres of nearby riverfront land.

More: *Milwaukee Journal Sentinel*

University Receives Xcel Grant for Microgrid Research

The University of St. Thomas has received a $2.1 million grant from Xcel Energy for microgrid research.

Engineering professor Greg Mowry said about $1.5 million of the grant will be used to construct a research facility and a 30- to 60-kW microgrid, with an accompanying solar array.

The initial goal is not to supply power to the university, though that may come later. The first phases of the project involve managing "dummy loads" and simulating different energy sources, such as a wind turbine "emulator" controlled by researchers and students.

More: *Midwest Energy News*

WYOMING

Mead Appeals to Interior On Coal Lease Moratorium

Gov. Matt Mead appealed to the U.S. Interior Department to end its moratorium on new coal leases in a 76-page letter with 4,179 pages of attachments sent to Secretary Sally Jewell and Bureau of Land Management Director Neil Kornze.

"States like Wyoming, where coal is produced and environmental stewardship is a model for the nation, were not consulted and were caught by surprise," Mead wrote. "Now, national revenues, energy users across the nation, coal miners and their families are at risk. The justification for this moratorium and the manner it was unveiled are unjustifiable."

Mead said the moratorium, announced Jan. 15, is dramatically impacting jobs, energy security and energy independence, and that it specifically targets the state, the nation's leader in coal production. The state produces roughly 40% of the nation's coal, most of which is mined from federal land.

More: *Wyoming Business Report*