RTO Insider
Your Eyes and Ears on the Organized Electric Markets
CAISO ■ ERCOT ■ ISO-NE ■ MISO ■ NYISO ■ PJM ■ SPP

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NEPOOL Files Press Ban with FERC

The New England Power Pool filed a proposal with FERC last week to codify its unwritten ban on press attendance at stakeholder meetings (ER18-2208).

The proposed amendments to the NEPOOL Agreement add a definition of "press" and bar anyone working as a journalist from becoming a NEPOOL member or alternate for a participant.

New England is the only one of the seven U.S. regions served by RTOs or ISOs that prevents press coverage of stakeholder meetings.

NEPOOL's Participants Committee approved the press ban June 26 with 79% in favor in a sector-weighted vote. An alternative proposal that would have made the press eligible for a non-voting membership failed with 27% in support, with only the end-user sector strongly in favor. (See *NEPOOL Votes for Press Ban, Discusses Fuel Security*.)

RTO Insider prompted the vote by having reporter Michael Kuser, who lives in Vermont, apply for committee membership as an end-user customer in March.

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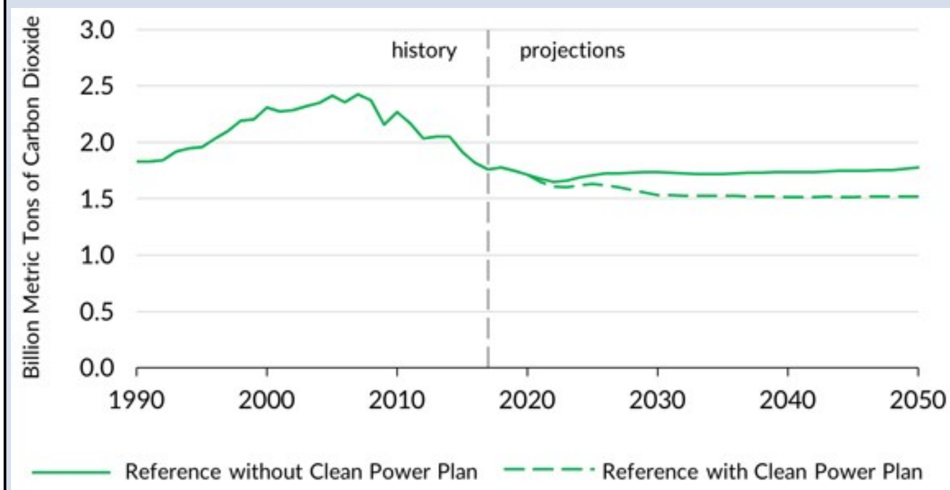
Reports: CPP Replacement to Give States Control



Electricity-related CO_2 emissions | *Energy Information Administration Annual Energy Outlook 2018*

The Trump administration's replacement for the Clean Power Plan will require modest efficiency improvements that could boost the output of coal-fired generators while giving states discretion over enforcement, according to published reports. (p.29)

CAISO Regionalization Bill Cast on Uncertain Course

By Hudson Sangree

SACRAMENTO, Calif. — Gov. Jerry Brown's controversial plan to transform CAISO into an RTO took an unexpected turn Thursday in the State Senate's Appropriations Committee.

The committee's members were set to vote on the plan's first step, AB 813, either killing it or sending it to the Senate floor. Instead, the bill was withdrawn from

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NERC Board of Trustees Meeting

Sept. 4 Key Date for Potential Western RC Providers

By Tom Kleckner

CALGARY, Alberta — Where once there was one, there will now be several players offering reliability coordinator (RC) services for most of the Western Interconnection.

How many RCs there will be, and who they are, should come into better focus on Sept. 4. That's the unofficial deadline NERC and the Western Electricity Coordinating Council (WECC) have placed on Western balancing authorities and transmission owners to declare their RC.

The only certainty is that it won't be Peak Reliability, which has been providing the RC function for the entire interconnection ex-

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IN THIS WEEK'S ISSUE

Corrections

An article in last week's newsletter, *ERCOT Board of Directors Briefs: Aug. 7, 2018*, incorrectly said ERCOT's congestion revenue rights upgrade project will go live in September. A go-live date is expected to be finalized in September for the project, now that communication has been improved with the vendor and a better process for managing bug fixes is in place.

An article in last week's newsletter, *Western RTO or Bust? Not so, Says Industry*, incorrectly stated that California AB 813 would not allow CAISO to become an RTO unless at least one transmission owner outside the state agrees to join by the end of 2018. There is no deadline for an out-of-state TO to join, nor is there one for the ISO and state regulators to agree upon a new governance structure.

NERC Board of Trustees Meeting

Canadians Seek Inclusion in Cybersecurity Meetings

By Tom Kleckner

| © RTO Insider

CALGARY, Alberta — Canadian Electricity Association CEO Sergio Marchi took advantage of several opportunities during last week's NERC Board of Trustees meeting to complain that he and other Canadian stakeholders have been excluded from Department of Homeland Security cybersecurity briefings.

"We're forbidden to participate because we are considered, quote unquote, foreigners," said Marchi, whose association represents integrated utilities, independent power producers, transmission and distribution companies, power marketers and industry suppliers. "The irony is the two CEOs [representing Canada's electricity sector] happen to be American citizens."

Marchi said that over the last year, he and the two U.S.-born CEOs on the Electricity Subsector Coordinating Council (ESCC), ENMAX's Gianna Manes and Hydro One's Mayo Schmidt, have been shut out of the classified briefings.

NERC responded that the Canadians have been excluded because they don't have the proper security clearance. It added that it is working with industry and government partners to increase the functionality of the Electricity Information Sharing and Analysis Center (E-ISAC) portal, which gathers, analyzes and shares security data across the North American grid.

"NERC as a private company does not have authority to grant or sponsor clearances or to provide access to classified briefings in the United States or in Canada," CEO Jim Robb said in a statement provided to *RTO Insider*. "However, NERC will ensure that all NERC events are inclusive of all our North American stakeholders. Simply getting information is only piece of the security pie, and the E-ISAC is in a unique place to analyze and triangulate information to identify threats and mitigation actions to share information that North American stakeholders need to protect their systems."

Marchi told *RTO Insider* that the exclusion from the ESCC briefings has become more of an issue under the Trump administration.

"It's frustrating, and whether it's NERC or Bruce Walker [the Department of Energy's NERC representative], they haven't been able to pinpoint who is blocking us and why," he said. "This is an example, where everyone says we should be in the meeting, but we don't know who [is preventing us] and why we are kept out of the meeting. We're hopeful we can make progress, and the next time the council meets, we can be on the same team."

Robb acknowledged the issue while briefing trustees on the ESCC's recent discussions. He said improving information sharing with Canadian industry members is "complicated territory."

Marchi said the CEA was willing to give Robb a "proper runway" to improve the process.

A former member of the Canadian Parliament and cabinet minister, Marchi also objected to what he said was a 25% budget increase for the E-ISAC as part of NERC's overall 9.5% budget increase.

"Our Canadian utilities receive the same information from Canadian sources, but it's quicker and of higher quality," Marchi said. "Why should we pay twice for information that is of less quality, and that is late on arrival?"

In his statement, Robb pointed out that Canadian stakeholders were able to file comments on the 2019 budget and business plan as part of NERC's "open and transparent" budget process. He said the organization takes their concerns seriously.

"[We] had multiple meetings, phones calls and written exchanges with [Canadian stakeholders] to discuss the 9.5% increase," Robb said. "While we acknowledge [their] concerns, we believe the budget approved by the NERC Board of Trustees is the right answer for industry based on *all* feedback we received."

Robb acknowledged that the Canadian government has, at times, "authorized release of information to Canadian industry sooner than the U.S. government." He said NERC recently executed a memorandum of understanding with the Canadian Cyber Incident Response Centre to help improve E-ISAC access to the Canadian government's security information.

Marchi said the CEA will monitor the next budget cycle and "consider our options" at that time. He said the E-ISAC's relationship with U.S. security organizations is "an important piece of that puzzle."

"It's very important those relationships are picture perfect, if a new investment to the E-ISAC will create the outcomes they're intended to," he said. "We need to continue to work closely as our industry evolves at a rapid pace and cyberattacks continue at a great pace. This work must be done in a cost-effective and efficient manner, because both regulators and customers demand and expect it."

NERC Board Chair Roy Thilly said improving the involvement of Canadian utilities in the E-ISAC "is a very high priority" for the trustees. "We ask the Canadian utilities to work with us to help you provide that value."

Earlier in the week, the NERC board and Canadian regulators held their annual meeting. NERC said Canadian regulators

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NERC Board of Trustees Meeting

NERC OKs Utilities' Transfer to ReliabilityFirst

CALGARY, Alberta — The NERC Board of Trustees last week approved Wisconsin Public Service Corp.'s (WPSC) and Upper Michigan Energy Resources' requests to move to ReliabilityFirst from Midwest Reliability Organization. NERC staff determined the transfer of the companies' facilities would have a negligible impact on other grid users and operators, noting that the two utilities' facilities have more geographic and electrical boundaries with RF than MRO.

Wisconsin Electric Power Co. acquired WPSC in 2015 and established UMERC as a new company in 2017. It applied for the registration transfer request in December.

The board also approved the 2019 Electric Reliability Organization enterprise business plan and budget and the budgets for the seven Regional Entities; approved a requirement that transmission and generation owners provide NERC with their geomagnetic monitoring data to support ongoing research and analysis of geomagnetic disturbance risks; and adopted three reliability standards:

- BAL-002-3, Disturbance Control Standard-Contingency Reserve for Recovery from a Balancing Contingency Event: Modifies the standard in response to FERC Order 835 to require that responsible entities coordinate with reliability coordinators upon circumstances preventing compliance with the 15-minute area control error recovery period. (See *FERC Acts on ACE Recovery; Remedial Schemes*.)
- CIP-012-1, Cyber Security, Communications between Control Centers: Requires the protection of sensitive bulk electric system data communicated between control centers.
- VAR-001-5, Voltage and Reactive Control: Eliminates a duplicative variance requirement and makes minor conforming language changes.

— Tom Kleckner

Canadians Seek Inclusion in Cybersecurity Meetings

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were briefed on cybersecurity, including the E-ISAC long-term strategic plan and the organization's reliability assessment and performance analysis capabilities.

Robb Reflects on Cross-border Interconnections

Robb noted several significant milestones during his president's report, pointing to NERC's 50th anniversary and the 15th anniversary of the 2003 blackout in the Northeast. As Robb put it, a vegetation contact in Ohio led to power failures in Ontario and "returned the favor" for 1965, when a transmission line tripped in the Canadian province and blacked out Manhattan.

"These anniversaries and our meeting in Canada have given me a chance to reflect on the interconnected nature of our grid and the importance of our international collaboration," he said. "The Electric Reliability Organization [ERO] is an agency for driving a common approach to reliability and security. We have a tremendous amount of work to do together, and it is a high priority for all of us."

In addition to establishing reliability coordination services in the West, Robb listed as top issues security, integrating new technology, and a changing resource mix that could halve the U.S.' coal fleet by 2030. (See related story, *Sept. 4 Key Date for Potential Western RC Providers*, p.1.)

AESO CEO David Erickson and DOE's Catherine Jereza | © *RTO Insider*

Robb said the early returns on NERC's six-month-old, five-year strategic plan have been "very positive," but that there is a "tremendous amount of work to do."

"It's a very complex system to defend," he said of the grid.

The continuing retirements of coal- and nuclear-fired generation, combined with the rapid deployment of variable resources and natural gas plants, is a problem "no one agency or individual forum can solve," Robb said.

He said NERC has started work on a guideline to bring "greater clarity" regarding what kind of contingencies need to be studied.

"There are serious issues in the Northeast and desert areas of the Southwest," Robb said. "We need to move along very quickly on this."

CEO: AESO's Challenges Same as Everyone Else's

The Alberta Electric System Operator (AESO) faces steep challenges in meeting legislative mandates to phase out its coal-fired generation — which accounts for 40% of its installed capacity — and produce 30% of its energy from renewables by 2030. Adding to the challenge, it has very little hydro and no nuclear power in its generation mix.

But that's no different than the challenges facing other jurisdictions, CEO David Erickson said.

"With the integrated nature of the grid in North America, working together to solve those problems is important," he said. "That's the only way to get through this transformation, with the increasing penetration rate of renewables, cyber threats and changing generation mix. Those are real challenges we need to work together to solve. The ISO/RTO community has a big role.

"That said, NERC has an enormous role to get through this. I encourage the industry, I encourage NERC to work together. Whether we like it or not, we're in this together. There's a better path that's more efficient and a lot more effective, if we do this together."

NERC Board of Trustees Meeting

Sept. 4 Key Date for Potential Western RC Providers

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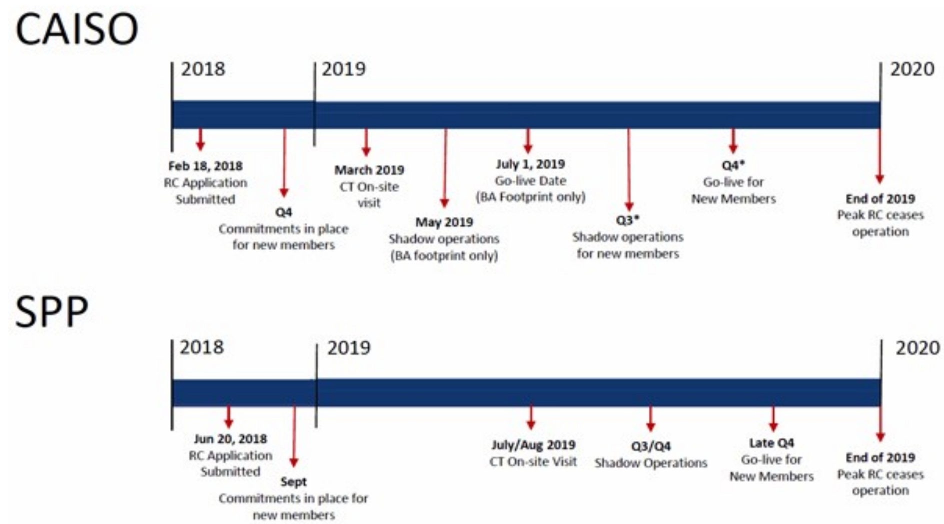


| *WECC*

cept Alberta since WECC was bifurcated in 2014, with WECC retaining Regional Entity functions. Peak announced last month that it will wind down its services by the end of 2019, having determined it will be financially unable to compete with CAISO's and SPP's RC services.

"Things have been moving quickly," WECC CEO Melanie Frye told NERC's Board of Trustees last week. "We're hoping to get a bit more clarity on where everybody is looking to go, and whether they're intending to go with [CAISO] or SPP, or whether some other option will emerge.

"That will allow us to see where the seams start to emerge and whether it will result in swiss cheese, where you have a small BA choosing one RC provider, but everyone else around them choosing another," she said during the board's Aug. 16 meeting.

Both CAISO and SPP have been aggressively pursuing potential members. CAISO said in January it will become its own RC and offer that function to other Western entities. SPP, which still hopes to integrate some of the Mountain West Transmission Group into its RTO, has filed a request with WECC to provide RC services to two Western Area Power Administration companies and says it has received interest from 26 other parties. (See *Most of West Signs up for CAISO RC Services* and *WAPA Formally Requests SPP's RC Services*.)

North of the border, the Alberta Electric System Operator (AESO) already handles its own RC services, while BC Hydro is "leaning to forming" its own RC in British Columbia, Frye said.

"Ultimately, it will be the BAs and the transmission owners that make sure they have a certified RC," Frye said. "I think we're making progress there. We've had very good engagement with all of the potential RC providers. At a technical level, a lot of that planning is starting to take place, and that's very healthy."

As the RE for the Western Interconnection, WECC has hosted a series of stakeholder forums to discuss a future with multiple RCs. The agency will be responsible for ensuring the RCs are certified to perform the registered function; ensuring the BAs and TOs are aligned with a certified RC; and monitoring compliance with reliability standards. WECC has scheduled on-site certification visits with CAISO for March and SPP next summer.

The loss of a Western-wide RC has several stakeholders concerned.

Utah Public Service Commissioner David Clark said it was his "personal hope" that whichever entity handles the RC function has "a governance structure that is independent and a process that's transparent."

"However this settles out, I hope the function will be performed in a way that is transparent … particularly to state energy advisers and state regulators and consumer advocates," he said.

"I understand there are market considerations involved, but this has to be done very carefully," warned NERC Trustee Dave Goulding, who chairs the organization's Enterprise-wide Risk Committee. "As NERC, we don't want to get into a situation where reliability is compromised."

Not to worry, Frye said. "The focus on WECC's work and NERC's work will be on the intricacies of the interconnection and making sure that reliability across the seams with the RCs is maintained," she told *RTO Insider*.

To that end, Frye, who is just completing her first month as WECC's CEO, said the RE will be asking for a variance to the reliability standard that requires Western RCs to model the entire interconnection and all its remedial action schemes.

"We've started to engage this week at an executive level with the utilities, to ensure we have that connection-wide view," she said.

Frye and WECC have the support of NERC and its CEO, Jim Robb, Frye's predecessor at the RE. Robb joked that Frye is a "complete upgrade over the previous guy," and he listed reliability coordination in the West as the second of four priorities that NERC is focused on in addressing industry risk.

"WECC and NERC are approaching this completely in lockstep around the changes that are happening in the West and [ensuring] that the resulting infrastructure works as well as possible, as with [the] same heightened performance as a single RC," he said. "We're working very hard with WECC to understand the needs they have for these RCs."

CAISO has notified WECC that it intends to seek certification as an RC. Frye said the ISO intends to go live within its BA footprint on July 1, 2019, and it will add its new members later in the fourth quarter. CAISO is meeting with Peak to coordinate data exchange and operations.

SPP also plans to go live with its RC functions in the last quarter of 2019. The RTO already has a West-wide model in its energy management system.

"SPP is proceeding along a slower timeline, but obviously, both need to be up and running before the December date Peak has announced," Frye said.

CAISO NEWS

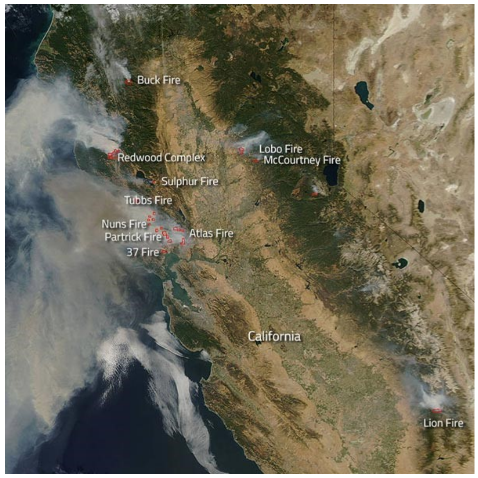
California Utilities Lose Bid to Reduce Wildfire Liability

By Hudson Sangree

SACRAMENTO, Calif. — An unpopular proposal by Gov. Jerry Brown to limit the liability of utilities for wildfire damage has been tabled for now, a state senator said.

Brown proposed the plan in a July 24 letter to state lawmakers. It would have altered California's unique system of holding utilities strictly liable for fires sparked by transmission lines and other equipment.

Some critics called it a multibillion-dollar bailout for the state's three big investor-owned utilities, Pacific Gas and Electric, Southern California Edison and San Diego Gas & Electric.



NASA's Earth Observatory showed the fires raging in California's wine country in Oct. 2017. | *NASA*

PG&E, in particular, lobbied heavily this year to repeal longstanding rules that make utilities pay for all wildfire damage, even when the companies are only partly to blame for a fire. The legal doctrine, called "inverse condemnation," says that because utilities can create easements across private property via eminent domain, they also are liable for damage to private property. Efforts to challenge the doctrine in court have been unsuccessful, even though California is the only state in the nation that employs it to such an extent.

PG&E and other utilities have said their financial stability is threatened by huge wildfire debts. PG&E faces billions of dollars in damages for the highly destructive wine country fires of October 2017, which wiped out the northern portion of the city of Santa Rosa, destroying hundreds of homes.

Investigations by the California Department of Forestry and Fire Protection concluded that some of the most damaging fires in Napa and Sonoma counties last year were caused by trees and branches contacting PG&E power lines.

A PG&E spokeswoman declined comment Monday.

Strict Liability vs. Negligence Test

Brown proposed allowing judges to weigh the benefits of power transmission against the harm done to private property in inverse condemnation actions. His plan would have required a court to decide if a utility had acted reasonably under the circumstances — essentially replacing strict liability with a more lenient negligence test.

A conference committee of state senators and assembly members has been meeting this month to gather information and weigh changes to state law.

The committee's co-chairman, Sen. Bill Dodd, a Napa Valley Democrat, told several news outlets last weekend that Brown's proposed liability changes would not be considered during the remainder of the legislative session, which ends Aug. 31. On Monday, Dodd's spokesman, Paul Payne, told *RTO Insider* that Senate Bill 901 would move forward without Brown's liability plan.

"The bottom line is the inverse condemnation [proposal] will not go forward this year. It's off the table," Payne said. "The committee will bring the balance of the ideas forward in the final legislative product, which will be SB 901."

The remainder of the bill deals with wildfire mitigation plans and measures such as reducing fuels and keeping utility lines free of tree limbs and other vegetation.

"There wasn't enough support for it within the committee," Payne said of the liability change. "The senator feels some of the prevention measures will do what's needed to protect the public from future fires, so they're going to go forward with prevention provisions."

During a series of hearings in recent weeks, the committee has heard from critics that include cities and counties, farmers, insurers and ratepayer advocates. Many expressed outrage that the utilities might avoid liability even as major fires were raging throughout the state.

Among the groups that testified was The Utility Reform Network. The group's legal director, Tom Long, urged lawmakers at an Aug. 9 hearing to adopt a disaster relief plan for wildfires such as the Florida Hurricane Catastrophe Fund, which he said could be paid for with small charges on insurance premiums.

TURN spokeswoman Mindy Spatt said Monday the group remains concerned with efforts to relieve utilities of wildfire responsibility. Other bills working their way through the Legislature are far more beneficial to utilities than to ratepayers, she said.

Dodd's Senate Bill 1088, for instance, would require utilities to submit fire safety plans every two years to the California Public Utilities Commission, which would be required to ensure that cost impacts are just and reasonable, verify compliance with applicable laws and "authorize rate recovery of the reasonable revenue requirements" to implement the plans.

Spatt called it a gift to utilities responsible for starting fires.

"In our view, consumers are still at risk," she said. "PG&E wants a blank check. They're lobbying really hard to get that changed."

The conference committee on SB 901 plans to hold further hearings on Tuesday and Thursday in the State Capitol in Sacramento.

Additional information, including hearing times and agendas, can be found at https://seuc.senate.ca.gov/content/2018-conference-committee-wildfires-sb-901.

CAISO News

CAISO Regionalization Bill Cast on Uncertain Course

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Appropriations and sent back to the upper house's Rules Committee.

The move likely was intended to give proponents time to work out a deal to allow the state-chartered CAISO to transform itself into an independent organization positioned to expand into the vast Western energy market.

"The Senate is taking the time needed to get this right, which is so important because full integration of the western electricity grid is vital to California's clean energy future," the Natural Resources Defense Council, a supporter of the measure, said in an email immediately after the move was announced.

The measure now could languish in Rules or be sent directly to the Senate floor as the legislature nears the end of its two-year session Aug. 31. Previous efforts to authorize CAISO's expansion have stalled during the past two years in the face of strong opposition both inside and outside of California. (See *CAISO Regionalization, 100% Clean Energy Bills Fizzle* and *Governor Delays CAISO Regionalization Effort*.)

Regionalization Risks

AB 813 would authorize CAISO's Board of Governors to submit a plan to the California Energy Commission to change the ISO's governance structure to include transmission owners from outside California. If adopted, it would be the first step in a multiyear process to make CAISO an RTO for the West.

Those who've opposed AB 813 include the Sierra Club, municipal utilities and ratepayer advocates. They contend the measure would lump California in with coal-producing states such as Wyoming and put California at risk of greater interference from federal regulators under the Trump administration.

"I don't buy the argument that we have to regionalize to take advantage of opportunities elsewhere," said Barry Moline, executive director of the California Municipal Utilities Association, which represents publicly owned utilities throughout the state.

Moline told *RTO Insider* that the Western Energy Imbalance Market is already doing a good job at allowing energy to be bought and sold as needed among Western states, without building new transmission lines from wind farms in Wyoming to consumers in California.

Creating more renewable energy sources in California and using in-state transmission lines would further the state's aims without adding risk, he said.

Moreover, he said, AB 813 would benefit wealthy out-of-state investors and conglomerates that want California ratepayers to pay for infrastructure from which they'd profit.

"There's a lot of transmission companies and a lot of renewable resource developers that want to deliver kilowatt-hours into California," Moline said. "These folks want to make money off of California."

The proposal's champions include Brown, CAISO, some environmental nonprofits and companies that stand to profit. It was introduced by Assemblyman Chris Holden, chairman of the Assembly Utilities and Energy Committee.

Those arguing for the bill said it would further California's ambitious renewable energy goals by tapping into Wyoming

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CAISO NEWS

CAISO Regionalization Bill Cast on Uncertain Course

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windmills and Arizona solar arrays, while spreading sustainable energy throughout the West.

"This is the direction the grid is heading in," said Carl Zichella, NRDC's Western transmission director. "We need to be able to operate the system as a congruent whole."

A set of amendments adopted Aug. 7 was meant to ease the concerns of those who worried about linking deep-blue California with the red states of the interior West.

"The purpose of the amendments is to reassure people that the progress California's been making on renewable energy and climate change are not likely to be interfered with," Zichella said.

The new language included a requirement that a California TO, retail seller or publicly owned electric utility not join or remain a member of an RTO with a centralized capacity market.

The amendments also insisted the state not undermine its ambitious scheme for achieving reductions in greenhouse gases and for purchasing electricity from renewable energy and zero-carbon sources.

Gov. Jerry Brown | © *RTO Insider*

The Aug. 7 changes, however, were apparently insufficient to ensure the measure's passage through the Appropriations Committee before Friday, the last day for fiscal committees to meet and report out bills.

AB 813 can now be amended in the Rules Committee and sent to a vote of the full Senate before the last day of August, bypassing Appropriations. The bill passed the Assembly last year.

If it clears the legislature, Brown would then have until Sept. 30 to sign the measure into law. If it proves too complex and divisive for quick resolution, Brown could call a special session of the legislature this fall.

ISO-NE NEWS

Intervenors Slam New England EDCs' Gas Play at FERC

By Michael Kuser

Critics are attacking the motives of New England's major utilities, which last month asked FERC to clarify its July 2 order denying an ISO-NE request to waive certain Tariff provisions to keep Exelon's Mystic generating plant running.

The RTO filed the request after Exelon said in March that it would retire the 2,274-MW plant when its capacity obligations expire on May 31, 2022. (See *NEPOOL Debates Fuel Security, Cost Allocation*.) In rejecting the request, the commission ordered ISO-NE to revise its rules to allow cost-of-service agreements for plants needed to address fuel security issues (ER18-1509).

On Aug. 1, National Grid and Eversource Energy, on behalf of their electric distribution companies (EDCs), filed a motion for clarification and expedited action on the commission's waiver order.

The utilities said the commission "must clarify that the central purpose of ISO-NE's July 1, 2019, filing of permanent Tariff revisions is to assure that New England adds needed new infrastructure to address the fuel supply shortfalls and associated threats to electric reliability."

In comments filed with FERC, critics of the EDCs' request were blunt in their opposition.

Massachusetts Attorney General Maura Healey last week submitted an answer to what she termed the EDCs' "self-serving" motion.

"Eversource and National Grid — both of whom could profit significantly from potential investment in pipeline infrastructure in the ISO-NE region — encouraged the commission to address the issues outlined in the waiver petition by mandating 'investment in new infrastructure — in the case of New England, namely natural gas pipeline capacity,'" Healey said.

Eversource and National Grid are co-developers with Spectra Energy Partners on the Access Northeast project, a proposed $3.2 billion expansion of the Algonquin Gas Transmission pipeline in New England. (See *DC Circuit Denies Rehearing on Algonquin Pipeline*.)

Procedural Grounds

The Environmental Defense Fund (EDF) filed comments asserting that "FERC should reject the EDCs' motion on procedural grounds alone. ... The commission is not obligated to accept a filing solely based on the party-bestowed title. Instead, FERC examines the substance of the pleading."

EDF said the utilities correctly identify a fundamental misalignment between the gas and electric markets, but that their proposed cure would exacerbate the disconnect.

"Imposing long-term financial obligations on captive ratepayers for costly long-lived infrastructure would contravene the commission's pro-competition regulatory model and upset the price signals sent by a rational market, undercutting the investment expectations upon which billions in recent energy infrastructure was underwritten," the group said.

EDF also argued the utilities are seeking to impede that stakeholder process, saying the RTO "has already refined its thinking on fuel security issues, revising its nomenclature from 'fuel security' to 'energy security.' This is an important recognition of the role that resources such as demand response, variable energy resources and storage can

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ISO-NE NEWS

NEPOOL Debates Fuel Security, Cost Allocation

By Michael Kuser and Rich Heidorn Jr.

The New England Power Pool Markets Committee last week debated ISO-NE's proposals for conducting fuel security reliability reviews and allocating the costs of resources retained as a result.

The fuel security issue became a pressing matter following a July 2 FERC ruling that called the RTO's request to waive several Tariff provisions "an inappropriate vehicle" for keeping the Mystic Generating Station running (ER18-1509). Exelon plans to retire the 2,274-MW plant when its capacity obligations expire in May 2022.

FERC found the RTO's Tariff was not just and reasonable because it lacks a way to address fuel security concerns that could result in reliability violations as early as 2022. (See *FERC Denies ISO-NE Mystic Waiver, Orders Tariff Changes*.)

On July 13, FERC tentatively accepted a cost-of-service agreement for Mystic, ordering an expedited hearing process on unresolved issues (ER18-1639). (See *FERC Advances Mystic Cost-of-Service Agreement*.)

Mystic Generating Station

FERC's July 2 show cause order set an Aug. 31 deadline for ISO-NE to submit interim Tariff revisions for filing a short-term, cost-of-service agreement to address fuel security concerns and a July 1, 2019, deadline for filing long-term Tariff revisions.

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Intervenors Slam New England EDCs' Gas Play at FERC

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provide. The [utilities] give short shrift to these alternatives, summarily dismissing their potential contributions."

NextEra Energy Resources also filed an answer saying the utilities' motion "is a procedurally impaired request for rehearing or complaint and seeks a remedy that is beyond the commission's statutory authority under the Federal Power Act." The EDC proposal would undermine the role of ISO-NE as a neutral market operator and "result in New England wholesale energy market outcomes that are unjust and unreasonable," the company said.

The Conservation Law Foundation contended that the EDCs cited no legal error or new facts but nonetheless requested "major additional — and quite novel — determinations of law and fact about which the commission has received no argument or supporting evidence."

The CLF contested the utilities' assertion that natural gas pipeline constraints are the cause of the fuel security situation in New England, citing testimony of ISO-NE Vice President of System Operations Peter Brandien, who said fuel supply issues result from a broad set of operational concerns and factors that are potentially responsive to a broad range of market solutions that the RTO and its stakeholders are only now beginning to explore and discuss.

'Expensive Approach'

"In addition to not disclosing their interest in the Access Northeast project, the EDCs also do not disclose the significant body of evidence submitted in past state proceedings on the need for added pipeline capacity, which is far from conclusive," NextEra said.

The company said that if the potential need for new pipeline capacity is limited to a few peak days each year, "as projected by the Eversource EDCs' own expert," the proposed new pipeline capacity would be "a very expensive approach to addressing a winter peak resource sufficiency concern, with the Eversource EDCs' expert projecting a $526 million annual cost, after taking into account the return on the capital investment and [operations and maintenance] costs annually to operate the capacity."

The New England Power Generators Association filed an answer calling "absurd" the utilities' contention that long-term cost-of-service contracts are a form of market design improvement.

"The EDCs' requests for findings are outside the scope of this proceeding and are more properly styled as a complaint or request for rehearing rather than a motion for clarification," NEPGA said.

The commission ordered improvements to the market design and reaffirmed its support for market solutions but "provided no further direction with respect to the longer-term market improvements, much less that they include long-term pipeline capacity contracts," NEPGA said.

Healey asked the commission to summarily dismiss the clarification motion and see it "for what it is — a bald attempt by monopoly utilities that stand to profit from new pipeline infrastructure trying to saddle electric ratepayers with the costs of a pipeline that private investors are unwilling to fund."

ISO-NE NEWS

NEPOOL Debates Fuel Security, Cost Allocation

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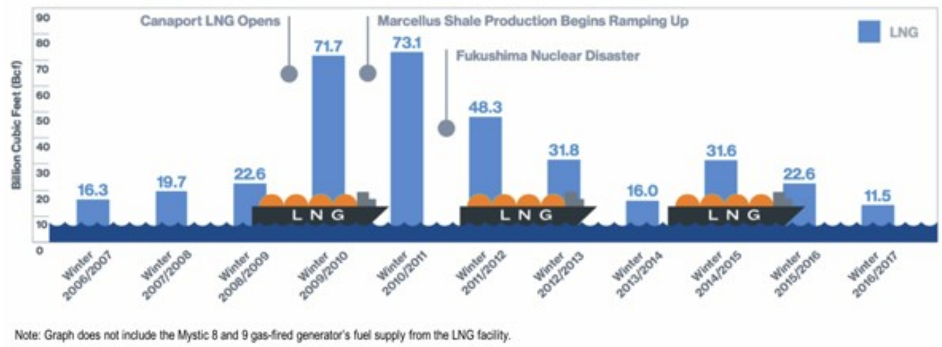

Winter LNG deliveries to New England interstate pipelines | *ISO-NE*

ISO-NE said it plans to review retirement de-list bids and Substitution Auction demand bids and may reject either type of bid for fuel security or reliability reasons. The RTO will notify market participants with retirement de-list bids that are needed for fuel security at the same time they receive the retirement determination notification from the Internal Market Monitor.

The RTO also said it may reject a reconfiguration auction demand bid if the resource has been identified as a fuel security resource in an FCA. It is proposing a "status quo" approach for Forward Capacity Auction 13, by which resources retained for fuel-security reliability will be entered as price takers, the same approach applied to resources retained for transmission reliability. "FERC has found such treatment just and reasonable in that context; fuel security is another reliability retention," the RTO said in a presentation.

It said it will work with stakeholders to develop alternatives to the status quo for FCA 14 and FCA 15.

Price Suppression Concerns

Brett Kruse, Calpine's vice president for governmental and regulatory affairs, told *RTO Insider* his company and other generation owners are concerned that pricing the Mystic units at zero in FCAs 13, 14 and 15 will suppress prices, fears they expressed in protests in the docket.

Kruse noted that FERC's order rejecting the fuel security waiver outlined ways to treat Mystic's out-of-market capacity to mitigate price suppression. "Notwithstanding FERC's clear concern about price suppression, ISO-NE has since told us — and reiterated clearly this week — that they will not consider either of FERC's suggested approaches, instead reverting back to their original position of putting Mystic in at zero," Kruse said in an email.

Who Pays?

ISO-NE proposed to allocate out-of-market costs incurred to retain resources for fuel security regionally based on real-time load obligations (RTLOs). The new Tariff provisions would apply to FCAs 13, 14 and 15. The RTO said it was proposing regional cost allocation based on FERC's prior ruling on allocating costs of its winter reliability program (ER13-1851).

The NEPOOL Reliability and Markets committees will meet separately on Aug. 22 to vote on the proposal ahead of an Aug. 24 review and vote by the Participants Committee.

Some stakeholders expressed concern at last week's Markets Committee meeting that the RTO's Pay-for-Performance program may not spread the costs for ensuring fuel security equitably. Under the program, launched June 1, costs for performance bonuses are supposed to be funded mostly by penalties on nonperforming resources and not directly by customers.

George McCluskey, assistant director for wholesale electric markets at the New Hampshire Public Utilities Commission, told the committee that his agency is concerned PFP will not eliminate fuel security risks because of state emission policies that limit operation of existing dual-fuel units and discourage investment in new dual-fuel capability.

"If resources are retained to address unmitigated fuel security risks, the out-of-market costs should be allocated to states whose emissions policies restrict market response to PFP," McCluskey's presentation said.

ISO-NE has identified Massachusetts and Connecticut as states with emissions policies that restrict market response. New Hampshire disagrees with Connecticut's inclusion in that list and thinks costs should be allocated to Massachusetts only.

The RTO has also suggested that it may rely on reliability-must-run contracts for units needed to meet winter system reliability needs, for both fuel and transmission security, proposing that such units recover costs through regional allocation.

The Maine Public Utilities Commission opposes regional cost allocation, saying in a presentation that ISO-NE "offers no reason why it departs from long standing cost-causation principles" and that RMR costs should be assigned to local reliability areas.

"Regional allocation of RMR costs for units that are both transmission and fuel-insecure will mask underlying transmission issues," the PUC said.

The commission noted that Mystic Unit 7 was retained for transmission security purposes in FCA 12 and said an analysis of Mystic Units 8 and 9 could reveal a similar need, but that ISO-NE has not conducted a study.

If Mystic 8 and 9 are needed for local reliability needs, the PUC said, congestion would occur at the Maine-New Hampshire interface in a fuel security event, meaning load shedding in Maine would not provide fuel relief to southern states and the state's consumers would not benefit from avoiding load sheds.

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ISO-NE NEWS

NEPOOL Debates Fuel Security, Cost Allocation

Continued from page 11

"Maine, or any other reliability region, should not pay for RMR contracts related to fuel security unless Maine, or any other reliability region, can be seen as a beneficiary of the RMR," the commission said.

Dan Dolan, president of the New England Power Generators Association, told *RTO Insider* his group strongly opposes ISO-NE's proposal to apply an out-of-market approach to FCA 15 and potentially FCA 16, calling it an abdication of the grid operator's market design and price formation responsibility.

"We have two fundamental issues: ensuring that this type of an out-of-market approach to fuel security ends as soon as possible and that resources held do not undermine the economic price formation in the Forward Capacity Market," he said.

Calpine, NextEra Energy and Direct Energy are sponsoring an amendment that would allocate costs to network load instead of ISO-NE's proposed allocation to real-time load obligations. Kruse said he expects support for their amendment from public power and state-represented entities.

Kruse noted that ISO-NE is using the transmission security RMRs as precedent for pricing treatment, but not for cost allocation.

Unlike the winter reliability program, whose costs were capped in advance and ranged from $30 million to $70 million annually, Kruse said, Mystic's RMR costs will probably exceed $200 million per year. Because load-serving entities will add risk premiums to their expected costs, "the scope is significantly larger," Kruse said. "Additionally, some LSEs may decide to sit out the market for now and not expose themselves to this pricing risk. Effectively, New England consumers will pay significantly more if the cost is allocated to RTLO instead of network load."

NEPOOL Files Press Ban with FERC

Continued from page 1

NEPOOL has not acted on the application.

NEPOOL's filing says that permitting press to become a participant or to represent a participant "would adversely impact NEPOOL's ability to continue to foster candid discussions and negotiations in its stakeholder meetings. Without such discussions and negotiations among its members, ISO New England Inc. and state officials, NEPOOL would be limited in its ability to narrow or resolve complex issues within the NEPOOL stakeholder process. This could have the effect of increasing the issues and scope of litigation at the commission on ISO-NE Tariff changes and related matters before it."

It cited concerns that press attendance at meetings "could encourage public posturing, pre-scripted statements and reduced willingness or ability by members to freely explore ideas or solutions."

The filing notes that FERC ruled in a 2001 order that the NEPOOL Agreement is not a FERC tariff but "a supporting document … [and the] equivalent of a utility's Articles of Incorporation."

While it relieved NEPOOL of filing the agreement in tariff form, the commission said the organization must continue to file proposed changes to the agreement with the commission. "The commission will continue to review the proposed changes that fall within its authority under the [Federal Power Act]," the commission said.

NEPOOL said the commission is in "'an essentially passive and reactive' role'" and can only reject the filing if it finds the changes not "just and reasonable."

"Thus, if the commission determines that a provision that precludes press from becoming a NEPOOL participant or participant representative falls within its authority, it can only reject that provision if it concludes that the changes are unlawful," it said. "The commission's review does not extend to the question of whether there are other reasonable approaches to the press membership issue."

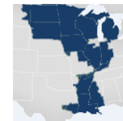
NEPOOL requested the change take effect Nov. 1.

RTO Insider began covering PJM stakeholder meetings in early 2013 and expanded coverage to stakeholder meetings of MISO and NYISO in late 2014, SPP in early 2015, and ERCOT and CAISO in 2016. *RTO Insider* also began covering ISO-NE in late 2014 but has been barred from all stakeholder meetings except for the Planning Advisory Committee, which is run by the RTO.

— Rich Heidorn Jr.

NEPOOL's 2017 Annual Report included a photo of a stakeholder meeting. | *ISO-NE*

MISO NEWS



MISO Mulls Rules for Storage as Transmission

By Amanda Durish Cook

MISO is probing what eligibility requirements it should establish before allowing electric storage resources to function as transmission assets.

The RTO is considering study processes, modeling, cost recovery and retirement rules, all raised with stakeholders during a special Aug. 17 Planning Advisory Committee conference call to discuss the issue.

MISO is leaning toward requiring a storage resource to complete the interconnection queue if it wishes to provide market services, regardless of whether a resource has already been approved as transmission through the annual Transmission Expansion Plan (MTEP).

Jeff Webb | © RTO Insider

The RTO has so far only connected storage to its system through its generator interconnection procedures, and the procedures do not contemplate electric storage resources as transmission assets, MISO Director of Planning Jeff Webb said.

"We have connected batteries recently through Attachment X. However, that process doesn't contemplate these devices being solely used for transmission services or mixed services," Webb said.

"One of the complaints for having them go through the queue is a timeline and compatibility process," he said, explaining that a transmission-use storage resource would likely have to wait through a few MTEP cycles before it could become eligible through the interconnection process. The annual MTEP reliability modeling considers only generators already approved for interconnection, not future resources.

Webb said some storage owners might ask why their resource will have to undergo reliability studies as part of the interconnection queue when they're already operational under the MTEP assessment.

"Would the subsequent interconnection process be superfluous? What function would it serve?" Webb asked rhetorically. "Maybe there's a type of expedited interconnection. I don't know." He asked stakeholders for their ideas.

American Transmission Co.'s Bob McKee predicted that MISO will see many storage resources connecting under mixed-use market and transmission functions.

"To get the value out of that device, you're going to use it for as many services as you can. I think we're really going to have to make sure the process doesn't impede the value for the customer." He warned against completing separate assessments simply for the sake of following MISO's current process.

Some stakeholders asked if it was a matter of treating all generation fairly as a matter of principle, or necessary to allowing storage's possibly superior capabilities to compete in more than one area. Others said MISO may need to complete queue analyses with and without the presence of storage resources to find out whether storage as transmission is truly as reliable as traditional transmission.

Webb said MISO will likely make special modeling considerations for storage resources beyond traditional wires modeling.

"When we're talking about wires or transformers or cap banks, those are available all day, every day to provide for any and all reliability issues or conditions on the grid that they can assist with. Storage as transmission would similarly be called upon by MISO to address any reliability issues they would be effective for," Webb said.

He said storage as transmission in particular would have to be under some form of MISO control to make sure it is charged to perform its reliability functions over peak hours, for example. MISO plans to notify the resources when and at what charge state they will be needed to provide transmission reliability services and will provide enough time to ensure the resource can reach the necessary state of charge.

Webb said that if MISO chooses to defer a 40-year transmission project in favor of a storage solution, it must also gauge the anticipated life of a device for modeling, considering which major components will likely have to be replaced and when. He said MISO may find itself approving the original deferred transmission project if a storage asset doesn't stand up over decades.

MISO must also decide how storage assets will recover costs so that customers don't pay twice for the same services, Webb said, paying particular attention to the treatment of market revenues if either partial or full revenue requirements are recovered under cost-based transmission rates. Storage asset owners might decide to recover only a portion of transmission rates so the asset can compete with a cheaper wires solution, Webb said.

MISO is currently considering at least three approaches to cost recovery:

- Full cost-based recovery for transmission reliability services, with full crediting of market revenues;
- Partial cost-based recovery for transmission reliability services, calculated as asset cost minus asset owner-estimated market revenues with crediting proportional to cost-based revenue; or
- Partial cost-based recovery for transmission reliability services, calculated as asset cost minus asset owner-estimated market revenues with no crediting of market services revenues because the amount was estimated to be necessary to recover asset costs.

Storage resources would also likely have to be registered in the MISO market for charging and discharging, even if they are strictly treated as transmission, Webb said. The question also remains about what storage assets would pay and be paid for energy used for charging and discharging when they must operate for transmission system reliability under MISO instruction. Webb said in those cases, storage owners could either be price-takers in the market, charged and paid at LMPs for injections and withdrawals, or they could be neither paid nor charged for such injections and withdrawals. He also said MISO and stakeholders could come up with a third option for consideration.

The RTO is also looking to draft a storage-

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MISO NEWS

Overheard at the MISO Market Symposium

INDIANAPOLIS — For years, MISO executives have been warning about the coming of a future electric grid that upends traditional utility operations. The time of reckoning may be close at hand, according to industry experts speaking last week at the RTO's second biennial Market Symposium.

MISO billed the event as a preparation for wholesale market design that includes the trends of "digitalization, de-marginalization and decentralization."

CEO **John Bear** said that when he tells people he works in the energy industry, few are "wowed" by how fast the technology and innovation moves.

"But that's changing," Bear said, adding that 88% of MISO's 90-GW interconnection queue is composed of renewable generation.

"The future is really already here in varying degrees," said MISO board member Mark Johnson. "The bulk electric system, depending on where you live, already operates differently. … Bidirectional flows on the grid are more prevalent and will continue to occur."

'Fork in the Road' for Markets

FERC Commissioner Richard Glick said the industry is at "the proverbial fork in the road in how we view markets."

Glick said he is astounded at today's wind penetration levels, which exceed any forecasts he provided while working as a wind energy lobbyist. "Lobbyists don't lie, but you know, we pick the highest [statistics]," he joked.

Today's energy industry is divided into two camps, Glick said, with one supporting returning to a centralized grid with an emphasis on older-technology power plants that offer resilience.

"The other camp is saying you can't put the genie back in the bottle. … And I'm certainly in that particular camp," he said, adding that "people just aren't investing" in centralized power plants. "I hope we move forward, and don't move back to the system of the past."

However, Glick thinks the transmission system will remain a key factor in future markets.

"Decentralization doesn't mean no transmission system," Bear agreed. "It means a different transmission system."

Transmission and Distribution Blurring

Several speakers agreed that transmission will become increasingly synonymous with the distribution system.

Gabe Murtaugh, CAISO regulatory policy developer, said the future transmission system will "connect households instead of a power plant that's 500 to 1,000 miles away for load."

"We've spent the last several years making sure there's a bright white line between T&D, and that's changing," said ScottMadden partner Cristin Lyons.

Rocky Mountain Institute's Mark Dyson said blockchain technology deployed at scale in the grid will further blur transmission and distribution. Other speakers said MISO could eventually become a founder network for blockchain technology.

But Grid Strategies President Rob Gramlich said he thought the RTO could use more transmission infrastructure first, but only if it aligns its interconnection queue and transmission planning process.

Electrification and Data

Experts agreed that there's a natural role for electrification in the future grid.

"We're looking at a world of declining load, and utilities are looking at their bottom

Continued on page 15

FERC Commissioner Richard Glick addresses the MISO Market Symposium. | © *RTO Insider*

MISO Mulls Rules for Storage as Transmission

Continued from page 13

as-transmission retirement process, Webb said. Traditional wires assets are rarely decommissioned in the footprint, according to MISO, and Webb said storage resources may become subject to system support resource studies or an equivalent to discern whether the devices are necessary for reliability purposes.

Webb also said stakeholders raised an issue of MISO investigating whether there are possible conflicts of interest if a transmission owner is also allowed to become a market participant operating a storage resource for market services. However, Webb said MISO did not think the issue was markedly different than utility-owned generation participating in the market today.

MISO will continue to discuss policy for storage-as-transmission at the September PAC meeting. Webb asked for stakeholder suggestions through Sept. 7.

MISO NEWS

Overheard at the MISO Market Symposium

Continued from page 14

lines and saying, 'Holy cow, either my rates have to go up or my load has to go up,'" Lyons said.

"We've seen stagnant load growth for the past 15 years, but I think that's about to change," said Andy Lubershane, director of research at Energy Impact Partners. He predicted that electrification of transportation, space heating and indoor agriculture will soon drive up load.

Rob Threlkeld, General Motors global manager of renewable energy, said the utility and the automotive industries are more aligned than they ever have been because of the innovations disrupting both.

Responding to an audience question, Threlkeld said he's not sure if GM will pivot to producing home storage batteries, styling itself after Tesla, but added he wouldn't be surprised if his company eventually develops them.

Threlkeld said customers are used to managing several activities via smart phone applications, but that same understanding does not yet apply to distributed energy resources: "The electricity market is really new to them."

Lubershane said data can reveal what motivates customers to purchase smart devices, and they're not always energy management reasons. He said while Ecobee customers mostly give the smart thermostat verbal commands to adjust the temperature, the second-most used command is to play music.

"I don't know if disruption is really the word. It's more an evolution," said Ryan Wartena, president of energy software company Geli. "If we don't have metering on the low-voltage distribution system, it's going to make this [evolution] difficult."

Georgia Institute of Technology professor **Pascal Van Hentenryck** said coordination of DER optimization is a major challenge facing energy markets.

Panelists debated the role of the vertically integrated utility in a world where load has leveled off and new generation is often not utility-owned. Some said it was the role of utilities to aggregate and optimize use of DERs and behind-the-meter resources. Wartena said DER aggregators should eventually be able to hand control of DER aggregations over to MISO to shape the load.

Other panelists said now is the time for RTOs to standardize data collection and maintain open architecture computer programs to increase visibility of DERs. Sandia National Labs' Jean-Paul Watson pointed out that MISO's markets are currently inhibited by computer programs devised in the late 1990s.

Kate Sherwood, 3M senior director of grid modernization, said data are needed to forecast use of harder-to-control distributed renewables.

"Uncontrolled environments require more data to manage," Sherwood said.

Lyons predicted it will take another 10 years before the industry can realize the benefits of collecting so much data by turning them into actionable grid insights and better managed energy use. "In five years, we're going to have a lot of data, but we won't have cracked the code," Lyons said. She also said states are taking a lead in creating privacy provisions for customers so their home patterns are aggregated for analysis and not individually revealed.

Dyson said MISO is in the thick of a retirement movement. "I think what we're seeing today is a trend of retirements — coal retirements. And we're asking if we can replace that generation with renewables. My answer is 'yes,' but you're asking the wrong question," he said. "The question is not, 'Can I replace the coal-fired asset?' The question is, 'Can I provide all of the services that the coal asset provided?' And the answer to that question is 'certainly, and at a lower cost.'"

Dyson said that within a few years it will be difficult to justify the costs of natural gas-fired water heaters in homes. He predicted heat pumps at a neighborhood level could save consumers millions of dollars.

Propped Up Pricing?

Michael Hogan, senior adviser for the Regulatory Assistance Project, said there's a "real risk" that electrification becomes difficult to manage for grid operators in terms of pricing.

"We've gotten away so far with pricing wholesale energy very simply. … We need to talk about security-constrained economic dispatch, not simple economic dispatch," Hogan said.

"I think the ISOs are getting caught between a rock and a hard place," said **Lawrence Makovich**, IHS Markit vice president and senior energy adviser, pointing to renewable incentives, subsidies for some non-carbon-emitting generators and not others, and carbon credits in only some states.

"I see serious market distortions as a result of this. … We've gotten to a point where we've suppressed prices. If we didn't have distorted markets, you wouldn't have to pay for flexibility," he said, referring to pricing for ramping capability.

Makovich said California can either be cited as a roadmap or a cautionary tale because the state's carbon emissions have not decreased from 2002 levels despite renewable adoption because artificial market forces rendered zero-emission nuclear plants uneconomic.

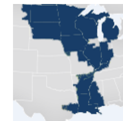
"It's easy to paint a horror picture of California, and I can do the same of Germany," Hogan responded. He said ERCOT is a better example of renewable integration because its transmission system is truly an energy island. Despite a record-setting summer, ERCOT has not had to curtail load, he noted.

"We're not seeing ERCOT trying to move in and patch this and patch that … with micro-procurement policies. They're getting the prices right," Hogan said.

Makovich agreed that pricing from ERCOT's operating reserve demand curve seemed to work this summer, raising prices enough to allow some generators to postpone retirement. But he cautioned that the attractive prices might keep more clunky and expensive generation in the market too long.

Continued on page 16

MISO NEWS



FERC OKs MISO Storage Filing; Rejects IPL Rehearing

By Rich Heidorn Jr.

FERC on Wednesday accepted MISO's compliance filing spelling out rules for its new energy storage category, rejecting a protest and rehearing request by Indianapolis Power & Light (ER17-1376-002, ER17-1376-003).

MISO was responding to FERC's March 23 ruling approving the creation of a Stored Energy Resource Type II that ordered the RTO to flesh out the concept further. MISO proposed the new storage category last year following IPL's complaint against the RTO's existing storage participation rules. (See *FERC OKs MISO Plan to Expand Storage*.)

In its compliance filing, MISO revised the definition of SER-Type II resources to clarify that they are eligible for up/down ramp capability if technically capable.

It also said that SER-Type II resources will be subject to the same must-offer obligation that applies to other capacity resources. MISO said it would be expensive and time-consuming to redesign its day-ahead market software to exclude such resources from the must-offer obligation. However, MISO also revised its Tariff to allow the storage facilities to derate their capacity to limit their supply to four hours.

The filing also revised the definition of station power to exclude the energy used to charge an SER-Type II resource.

In Wednesday's ruling, FERC said MISO's filing was largely responsive to the March order, although it agreed with IPL that Tariff changes regarding up/down ramp capability are incomplete and ordered the RTO to add additional Tariff language.

The commission rejected IPL's protest of MISO's proposal to apply the must-offer rules to SER–Type II resources that provide capacity. But it noted that Order 841 required each RTO/ISO to demonstrate that its existing market rules allow storage resources to provide capacity in a way that acknowledges their limitations.

"Therefore, while we accept MISO's clarification that its must-offer rules apply to SER–Type II resources, we note that MISO still has a compliance obligation under Order No. 841 to demonstrate how its capacity market acknowledges the energy limitations of electric storage resources," the commission said.

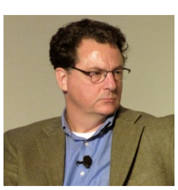
The commission also rejected IPL's request for rehearing, saying it had addressed the company's arguments in both the March 2018 order and a February 2017 ruling. "Indianapolis Power does not raise any issues in its rehearing request challenging the commission's conditional acceptance of MISO's compliance filing that are new to this proceeding or that Indianapolis Power had not raised earlier," FERC said.

Overheard at the MISO Market Symposium

Continued from page 15

Hogan agreed that previous generation investments must be jettisoned before the new crop of investment resources can move in. "There's a problem that market prices are paying for the wrong resources. … We do have a problem of [needing to move] uneconomic resources out of the market before we see real pricing emerge."

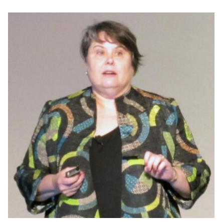
No Operator Bots



Alberto Ruocco, a partner at research firm Gartner, cautioned against artificial intelligence making grid decisions autonomously.

"I think, wisely, the industry has come back and said that's not the goal," Ruocco said. He said that while machine learning can work through a lot of data, human operators should be on hand to make decisions. "I don't think we should abdicate something as important as the operation of the grid. … I think complete delegation of control is not realistic."

But more digitalization is inevitable, panelists said.



"It's not 'if,' but 'when' you need to adapt your digital business model," said **Stephanie Woerner**, a research scientist at the MIT Sloan Center for Information Systems Research. She said her recent research found that digital disruptions could threaten an average 28% of future revenues for companies across all industries.

Richard Doying, MISO executive vice president of market development strategy, said it has now become risky to postpone decisions to accommodate new technologies in the energy market.

Bear summed up the discussion by quoting President Dwight D. Eisenhower: "Plans are worthless, but planning is everything."

— Amanda Durish Cook

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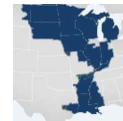
MISO News



Planning Subcommittee Briefs

Fall Filing on New Benefit Metrics

MISO is planning to file with FERC in October a proposal to create two new benefit metrics to appraise new market efficiency transmission projects.

Following on its promise to create more specific benefit metrics, the RTO will propose to consider the cost of avoided reliability projects and reduced settlement payments on SPP's transmission between MISO Midwest and South. (See "New Benefit Metrics," *MISO Planning Subcommittee Briefs: June 12, 2018*.)

Moser in May | © RTO Insider

"We're looking for physical reductions at this point," MISO Director of Strategy Jesse Moser said during an Aug. 14 Planning Subcommittee meeting. He said MISO is initially seeking a "straightforward" approach to determining whether a project will reduce annual payments to SPP for flows above the contract path capacity between Midwest and South. MISO may be open to more in-depth analyses on contract path reductions in the future, he added.

Moser said transmission owners and state regulators must be able to work together to allow MISO to use avoided reliability projects to gauge the monetary value of an MEP.

"You're really asking a transmission owner to take a project off their books," which requires regulator approval, Moser said.

Moser said if a TO is unwilling to drop a project, MISO members could always pursue the RTO's alternative dispute resolution process.

"We don't expect that to occur, frankly," he added.

Inverter Connections Testing?

MISO is debating which route it should take to ensure that inverter-based generation interconnecting to weaker sections of its grid doesn't disrupt operations.

After reviewing stakeholder suggestions, MISO said it could require inverter-based generators to conduct their own Electromagnetic Transients Program (EMTP)-type study and perform to a standard. It could also revise its own generator interconnection agreement to disallow "momentary cessation" of active power output from inverter-based resources in order to prevent them from tripping offline unnecessarily.

Generator interconnection engineer Warren Hess said MISO is seeking the best approach to prove the system won't suffer degraded reliability from inverter-based generation interconnections.

"We do want you to demonstrate that your machine can operate with no adverse impacts," Hess said.

In feedback, multiple stakeholders said MISO should require a test for inverter-based generation, with some saying each interconnection customer be required to provide under- and over-voltage trip settings as part of their definitive planning phase application process of the queue.

But some stakeholders said requiring an EMTP study by default could become a burden, claiming that some inverter-based generation will connect to a strong point on the system and won't require testing.

"These studies can be time-consuming and costly … it's not just a simple thing," said Wind on the Wires' Rhonda Peters.

Others pointed out that allowing too many inverter-based generators on the system aggravates reliability issues.

Frequency Performance up to Snuff

Final results from MISO's NERC-required under-frequency load shedding study show that generators are performing to standard.

The RTO studied seven under-frequency load-shedding islands in MISO Midwest and initially found that the frequency performance in four exceeded the NERC requirement. (See "Generators Miss 1st Pass in Under-frequency Study," *MISO Planning Subcommittee Briefs: June 12, 2018*.)

All seven islands now meet both a frequency and volts-per-hertz performance threshold, said Anton Salib of the RTO's expansion planning group. MISO tested the islands by simulating a disturbance to cause imbalance between generation and load, Salib said.

As a result, MISO said no changes are needed to its current treatment of the islands.

MISO will conduct its next under-frequency load shedding study in 2020, when MISO South is due for five-year testing.

— Amanda Durish Cook

NYISO News

Business Issues Committee Briefs

BIC OKs Carbon Task Force Draft Charter

RENSSELAER, N.Y. — NYISO's Business Issues Committee voted last week to approve a revised charter for the state's Integrating Public Policy Task Force (IPPTF), the group exploring how to incorporate the cost of CO_2 emissions into the ISO's markets.

Michael DeSocio, the ISO's senior manager for market design, highlighted a single sentence added to clarify the task force's mission: "Incorporating the cost of carbon dioxide into the wholesale energy markets is intended to provide the most efficient means to incentivize carbon abatement from a broad set of electric suppliers, supporting the state's clean energy policies to reduce electric sector carbon dioxide emissions while continuing to leverage market forces to provide affordable, reliable electricity."

The IPPTF is being run by NYISO after initially being set up in collaboration with the state's Department of Public Service. The group next meets at ISO headquarters Aug. 20.

Broader Regional Markets Report

Staff continue work on clarifying the minimum deliverability requirements for external capacity from PJM into NYISO's Installed Capacity (ICAP) market, Nicole Bouchez, ISO principal economist, highlighted from the monthly Broader Regional Markets report.

At the July 31 Installed Capacity/Market Issues Working Group meeting, the ISO presented its proposed market design to improve the supplemental resource evaluation process for external capacity resources. It will communicate next steps after evaluating stakeholder feedback.

In related matters, Bouchez highlighted that the Independent Power Producers of New York last month filed a complaint asking FERC to direct the ISO to disallow PJM resources from selling ICAP into New York City (Zone J) using certain unforced capacity deliverability rights (UDR) facilities.

Public Service Electric and Gas in May had filed a complaint against Consolidated Edison concerning two transmission lines, B3402 Hudson-to-Farragut (B line) and C3403 Marion-to-Farragut (C line). PSE&G alleged that underwater portions of the lines may have been permanently damaged and should be removed.

On June 6, the ISO filed a protest with FERC indicating that removal of the B and C lines would undermine resilience in both New Jersey and New York and requested that PSE&G's complaint be denied.

Sub-20-MW Constraint Reliability Margin Values

The BIC approved the ISO's proposal to apply a sub-20-MW constraint reliability margin (CRM) value to certain facilities where warranted. A CRM is a portion of a transmission facility's capacity kept in reserve to help meet NERC and other reliability standards. A few facilities use the normal 20-MW CRM under most conditions but also use a larger CRM during periods of higher load, such as the Gowanus Substation in Brooklyn.

David Edelson, manager for operations performance and analysis, said the ISO would base its determination to use a sub-20-MW CRM mainly on the desire to keep CRM values at a level representing no more than 10% of a facility's rating.

NYISO's Tariff currently requires use of a minimum value of at least 20 MW for any non-zero CRM value employed in the day-

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ahead and real-time markets. As the ISO continues to consider inclusion of certain 115-kV facilities with lower thermal ratings (relative to 230-kV and higher facilities) into its dispatch, a 20-MW CRM can often represent a significant percentage of the facility limits.

For instance, many 115-kV facilities have post-contingency limits of 150 MW or lower. A 20-MW CRM represents 13% of the rating for a 150-MW facility.

In megawatt terms, a facility with a 150-MW rating and a 20-MW CRM would be secured in the dispatch using a 130-MW limit. By comparison, a typical 345-kV circuit has a 1,550-MW post-contingency rating with a 20-MW CRM representing only about 1% of the rating.

The ISO will seek Management Committee approval at its next meeting Aug. 29, and by the ISO's Board of Directors during a special call on the issue in early September, with a FERC filing targeted for the middle of next month.

T&D Manual Revisions

The BIC voted to approve incorporating into the ISO's Transmission and Dispatching Operations Manual (T&D Manual) an existing technical bulletin on the procedures transmission owners must use to secure their facilities into the Business Management System (BMS) day-ahead and real-time market models.

The information would be located in a new section in the manual and would not substantively differ from the existing guidelines, said Ethan D. Avallone, senior market design specialist.

The committee also approved proposed revisions to Section 3.1.3 of the T&D Manual, specifying that the New York Control Area reserve is monitored through the use of the Reserve Monitor Program; and to Section 4.2.11, regarding procedures when a transmission owner or the Northeast Power Coordinating Council observes or reports significant geomagnetically induced currents.

Distillate Prices Up 40% Y-o-Y

NYISO locational based marginal prices (LBMP) averaged $39.58/MWh in July, up nearly 18% from June and 10% higher than the same month a year ago, Bouchez told the BIC.

Year-to-date monthly energy prices averaged $46.64/MWh in July, a 28% increase a year ago. July's average sendout was 529 GWh/day, higher than 445 GWh/day in May and 454 GWh/day a year earlier.

Transco Z6 hub natural gas prices averaged $2.87/MMBtu, up about 17% from both June and a year earlier. Distillate prices dropped slightly compared to the previous month but were up 40% year-over-year. Jet Kerosene Gulf Coast and Ultra Low Sulfur No. 2 Diesel NY Harbor averaged $15.05/MMBtu and $14.81/MMBtu, respectively.

Total uplift costs and uplift per megawatt-hour dropped from June, but the ISO's 44-cent/MWh local reliability share in June came in higher than the previous month's 18 cents/MWh, while the statewide share dropped from 12cents/MWh to -57 cents/MWh. Thunderstorm alerts (TSAs) accounted for 21 cents/MWh for the month, down from 39 cents/MWh in June. TSAs occur when actual or anticipated severe weather conditions lead the ISO to reduce transmission transfer limits on the UPNY-SENY interface, which often leads to severe congestion.

— Michael Kuser

PJM Unveils Capacity Proposal

By Rory D. Sweeney

VALLEY FORGE, Pa. — If FERC hoped to receive a consensus proposal from PJM stakeholders on how to revise the RTO's capacity market, it may be disappointed.

PJM staff unveiled a new proposal at a special session of the Markets and Reliability Committee on Wednesday and were careful to differentiate it from the fixed resource requirement (FRR) FERC suggested in its rejection of the RTO's previous "jump ball" proposal. (See *FERC Orders PJM Capacity Market Revamp*.)

The RTO calls the proposed construct the Resource-specific Carve Out, or ReCO, because it would start with a subsidized generation resource exiting the capacity market with a corresponding amount of load rather than the FRR's inverse situation of a designated amount of load exiting the capacity market with a corresponding resource.

The same three FERC staff members who attended PJM's last meeting on the issue returned on Wednesday. At the previous meeting, the RTO provided a general overview of its plan and offered representatives of four other proposals time to outline their approaches. (See *PJM Stakeholders Search for Capacity Rules FERC Will OK*.)

FERC staff are uninvolved in the commission's decision on the topic and were only there to offer insight.

Whether PJM accepts it is another question.

Matthew Estes, a FERC attorney, advised consolidating the different aspects of several FRR-like proposals, including PJM's, into a single filing. He highlighted proposals developed by Exelon and a coalition of environmental organizations.

"Try to come up with a proposal that includes as much agreement as possible, or at least filling in the holes," Estes said, adding that PJM should consider filing a comparison of the proposals. "I think it would be helpful to the parties and the commission to see where there can be consensus and still disagreement."

But Craig Glazer, PJM's federal liaison, wasn't optimistic.

Craig Glazer | © *RTO Insider*

"Is there commonality? I'm guessing there isn't that much," he said, noting that the order requires a response from PJM directly, not a stakeholder-endorsed proposal. "The purpose of this [meeting] was to give PJM's thoughts."

PJM's ReCO proposal would define a minimum offer price rule (MOPR) in its annual Base Residual Auctions, how resources would become subject to the rule and what options those resources have to exit the capacity market instead of accepting the MOPR. The proposal focuses on removing price-suppressing impacts of resources offering into the auctions at rates that have been subsidized by other out-of-market payments, such as state programs for renewable or zero-emission generation.

ReCO, RECO, RICO

Whatever the final proposal is, it's likely the name won't remain. James Wilson of Wilson Energy Economics noted that PJM already has a RECO acronym for Rockland Electric Co., and Exelon's Jason Barker pointed out the pronunciation suggests the federal Racketeer Influenced and Corrupt Organizations Act (RICO).

"We have it in the notes to change the name," PJM's Adam Keech said.

Glazer emphasized that it's "not [an] open-ended" option for resources to choose to avoid a must-offer requirement, but a "narrowly carved right" for states to offer subsidies without requiring ratepayers to pay twice for capacity.

Resources would be subject to mitigation through the MOPR if they are at least 20 MW and receiving out-of-market revenues that are at least 1% of actual or anticipated market revenues. Outside payments from any federal program adopted prior to March 21, 2016 — the date set by FERC back to which companies would be eligible for refunds in a 2016 complaint that Calpine and Eastern Generation joined on how the existing MOPR handles subsidized resources (EL16-49) — would be exempt. Federal subsidies after that would have to include "a clear statement of congressional intent" to not be subject to the MOPR.

Those parameters set off a series of stakeholder concerns. Tangibl's Ken Foladare suggested increasing the 1% threshold so as to not be "trip[ped] up" unintentionally by combinations of state and local programs that aren't targeting wholesale power markets. Others asked why the date of the Calpine complaint was the cutoff and whether making exemptions for federal programs was discriminatory against state programs.

Glazer said PJM made room for federal programs because it is federally regulated and that it set the cutoff so that staff do not "have to romp through the tax code" to infer Congress' intent for older programs that likely did not contemplate current legal issues. It would create "an administrative nightmare" and "we'll never get anything done," he said, and neither would FERC.

"I'm not sure they wanted to be in the middle of endless fights over the tax code," he said.

PJM counsel Jen Tribulski said staff "didn't feel that we needed to draw that same line in the sand" for state programs.

Several stakeholders asked for clarification of PJM's position on how it would handle programs promulgated by federal agencies that don't regulate the RTO, such as the Department of Energy, which has been considering ways to subsidize ailing coal and nuclear facilities. Glazer said PJM would accept a program "to the extent that it is legal and it applies to us," but he declined to wade in farther.

"That's your legal argument," he said of stakeholder positions on what should apply to PJM. "Save it for court."

MOPR Exemptions

Another area of contention was the number of MOPR exemptions PJM is considering. Beyond federal programs, the proposal would also exempt resources listed in PJM's Tariff as self-supply for public power and vertically integrated entities prior to July 7, 2017 — the date the D.C. Circuit Court of Appeals remanded back to FERC its 2013 order on the RTO's MOPR. (See

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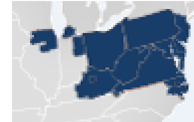

PJM Unveils Capacity Proposal

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PJM Stakeholders Split on Request to OK MOPR Compromise.)

New resources would be subject to net short/long criteria that would look at the owner's full portfolio to determine whether, in aggregate, its resource fleet exceeds thresholds of having either too much or not enough generation to supply its load. New units that are determined to have exceeded the thresholds would be subject to the MOPR.

Jason Barker | © RTO Insider

Barker asked why PJM plans to apply the MOPR to units that receive state payments for externalities the RTO's markets aren't valuing, such as Illinois' zero-emissions credits and New Jersey's nuclear diversity certificates for nuclear generators.

"We're not chasing intent," Glazer said. "They all have a distorted effect on the market."

Barker called it "very convenient" that PJM would "hide behind" FERC's directive for a MOPR with "few to no exemptions" to avoid discussing state programs after it had already outlined several other exemptions.

"It sounds like if there is an attribute that's not priced by this market, it sounds like you just don't want that to be considered," he said.

Glazer called it a "debate that's beyond the economic regulator and beyond us."

PJM's Stu Bresler said the reason is because "the subsidy is directly aimed at a resource to produce electricity" and if the unit can clear the auction without the subsidy it "has no fear of being MOPRed."

Barker also challenged the details of PJM's proposal to apply the MOPR to resources that exit the capacity market through ReCO but decide to return after the subsidy that made it eligible for ReCO expires. The applicable MOPR would include any project investment that occurred during the time frame when the subsidy was received.

DR

Under the plan, existing demand response resources would have a MOPR floor of $0/MWh, but planned DR would have a floor of the average offer price for planned DR from the previous three BRAs. Until those data become available, the floor would be based on the average offer price for DR from those BRAs. Keech said that planned DR would likely be considered as customers added that hadn't participated previously.

Eric Matheson with the Pennsylvania Public Utility Commission warned that might create barriers to entry if the previous offers were exceptionally high.

What Load?

ReCO would work by allowing resources receiving an "actionable subsidy" subject to a MOPR to exit the capacity auction along with a corresponding amount of load. While both the load and the resource would be included for the purposes of clearing the auction, the resource wouldn't receive any revenue. That money would instead be allocated as a *pro rata* credit back to all PJM load in the state subsidizing the resource on the basis of such loads' locational reliability charges.

Such resources would be subject to PJM's Capacity Performance requirements, but staff said that the resource and the load aren't required to be located in the same area.

"I don't know that we've come up a reason why that matters quite yet," Keech said.

Vistra Energy's Arnie Quinn said it could result in undesirable cost shifting.

"There's a physical element and there's a financial element. You've honored the physical element, but you haven't honored the locational pricing," he said.

Joe Bowring, PJM's Independent Market Monitor, agreed that it "does not make sense to have load and supply in separate locations."

FirstEnergy's Jim Benchek said the cost-allocation portion of the ReCO plan "makes sense" because there will be multiple auctions — the BRA and three subsequent Incremental Auctions — along with states with multiple zones to determine a final price to credit back to ratepayers. The final zonal capacity price is never the same as the BRA or IA prices, he said.

Matheson said it will be important for state regulators to have a role in the crediting process and determination.

Other Ideas

Keech confirmed that PJM doesn't plan to pursue an approach similar to the Competitive Auctions with Sponsored Resources construct recently approved for ISO-NE.

"I'm not here to tell you it can't be [implemented]," Keech said. "I'm just going to tell you that we're not going to pursue it as part of this proceeding. ... That doesn't mean that we can't discuss it sometime down the road in some other stakeholder proceeding."

That decision was endorsed by Wilson, who said CASPR is "a very, very complicated process, resulting in very complex rules that to do something that's really quite modest."

However, Keech said PJM is still contemplating whether its initial idea for a two-phase auction that eliminates subsidized offers will work in combination with the MOPR or ReCO. It is also looking at a "diversity load adder" to ensure load remains in the capacity market to account for the diversity of PJM's generation fleet.

FERC's Emma Nicholson said that "the commission did contemplate that this is a major rule change," so it "could envision some timing issues" with implementation and that "transition mechanisms might be necessary."

Next Steps

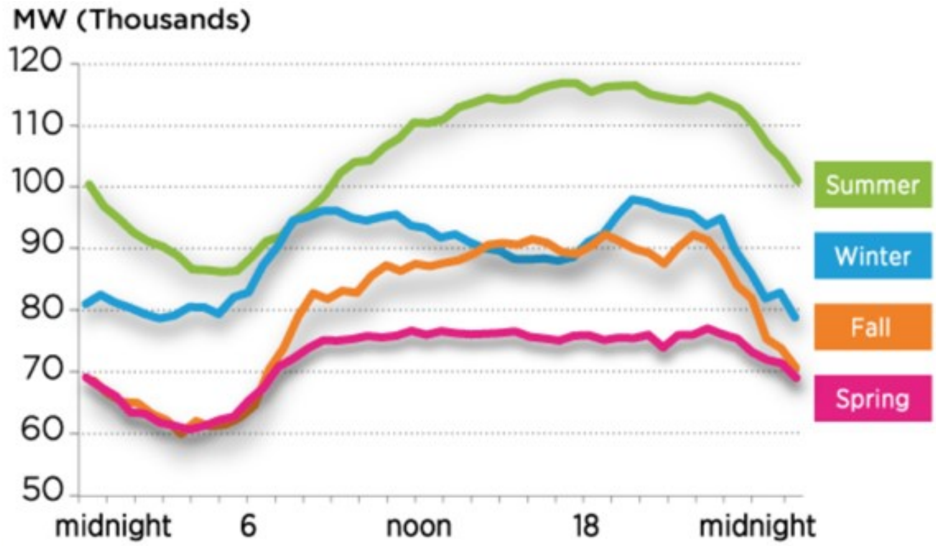
Staff are planning another session on the topic on Sept. 11 and said they would consider how to address Estes' suggestion of combining the FRR-related proposals. Susan Bruce, who represents the PJM Industrial Customers Coalition, asked that staff announce as early as possible if they plan to develop a comparison matrix to submit to FERC so stakeholders have time to provide input.

"I think we're treading on unusual grounds here," she said.

FERC Reiterates Need to Consider Seasonal Resources in PJM

By Rory D. Sweeney

In a move that should please environmental and ratepayer advocates, FERC has denied requests to shut down debate on whether PJM's Capacity Performance construct should make room for seasonal resources that can't adhere to CP's requirement to always be available (EL17-36).



PJM energy demand by season | *PJM*

The commission on Friday dismissed two requests for rehearing of its February order calling for a technical conference on whether the PJM should move from a year-round to a seasonal capacity construct. The commission ordered the conference in response to two complaints, one from the Advanced Energy Management Alliance, and a combined filing from Old Dominion Electric Cooperative, Direct Energy and American Municipal Power. (See *FERC Rethinking PJM Capacity Performance Rules*.)

PJM and the PJM Power Providers Group (P3) argued that FERC should have dismissed the complaints for not providing new evidence or changed circumstances that would require a decision other than approving CP. P3 challenged FERC's position that the complaints "raised important issues as to whether certain aspects of the [CP] construct are performing as well as expected."

FERC rejected those arguments, saying it hadn't made a final decision on the issue and that the February order was just to open the investigation. It rejected PJM's argument that the complaints were collateral attacks on CP and said the complainants had proven that CP might be unjust and unreasonable.

"The fact that the commission accepted a rate design in a proceeding under Section 205 of the [Federal Power Act] does not preclude the commission from later re-examining that rate design in a subsequent FPA Section 206 proceeding," the commission said.

FERC said AEMA identified seven "distinct developments since the conditional acceptances" of CP:

- multiple planning studies indicating that CP alone may not suit the region's resource adequacy needs, and no study showing a winter resource adequacy shortfall;
- a new reliability analysis from PJM showing that nearly all the resource adequacy value of marginal capacity lies in the summer months;
- auction results that suggest CP will actually degrade resource adequacy by reducing needed peak-season capacity;
- new PJM load forecasting information showing that peak-shaving programs have little impact on future capacity purchases, contradicting prior assumptions;
- PJM stakeholder resolution of a previously deferred CP cost allocation component;
- auction offers showing that significant amounts of capacity have been unwilling or unable to take on CP obligations at any price and that the aggregation mechanism proposed for demand response, energy efficiency and intermittent renewables does not appear to be working; and
- indications that the combination of seasonal and annual capacity worked well during the phase-in of CP, as evidenced by PJM's statements that its available capacity mix has been sufficient to meet demand.

FERC also found value in PJM sensitivity analyses presented in the complaints, settling arguments by PJM that they don't provide new evidence or changing conditions because they're solely backward-looking and completely hypothetical.

"We continue to find that these analyses constitute new evidence sufficient to warrant further investigation," the commission wrote. "Given that PJM is a summer peaking system, these studies support the contention that the move to a single, annual capacity product may have pushed valuable summer-only resources out of the capacity market and thereby increased capacity costs with little or no reliability benefit. They indicate that allowing PJM to procure some capacity as summer-only capacity would allow PJM to procure significantly less capacity during non-summer periods and provide equivalent reliability at lower total capacity costs."

FERC also rejected arguments that it's too soon to determine whether anything's wrong with CP.

"The concerns raised — including whether customers are paying more than necessary to ensure reliability — are the type of concerns that may be exacerbated, rather than ameliorated, by the passage of additional time," the commission wrote.

PJM NEWS

Line Opponents Set Sights on PJM in Public Campaign

By Rory D. Sweeney

PJM may soon have to choose between continuing to greenlight its "largest-ever" congestion-reducing transmission project or risking a public relations war with opponents of the project who live in its proposed pathway and have gained influential allies in their fight to have it shelved.

The $340.6 million project proposed by Transource Energy would consist of two separate 230-kV double-circuit lines, totaling about 42 miles, across the Maryland-Pennsylvania border — one between the Ringgold substation in Washington County, Md., and a new Rice substation in Franklin County, Pa.; and another between the Conastone substation in Harford County, Md., and a new Furnace Run substation in York County, Pa.

PJM and regulatory filings refer to the project as "9a," while Transource has dubbed it the Independence Energy Connection.

"Until now, landowners have considered Transource to be their opponent, but unless PJM soon exercises its right to withdraw the project, we will hold PJM responsible," wrote the opponents — consisting of three landowner groups in Harford, York and Franklin counties — in a June 30 letter to the RTO's Board of Managers.

"PJM will become the target of our media outreach, our legislative efforts and, potentially, our legal efforts as we hold PJM responsible for the tremendous costs incurred by landowners who will ultimately emerge victorious," the letter warned. "Further PJM support of this project will be viewed as an abuse of process."

Project 9a

PJM selected Transource's market efficiency proposal in August 2016 to reduce congestion along the RTO's AP South interface. As part of PJM's implementation of FERC Order 1000, the congested interface was included in its inaugural window for proposing such projects and received the most attention, attracting seven of the 17 total proposals submitted. (See AP South, Cleveland Draw Congestion Relief Proposals.)

At the time, PJM CEO Andy Ott called it "PJM's largest-ever market efficiency project," projecting it would save ratepayers $622 million in congestion costs over 15 years. The eastern portion would relieve the Graceton-Conastone 230-kV line, which was the most congested line in PJM's 2016 long-term analysis. Its congestion costs in 2017 were $51.8 million and were expected to rise over the next 10 years to $68.88 million in 2027.

Another line leading into Graceton, the 230-kV Bagley-Graceton, was third on the list with $23.59 million in 2017 congestion costs and estimates of $59.57 million in 2027. A third line in the area, the 500-kV Peach Bottom-Conastone, was second on the current list with $32.78 million in congestion costs, which are expected to drop precipitously to $1.9 million in 2027.

Independence Energy Connection | *Transource Energy*

FERC approved a formula rate for the project in January 2017 and a settlement this January on Transource's return on equity, but it refused to reconsider whether the company should be allowed to make single-issue rate filings or recover all costs if the project is canceled through no fault of the company.

Transource received permission, starting on Jan. 31, 2017, to recover all "prudently incurred costs" if it must abandon the project for reasons "beyond Transource's control." All costs prior to that are subject to a cost-sharing policy FERC ordered in Opinion 295, through which Transource could recover 50% (ER17-419).

'Do the Right Thing'

But opposition has developed among residents who live around the proposed paths, and they have orchestrated an awareness campaign that netted support from high-level elected officials on both sides of the state border. U.S. Rep. Scott Perry (R-Pa.) wrote a letter to FERC in March, calling on the commission to reconsider whether Order 1000 "puts impacted private citizens at a distinct disadvantage" in opposing projects. FERC Chairman Kevin McIntyre responded in April, outlining how projects are selected through Order 1000's competitive solicitation process and assuring Perry that PJM re-evaluates its decisions annually.

Maryland Gov. Larry Hogan wrote to PJM's Board of Managers on July 10 to "express concerns" that "the project will take prime agricultural land out of production, including land that is in permanent agricultural easements." He sympathized with "the need to reduce power congestion in Maryland" but requested that the project be halted pending a re-evaluation or rerouting using existing rights of way, along with greater engagement with residents and state agricultural and energy agencies.

PJM says it never received Hogan's letter.

"We have no record of receiving it," PJM spokesperson Susan Buehler told *RTO Insider* in an email.

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PJM NEWS

PJM Still Sees Hurdles for Including Summer DR

By Rory D. Sweeney

VALLEY FORGE, Pa. — PJM would have to implement programs adhering to specific rules and strict oversight in order to include summer demand reductions in its load forecasts, stakeholders learned last week.

Staff unveiled a proposal for implementing the demand reductions initiative, which has been driven by ratepayer representatives, at an Aug. 15 meeting of the Summer Only Demand Response Senior Task Force. Participation would be restricted to demand response programs approved by a state or regional regulator, and, to avoid double-counting, customers included in the programs would be barred from also participating as DR or price-responsive demand in PJM's markets during the same delivery year. Instead of receiving a direct payment, their value would be included as avoided capacity costs for the entire zone through a shift in the variable resource requirement curve used in the Base Residual Auction and Incremental Auctions for the delivery year.

Programs would need to indicate several factors by Aug. 31 prior to the delivery year's BRA, including:

- A threshold on PJM's temperature-humidity index to trigger interruption;
- A duration in hours;
- The number of megawatts that can be curtailed per hour;
- The months an interruption can occur; and
- All historical add-backs for the programs.

PJM's Tom Falin said the add-backs are necessary to "start with a clean load history."

"Our concern is that some of this peak shaving may already be reflected in the load history," he said.

Measurement and verification of the curtailment will also be important to confirm that what gets included in the load forecast is what actually occurs to ensure "as accurate a load forecast as possible."

Staff's initial forecast reduction will be based on a modified load history that assumes perfect curtailment performance since 1998. After three years of actual monitoring, the forecast will transition to using a three-year rolling average. But performance during the first two summers will be "key," Falin said, because "we're going to take the performance result for that summer and assume that would have happened for the previous 18 years."

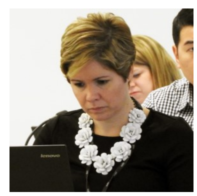
EnerNOC's Brian Kauffman presented an alternative proposal that would allow summer DR to participate in both load forecast adjustment (LFA) and as Capacity Performance resources. To avoid double-counting, Kauffman offered several proposals on measurement and verification, add-backs and payment rules to differentiate between megawatts committed under the LFA versus CP versus energy markets.

PJM staff were immediately against the idea, but Kauffman implored them to "first explore this and determine if it's impractical."

Skyler Marzewski | © *RTO Insider*

The Independent Market Monitor's Skyler Marzewski offered a revised proposal that would prohibit participation in multiple markets and exclude add-backs. PJM's Andrew Gledhill said "we're going to have to get the accounting right" because there might be potential for gaming.

Eric Matheson with the Pennsylvania Public Utility Commission withdrew his proposal but provided a presentation on timing conflicts between state peak-shaving programs, such as Pennsylvania's Act 129, and PJM's requirements.



Rebecca Carroll | © *RTO Insider*

PJM's Rebecca Carroll said the group's next meeting on Aug. 29 will cover dual registrations in capacity and energy programs, and whether load-reduction offers can be increased and decreased in IAs or just increased. Staff are hoping for a vote in time to review it at the group's Sept. 19 meeting and report to members at the September meeting of the Markets and Reliability Committee.

Staff also confirmed that any changes the group develops wouldn't be able to be implemented until the 2020 BRA.

Line Opponents Set Sights on PJM in Public Campaign

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But the PJM board did receive the letter from opponents, who mentioned McIntyre's "favorable response" and called for the project to be removed from the Regional Transmission Expansion Plan because the benefits have dropped substantially since the RTO last analyzed it.

"While we understand that PJM feels a responsibility to Transource to allow them to fail gracefully at the state level after a protracted review, the facts demand that PJM cancel this project immediately," they wrote.

The opponents argued that near-universal local opposition and unknown environmental impacts should induce staff "to use your professional and moral judgment to do the right thing."

Citing testimony from PJM's Paul McGlynn to the Maryland Office of People's Counsel (OPC), they argued system changes since last year's annual analysis have reduced the potential benefits while costs have likely risen. The reference was to a data request from the OPC to PJM as part of the Maryland Public Service Commission's review of Transource's application for a certificate of public convenience and necessity for the project. In a portion of the data request provided to *RTO Insider* by the opposition,

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Line Opponents Set Sights on PJM in Public Campaign

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McGlynn appears to indicate that the congestion savings have fallen from the $620 million expected when the project was approved to $245.75 million in the most recent analysis.

However, that number is not a direct input in PJM's analysis of such projects. That analysis, which was performed last September and posted in January, still produced a benefit-to-cost ratio of 1.32, exceeding PJM's 1.25 threshold for considering a proposal. PJM was unable to independently verify the document cited by the opposition but confirmed that the information McGlynn would have used came from the analysis that resulted in the 1.32 benefit-cost ratio. Any changes in the variables will be included in the next analysis coming in September.

"PJM is currently conducting a third evaluation of the project, and we are using up-to-date data in doing so," PJM spokesperson Jeff Shields said in an emailed statement. "In the past, the PJM board has canceled several major transmission projects in the region — including the [Mid-Atlantic Power Pathway] and [Potomac-Appalachian Transmission Highline] projects in 2012 — as a result of such re-evaluations."

AP South Congestion Improvement Project, or Project 9a, as it was approved by the PJM board in 2016. | *PJM*

Impact on the Ground

The opposition argues that PJM does not give enough consideration to utilizing existing infrastructure. They point out that PPL's existing Conastone-Otter Creek 230-kV line, which largely mirrors the proposal's eastern path, has capacity to run another line.

PJM confirmed that PPL offered a proposal among the 41 submitted to address the AP South interface congestion, but its benefit-cost ratio did not meet the 1.25 threshold. A PPL representative said the company's proposal "involved adding equipment to an existing substation."

Because it's PJM's largest market-efficiency project, "they want it to go through at any cost to land owners and local communities," said Patti Hankins of Harford County, who joined the opposition in 2017 after learning property belonging to her husband's cousin would be impacted.

Opponents are also concerned about the safety of high-voltage lines and the potential impact on destination agriculture, such as Shaw's Orchard Farm Market in White Hall, Md., and other farm-to-table operations. New construction should be the last resort, they argue.

"The impact on the ground is so significant that there should be no new construction until it's absolutely necessary," said Aimee O'Neill, a Maryland resident and president of grassroots group Stop Transource Powerlines MD, a signatory to the opposition letter.

Political Action

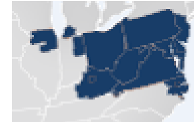
O'Neill has been lobbying state legislators to pass five bills that would require developers to use existing transmission infrastructure where possible before building new. Opponents of the bills, which O'Neill hopes will be reintroduced in the legislature's 2019 session following mid-term elections, argue that state regulatory oversight is satisfactory and that such laws would significantly upset plans to replace much of the regional grid that is nearing the end of its usable life.

"Maryland is not prepared to protect the interests of the people in the face of a changing energy environment," O'Neill said. "There's really nothing wrong with requiring those upgrades to be completed in existing easements with existing equipment, and what we've learned is that unless there is legislation requiring that … people [opposing new projects] are doomed to go through this time and again."

Every property owner along the proposed routes has objected to the project, so Transource will need eminent domain authority to take them, O'Neill said. The company is currently working through permitting and eminent domain proceedings with regulators in both states.

A Transource representative said the company would not a comment on the opponents' letter because it is directed to PJM.

PJM News



MRC/MC Preview

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

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

Markets and Reliability Committee

2. PJM Manuals (9:10-9:20)

Members will be asked to endorse the following manual change:

A. Manual 14C: Generation & Transmission Interconnection Facility Construction. Revisions developed to clarify procedures.

3. Market Efficiency Process Enhancement Proposal (9:20-9:50)

Members will be asked to endorse the market efficiency phase 1 proposal developed at the Market Efficiency Process Enhancement Task Force (MEPETF), along with the associated revisions to the Operating Agreement and Manual 14B: PJM Region Transmission Planning Process. The changes would exclude from the base case those units with facility study agreements (FSAs) and suspended interconnection service agreements and their associated network upgrades at the time of the case build, unless they are needed for reliability. (See "Market Efficiency," *PJM PC/TEAC Briefs: July 12, 2018*.)

Members also will be asked to endorse revisions to Manual 14F: Competitive Planning Process adding language identifying eligible congestion drivers and clarifying language regarding benefit/cost analyses. (See "Manual 14F Changes," *PJM PC/TEAC Briefs: Aug. 9, 2018*.)

4. Order 1000 Transmission Project Cost Containment Provisions (9:50-10:20)

Members will be asked to endorse a proposal to extend by one year the implementation deadlines for the cost containment comparative framework for competitive transmission projects. The proposal is being offered by the proponents of the cost-containment proposal that the MRC endorsed in May. (See *Cost Containment Clears MC Vote Despite PJM Plea*.)

5. FTR Liquidation Process (10:20-11)

Members will be asked to endorse a proposed problem statement and issue charge related to PJM's problems with liquidating a large financial transmission rights portfolio on which GreenHat Energy defaulted. Members will also receive an update on alternatives for handling the liquidation.

If the problem statement and issue charge are approved, stakeholders plan to seek a vote on a motion to request that PJM ask FERC for permission to discontinue liquidating any positions in the defaulted portfolio through Nov. 30. The motion is intended to give stakeholders time to develop new liquidation rules for submission to FERC. (See *PJM Reeling from Major FTR Default*.)

6. Transmission Replacement Process (11-11:40)

Members will be asked to endorse a proposal from American Municipal Power for ensuring that PJM's planning process for facilities at the end of their life are transparent and consistent and give stakeholders an opportunity for input under FERC Order 890. The proposal will require changes only to Manual 14B. Stakeholders will also hear PJM's perspective. (See *PJM Stakeholders End Tx Replacement Task Force*.)

Members Committee

1. FTR Liquidation Process (1:15-1:30)

Members will be asked to approve a motion requesting that PJM ask FERC for permission to discontinue liquidating positions in GreenHat Energy's defaulted FTR portfolio through Nov. 30. (See MRC item 5 above.)

— Rory D. Sweeney

SPP NEWS

New SPP Member Walmart Eyes 'Everyday Low Costs'

By Tom Kleckner

OMAHA, Neb. — When SPP CEO Nick Brown welcomed Walmart as one of the organization's newest members last month, he made a point of noting the company was the first in the RTO's large retail customer sector, which has been vacant since 2003.

A big deal for SPP, maybe, but old hat for Walmart. The retail giant is a member of every U.S. grid operator except CAISO, though that could eventually change.

"It depends on the regulatory environment there," Chris Hendrix, Walmart's director of markets and compliance, told *RTO Insider*.

As it is, Walmart is involved in most states that are open to retail competition, along with markets in Canada and the U.K., the latter through its Asda affiliate. Other markets, national and international, could follow "depending on how they're structured," Hendrix said.

"It'll be easier for me to tell you what markets we aren't in," he said, ticking off Delaware, Michigan, Rhode Island and D.C.

Walmart's foray into electricity markets began simply enough in 2003, when it joined ERCOT as a retail electric provider (REP) through its Texas Retail Energy entity. The wholly owned company has a customer of one, procuring power for Walmart, Sam's Club and other subsidiaries and their many stores and distribution centers.

"Initially, it was all about lowering our costs," Hendrix said. "We're like other REPs [in Texas], only we don't have sales people or customer service reps."

Hendrix, who brought 15 years of energy experience in both the gas and electricity sectors when he joined Walmart in 2003, is part of a team of 15 former energy insiders and company associates "doing all types of things."

Everything, that is, except sales. There's no need to market outside the Walmart family of companies.

"We can be in control of our own destiny," Hendrix said. "We can buy power how and when we want to, as opposed to being beholden to somebody else's buying schedule at the utility, or the market products they can come up with. We access the wholesale market when and how we see fit."

Walmart's Chris Hendrix (right) shares a laugh with Director Harry Skilton. | © *RTO Insider*

No Middleman

Hendrix said Walmart benefits from its membership in SPP and other grid operators by gaining access to hourly pricing and managing it for the company's needs.

"We cut out the middleman, and we leverage our credit as Walmart," he said. "The cost savings come from leveraging our credit, as well as operational efficiencies from having less people and services that we have to offer."

Asked to quantify Walmart's energy savings, Hendrix demurred.

"Cutting out the middleman's margin is basically the savings," he said. "Our goal is everyday low prices, and along with that, everyday low costs. Anything we can do to lower the cost helps the business opportunities of Walmart."

At the same time, Walmart's involvement with RTOs and ISOs has been instrumental in the company's sustainability program. The retailer has been working toward a goal of operating with 100% renewable energy since 2005.

Walmart has been the eighth largest corporate purchaser of wind and solar power globally since 2008 with 781 MW, according to Bloomberg New Energy Finance, and it gets about 28% of its electricity from renewables. Just before the presidential election in 2016, the company announced it intended to get half its power from wind and solar energy by 2025, passing Google as the world's top buyer of renewable power.

Nothing has changed, despite the Trump administration's lack of support for renewables.

"Our goals and objectives have not changed at all since they were first introduced … and more specifically, in November before the election," Hendrix said. "By the time it's all finished, 35% of our load in Texas will come from wind. That's a significant number, but it's still not a 50% number. We're looking to do a lot more, because we can't get there with on-site solar. It has to be large-scale solar and large-scale wind."

Hendrix said one of the side benefits of participating in energy markets is purchasing renewables on a wholesale basis. To participate in most of the markets it's in, Walmart had to become a member of the grid operators. SPP doesn't have that same requirement, but its 18 GW of installed wind capacity was too enticing to pass up.

"As we do a lot more renewables, a lot of that … is in the SPP territory," he said.

Walmart's annual $6,000 membership fee is a small price to pay. As the executive responsible for regulatory and legislative matters for the company's retail and wholesale energy businesses, Hendrix also gets to have a vote in SPP's stakeholder process.

"We decided, as we have been in all those other markets and we have seen the benefits of being on those committees, it made sense to join SPP," he said. "We try to understand what's happening with the ISO's policies and try to steer them in the direction that we think is best. We'll always advocate for competition and free markets."

SPP's hefty exit fee — about $673,000 for non-transmission owners, the RTO estimates — has scared away some potential members, but not Walmart.

"We don't intend to go anywhere," Hendrix said. "It works out to $6,000 a year. We think we get the benefit of being involved in the market."

COMPANY BRIEFS

FERC OKs Allegheny Reactive Power Settlement

Allegheny Energy Supply's Pleasants plant will receive $1.6 million annually for providing reactive power under an uncontested settlement approved by FERC last week. The company had sought a revenue requirement of $2.2 million, a reduction of $1.9 million from its previous revenue requirement.

More: *ER17-1220-001*

Wood Mackenzie Combines GTM Research, MAKE into New Unit

Wood Mackenzie has combined five of its research teams to form Wood Mackenzie Power & Renewables.

The new unit comprises Wood Mackenzie's power team; MAKE's team of wind analysts; and the solar, energy storage, and grid edge teams from GTM Research.

Wood Mackenzie acquired Greentech Media, GTM Research's parent, in July 2016. Verisk Analytics, which bought Wood Mackenzie in May 2015, bought MAKE in May 2017 and made it part of Wood Mackenzie.

Caithness Sues PSEG for Derailing Long Island Power Plant

Caithness Long Island II concept art

Caithness Long Island Energy and its parent, Caithness Energy, have filed an antitrust lawsuit against Public Service Enterprise Group, claiming the company and its Long Island subsidiary conspired to "exclude competition" by preventing Caithness from building a second natural gas-fired power plant on the island.

Caithness said PSEG's efforts over the past four years "derailed" its plan to open Caithness Long Island II, a 750-MW combined cycle plant, next to the 350-MW Caithness Long Island Energy Center, which it opened in 2009.

PSEG last year advised the Long Island Power Authority to reject Caithness' plan for the plant because it was unnecessary. LIPA expects renewable energy from sources that include wind farms off Long Island's South Shore to displace energy from traditional power plants over time.

More: *Newsday*

FES Files Decommissioning Plans for 3 Nukes

FirstEnergy Solutions on Aug. 15 made a filing with the Nuclear Regulatory Commission as part of the decommissioning process for the three nuclear power plants it plans to shut in Ohio and Pennsylvania.

The bankrupt FirstEnergy subsidiary filed paperwork detailing a training program for the professionals who will supervise the part of the plants' shutdown process involving the on-site storage of their used fuel.

Despite the filing, the company said it intends to work with Ohio and Pennsylvania officials to try to keep the plants open.

More: *Akron Beacon Journal*

Attorneys for SCE&G Customers Ask for Nuclear Project Refund

In a motion filed Aug. 15, attorneys for South Carolina Electric & Gas customers say the company should have to refund the entire $452 million it collected from its customers for its failed nuclear project over the past year.

The attorneys argued that the South Carolina law that allows the SCANA subsidiary to charge its customers for the project only permits it to do so while the project is under construction or in service.

The two reactors that SCE&G and Santee Cooper tried to add to the V.C. Summer Nuclear Generating Station are neither, as the companies gave up trying to build them last summer after spending $9 billion on them.

More: *The Post and Courier*

Colstrip Units Still Offline From Emissions Problems

Colstrip Power Plant's Units 3 and 4 are still failing emissions tests, according to Montana's Department of Environmental Quality, and remain shut down except for the tests.

The units, which account for 70% of the Colstrip, Mont., coal-fired plant's power, have been offline since they failed emissions tests on June 28. Talen Energy, which runs Colstrip, hasn't said how much repairing them will cost or when they could return to service.

"We are working diligently to resolve the issue and bring the units back on line as soon as possible to meet the needs of the market and our customers," Todd Martin, Talen communications manager, said in an Aug. 9 email to the *Billings Gazette*.

More: *Billings Gazette*

PG&E Names Franke VP of Safety and Health

Franke

Pacific Gas and Electric said Aug. 13 it has named Jon Franke vice president of safety and health, effective Sept. 1.

Franke is currently PG&E's vice president of power generation. He joined the company in 2017 and has more than 30 years of nuclear and energy industry experience.

More: *PG&E Corp.*

SEIA Names General Counsel, VP of Business Development

Smirnow

The Solar Energy Industries Association said Aug. 13 that John Smirnow will rejoin it as general counsel and vice president of market strategy and Tony Chen will become its vice president of business development, a newly created position.

Smirnow previously was SEIA's vice president of international trade. Chen has more than a decade of experience in business development in the solar industry, including as vice president of sales and business development at Cool Earth Solar, and as a project development manager at SolarCity.

More: *Solar Energy Industries Association*

Reports: CPP Replacement to Give States Control

The Trump administration's replacement for the Clean Power Plan will require modest efficiency improvements that could boost the output of coal-fired generators while giving states discretion over enforcement, according to published reports.

The New York Times, *The Washington Post*, *Politico* and Bloomberg all reported that the replacement will be announced this week, perhaps at a Trump campaign rally in West Virginia coal country Tuesday. Late Monday, EPA scheduled a Tuesday morning press briefing on the new plan, which it has dubbed the "Affordable Clean Energy" rule.

According to the reports, EPA has decided not to seek reversal of the 2009 finding that greenhouse gases endanger public health, as coal magnate Robert Murray and others have urged. Leaving the endangerment finding in place means the agency must address CO_2 emissions. Acting EPA Administrator Andrew Wheeler is a former Murray Energy lobbyist.

The reports said EPA will order that individual coal plants make heat rate improvements to increase the electricity produced from the same amount of coal — reducing carbon emissions per megawatt-hour. Observers say that could increase coal plants' dispatch as their lower production costs make them more competitive.

'Inside the Fence Line'

The Obama administration's plan would have required utilities to switch from coal to gas and renewables to produce a 32% cut in power sector carbon emissions below 2005 levels by 2030. The Trump administration says the CPP overstepped EPA's authority by imposing regulations "beyond the fence line" of individual plants. (See *EPA to Announce Clean Power Plan Repeal*.)

The U.S. Supreme Court stayed the CPP pending legal challenges in February 2016. The D.C. Circuit Court of Appeals heard arguments in the case, but Trump's EPA asked the court to delay its ruling so it could rewrite the rule. (See *Analysis: No Knock Out Blow for Clean Power Plan Foes in Court Arguments*.)

EPA previously estimated that "inside-the-fence-line" plant modifications, such as equipment upgrades and adoption of best practices, would improve average coal plant heat rates by 4%.

Politico reported that the White House Office of Management and Budget finished reviewing the draft and sent it back to EPA last week.

The plan reportedly would allow states to decide whether to adopt changes to "New Source Review," a policy that requires power plants to adopt pollution controls when they make upgrades that could increase emissions.

The CPP replacement, following the proposed rollback of automobile efficiency standards, is another indication of the Trump administration's determination to reverse Obama-era environmental policies and its reluctance to address climate change. EPA says transportation (26%) and electric generation (30%) are responsible for more than half of all greenhouse gas emissions in the U.S.

On Aug. 2, EPA and the National Highway Traffic Safety Administration announced they would cap fuel economy requirements at a fleet average of 37 mpg starting in 2020. Under the Obama rules, the standard had been set to rise to about 47 mpg by 2025.

President Trump signing his executive order seeking to undo the Clean Power Plan as coal miners, Interior Secretary Ryan Zinke, then-EPA Administrator Scott Pruitt and Vice President Mike Pence watch.

Bloomberg noted that the release of the CPP replacement "comes during a summer dominated by wildfires and hotter-than-normal weather. Northern Europe has withered in a deadly heat wave. California recorded its hottest July on record as its forests burned on an unprecedented scale. At least 116 people in Japan have died this summer, with the country posting its highest-ever temperatures in July. Meanwhile, parts of India are dealing with the worst flooding in a century."

Reduced Reductions

The Energy Information Administration says carbon emissions were 27% below 2005 levels at the end of 2017 and will drop another percentage point to 28% through 2030 without the CPP.

The Washington Post reported that the plan would allow the release of at least 12 times the amount of carbon dioxide into the atmosphere compared with the Obama rule over the next decade.

By 2030, the *Post* said, the new proposal would cut CO_2 emissions from 2005 levels by 0.7 to 1.5%, compared with business-as-usual. The CPP would have cut carbon emissions by about 19% by the end of the next decade.

EPA's new plan would reduce sulfur dioxide and nitrogen oxides that help form smog by 1 to 2% each from 2005 levels over the same time period. Cuts under the CPP for those pollutants would have been 24% and 22%, respectively, the *Post* said.

The new proposal, which is subject to a 60-day comment period, will almost certainly face legal challenges from environmentalists.

The Environmental Defense Fund said EPA should be more, not less, aggressive in reducing emissions despite industry trends favoring gas and renewable generation over coal.

"To be clear, we need the long-term regulatory signal established by the Clean Power Plan in order to ensure these trends continue — and to secure the full benefits of the pollution reduction that the Clean Power Plan would require," wrote Rama Zakaria, EDF's senior manager for regulatory policy and analysis, in a blog post last week. "If acting EPA Administrator Wheeler decides to replace the Clean Power Plan, EPA must fulfill its legal imperative to establish carbon pollution limits that achieve maximum feasible pollution control and adequately address the urgent threat of climate change."

— Rich Heidorn Jr.

FEDERAL BRIEFS

Only 14% of Renewable Additions Last Decade PURPA-Qualifying

Of the more than 103 GW of renewable generation that came online in the U.S. between 2008 and 2017, only 14 GW, or 13.6%, had qualifying small power producer status under the Public Utility Regulatory Policies Act, according to the Energy Information Administration.

The top category of PURPA-qualifying renewable generation added over that period was utility-scale solar, which is solar with 1 MW or more of capacity; more than 8 GW of it was added. Four gigawatts of onshore wind were added, placing it second.

During the past decade, PURPA-qualifying facilities have accounted for 31% of the country's solar PV capacity additions, 5% of its onshore wind capacity additions and 6% of its total generating capacity additions.

More: *Energy Information Administration*

Trump's Selection to Head ARPA-E Dodges Questions on Funding

Genatowski

Lane Genatowski, who was nominated by President Trump to head the Department of Energy's Advanced Research Projects Agency-Energy, wouldn't say at his Senate confirmation hearing on Aug. 16 whether he thinks the agency should continue to be funded.

Trump didn't provide funding for the agency in his proposed budgets for fiscal 2018 or 2019.

Genatowski told members of the Senate Energy and Natural Resources Committee that he would be happy to put his "oar in the water" at the agency if it were funded, but he added that he supports Trump's budget.

More: *The Hill*

Pilgrim Workers Exceeded Permitted Hours, NRC Says

Personnel at Entergy's Pilgrim Nuclear Power Station in Plymouth, Mass., worked more hours than allowed by federal regulations on 19 occasions between December 2017 and April 2018, according to the Nuclear Regulatory Commission's latest report on the plant.

Federal law prohibits nuclear plant employees from working more than 16 hours in any 24-hour period and 72 hours in any seven-day period. They also can't average more than 54 hours a week over a six-week averaging period.

The agency categorized the infraction as a "green" finding, which is considered minor because no problems resulted from it.

More: *Cape Cod Times*

Despite Stop Orders, FERC Allows Work to Continue on Pipelines

Shortly after issuing work stoppage orders to the developers of the Mountain Valley and Atlantic Coast pipelines, FERC gave them permission to keep working on the projects.

FERC issued a stop work order to Mountain Valley Pipeline on Aug. 3, then on Aug. 15 allowed work to resume on the first 77 miles of the 303-mile-long natural gas pipeline (CP16-10). The commission issued a stop work order to Atlantic Coast Pipeline on Aug. 10, then on Aug. 11 gave it permission to continue construction on road bores and a compressor station in West Virginia for the natural gas pipeline.

Despite being allowed to resume some work, Mountain Valley Pipeline said Aug. 16 that it has laid off as much as half of its workforce and pushed back the pipeline's expected in-service date to the fourth quarter of 2019. Atlantic Coast's goal remains to have the natural gas pipeline in service by the end of 2019.

More: *Charleston Gazette Mail*; *Mountain Valley Pipeline*

Enviros Ask Court to Review FERC Pipeline Decisions

The Southern Environmental Law Center and Appalachian Mountain Advocates filed a lawsuit on Aug. 16 with the 4th Circuit Court of Appeals asking it to review FERC's Oct. 13, 2017, decision to grant the Atlantic Coast Pipeline a certificate of public convenience and necessity.

The lawsuit, which was filed on behalf of 14 environmental organizations, also asked the court to review FERC's Aug. 10, 2018, decision to deny a rehearing on its decision to grant the certificate.

More: *The Daily Progress*

Riverkeeper Files Court Challenge To FERC's PennEast Approval

In an Aug. 13 filing with the D.C. Circuit Court of Appeals, the Delaware Riverkeeper Network challenged FERC's Aug. 10 approval of the PennEast pipeline.

The environmental group said in its filing that FERC violated the Natural Gas Act and the National Environmental Policy Act in approving the pipeline.

New Jersey Sierra Club said it also will challenge FERC's approval of the natural gas pipeline in court.

More: *Delaware Riverkeeper Network*; *State Impact Pennsylvania*

China Files Complaint Over Solar Tariffs with WTO

China's Ministry of Commerce said it filed a formal complaint about U.S. tariffs on solar panels and modules with the World Trade Organization in Geneva on Aug. 14.

The ministry said the 30% tariffs imposed by the Trump administration in January improperly help U.S. solar panel manufacturers in violation of WTO rules.

In addition to China, the tariffs apply to solar cells and modules imported from Canada, Mexico, Europe and South Korea.

More: *The Associated Press*

NREL Chooses New High-Performance Computing System

The Department of Energy's National Renewable Energy Laboratory said Aug. 14 it has selected its next high-performance computing system, which will be used to advance early-stage research and development on energy technologies spanning multiple programs in the department's Office of Energy Efficiency and Renewable Energy.

NREL said it will install the new system, which is named Eagle, in its Energy System Integration Facility data center this summer and put it into production use next January.

More: *Department of Energy*

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FEDERAL BRIEFS

Continued from page 30

DOE Providing $9 Million in Funding to 15 Tribal Projects

The Department of Energy said Aug. 15 it is providing nearly $9 million in funding to 15 tribal energy infrastructure projects.

The department said the funding through its Office of Indian Energy Policy and Programs is meant to help Native American and Alaska Native communities harness their undeveloped energy resources to reduce or stabilize their energy costs and increase their energy security and resilience.

More: *Department of Energy*

North Dakota Awarded Attorneys' Fees in Minnesota Energy Law Case

The 8th U.S. Circuit Court of Appeals on Aug. 14 affirmed a federal judge's order awarding North Dakota more than $1.3 million in attorneys' fees and other costs in a battle over a 2007 Minnesota law barring utilities from buying power from new power plants that produce carbon dioxide emissions.

North Dakota Attorney General Wayne Stenehjem sued Minnesota in 2011, saying the law hurt the ability of generation companies to build — and sell electricity from — coal-fired power plants in his state.

A federal judge ruled in 2014 that the Minnesota law illegally regulates out-of-state utilities.

More: *The Associated Press*

Markey Asks Agencies, Utilities For Cyberattack Information

Sen. Edward Markey (D-Mass.) on Aug. 13 wrote letters to FERC, NERC, 10 utilities, the power marketing administrations and the departments of Homeland Security and Energy, asking about Russia's reported cyberattack on U.S. utilities last year and the steps being taken to identify vulnerabilities in the utilities' systems and protect them from future attacks.

Markey asked the utilities, among other things, if they had been victims of Russian cyberattacks and, if so, how their systems were infiltrated. He asked the agencies to provide information about their roles in identifying, analyzing and responding to electric utilities' cyber vulnerabilities, as well as in crafting rules and standards to address them.

More: *Sen. Edward Markey*

FERC OKs South Central's Tariff, Revokes Waiver

FERC last week accepted South Central MCN's open access transmission tariff (OATT) while revoking the utility's waiver from requirements for maintaining an open access same-time information system (OASIS) and abiding by FERC's Standards of Conduct (ER18-1267). South Central (now GridLiance High Plains) requested the waiver from the requirements in 2016 following its acquisition of Tri-County Electric Cooperative's 410 miles of transmission facilities in the Oklahoma Panhandle not under the functional control of SPP.

FERC granted the waiver, saying the facilities were limited and did not constitute an integrated transmission system. But it said South Central would have to file a *pro forma* OATT should it receive a request for transmission service. The utility received an interconnection request for a proposed wind farm in November 2016 but did not file the tariff until March 2018, saying it "failed to interpret commission rules appropriately." FERC noted that with South Central's April 2018 acquisition of assets from the city of Nixa, Mo., and the transfer of their control to SPP, South Central "became a transmission owner and now owns facilities that are part of an integrated transmission grid."

Separately, FERC on Monday clarified that SPP's proposal to add the Nixa facilities to pricing Zone 10 is among the issues that the commission set for hearing and settlement procedures in its order accepting Tariff amendments incorporating the assets (ER18-99-001). FERC said it excluded from the hearing only the merits of SPP's unpopulated formula rate template, which it approved in an earlier proceeding.

STATE BRIEFS

REGIONAL

Governors Urge ISO-NE to Consider Rules' Effect on Power Rates

Governors of all the New England states except Maine on Aug. 13 issued a statement urging ISO-NE to expressly consider and analyze the effect of proposed market rules and initiatives on electric power rates and affordability.

The governors issued the statement during meetings with leaders from eastern Canada on energy and other issues.

A spokeswoman for ISO-NE said the RTO is working with the states on reliability issues but noted that constraints on New England's fuel infrastructure, which can lead to risks to reliability and high power prices in winter, are beyond its jurisdiction.

More: *New Hampshire Public Radio*; *Vermont Business Magazine*

ARIZONA

Renewable Power Measure Qualifies for Ballot

Secretary of State Michele Reagan said Aug. 15 that the group behind a measure to require investor-owned utilities to get half their power from renewable sources by 2030 has obtained enough signatures to get it on the November ballot.

Reagan said the validity rate of signatures from Maricopa County was high enough that it "more than qualifies" for the ballot, regardless of the validity rate in other counties.

A group that opposes the measure and is funded by Pinnacle West Capital, parent of Arizona Public Service, plans to argue in a trial that begins Aug. 20 that the measure's supporters purposely submitted many signatures it knew were invalid so that

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State Briefs

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county recorders would be overwhelmed with signatures to the point that they couldn't do a good job validating them.

More: KTAR; Arizona Daily Sun

ACC May Consider Electric Retail, Generation Competition

The Corporation Commission soon may consider opening up the state's power sales and generation markets to competition, five years after it voted to end a discussion of the issue.

Commissioners Robert Burns, Justin Olson and Boyd Dunn recently submitted letters into an open docket asking that the commission explore changing its retail electric competition rules, which permit utilities such as Arizona Public Service to operate as regulated monopolies.

Burns said he believes recent technological advancements have created more of an impetus for reregulation of generation; Olson said he believes the commission should consider allowing competition in the retail and generation markets to competition; and Dunn said he's keeping an open mind but isn't making any commitments.

More: Arizona Capitol Times

ACC Approves Environmental Certificate for TEP Power Line

The Corporation Commission on Aug. 14 approved a certificate of environmental compatibility for a 238-kV transmission line that Tucson Electric Power plans to build to improve service to an area of Tucson that includes the UA Tech Park at The Bridges.

The line will run line about 4 miles from the H. Wilson Sundt Generating Station to TEP's planned Kino Substation.

TEP expects to begin construction on the transmission line and substation in mid-2020 and have them go into service in mid-2021.

More: Arizona Daily Star

CALIFORNIA

Wharton Report Calls Inverse Condemnation for Fires 'Ill-founded'

In a report analyzing the costs of the state's

wildfires, the University of Pennsylvania's Wharton Risk Management and Decision Process Center said utilities should be required to pay for damages from wildfires linked to their equipment only if they acted negligently.

"The application of inverse condemnation to wildfires ignited by power lines or electric utility equipment is ill-founded," the report said.

Supporters of inverse condemnation say it is needed to make sure utilities do everything in their power to make sure their equipment doesn't cause fires.

More: The San Diego Union-Tribune

COLORADO

Xcel, Boulder to Request More Time to Form Utility

The city of Boulder will ask the Public Utilities Commission for the fourth extension to the deadline for it to complete its negotiations with Xcel Energy over forming a municipal utility.

Boulder City Attorney Tom Carr said Aug. 13 that the city and the utility have reached "an agreement in principle," but Xcel needs more time to get it approved internally. The current deadline is Aug. 24.

More: Daily Camera

ILLINOIS

Gov. Rauner Signs 2 Solar Farm Bills

Gov. Bruce Rauner on Aug. 10 signed two bills meant to help ensure that solar farms benefit the state's farmers and rural communities.

SB 486 sets a standard tax assessment value for solar farms, creating certainty about the revenue that local taxing bodies will get from them. SB 2591 sets standards for the construction and deconstruction of solar farms on agricultural land.

Both were passed unanimously by the House and Senate.

More: The News-Gazette

LOUISIANA

Entergy Seeking Surcharge for Unpaid Bills During Floods

Entergy Louisiana has asked the Public Service Commission to allow it to put a surcharge on the bills of about 468,000 customers in 20 parishes so it can recover the $5.9 million it lost in unpaid bills during the August 2016 floods.

The surcharge would allow Entergy to recover money it wasn't allowed to collect because of PSC orders that forbade electric and water companies from turning off service or charging late fees to people flooded out of their homes. One of the orders allowed the companies to collect the money they lost during the time the orders were in effect, which is what Entergy is seeking permission from the PSC to do.

"The Louisiana Public Service Commission staff has supported our request in a manner similar to the requests made by other utilities in the region and according to the rules spelled out in the commission's 2017 order," Entergy spokesman Michael Burns said in an Aug. 15 email.

More: The Advocate

Entergy New Orleans Withdraws Rate Increase Request

The New Orleans City Council on Aug. 15 received a letter from Entergy New Orleans in which the company withdrew its request for a rate increase that would have hiked the bills of all its customers in Orleans Parish.

The company withdrew the request, which

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STATE BRIEFS

Continued from page 32

it filed last week, after some council members expressed concerns about it. Entergy said it would present another proposal next month.

More: *WVUE*

MAINE

Supreme Court Dismisses Solar Reimbursement Complaint

The Supreme Judicial Court on Aug. 16 dismissed a complaint over a Public Utilities Commission rule that decreases the amount that residential solar customers receive for the power they generate, saying it should be heard in a lower court.

The Conservation Law Foundation, which brought the complaint, had argued that the rule could be appealed directly to the Supreme Judicial Court because it constituted a rate change. The group said it will take its fight against the rule to Superior Court.

More: *Portland Press-Herald*

Lawsuit: CMP told Employees to Blame Customers for High Bills

Three law firms on Aug. 15 filed an amended lawsuit against Central Maine Power, adding an allegation that the company told its employees to tell customers complaining about high bills that the bills were because of their power usage or actions they took rather than the utility's faulty billing and metering systems.

Thousands of CMP customers have complained that their December, January and February bills were up significantly from previous years. The Public Utilities Commission and an independent auditor are investigating the complaints.

CMP has said the bills were because of rates that increased last fall and a recent cold snap. A spokeswoman for the utility vigorously denied the allegations in the amended lawsuit.

More: *Portland Press-Herald*

Central Maine Power Launches Apology Ad Campaign

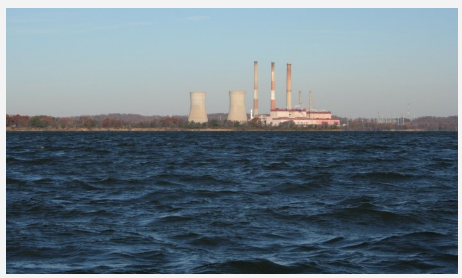
Central Maine Power has launched a TV ad campaign to help repair its image, which has been damaged by perceptions that its restoration efforts after a wind storm last fall were inadequate and customer anger over high bills that have led to a state investigation and a class-action lawsuit.

The campaign consists of commercials of 30 and 60 seconds that began airing Aug. 13. In them, CMP President and CEO Doug Herling tells customers that when they raised concerns about its new customer care system, "we didn't respond as well as we should have and we are very sorry about that."

More: *Portland Press Herald*

MARYLAND

Environment Department Requires 3 Coal Plants to Limit Dishcarges



Chalk Point Generating Station, near Eagle Point, Md.

The Department of the Environment has issued water discharge permits to three coal-fired power plants that require the plants to limit the amount of toxic metals, including arsenic, mercury and selenium, that they discharge into the Potomac and Patuxent rivers beginning in 2020.

The Environmental Integrity Project said it learned of the new permit for the Morgantown Power plant on Aug. 13 and of the permits for the Chalk Point and Dickerson plants a few days earlier, even though the permits became effective July 27.

The environmental group said it and other groups had argued in comments sent to the department that EPA's Clean Water Act regulations required the state to meet new federal limits on toxic metals in wastewater from air pollution scrubbers by Nov. 1, 2020.

More: *The Baltimore Sun*; *Environmental Integrity Project*

MICHIGAN

Traverse City Aims to Go 40% Renewable by 2025

Traverse City Light & Power's board of directors on Aug. 14 adopted a strategic plan that says the utility intends to get 40% of its energy from renewable sources by 2025 and will work to push that to 100% by 2040.

The plan also states the utility will meet a new state renewable energy mandate to get 15% of its power from "clean and renewable" energy sources by 2021. The city already plans to power all its municipal operations with clean energy by 2020.

More: *Traverse City Record Eagle*

MINNESOTA

PUC Cancels Remainder of Grant For Minneapolis Hydro Project

The Public Utilities Commission voted Aug. 16 to revoke the remaining $3.5 million of a renewable energy grant that Xcel Energy awarded in 2002 to Crown Hydro to build a hydroelectric power on the Mississippi River in Minneapolis.

The project is opposed by the city, its Park Board and river advocacy groups, all of which say it no longer fits into the area in which Crown Hydro is proposing to build.

An attorney for Crown Hydro told the commission before its vote that the money was necessary for the project, but the company's owner said afterward that the vote will merely require Crown Hydro to change how it finances the project.

More: *Star Tribune*

MISSOURI

Public Counsel Asks PSC to Rehear Empire Wind Project Authorizations

The Office of Public Counsel on Aug. 16 filed with the Public Service Commission a request for rehearing the commission's July order giving Liberty Utilities-Empire District some authorizations for its proposed 600-MW wind energy project.

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STATE BRIEFS

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The order authorized Empire to record the costs of building the project's wind turbines and include them in its next rate case, if it completes the project. The order also authorized Empire to establish a framework for accounting for the depreciation of the wind turbines' value.

More: The Joplin Globe

PSC Approves Tax Savings Rate Decrease for Empire

The Public Service Commission on Aug. 15 issued an order approving a rate decrease of approximately $17.8 million over 12 months for Liberty Utilities-Empire District Missouri, effective Aug. 30.

The rate decrease reflects Empire's savings from the Tax Cuts and Jobs Act. It will lower the monthly bill of a residential electric customer using 1,000 kWh/month by 3.57%, or $5.16.

More: Liberty Utilities-Empire District

Grain Belt Won't Get Permits In 2 Counties, Officials Say

The presiding commissioners in two counties said their commissions would vote to deny permits to the Grain Belt Express transmission project even though a state Supreme Court ruling last month limited their ability to do that.

Bud Motsinger, the presiding commissioner in Caldwell County, said all three commissioners there would vote to deny the project any sort of permit. John Truesdell, the presiding commissioner of Randolph County, expects two of the three commissioners there to vote no.

More: Energy News Network

NEW HAMPSHIRE

Mayors to Ask Legislative Leaders To Overturn Energy Bill Vetoes

Thirteen mayors plan to send a letter to state legislative leaders asking them to overturn Gov. Chris Sununu's vetoes of two energy bills next month.

The mayors say the bill that deals with net metering would help their cities attract more private investment in energy, which would lower electric rates.

They also say the veto of a bill supporting the biomass industry could cost the state nearly 1,000 jobs if it isn't overturned.

More: New Hampshire Public Radio

NEW JERSEY

Master Plan Committee Holding 5 Public Meetings Next Month

The Board of Public Utilities said Aug. 15 that the Energy Master Plan Committee will host a series of public stakeholder meetings next month to begin the process of getting feedback for a new plan that the state is slated to adopt next June.

The plan is intended to provide a comprehensive guide for the use, management, and development of energy across the state in ways meant to attain five main goals: putting the state on a path to 100% clean energy by 2050; growing its clean energy economy; ensuring energy reliability and affordability; reducing the state's carbon footprint; and advancing new technologies.

More: New Jersey Board of Public Utilities

BPU Releases Draft of Proposed Rules for Offshore Wind Projects

The Board of Public Utilities on Aug. 10 released a draft of its proposed rules for offshore wind projects that specifies what offshore wind energy certificates (ORECs) will pay for and how they will be funded.

Under the rules, developers of offshore wind projects approved by the BPU will be reimbursed for the cost of building and running them for 20 years through the ORECs. The state's electric customers will fund the ORECs and have the money the wind farms make from selling power returned to them.

The rules are needed to implement the Offshore Wind Economic Development Act of 2010, which former Gov. Chris Christie had prevented from being implemented. After taking office, Gov. Phil Murphy issued an executive order directing the BPU to implement it.

More: The Press of Atlantic City

NEW MEXICO

PRC Hearing Officer Recommends Ending SPS Solar Fee

Public Regulation Commission Hearing Officer Carolyn Glick recently recommended that the commission stop Southwestern Public Service from charging a "standby fee" to customers with solar generation systems.

SPS is asking to increase the fee, which averages about $28/month. Glick said a study that the utility used to justify the fees is "riddled with errors and unreliable."

More: Santa Fe New Mexican

NEW YORK

Judge Rules CPV Can Resume Start-up Tests at Plant

State Supreme Court Judge Roger D. McDonough ruled Aug. 15 that Competitive Power Ventures can resume start-up tests at its new natural gas-fired power plant in Wawayanda.

The judge made the decision a day after CPV sued the state Department of Environmental Conservation, seeking an injunction that would allow it to run the $956 million, 630-MW Valley Energy Center while a dispute plays out regarding the plant's air permits.

"While DEC is disappointed, the order's expedited briefing process will provide us with an opportunity to vigorously litigate this issue and get a ruling on the merits as to whether CPV can continue to operate without a Title V permit," the DEC said in a statement on Aug. 15.

More: Times Herald-Record

NY Green Bank Closes $64.9M in Transactions in Q2

NY Green Bank said Aug. 15 it closed six transactions totaling $64.9 million in the second quarter, bringing its total investments to $522.3 million.

The largest transaction was a $19 million contribution to a $150 million revolving credit facility that Vivint Solar will use to expand the residential solar market in the state. The second largest was an $18

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STATE BRIEFS

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million term loan for NRG Renew, which NY Green Bank estimates will support the deployment of up to 15 MW in community solar projects.

NY Green Bank said it expects its $522.3 million in commitments will produce from $1.46 billion to $1.7 billion in sustainable infrastructure investment.

More: *New York State Energy Research and Development Authority*

NYPA Issues RFI for Partnerships To Speed EV Adoption

The New York Power Authority said Aug. 14 it has issued a request for information to identify potential public and private partnerships that could help it address key barriers to the adoption of electric vehicles in the state.

NYPA said the RFI is meant to help it gauge private sector interest in collaborating on new business and ownership models for developing EV infrastructure and services. The RFI also is meant to help it identify financial, technology and service innovations that could help it remove barriers to EV adoption.

NYPA said the RFI will help maximize the impact of its recently announced EVolve NY program, which will allocate up to $250 million through 2025 to help speed EV adoption.

More: *New York Power Authority*

WASHINGTON

IOUs Meeting Renewable Energy, Conservation Requirements

The state's three investor-owned utilities are meeting their renewable energy and conservation requirements, according to the Utilities and Transportation Commission.

The UTC confirmed Aug. 13 that Avista, Pacific Power and Puget Sound Energy are meeting the requirements of the 2006 Energy Independence Act by getting at least 9% of their electric load from renewable resources.

The commission also found that utilities exceeded their conservation targets for 2016-17 by saving more than 850 GWh, with PSE contributing the majority of the savings.

More: *South Sound Business*

UTC Reviewing Avista Rate Calculation Court Ruling

The Utilities and Transmission Commission is reviewing a state Court of Appeals ruling that could require Avista to recalculate its 2016 rates.

The court sided with the state attorney general's office, which challenged Avista's method for recovering costs related to large infrastructure investments.

The commission could petition the state Supreme Court to review the Court of Appeals' decision.

More: *The Spokesman-Review*

WEST VIRGINIA

Settlement Filed over Use Of Appalachian's Tax Savings

Appalachian Power, the Public Service Commission's Consumer Advocate Division and other parties have filed a settlement agreement with the PSC that would direct slightly less than $110 million of the company's savings under the Tax Cuts and Jobs Act to pay for its fuel costs and vegetation management program.

Appalachian said the portion of its rates related to fuel costs and vegetation management would remain stable for the next two years if the settlement is approved. If it's not approved, the company said its rates could rise by as much as 11%.

More: *Charleston Gazette-Mail*

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