RTO Insider

Your Eyes and Ears on the Organized Electric Markets

CAISO ■ ERCOT ■ ISO-NE ■ MISO ■ NYISO ■ PJM ■ SPP

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RTO Insider Seeks Repeal of NEPOOL Press Ban

By Robert Mullin

FERC Commissioner Neil Chatterjee spoke at NEPOOL's December Participants Committee meeting at the Colonnade Hotel in Boston. | *NEPOOL*

RTO Insider filed a complaint Friday asking FERC to overturn the New England Power Pool's ban on press coverage of its meetings or terminate the group's role and direct ISO-NE to adopt an open stakeholder process similar to those used by other RTOs.

The Section 206 complaint comes two weeks after NEPOOL submitted a proposal to FERC seeking to codify an unwritten policy of banning news reporters and the public from attending the group's stakeholder meetings. (See *NEPOOL Files Press Ban with FERC*.) New England is the only one of the seven U.S. regions served by RTOs or ISOs where the press and public are prohibited from attending stakeholder meetings.

NEPOOL's proposed amendments to the NEPOOL Agreement would add a definition of "press" and bar anyone working as a journalist from becoming a NEPOOL member or alternate for a participant. The group drafted the revisions after *RTO Insider* reporter Michael Kuser, who lives in Vermont, applied for membership in NEPOOL's Participants Committee as an end-user customer in March.

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Calif. Passes 100% Clean Energy Bill

By Hudson Sangree

SACRAMENTO, Calif. — A bill that would require the state to get 100% of its power from renewable and other zero-carbon resources by 2045 is headed to the desk of Gov. Jerry Brown.

SB 100 passed a major hurdle last Tuesday, clearing the State Assembly by a narrow margin, then sailed through the State Senate on Wednesday. Brown hasn't said if he will sign or veto the measure, but it dovetails with his ambitious environmental agenda with regard to renewable power.

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Mexico Power Market Caught up in Political Transition

By Tom Kleckner

Tony Payan | © *RTO Insider*

HOUSTON — The long transition between incoming Mexican President Andres Manuel Lopez Obrador's July 1 election and his Dec. 1 inauguration has provided an early glimpse into how the new administration will approach the country's energy reforms.

Unfortunately, the competing messages have left many observers confused, said political scientist and long-time Mexico watcher Tony Payan.

Members of Lopez Obrador's administration "don't seem to have full agreement on what they want to do," Payan told the International Society for Mexico Energy last week.

Payan, fellow and director of the Baker Institute's Mexico Center at Rice University, said one official will call for the North

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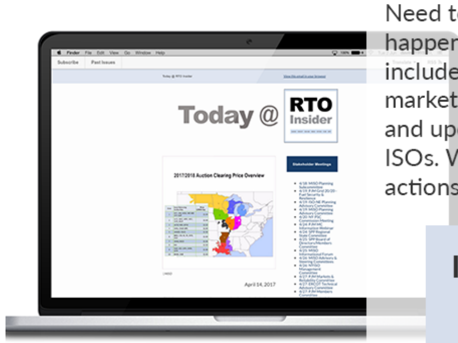
IN THIS WEEK'S ISSUE

If You're not at the Table, You May be on the Menu



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For more information, contact Marge Gold at marge.gold@rtoinsider.com

STAKEHOLDER SOAPBOX

Offshore Wind is a Good Value for the East Coast

By Liz Burdock


Burdock

In his "Counterflow" column in the July 31 issue of *RTO Insider*, Steve Huntoon makes the unusual argument that because offshore wind costs more than onshore wind (i.e., requires more subsidies) offshore wind is a waste of money by a factor of 11:1 according to the Lazard study. Thus, we should build only onshore wind and forget about offshore wind.

However, there is plenty of evidence that offshore wind costs are rapidly coming down, and that some of offshore wind's key benefits, especially its proximity to the population centers along the U.S. East Coast and job creation, make it a good value for ratepayers.

Mike O'Boyle, electricity policy manager for Energy Innovation, recently cited a Lawrence Berkeley National Laboratory (LBNL) study that showed "the high capacity factors of offshore wind, the coincidence of wind with customer demand, and the potential locations adjacent to congested coastal load centers like New York and Boston already make offshore wind an economic option."

The LBNL study also found that the "market value" of offshore wind — considering energy, capacity and renewable energy certificates (RECs) — varies significantly along the U.S. East Coast, and "generally exceeds that of land-based wind in the region."

The dramatic unveiling on Aug. 1 of the Massachusetts Department of Energy Resources' 6.5-cents/kWh (in 2017 dollars) price for the Vineyard Wind project really brings this point home. In fact, the state estimates that Massachusetts electricity customers will see $1.4 billion in direct and indirect benefits over the 20-year life of the Vineyard Wind contract.

But there's a larger problem with Mr. Huntoon's claims that the Lazard study tells us that offshore wind is too expensive, and that the PJM territory has plenty of room for onshore wind. They center around transmission and distribution, which were "other factors" that were not included in the scope of the Lazard analysis. The simple fact is that most people don't want to live near major electric transmission lines, which is why several transmission projects in New York and New England have been voted down by local and regional boards, and why New Jersey has virtually no onshore wind farms — and no plans to build any.

Several PJM states have a lot of land to build onshore wind; however, in coastal states like Maryland and New Jersey, the onshore wind resource is very small and as mentioned above difficult to site. According to the American Wind Energy Association, Maryland ranks 31st (191 MW) and New Jersey ranks 39th (9 MW) in installed onshore wind capacity. AWEA also estimates between 101 to 500 direct and indirect jobs are supported by onshore wind in both states.

Mr. Huntoon says the offshore wind jobs are a scam. It is hard to scam job creation when the Maryland Public Service Commission requires as a condition of the offshore renewable energy credit (OREC) order that US Wind and Skipjack invest $1.8 billion of in-state spending to spur the creation of almost 9,700 new direct and indirect jobs. Not only that, the two offshore wind developers must contribute $74 million in state tax revenues over 20 years.[1] Remember, those numbers must be met before one penny is paid to the developers. (OREC payments are not provided until the project is built and the offshore wind turbines are generating power.)

Mr. Huntoon is correct when he says, "It is critical that we make the most of our collective money" — a tenet the PSC understood when it decided to finance Maryland's two offshore wind projects as a way to meet the state's renewable portfolio standard and generate jobs. Maryland's primary objective for its RPS is to foster the development of renewable energy resources within Maryland, but this goal has largely not been borne out.[2] Maryland's data suggest that a significant portion of its REC costs paid for out-of-state onshore wind and solar. In fact, every year electricity suppliers in Maryland purchased greater numbers of out-of-state RECs to comply with the RPS. The Maryland Energy Administration (MEA) estimates that in 2015, Maryland ratepayers paid more than $76 million for RECs that were generated out-of-state. MEA estimates that as much as $186 million, if not more, has been spent to acquire non-Maryland RECs.[3] There is no in-state spending requirement, nor Maryland tax revenue generated, with these out-of-state projects — just millions of state ratepayer dollars going to other states. Isn't that the real scam?

So, if we consider that offshore wind is a proven power producer in Northern Europe; offshore wind turbines are getting much bigger (see General Electric's 12-MW turbine) and more productive than onshore turbines; offshore wind is stronger and more consistent than onshore wind; and offshore costs are coming down faster than anticipated, you can see why states like Massachusetts, New York, New Jersey and Maryland are counting so heavily on offshore wind. Yes, it's going to take some upfront investment to establish the industry in the U.S., but those costs will be more than offset by the superior value provided by offshore wind over the next 20 to 30 years and beyond.

Liz Burdock is executive director of the Business Network for Offshore Wind.

[1] https://www.psc.state.md.us/wp-content/uploads/PSC-Awards-ORECs-to-US-Wind-Skipjack.pdf

[2] Generating Clean Horizons was an effort to stimulate this goal because the RPS on its own did not result in clean electricity generation within the state.

[3] http://news.maryland.gov/mea/2017/01/30/marylands-renewable-energy-portfolio-standard-an-insiders-perspective-what-you-should-know/


| *BithEnergy*

CAISO NEWS

California Wildfires Bill Goes to Governor

By Hudson Sangree

A controversial bill to help California utilities pay for wildfires sparked by power lines cleared the State Legislature on Friday night and was sent to Gov. Jerry Brown.

SB 901 would allow the state's investor-owned utilities to issue cost-recovery bonds, to be repaid by charges on customers electric bills, with the approval of the Public Utilities Commission.

Proponents argued it was a way to keep Pacific Gas and Electric and other utilities solvent at a time when wildfires are larger, more intense and far more costly than in prior years. Climate change is often blamed for the more deadly and destructive fires.

"SB 901 is a comprehensive approach that attacks the problems on multiple levels," said Sen. Bill Dodd (D-Napa), the measure's co-author, during Friday's floor debate.

Critics called it a giveaway to utilities that, through their own negligence, allowed power lines to ignite trees and brush that are tinder dry from years of drought.

"This bill rewards their bad behavior," said Sen. Jerry Hill, a Democrat who represents the Silicon Valley.

The bill was the subject of intense wrangling this summer.

A July 24 proposal by Brown would have done away with California's broad use of inverse condemnation, a legal doctrine that holds utilities strictly liable for fire damage. Many argued that overturning the longstanding doctrine would leave fire victims without quick compensation. That part of the governor's plan was not included in the bill.

Instead, a conference committee of Senate and Assembly members met seven times in recent weeks to hear testimony and gather information to redraft the measure. The committee approved a revamped proposal in a late-night scramble last Tuesday, and its report passed the Senate and Assembly by ample margins Friday as the legislature neared its midnight deadline for passing bills.

The rewritten measure would maintain the state's strict liability standard and require the PUC to determine the reasonableness of a utility's fire safety practices in deciding whether costs can be passed on to ratepayers.

SB 901 would also require utilities to adopt wildfire mitigation plans and would create a commission to examine catastrophic wildfires associated with utility infrastructure. It would levy fines on utilities that fail to adhere to their fire-prevention plans.

As a result, utilities that once supported the measure turned against it, while insurers, plaintiffs' attorneys and local governments switched their opposition to support.

The bill's 100-plus pages also ease rules for tree cutting and address the disposal of the massive amounts of dead wood and brush that fuel wildfires. It would spend $1 billion over five years on fire prevention.

The bill also includes a "stress test" that instructs the PUC to "consider [an] electrical corporation's financial status and determine the maximum amount the corporation can pay without harming ratepayers or materially impacting its ability to provide adequate and safe service."

The provision applies only to last year's wildfires, including the highly destructive blazes of October 2017 that killed dozens of residents and leveled thousands of homes in Napa and Sonoma counties. A large part of the city of Santa Rosa burned in the wind-whipped flames.

State investigators have determined that PG&E's equipment was responsible for a number of the most destructive fires from that time and the company will face $15 billion or more in liability, according to

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CAISO NEWS

Bill to Expand CAISO Dies in Committee

By Hudson Sangree

A measure to expand CAISO into an RTO for Western states failed to clear the legislature for the third time in three years.

AB 813 languished in the Senate Rules Committee, where it was sent Aug. 16, and never made it to the Senate floor during the last night of the State Legislature's 2017-18 session Friday.

The measure would have initiated the process of changing CAISO's governing structure from one controlled by Californians to a multistate enterprise.

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*.)

"AB 813 was a missed opportunity for Western states to modernize the grid and promote new clean energy investments," Lauren Navarro, senior policy manager for the Environmental Defense Fund's California Clean Energy initiative, said in a written statement. "While we are disappointed AB 813 didn't pass, we remain committed to supporting the state's efforts to integrate more renewables and removing barriers to regional energy trading."

"The world looks to California for clean energy leadership and we remain dedicated to encouraging the state to lead by example," Navarro said.

The measure had the strong support of CAISO and was a priority for Gov. Jerry Brown. (See *Gov. Brown Reaffirms Commitment to Expanded CAISO*.)

Some labor unions opposed AB 813, arguing it would reduce in-state renewable energy construction projects and siphon jobs from California.

The bill divided environmentalists, some of whom believed an integrated Western grid would hasten the switch to clean energy regionally. Others, including the Sierra Club, opposed linking California's cutting-edge energy efforts to the coal-burning states of the interior West.

Publicly owned utilities, such as the Sacramento Metropolitan Utility District, also opposed the measure.

Barry Moline, executive director of the California Municipal Utilities Association, told *RTO Insider* last month that the Western Energy Imbalance Market is already doing a good job of allowing energy trading as needed among Western states without building new transmission from wind farms in Wyoming or solar farms in Arizona to consumers in California. (See *CAISO Regionalization Bill Cast on Uncertain Course*.)

"I don't buy the argument that we have to regionalize to take advantage of opportunities elsewhere," Moline said.

Others contended the regional grid was needed to allow clean energy to be traded and allocated further in advance than the EIM allows. California's solar energy peaks during midday, when in-state energy use is low, while solar arrays and wind farms in the interior states come online during California's times of high consumption. Trading renewables would benefit all involved, proponents argued.

"We need to be able to operate the system as a congruent whole," said Carl Zichella, Western transmission director for the Natural Resources Defense Council, one of the bill's main proponents.

Zichella remained hopeful this week that the bill would escape the Rules Committee and be taken up for debate on the Senate floor. Recent amendments imposed a nine-month waiting period for the bill's provisions to take effect, giving the legislature and new governor time to review any proposed changes in CAISO's governance.

Brown is nearing the end of his last term as governor, and some critics said it would be unfair for his successor to be denied input on such a sweeping plan, Zichella noted.

In the end, however, the amendments were insufficient to quiet the controversy that has long surrounded the regionalization effort, and the bill died a quiet death in the Rules Committee.

California Wildfires Bill Goes to Governor

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some estimates.

The PUC would apply the stress test "to extract the maximum amount possible" from PG&E's investors, Dodd said. Letting PG&E slip into bankruptcy would result in customers paying higher rates and would compromise the state's efforts to reduce greenhouse gasses and to tap into greater amounts of renewable energy, he said.

Wildfires have burned 1.2 million acres in California already in 2018. The causes of most of the fires have yet to be determined. The blazes included the Mendocino Complex of fires that have burned more than 400,000 acres in the mountains north of San Francisco.

Brown has not yet indicated whether he will sign or veto the measure. He has until Sept. 30 to decide.

CAISO NEWS

'Asset Management' not Subject to Order 890, FERC Rules

By Rich Heidorn Jr.

Order 890's transparency provisions do not apply to "asset management" projects that provide only "incidental" increases in transmission capacity, FERC ruled in two orders Friday.

The commission rejected complaints by California regulators and others who contend Pacific Gas and Electric and Southern California Edison are violating Order 890's transparency provisions because much of their transmission planning is done without stakeholder input or review.

The California Public Utilities Commission, Northern California Power Agency, the city and county of San Francisco, the State Water Contractors and the Transmission Agency of Northern California filed the complaint against PG&E in February 2017.

The agencies complained that PG&E offered no stakeholder or external review on almost 80% of its transmission capital projects, including substation upgrades, replacement of deteriorating transmission equipment, system reliability and automation, and technology infrastructure.

But the commission said such activities were generally not subject to Order 890 because they provide no more than incidental increases in transmission capacity — such as replacing a 1940s-vintage transformer with modern equipment "which could be of a higher capacity if the PTO [participating transmission owner] has standardized transformer sizes across its system to allow for sparing should the transformer fail" (EL17-45).

"While Order No. 890 does not explicitly define the scope of 'transmission planning,' the commission adopted the transmission planning requirements in Order No. 890 to remedy opportunities for undue discrimination in expansion of the transmission grid," FERC said. "Based on the information in the record, we find that the specific asset management projects and activities at issue here [are designed to] maintain [PG&E's] existing electric transmission system and meet regulatory compliance requirements."

The commission acknowledged asset management could result in significant transmission capacity increases, "for example, where a PTO determines that it can address a CAISO-identified transmission need by expanding the scope of an asset management project or activity to result in a capacity increase."

"Accordingly, the incremental portion of the asset management project or activity would be subject to the transmission planning requirements of Order No. 890 and would have to be submitted for consideration in CAISO's [transmission planning process] through the request window. If CAISO did not approve the incremental work, then the PTO should not expand the scope of the original asset management project or activity without that work being subject to consideration through an Order No. 890-compliant transmission planning process."

The commission also said it "strongly encourage[s] PG&E to continue its efforts to work with complainants and other stakeholders to develop a process to share and review information with interested parties regarding asset management projects and activities that are not considered through the" CAISO transmission planning process.

SoCal Edison Review Process OK'd

FERC used the same reasoning in rejecting the PUC's request for a show-cause order finding that Order 890 governs transmission owners' planning for self-approved projects.

Instead, the commission approved SCE's tariff change creating a process for sharing information with stakeholders about its asset management projects not subject to Order 890 (ER18-370, AD18-12).

The commission said the transmission maintenance and compliance review process "offers transparency and the opportunity for stakeholders to have input into the development of SoCal Edison's transmission rates." It ordered SCE to make a compliance filing within 30 days adding provisions the company proposed in response to protesters' concerns.

Calif. Clean Energy Measure Goes to Governor

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"This bill will continue California's energy revolution," said Sen. Ben Hueso (D), who voted for the measure.

Some Republicans argued against the measure, saying it would raise energy bills, while Democrats said wind and solar were now cheaper alternatives to fossil fuels.

In the Assembly on Aug. 28, the bill needed a majority vote in the 80-member lower house but remained on call, without the votes for passage, much of the day.

It passed in the early evening by a vote of 44-32.

Other measures being weighed last week — the last of the legislature's 2017-18 session — included AB 813, which would have started CAISO on the road to being an RTO, letting California tap into wind power from Wyoming and solar power from New Mexico, for instance, while those states could buy California's clean energy during times of low in-state demand. (See related story, *Bill to Expand CAISO Dies in Committee*, p.5.)

SB 100's fate was unknown until the last minute. Sen. Kevin de Leon (D), the bill's author, had to work his Assembly colleagues on the floor to get the last votes needed to pass the measure before the lower house adjourned for the day. There were a number of Democratic holdouts who had to be persuaded. Former Gov. Arnold Schwarzenegger, former Vice President Al Gore and others weighed in to encourage lawmakers to pass the measure.

In addition to requiring investor-owned utilities, publicly owned utilities and community choice aggregators to obtain 100% of their energy from renewables by 2045, the bill sets milestones along the way: 40-44% by 2024; 45-52% by 2027; and 50-60% by 2030.

ERCOT NEWS

PUCT Reduces Rates for AEP, Others on Income Tax Cut

By Tom Kleckner

Left to right: Commissioners Shelly Botkin, DeAnn Walker and Arthur D'Andrea share their thoughts.

The Public Utility Commission of Texas last week approved a settlement agreement reducing AEP Texas' annual revenue requirement (ARR) by $27 million, largely to reflect last year's federal income tax legislation (Docket No. 48222).

AEP Texas agreed to reduce the revenue requirement in its distribution-cost recovery factors (DCRFs) to $55.6 million, with AEP Central's ARR cut by $21.2 million and AEP North's by $5.8 million.

Commission staff, the Alliance for Retail Markets (ARM) and several cities served by AEP signed on to the agreement. Texas Industrial Energy Consumers and the Office of Public Utility Counsel did not sign the agreement, but they are not opposed to it.

The changes, effective Sept. 1, reflect the reduction in the federal income tax rate from 35% to 21%.

The commissioners approved similar settlement agreements filed by CenterPoint Energy (Docket 48226) and Oncor (Docket 48231).

CenterPoint, which requested an ARR of $82.6 million effective Sept. 1, agreed to $42.4 million, rising to $63.7 million in September 2019, reflecting other tax changes.

Oncor agreed to a DCRF based on an ARR of $15.2 million, also effective Sept. 1. The utility had requested an ARR of $19 million.

PUC Chair DeAnn Walker expressed reservations with the AEP settlement during the commission's Aug. 30 open meeting, noting that state statutes require DCRF adjustments "be applied by the electric utility on a systemwide basis." She pointed out that the commission's 2016 approval of the merger of AEP Texas Central and AEP Texas North into AEP Texas required the company to maintain separate divisions with separate rates, riders and tariffs (Docket 46050).

"Systemwide rates would require a rate that is in effect for the entire AEP Texas system," Walker said, pointing to the settlement agreement's separate DCRF rates for AEP's Central and Northern divisions.

AEP legal counsel Melissa Gage said the company's interpretation of the law "wasn't intended to mean systemwide in terms of AEP Texas as a whole, but on a division basis."

Steve Davis, representing ARM, agreed with AEP's interpretation and said the case posed "an odd situation."

"It's kind of hard to make it all fit correctly," he said. "You have the statutory language, then you have the commission's order in the merger case, which talks about separate rates" until some point in the future, he said. "Maybe there's a path in future DCRF cases to follow to get to where you want to go."

The commissioners saved further discussion on the proceeding for their closed session, which apparently eased Walker's concerns. "I'm fine with moving forward," she said afterward.

Commissioner Arthur D'Andrea pointed out the DCRF order is temporary, as AEP Texas is scheduled to file a full rate case in May. AEP Texas' 8.96% rate of return last year was below that authorized by the commission during its last rate proceeding, according to the company's 2017 earnings monitoring report.

Hearings Set for AEP Texas Legal Cases

AEP Texas also figured in two orders on the commission's consent agenda.

The PUC first approved a procedural schedule for AEP's bid to recover about $415 million in system restoration costs for 2017's Hurricane Harvey. The schedule includes a Nov. 13-14 hearing before an administrative law judge (Docket 48577). AEP has proposed using a portion of its excess deferred taxes created by last year's federal tax legislation to reduce the system restoration costs it will recover from consumers.

The commission also approved a procedural schedule in the company's dispute with Rio Grande Electric Cooperative over which utility will serve certain customers in a Uvalde subdivision (Docket 47186).

An ALJ ruled on Rio Grande's request for a cease-and-desist order in June, finding that AEP lacked the authority to serve some, but not all, of the customers in the disputed area. The case is of interest to retailers because Rio Grande's service territory is not open to retail competition while competition was introduced in AEP's footprint in 2002.

The procedural schedule for the second phase of the case includes a hearing to be held Oct. 31.

Commissioners Grant CCN to Tx Project — and Pole

The commission granted AEP Texas and Brazos Electric Power Cooperative a certificate of convenience and necessity for a jointly owned transmission line after the parties agreed to name a pole marking the midway point between them (Docket 47691).

Under the CCN, the two companies will

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ERCOT NEWS

PUCT Reduces Rates for AEP, Others on Income Tax Cut

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each construct and operate half of the 138-kV transmission line southeast of the Texas Panhandle. The 20-mile line will connect Brazos' Gyp switching station to AEP's expanded Benjamin substation.

The utilities have yet to determine which one will own the pole, which represents a new interconnection point between the two. After jokingly offering to paint the pole two different colors, the utilities' legal counsel took advantage of free time during the commissioners' executive session to agree on a name for the pole: Gyp-to-Benjamin Terminus.

AEP Texas' Jerry Huerta (left) and Brazos Electric's Bill Spears.

"We thought long and hard about the name but came up with what's written there," AEP's Jerry Huerta said, as the commissioners stared quizzically at their documents.

The project will cost an estimated $20 million. No word on how much the terminus pole will cost.

Entergy Texas Gets OK for 230-kV Line

The commissioners also granted a CCN to Entergy Texas for a proposed 230-kV line north of Houston (Docket 47462). The line is one element of a MISO western region project identified in its 2015 Transmission Expansion Plan that will provide economic benefits to MISO South. It will be between 33 and 45 miles long and cost up to $140 million, depending on the final route. Entergy plans to energize the line in June 2020.

October Workshop to Review ERCOT's Summer Performance

The commission will hold a workshop in late October to review ERCOT's market performance this summer (Project 48551). The workshop is intended to be an open meeting, with all three commissioners attending.

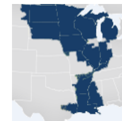
The commission in March directed ERCOT to exclude reliability unit commitments from online reserve capacity used in the calculation of the operating reserve demand curve price adder. It said at the time that further market design changes would be examined after an analysis of the market's summer performance.

Luminant Accepts $1.1M Penalty for 2015 Violations

The PUC on Aug. 17 approved a settlement agreement with Luminant, in which the generation company agreed to pay a $1.1 million administrative penalty for violations in 2015. Luminant was fined for telemetering a down ramp rate of zero for 15 quick-start units when they were operating near full capacity for four days that summer, preventing ERCOT from dispatching the units down.

— Tom Kleckner

MISO NEWS



MISO, SPP Joint Modeling Move Meets Skepticism

By Amanda Durish Cook

Stakeholders last week said they remain skeptical of a MISO-SPP plan to eliminate the RTOs' joint model in favor of using their respective regional models to estimate and divide the cost of interregional projects.

The RTOs announced the plan last month. (See *MISO, SPP Loosen Interregional Project Requirements*.) They will also examine all types of interregional projects by both an adjusted production cost (APC) and avoided cost benefit metrics, a departure from current practice. Currently, only reliability interregional projects are evaluated using both metrics. Public policy interregional projects are limited to an avoided cost metric while economic interregional projects are limited to an APC metric.

But stakeholders are still questioning how MISO and SPP will ensure equitable cost allocation between the RTOs absent a joint model.

SPP Interregional Coordinator Adam Bell said some stakeholders may have misunderstood elements of the proposal after its was revealed in July, including a mistaken assumption that the RTOs would use their regional models to calculate each other's benefits and cost allocation. He confirmed that each RTO would calculate only its own benefit from a proposed project.

"SPP will not be calculating MISO's benefit," Bell reassured stakeholders during an Aug. 27 MISO-SPP Interregional Stakeholder Planning Advisory Committee conference call.

However, staff said they will not create identical adjusted production cost calculations in their regional models, which multiple stakeholders say are a must if project candidates are to be judged consistently across RTOs.

"There are differences [in our regional models]," Bell said. "We are not proposing that the regional calculations of adjusted production costs be exactly the same. … It's kind of a situation of who's to say which has the better APC benefit calculation. They are different, and that's not something we're proposing to change at this point."

MISO Planning Adviser Davey Lopez said the unique APCs used in the regional models only highlighted the need to remove the joint model. He said the RTOs should be free to evaluate interregional projects in the same manner that they evaluate regional projects.

"In my view, I think that's extremely equitable cost allocation," Lopez said, adding that both methods have been accepted by FERC.

"SPP values transmission the way SPP values transmission, and the same can be said of MISO. … We're going to be making decisions based on how each region values transmission," Bell explained.

RTO staff also pointed out that under the existing interregional process, project candidates must still undergo disparate regional reviews in addition to the joint model.

But some stakeholders said that under the new process, MISO and SPP have the potential to get hung up on what portion of project costs the other one owes.

"What I fear is going to result from this — because of the way each is going to calculate benefits — that they'll view their share of the cost of these benefits as being

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MISO NEWS

FERC Lowers ROE for Segmented Pioneer Tx Project

By Amanda Durish Cook

FERC last week approved a reduced return on equity for Pioneer Transmission's portion of a recently completed 765-kV line in Indiana.

The commission's Aug. 30 order reduces Pioneer's ROE to 10.82% from the 12.54% approved in 2009, which included a 150-basis-point (bp) adder as a new interregional project (ER18-1159).

Pioneer, a joint venture of American Electric Power and Duke Energy, will use the ROE in its formula rates to recover costs for it and Northern Indiana Public Service Co.'s 65-mile, 765-kV Greentown-Reynolds line.

Pioneer in March proposed to adopt MISO's 10.32% base ROE for transmission owners, with a 50-bp adder for RTO participation and the 150-bp adder for new transmission.

FERC allowed the base ROE and adder for RTO participation but denied the 150-bp adder because the current project does not include PJM.

Regional Processes

The Pioneer Project was intended as a single, $1 billion, 240-mile project across MISO and PJM to address "a critical shortage of high voltage transmission" in Indiana and help transport new wind generation from the state's southwest to its central and

Greentown-Reynolds line | *Duke Energy*

northern regions.

At the time the project was proposed a decade ago, the MISO-PJM interregional planning process did not have "a tariff mechanism in place for evaluating and approving an interregional project such as the Pioneer Project that provided benefits to both RTOs," according to Pioneer.

The company said it broke the project into smaller segments to be reviewed under PJM's and MISO's separate regional processes after encountering difficulties getting the RTOs to approve the line as an interregional project.

Pioneer and NIPSCO took up a $347 million Greentown-Reynolds line, which was approved in MISO's 2011 multi-value project portfolio. This June, the MISO Board of Directors voted to add Pioneer as a MISO TO, and Pioneer has handed over operational control of the completed line.

FERC said the 150-bp adder would not go into effect "unless and until the project is approved by the regional transmission planning processes of [PJM and MISO] and there is a commission-approved cost allocation methodology in place."

FERC said because the line had been broken into regional segments, it could not meet the condition that the Pioneer Project be included in both the PJM and MISO transmission plans. Pioneer had argued that the condition was no longer applicable or should be waived because the project "continues to be a large-scale transmission project and the first 765-kV transmission facilities in MISO's service area."

In its Aug. 30 order, FERC said Pioneer was free to apply for the new transmission incentive again once it could satisfy the requirement.

"Our denial of the 150-basis-point ROE adder is without prejudice. If Pioneer satisfies the commission's previously stated conditions, then Pioneer may make a Section 205 filing to seek to prospectively implement the full 150-basis-point ROE incentive that the commission previously granted," FERC said, adding that it "continues to value transmission rate incentives as a tool to encourage investment in new transmission."

"In that vein, we encourage Pioneer to continue its efforts to complete the Pioneer Project," the commission said.

MISO, SPP Joint Modeling Move Meets Skepticism

Continued from page 9

unfair," said The Wind Coalition's Steve Gaw, adding that interregional projects might still not be built as a result.

Lopez said that it was difficult to envision that projects that have passed benefit metrics on both sides of the seam would be passed up because one RTO feels slighted over costs.

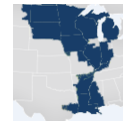
"I've been to too many of these [meetings] to have faith in that being the case," Gaw responded.

However, MISO and SPP say they are open to aligning their regional models to examine project benefits over the same number of years. MISO's regional model currently gauges new transmission value for the first 20 years of the life of a facility, as the MISO-SPP joint operating agreement prescribes, while SPP looks over 40 years.

Lopez said the RTOs will continue to discuss the benefit timelines, though he added that he was not suggesting that MISO would use anything other than a 20-year timeline. He said MISO viewed the question as both RTOs using the JOA-prescribed timeline or continuing to rely on the existing processes with differing timelines. Multiple stakeholders said the RTOs should align the timescale.

MISO and SPP will continue to work on the new interregional project process through fall, with final JOA revisions targeted in October or November.

MISO NEWS



PJM, MISO Plan Study to Coordinate Incremental ARRs

By Amanda Durish Cook

PJM and MISO last week said they plan to partner on an extra study to better coordinate their incremental auction revenue rights (IARRs) processes, although details have yet to be sketched out.

The RTOs will perform a preliminary transmission upgrade study to ensure that transmission allocations are granted to developers "to the extent they cause no harm to existing transmission allocations" to participants in their congestion management process, which include neighboring balancing authorities. The new study would rely on the same topology assumptions found in planning studies for IARRs and seek to ensure that proposed upgrades will produce the requested firm flow entitlements.

"Admittedly, we've not put pen to paper to write out the study process," PJM Manager of Market Simulation Brian Chmielewski said during an Aug. 28 Joint and Common Market conference call.

MISO and PJM first signaled that they would seek to improve ARR coordination in May. (See MISO, PJM Seek Incremental ARR Coordination.) Both RTOs offer IARRs, which are created by transmission upgrades that allow additional capability. IARR megawatts are awarded for the additional capability created for the life of the facility or 30 years, whichever is less, and valued each year based on annual financial transmission rights auction clearing prices. However, PJM offers an additional option that allows IARRs to be awarded when "any party" agrees to fund transmission upgrades necessary to support them. PJM and MISO coordinate studies of IARR requests when they impact flowgates.

Chmielewski said the proposed study contains the risk that preliminary results will diverge from final study results of firm flow entitlements because of timing, given that the final transmission upgrade study is performed only after upgrades are put in service.

"That's a risk that we're aware of and we're working through," Chmielewski said.

MISO and PJM staff say there's another sticking point: PJM's requirement to guarantee that least 80% of ARR megawatts are available even when the MISO system is impacted. MISO said the "potential risk to value" for its stakeholders precludes it from making guarantees on future firm flow entitlement allocations.

PJM Director of Energy Market Operations Tim Horger said PJM must be careful not to over-allocate rights based on the 80% requirement, and that it's possible PJM won't be able to guarantee the 80% share if upgrades affect the MISO system. He said one such upgrade affecting the MISO system has already occurred, and though the RTOs were able to coordinate it to satisfy PJM's requirement, future upgrades could be trickier.

MISO and PJM staff plan to return to the JCM in November to discuss draft revisions to the joint operating agreement to incorporate the study, Chmielewski said.

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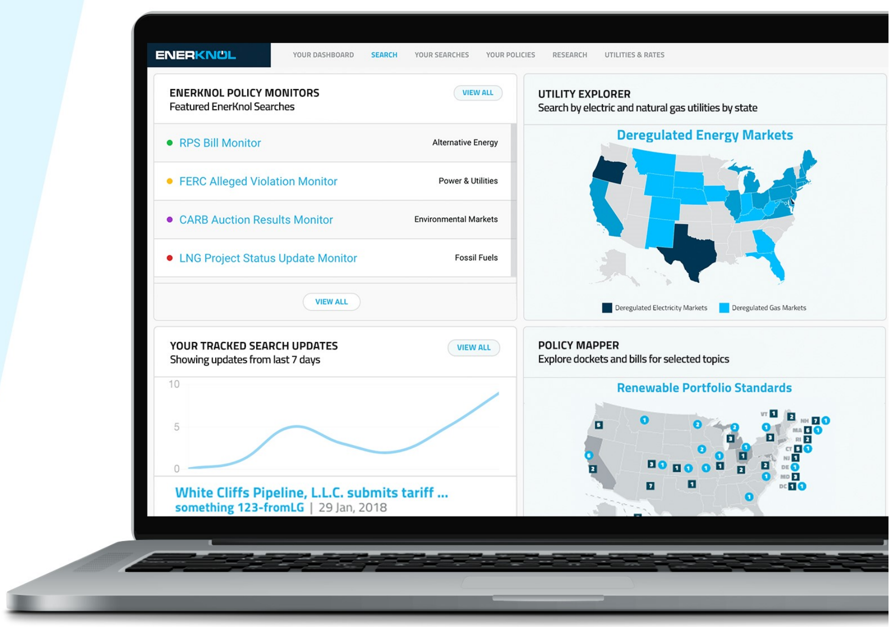

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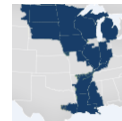

MISO to Tweak Queue Rules on Site Control, Project Fees

By Amanda Durish Cook

Less than two years after rolling out its major queue redesign, MISO is once again poised to file generator interconnection process changes to help manage the record volumes in its queue.

The changes involve milestone payments and site control requirements and are aimed at encouraging stalled projects to withdraw from the queue earlier in the process. (See "Further GIP Alterations," *Little Work Needed to Comply with Order 845, MISO Says*.) The queue now contains about 530 projects totaling almost 90 GW.

"MISO has to better manage the number of non-ready projects entering the queue," Manager of Resource Interconnection Neil Shah said during an Aug. 27 Interconnection Process Task Force conference call.

Site Control

MISO's changes would maintain the acreage requirement for a developer's site control but would scale back some of the acreage requirements proposed in July, with 50 acres/MW for wind generation, 5 acres/MW for solar generation, 0.1 acre/MW for electric storage resources and a flat 10 acres for a conventional generation facility. The RTO had originally proposed 1 acre/MW for battery storage and 50 acres for conventional generation, but MISO stakeholders said requiring that much land was excessive.

Shah said most stakeholders prefer an acreage-per-megawatt site control requirement.

Additionally, the RTO now says it will allow developers to submit site control for smaller acreage amounts provided they submit an analysis from an independent consultant supporting the reduced requirement.

MISO also said the $10,000/MW cash deposit that developers can alternately provide if a state's regulatory restrictions limit site control will now be refundable when a developer either withdraws its project from the queue or submits proof of site control. The RTO still proposes that the developer "submit adequate documentation demonstrating regulatory restrictions" to be eligible for the $500,000 minimum, $2 million maximum cash deposit in lieu of showing site control.

"We've incorporated that flexibility based on stakeholder feedback," Shah said.

MISO will also require interconnection customers to submit documentation for exclusive site control 90 days prior to the start of the queue's definitive planning phase as opposed to the time of queue application, as originally proposed.

Shah said the new 90-day window is needed to screen site control documentation.

Vikram Godbole, MISO resource utilization director, pointed out that most generation interconnection customers do not furnish all required information with queue applications.

"About 90% of the applications MISO receives are incomplete for various reasons. That's just not acceptable. If MISO is going to make progress, we have to work together," Godbole said.

He said MISO is currently working to automate the online submission process for queue applications.

"That's not done, but we're getting ready for that," Godbole said, adding that stakeholders should begin sending complete applications and site control documentation in preparation for an automated process that will likely not accept unfinished applications.

Milestones

MISO is also walking back its proposal to incorporate upgrade costs found in affected systems studies into the last of three milestone payments. The milestone fee will now be a flat 20% of necessary network upgrade costs, instead of a combined 10% of upgrades identified in the studies and 10% of network upgrades.

Finally, the RTO said it will refund the entire first milestone payment of $4,000/MW if a customer withdraws its project before it reaches the beginning of the definitive planning phase.

"I think what you're seeing here is a good compromise achieved with stakeholders," Godbole said.

MISO staff said they will present final Tariff revisions at the Sept. 26 Planning Advisory Committee meeting. The RTO hopes to file queue Tariff revisions sometime in October or November.

Back-to-Back Queue Revisions

Some stakeholders asked why MISO is pursuing queue changes so early into implementing its three-phase queue design, accepted by FERC in early 2017. (See *FERC Accepts MISO's 2nd Try on Queue Reform*.)

Shah responded that MISO must heed stakeholder feedback and FERC complaints over queue delays. In an April order in response to a complaint about delays, FERC warned MISO about its delays and urged it to consider improvements to its queue process. (See "No Ringing Endorsement," *FERC Sides with MISO in Queue Design Dispute*.)

"We have heard loud and clear from complaints filed at FERC that MISO's revised process after queue reform is still not working for them," Shah said. "Interconnection customers want MISO to reduce delays. … Not doing anything is probably not an option right now."

Shah added that he could not guarantee that the new revisions will enable all wind developers to meet production tax credit deadlines.

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NYISO NEWS

NY Debates Exempting 'Beneficial' Load from CO_2 Charge

By Rich Heidorn Jr.

The Long Island Power Authority's proposal to exempt "beneficial electrification" from carbon charges received a mixed reaction last week at a meeting of the Integrating Public Policy Task Force (IPPTF).

LIPA's David Clarke said beneficial electrification (BE) — load growth that improves load factors and results in net reductions in carbon emissions — could increase generator margins while reducing fixed costs and should be supported by policymakers. Clarke cited as examples vehicle electrification and switching from oil-fired boilers to ground source heat pumps.

Clarke acknowledged the complexity of carving out BE loads for separate rate treatment but said it could be accomplished without skewing dispatch. He proposed treating BE load growth as having no marginal carbon impact, meaning it would not pay the carbon component of the locational-based marginal price.

"I think the question here is: Is there a consensus … around the idea of trying to include beneficial electrification in this proposal?" Clarke asked. "I'm willing to at least try to illustrate that it might benefit large groups of stakeholders."

Kevin Lang, representing New York City, said Clarke had proposed an "interesting concept."

But other stakeholders indicated no appetite for including the issue in their current deliberations, saying it should be delayed or handled by retail regulators rather than in the wholesale market.

One stakeholder who asked not to be named said the proposal raised numerous issues. "If you include extensive switching to heat pumps, a utility can very quickly become a winter-peaking operation rather than a summer-peaking operation. This then raises the question of forward capacity markets and so forth. How much does it cost to have the extra capacity in place for winter weather?"

Because thermal loads tend to be very "peaky," resulting in more start-up operations, adding such loads raises issues of environmental justice, the stakeholder said.

"Any policymaker who gets into the subject of electrification should be able to stand up in front of a crowd of people like this and draw a curve of carbon monoxide, unburned … carbon emissions during the start-up of even a natural gas turbine, and be able to comprehend how ugly that start-up process is during the first hours of operation and where that exhaust is going. We need to be very careful about increasing peaky types of grid loads."

Mark Younger, of Hudson Energy Economics, said measuring carbon savings from beneficial electrification is very complicated.

"We would be going through a huge amount of complication to try and address something that realistically should lower the average carbon cost … fairly little," he said. "I look at this and I say this seems like a perfect thing to *not* try and address at all at the wholesale level. … If someone wants to put together a retail rate design that is targeted to beneficial electrical uses and therefore has some degree of savings on maybe some of the fixed costs, the distribution costs … that's a perfectly appropriate thing certainly for DPS [Department of Public Service] to consider."

Clarke recommended awarding the social cost of carbon offsets through load-serving entities, which he said would allow for continued funding of LSE carbon abatement programs and incent LSEs to encourage BE load growth. The state Public Service Commission would retain its jurisdiction over how offset revenues are treated at the retail level.

Continued on page 14

NYISO Stakeholders OK Change on Reliability Margins

NYISO's Management Committee agreed Wednesday to relax its minimum 20-MW constraint reliability margin value in its initiative to price transmission constraints on 115-kV facilities.

The ISO's Tariff currently requires at least 20 MW be set for any non-zero constraint reliability margin value used in the day-ahead and real-time markets

David Edelson, NYISO manager of operations performance and analysis, noted as an example that a 20-MW CRM equals 13% of the rating for 115-kV lines with post-contingency limits of 150 MW, limiting them to 130 MW in dispatch.

By contrast, for a 345-kV circuit with a 1,550-MW post-contingency rating, a 20-MW CRM represents only about 1% of the line rating.

115-kV transmission line | *Exponential Engineering*

Edelson said the ISO wants to limit CRMs to no more than 10% of a facility's rating to allow for the continued pricing of transmission constraints on lower-voltage lines.

NYISO wants to change the Tariff to permit CRMs of less than 20 MW until it can implement enhancements under its constraint-specific transmission shortage pricing project. The ISO said the timing of that project is subject to stakeholders' prioritization and scheduling.

The ISO would publish on its website a list of transmission facilities and interfaces assigned a CRM other than 20 MW.

The rule change will be presented to the Board of Directors for approval in September. The committee approved the proposal unanimously by a show of hands.

— Rich Heidorn Jr.

NYISO NEWS

NY Debates Exempting 'Beneficial' Load from CO_2 Charge

Continued from page 13

Erin Hogan, director of the state Utility Intervention Unit, agreed with Younger, saying, "It's premature to try and address this now."

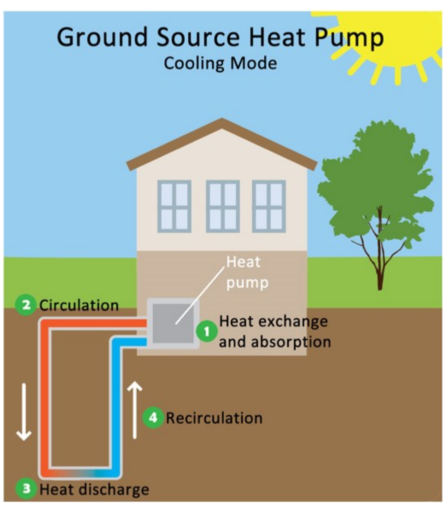
She said the issue could be revisited once policymakers develop criteria for BE and once the NYISO develops its bottom-up forecast.

"The issue that I take issue with is that all beneficial electrification is good. To the extent there's low penetration, the fixed costs could be spread over more megawatt-hours. However, if the penetration is so high that the utilities then have to revamp their systems, all those little transformers in neighborhoods might have to be resized. Those costs could go up exceptionally high," she said, noting that her office filed comments in the "New Efficiency New York" docket asking the PSC to develop criteria for defining BE.

Under Clarke's proposal, loads qualifying as BE would have to improve load factors and prevent increases in regulated natural gas customers' fixed costs. Policymakers should consider offsetting increases in fixed costs to electric customers resulting from load growth at sub-transmission feeders and distribution lines, he said.

Lang said New York City "is looking closely" at BE, predicting it "will be bigger" than Younger suggested.

"If [the impact is] tiny, it's tiny," Clarke said. "That's not the issue. I'm thinking down the road this is going to be big. Beneficial electrification, especially if [carbon emissions] were only monetized in the electric sector, is going to be a huge thing. And we're going to be penalizing — if we keep doing what we're doing — load growth that reduced carbon … by charging it a carbon charge even though its net effect on carbon is negative."



Ground source heat pumps are cited as a type of "beneficial electrification" that causes a net reduction in carbon emissions. | *EPA*

Import Carbon Pricing

Clarke also gave a presentation on addressing imports from grid operators that already incorporate carbon prices. NYISO staff have suggested treating imports as if New York had no carbon policy, saying it may be too complicated to use the actual hourly marginal energy rate (MER) of external RTOs.

Clarke said the ISO's proposal "gives neither an efficient carbon-free dispatch nor efficient dispatch when damage costs are considered" using the social cost of carbon.

Under Clarke's proposal, NYISO would back out the price of carbon in each external zone and compare it to the New York price, less its carbon price based on the New York MER. "If MERs are similar, why not get more power from ISOs/RTOs where the cost of power absent carbon charges is lowest?" he asked.

ISO Draft

The handling of imports also came up earlier in the meeting as stakeholders questioned ISO staff on details of its draft proposal released Aug. 2. (See *Stakeholders Annoyed by NYISO Carbon Price Draft*.)

The draft assumes the status quo — known as Option 1 — of treating imports as if New York had no carbon policy.

NYISO's Mike DeSocio said, "I haven't heard compelling arguments" for considering ways to value clean resources outside New York, known as Option 2.

Pallas LeeVanSchaick, of the ISO's Market Monitoring Unit, challenged the "premise that Option 2 is complicated and hard to implement, and Option 1 is straightforward. … I don't think it's as straightforward as you think it is."

Jordan Grimes, of Morgan Stanley, said beginning with Option 1 and later switching to Option 2 would be "untenable for markets."

He asked whether the ISO had considered how the decision would be viewed under the U.S. Constitution's Interstate Commerce Clause.

"The courts could say … you guys looked at two options, and Option 2 was the less discriminatory option — and that's on record — and the ISO decided to go with Option 1 because it was easier."

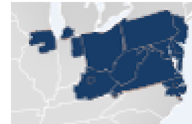
He said NYISO could learn from CAISO. "The way they tax imports largely works," he said.

ISO attorney James Sweeney responded, "We haven't identified anything from the interstate commerce area that would be a deal breaker for either option."

Mike Mager, representing the Multiple Intervenors, a coalition of large industrial, commercial and institutional energy customers, said the draft is missing many details that must be decided before NYISO stakeholders vote on any proposal. "It's problematic to expect people to [vote] to implement one of the most significant market rule changes in the history of the NYISO without any clarity on what the social cost of carbon would be and how and when it would be updated," he said.

DeSocio said, "It's difficult to foreshadow the kind of process the Public Service Commission would undertake" to set the cost of carbon. "We would hope they would be consistent with other [PSC] programs. From an efficiency standpoint, having different costs of carbon doesn't seem like a good path forward."

PJM NEWS



PJM TOs Outline Process for Supplemental Projects

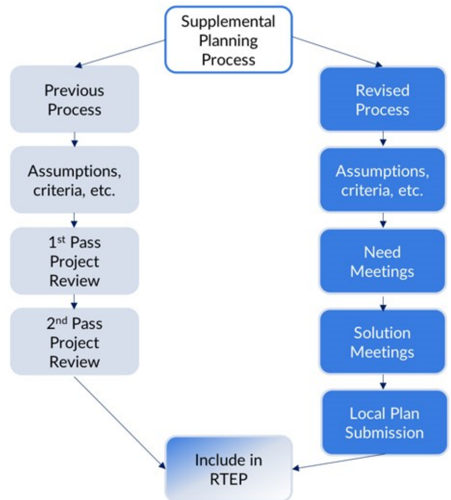
By Rory D. Sweeney

PJM's transmission owners have floated a proposal that would comply with FERC's show cause order on their planning processes by adding input opportunities — along with complexity — for tracking project development.

PPL's Frank "Chip" Richardson explained the process developed by the TOs and PJM during a conference call Aug. 28. Instead of mirroring PJM's existing processes for baseline projects, which are developed to address violations of regional or national reliability criteria, the process for supplemental projects will have a more detailed and structured pathway for stakeholder engagement.

Supplemental projects are transmission expansions or enhancements developed by TOs to address their individual planning criteria and maintain their assets, so they sidestep PJM's analysis for inclusion in its Regional Transmission Expansion Plan. The new planning process was outlined in FERC's order but has received stakeholder focus as TOs developed the implementation details.

Of particular interest to planners has been FERC's determination that the three steps of project planning — defining assumptions and criteria for analysis, identifying needs, and choosing a solution — each receive its own meeting with time before and after to provide input. Richardson cautioned that parts of the last two might bleed into each other. When talking about a problem, "the natural question is, 'What are you going to do about it?'" he said. "It's hard not to talk about the solution when you talk about the need, so you'll have to have a little bit of forgiveness."



A comparison between TOs' current and revised processes for planning supplemental projects. | PJM

The proposal also clarifies that TOs can submit revisions to their local plans (which include supplemental projects) to the RTEP throughout the year. TOs said they plan to maintain their existing practice of having an annual review of the models, criteria and assumptions that underpin the projects in December or January of each year. This information supports PJM's development of base-case planning models that allow stakeholders to model any project to see how it might change flows on the grid.

PJM's Aaron Berner said staff are still unsure whether they will create separate slide decks to review supplemental versus baseline high-voltage projects. The difference has come under consideration because the D.C. Circuit Court of Appeals ruled earlier this month that high-voltage supplementals should be eligible for regional cost allocation and PJM staff indicated that might mean the projects have to go through the RTEP analysis. (See *AMP Offers 'Best We Can Do' on PJM Tx Planning*.)

Complexities

American Municipal Power's Ed Tatum, who has championed a proposal to add details and rules to the TOs' plan, highlighted several concerns with the plan's structure. For one, he said, it's tough for stakeholders to be prepared for meetings when the project presentations are posted 10 days prior to the meeting. AMP has members in nine states and over multiple TO zones.

Richardson acknowledged that if the goal is

Continued on page 16

FERC OKs Delay of PJM Capacity Auction to Finalize Revisions

FERC has granted PJM's request to delay its annual Base Residual Auction, from May to Aug. 14-28, 2019, after recently extending filing deadlines for its paper hearing on the RTO's capacity construct (ER18-2222).

The initial and reply testimony deadlines were extended to Oct. 2, 2018, and Nov. 6, 2018, respectively, at the request of the Organization of PJM States Inc. (OPSI). FERC ordered the hearing after rejecting both proposals PJM offered in its "jump ball" filing and ruling that the RTO's existing capacity construct isn't just and reasonable. FERC instead suggested a fixed resource requirement (FRR) hybrid. (See *FERC Orders PJM Capacity Market Revamp*.)

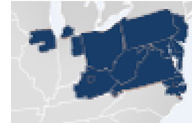
PJM asked for the delay because the extended comment deadlines indicated that FERC would be unlikely to issue a ruling on the hearing by Jan. 4, 2019, the date that PJM previously said would accommodate holding the BRA as planned in May while still including whatever revisions FERC orders.

Several PJM stakeholders have proposed revisions to the capacity auction. PJM recently unveiled to stakeholders and nondecisional FERC staff its proposal, which it dubbed the Resource-specific Carve Out (ReCO). It would start with a subsidized generation resource exiting the capacity market with a corresponding amount of load rather than the FRR's inverse of a designated amount of load exiting the capacity market with a corresponding resource. (See *PJM Unveils Capacity Proposal*.)

On Aug. 29, the commission issued a procedural order granting itself more time to consider motions requesting rehearing of its order recommending the capacity market changes (EL16-49, *et al.*).

— Rory D. Sweeney

PJM NEWS



FERC Accepts Revisions to PJM's Long-term FTR Auctions

By Rory D. Sweeney

FERC on Friday accepted revisions to PJM's long-term financial transmission rights auctions to correct current processes that might overstate available system capacity and harm auction revenue rights holders (ER18-1968).

The current process allows long-term FTR market participants to obtain the rights to congestion on transmission paths before the owners of the underlying ARRs.

Following each annual FTR auction, PJM conducts a long-term FTR auction for the three planning years immediately following the planning year during which the long-term FTR auction is conducted. Offered for sale is the residual system capability after the annual ARR allocations and the annual FTR auction. In determining the residual capability, PJM assumes that all allocated ARRs are self-scheduled into FTRs, which are modeled as fixed injections and withdrawals in the long-term FTR auction.

Under the new rules, PJM will revise how it compiles the paths available in the auction by conducting an additional, offline annual allocation of ARRs prior to the opening of each round of the long-term FTR auction. The procedure will use the same topology as the annual ARR allocation except that all transmission outages will be returned to service and PJM will perform its simultaneous feasibility test to determine the set of ARRs to be preserved for the long-term FTR auction. (See "Stakeholders Approve Manual, Operational Changes," PJM MRC/MC Briefs: June 21, 2018.)

FERC also granted PJM's request to eliminate the three-year long-term FTR product. The auction currently offers FTRs separately for each of the subsequent three planning years, as well as for all three years combined. Historically, bidding for the three-year product is low and eliminating it will increase the efficiency of PJM's FTR software, the RTO said.

The commission also granted PJM's Sept. 3 effective date in order to implement the changes in the next round of its long-term FTR auction commencing Sept. 4.

PJM TOs Outline Process for Supplemental Projects

Continued from page 15

to model all of the potential solutions that TOs consider, "that's quite ambitious, and it will be challenging." He suggested stakeholders focus "on those things that would actually have some impact on them directly."

Tatum asked whether TOs will explain why their preferred solutions are chosen over other options. Richardson said he believed TOs agreed to discuss other options that they "seriously considered," but that they don't plan to work on solutions "that they are not intending to pursue but may have considered."

"I think many people had the same reaction … 'Wow this is pretty complex,'" Richardson acknowledged.

He said TOs plan to convene stakeholder reviews of the process in the first and third quarter next year.

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SPP NEWS

SPP Closes Book on Regional Entity

The SPP Regional Entity's Board of Trustees on Thursday officially terminated the RE's regional delegation agreement, shutting it down effective 5 p.m. CT Friday.

The trustees approved a motion to terminate the agreement during a brief phone call that was delayed until Trustee Steve Whitley could join Chair Dave Christiano and create a quorum. Staff patched Whitley in over a speakerphone from SPP headquarters. Trustee Mark Maher was unable to attend.

The meeting was a formality, as FERC in May approved the RE's dissolution, effective Aug. 31 (RR18-3), and the transfer of its 122 registered entities to the Midwest Reliability Organization and SERC Reliability Corp. (See *FERC Approves Dissolution of SPP RE*.) The order ended a reliability oversight role that had been a source of concern at the commission and NERC and revised the delegated agreements among NERC, MRO and SERC to reflect their new geographic footprints.

The RE has been working since then to transfer data and files to its members' new REs and purging its own files.

"We have absolutely nothing left, other than a bank account," RE President Ron Ciesiel told the trustees. He said the RE's books will be closed in about a week, and the remaining funds transferred to NERC, MRO and SERC.

"We're ready to close the doors," said Ciesiel, noting he and remaining RE staffers Kevin Perry and Joe Gertsch would be "mustered out" of SPP following the conference call. Ciesiel said the rest of the RE's original staff have been placed elsewhere within the RTO or "made other decisions."

MRO CEO Sara Patrick joined with Ciesiel, Christiano and Whitley in complimenting staff and the entities for their work during the transition.

"I know this was an unprecedented development, and certainly not something anyone anticipated," she said. "I appreciate it's gone as smoothly as it has."

"I think our registered entities are in good hands," Christiano said.

SPP announced in July 2017 that it was dissolving the RE, citing a mismatch between its and SPP's footprints. (See *SPP to Dissolve Regional Entity*.) NERC's Board of Trustees approved the dissolution earlier this year. (See *NERC Board Approves Dissolving SPP Regional Entity*.)

NERC will assume the compliance monitoring and enforcement of the RTO for two years following the delegated agreement's termination date, after which it will determine a successor.

Christiano closed the call by uttering "*sine die*" — business adjourned, with no appointed date for resumption.

SPP Files for Cancellation of WAPA Operating Agreement

SPP filed with FERC on Aug. 28 to cancel its joint operating agreement with the Western Area Power Administration (ER18-2326).

The JOA was rendered moot by SPP's integration of the Integrated System in October 2015, when the WAPA-Upper Great Plains Region transferred functional control of its transmission facilities to the RTO.

The agreement, which dates back to 2012, expired by its own terms on June 21. SPP filed a three-year extension in 2015 that was accepted by FERC.

— Tom Kleckner

Okla. Commissioner Murphy Loses Runoff for Lt. Governor

Oklahoma Corporation Commission Chair Dana Murphy came up short last week in her bid to become the state's lieutenant governor, losing a runoff for the Republican nomination.

Murphy was bested by former state GOP Chairman Matt Pinnell, who received 58.1% of the vote to her 41.9%. Murphy beat Pinnell in a four-way primary in June, winning 45.8% of the vote to Pinnell's 35.69%, less than the 50% required to avoid a runoff.

Only 295,132 Oklahomans cast ballots in the runoff, compared to 429,483 in the primary.

Pinnell will face Democrat Anastasia Pittman, a state senator from Oklahoma City, on Nov. 6.

In a concession statement issued last Tuesday night, Murphy thanked supporters and called for cooperation at the State Capitol. Murphy campaigned as a problem-solver and made it a point to crisscross the state and visit as many residents as she could.

"It's time to address the roots of problems and create lasting solutions," Murphy said in her statement. "Going forward, I hope the next crop of leaders at the State Capitol will bring their best, put partisan politics aside and do something different."

The lieutenant governor's office is seen as a stepping stone to the governor's mansion. Outgoing Gov. Mary Fallin served three terms in the higher office, but current Lt. Gov. Todd Lamb failed to make it out of this year's Republican gubernatorial primary.

SPP CEO Nick Brown (left) and New Mexico PRC Commissioner Pat Lyons listen to Murphy during an RSC meeting. | © *RTO Insider*

Murphy, 58, a petroleum geologist and lawyer, has sat on the OCC since 2009. Her current terms ends in 2022. She is also a past chair and current member of SPP's Regional State Committee. (See *Oklahoma Regulator Sets Sights on Higher Office*.) She was applauded for not running negative ads during the two-month runoff campaign.

— Tom Kleckner

Company Briefs

Australian Developer Building Solar Farm in Texas

Australian-based Lendlease said it is leasing 1,800 acres near Orchard in the western portion of Fort Bend County, Texas, to build a 200-MW solar facility.

Power from the facility will be sent to an on-site substation and then to a switchyard that CenterPoint Energy is building to allow the power to flow into its system.

Construction on the facility is expected to begin next year and be completed in 2020.

More: *Houston Chronicle*

Silfab Spending $40M to Buy, Expand Solar Panel Plant

Silfab Solar said Aug. 30 it will spend $40 million to purchase and expand Itek Energy's solar panel production facility in Bellingham, Wash.

The deal is the latest in a handful of investments in the U.S. by solar panel companies since President Trump announced a four-year tariff on panel imports in January to boost domestic manufacturing.

Silfab hopes to raise production capacity at the factory from 150 MW a year to as much as 350 MW per year "as soon as possible," a company spokesman said.

More: *Reuters*

Clearway Energy Group Debuts, Announces Solar Acquisitions

Clearway Energy Group, the result of Global Infrastructure Partners' purchase of NRG Energy's renewables platform and a controlling interest in NRG Yield, officially launched Aug. 31.

The new company also announced it has agreed to acquire an approximately 4.7-GW development pipeline of utility-scale solar projects from SunPower.

More: *Clearway Energy Group*

MidAmerican Files Plan to Reduce Bat, Eagle Deaths from Turbines

MidAmerican Energy has filed a plan with the U.S. Fish and Wildlife Service for minimizing the number of eagles and bats killed by its wind turbines in Iowa.

The company thinks it can reduce bat deaths by modifying the turbines so that during certain times of the year they don't spin if there isn't enough wind to enable them to generate energy.

To reduce eagle deaths, it plans to ask people who live near its wind farms not to leave animal remains out for the birds.

More: *Radio Iowa*

EEI Unveils ESG/Sustainability Template for Utilities

The Edison Electric Institute on Aug. 27 unveiled a template for utilities to report on their environmental, social, governance and sustainability (ESG/sustainability) policies, saying it will provide financial analysts more consistent and comparable information. The template included both qualitative information on ESG/sustainability management and strategy, and quantitative information on capacity, energy and emissions.

An EEI spokeswoman said all members of the organization are expected to release filings based on version 1 of the template. Thus far, Alliant Energy, American Electric Power, CenterPoint Energy, CMS Energy, Duke Energy, El Paso Electric, Entergy, Fortis–Central Hudson, Fortis–UNS Energy/TEP, PPL, WEC Energy Group and Xcel Energy have made filings, which usually are available on their websites' investor relations or sustainability sections.

By some estimates, investing based on ESG attributes represents more than $20 trillion in assets under management, about a quarter of all professionally managed assets worldwide.

More: *EEI*

FES Notifies PJM of Coal Plant Closures

FirstEnergy Solutions notified PJM on Aug. 29 that it will close two coal-fired power plants with 4,017 MW of generating capacity.

The plants — W.H. Sammis in Ohio and Bruce Mansfield in Pennsylvania — are FES' last coal plants in their respective states.

The bankrupt subsidiary of FirstEnergy said it is closing the plants "due to a market environment that fails to adequately

W.H. Sammis

compensate generators for the resiliency and fuel-security attributes that the plants provide."

More: *The Plain Dealer; FirstEnergy*

Facebook Aiming for 100% Renewable by End of 2020

Facebook said Aug. 28 its goal is to have all its operations powered by renewable energy by the end of 2020.

The tech giant also said it plans to have greenhouse gas emissions that are 75% lower than their 2017 levels by then.

Facebook previously set goals of having its power be 25% renewable by 2015 and 50% renewable by this year.

More: *Business Insider*

Invenergy Planning Two 200-MW Western Iowa Wind Farms

Invenergy is planning to develop two 200-MW wind farms in western Iowa that could be up and running by late next year or early 2020.

One would be the company's second wind farm in Ida County and the other would be its first in Sac County.

Invenergy also is planning a wind farm in Iowa County, which is in eastern Iowa. It has about 1,500 MW of wind capacity in the state.

More: *Iowa Public Radio*

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Company Briefs

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FirstEnergy Enters into Settlement In FES, FENOC Bankruptcies

FirstEnergy said Aug. 27 it has entered into a settlement agreement in the Chapter 11 proceedings of its FirstEnergy Solutions (FES) and FirstEnergy Nuclear Operating Co. (FENOC) subsidiaries that would address all potential claims among the settling parties and other creditors of FES and FENOC.

Among other things, the agreement calls for FirstEnergy to pay FES' debtors $225 million, issue them $628 million in notes and have its Allegheny Energy Supply subsidiary give them the 1,300-MW Pleasants power plant in Willow Island, W.Va.

The agreement is subject to Bankruptcy Court approval.

More: *FirstEnergy*

FES Agrees to Sell Retail Customer Contracts to Exelon

FirstEnergy Solutions has agreed to sell its retail customer contracts to Exelon's Constellation NewEnergy subsidiary.

The bankrupt FirstEnergy subsidiary said in an Aug. 24 court filing that it had canceled an auction for the contracts that was tentatively scheduled for Sept. 6 after no qualified bidders other than Exelon met an Aug. 23 deadline to submit a bid.

The deal must be approved by U.S. Bankruptcy Court Judge Alan Koschik, who has scheduled a hearing on the matter for Sept. 21.

More: *The Plain Dealer*

AES Shady Point Coal Plant Likely to Close in January

An executive with AES Shady Point said the 360-MW coal-fired power plant in Le Flore County, Okla., could close as soon as January when its agreement to sell power to Oklahoma Gas & Electric expires.

Lundy Kiger, AES Shady Point's vice president, said closing may be the plant's only option after it was notified earlier this month by OG&E that the utility won't execute another five-year extension of a power purchase agreement between OG&E and the plant that dates to 1991.

OG&E notified AES in early 2017 it likely would seek proposals from various power providers as alternatives to the PPA this year, before agreeing to keep the contract in place until the start of 2019.

More: *The Oklahoman*

Vectren Shareholders Approve $6 Billion Sale to CenterPoint

Vectren shareholders on Aug. 28 approved CenterPoint's $6 billion purchase of the company.

Vectren said the deal was supported by nearly 62% of its outstanding common shares entitled to vote, or more than 95% of the shares that were voted.

The deal is expected to close early next year.

More: *The Associated Press*

Heat Wave Powers PJM Usage to Peak for Year

PJM said power usage in its territory reached its high point this year at 5 p.m. on Aug. 28, peaking at more than 151,000 MW.

The RTO issued hot weather alerts for Aug. 27-29.

More: *PJM*

Federal Briefs

FERC, PHMSA Agree to Coordinate LNG Reviews

FERC announced Friday it has signed an agreement to coordinate the siting and safety reviews of commission-jurisdictional LNG facilities with the Department of Transportation's Pipeline and Hazardous Materials Safety Administration. PHMSA is responsible for standards on the location and design of LNG facilities. FERC is responsible for determining whether proposed LNG facilities are in the public interest.

Under the memorandum of understanding, PHMSA agreed to issue a letter to FERC reporting on whether an LNG application complies with the agency's safety standards. FERC will incorporate PHMSA's findings in its decision on whether the project is in the public interest.

FERC Chairman Kevin McIntyre said the MOU will "better leverage each agency's expertise … to process LNG applications in the safest and most efficient way possible."

More: *FERC*

Minn. Man Convicted for Running Wind Energy Fraud Scheme

A federal jury found Shawn Dooling guilty of stealing more than $13 million from more than 70 customers through a wind energy fraud scheme, the U.S. Attorney's Office for the District of Minnesota announced Aug. 29.

The attorney's office said that from approximately 2010 through 2013, Dooling falsely represented that for an agreed-upon contract price, his company would build and maintain wind energy turbines on its customers' land. In reality, the attorney's office said, Dooling spent his company's customers' money on personal expenses and diverted their money to pay for other customers' projects.

Dooling was convicted of three counts of mail fraud, one count of wire fraud and one count of engaging in a monetary transaction in criminally derived property.

More: *U.S. Attorney's Office, District of Minnesota*

NRC Scolds SCE for San Onofre Fuel Violation

The Nuclear Regulatory Commission told Southern California Edison it had committed a "noncited violation" for not following proper protocol in transferring canisters of spent nuclear fuel from wet storage pools to a newly constructed dry storage facility at the shuttered San Onofre Nuclear Generating Station.

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FEDERAL BRIEFS

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The violation was related to physical changes that SCE made to a steel plate used to help hold canisters of spent fuel steady in case an earthquake should occur while lids are being welded to their tops. The changes were approved by an engineer, but NRC said they should have been approved by more than one engineer.

The commission said the "violation was of low safety significance."

More: *The San Diego Union-Tribune*

NRC Reopening Environmental Study of Westinghouse Fuel Plant

Nuclear Regulatory Commission officials said Aug. 30 the agency will reopen an environmental study of a Westinghouse Electric nuclear fuel factory in South Carolina after learning that the factory had leaks in 2008 the company didn't report.

The commission said Westinghouse should have told it about the leaks even though the company was not always required to. It will reopen a study it completed in June that said the plant didn't pose a hazard to its surrounding environment.

Westinghouse is seeking to relicense the plant for 40 years.

More: *The State*

Nevada Appeals Wright's Recusal Refusal in Yucca Mountain Case

Wright

The state of Nevada on Aug. 29 asked the D.C. Circuit Court of Appeals to review its request to have Nuclear Regulatory Commissioner David Wright recuse himself from decisions involving the possible spent nuclear fuel repository at Yucca Mountain because of his previous statements and advocacy work.

Wright on July 2 declined to recuse himself, saying his previous statements were general support of a "long-term nuclear waste storage solution."

More: *Las Vegas Review-Journal*

EPA Reviewing Mercury And Air Toxics Standards

EPA said Aug. 29 it is reviewing the 2011 Mercury and Air Toxics Standards, which requires coal-fired power plants to reduce their mercury emissions.

EPA said it has issued a draft proposal on the rule that will soon be sent to the White House's Office of Management and Budget.

More: *Reuters*

Arkansas DEQ Director Elected ECOS President for 2018-2019

Keogh

The Environmental Council of the States (ECOS) said Aug. 28 it has elected Becky Keogh, the director of the Arkansas Department of Environmental Quality, to be its 2018-19 president.

Keogh has been an ECOS member since 1997 and has served on a number of its committees, including Air, Compliance, Cross Media, Water and E-Enterprise.

More: *Arkansas Department of Environmental Quality*

FERC Staff Authorizes Pipeline Construction Resumption

FERC staff on Aug. 29 authorized resumption of construction on the part of the Mountain Valley Pipeline not on federal land (CP16-10-000).

FERC staff issued a stop-work order on the natural gas pipeline on Aug. 3 in response to a July 27 appeals court order vacating decisions by the Department of Interior's Bureau of Land Management and the Department of Agriculture's Forest Service

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authorizing the pipeline's construction across federal lands.

Democratic Commissioners Cheryl LaFleur and Richard Glick said FERC staff acted within its delegated authority both when it issued the stop-work order and when it authorized the resumption of construction, but they added: "In the future, when a court remands or vacates a required federal authorization following the issuance of a notice to proceed, we believe the decision regarding whether and how to proceed with the pipeline should be made by the commission rather than its staff."

Chairman Kevin McIntyre responded with a four-tweet thread saying he supported letting construction resume on the pipeline. Commissioner Neil Chatterjee tweeted his agreement with McIntyre and said that while he appreciated LaFleur's and Glick's concerns, both FERC staff and natural gas stakeholders rely on the commission not to change the rules in the middle of the game.

TVA Spending $600M on Operations Center, Fiber Optic Expansion

The Tennessee Valley Authority said Aug. 28 it plans to build a new $300 million system operations center in southern Meigs County, Tenn., as part of one of the biggest grid upgrades in its 85-year history.

The center, which is slated to be built over the next three years on part of the more than 150 acres TVA acquired last year, will replace the power control center beneath the agency's downtown Chattanooga Office Complex.

Aaron Melda, TVA's vice president of transmission operations and power supply, said the secured facility is being built to help accommodate a new energy management system that will be supported by a $300 million expansion of the fiber optic lines the agency is building along about 3,500 miles of its 16,000 miles of transmission lines.

More: *Times Free Press*

STATE BRIEFS

CALIFORNIA

Fast EV Charger Installation Rebates Launched

A project to provide up to $29 million in rebates to encourage businesses and public entities to install high-powered charging stations for plug-in electric vehicles has launched.

The Southern California Incentive Project (SCIP) is accepting applications from eligible businesses and public entities for rebates for DC fast charger installations of up to $70,000 per charger or 75% of the total cost of the installation, whichever is less.

SCIP is an initiative of the California Electric Vehicle Infrastructure Project (CALeVIP), which works with community partners to develop and implement regional projects that provide incentives to support the installation of EV charging infrastructure throughout the state.

More: *Green Car Congress*

SCE Details Rate Reduction From San Onofre Settlement

Southern California Edison said Aug. 28 its customers immediately will begin seeing reductions in their bills because of the Public Utility Commission's approval of a settlement over allocation of the San Onofre Nuclear Generating Station's closing costs.

The reductions will take the form of a one-time refund and a 2% rate reduction for residential customers. The settlement authorized a rate reduction of $755 million, which includes a $155 million refund.

More: *Southern California Edison*

COLORADO

Delta-Montrose Vote Could Allow Switching Power Suppliers

Delta-Montrose Electric Association members will vote next month whether to allow the co-op to issue stock to non-members so it can get financial support from a third-party power supplier to help it exit its contract to buy power from Tri-State Generation and Transmission.

The co-op's board launched a campaign to support the change after the co-op requested and was denied information on Kit Carson Electric Cooperative's buyout of its Tri-State contract.

Delta-Montrose is among Tri-State's largest customers, and its defection could heighten the risk of a mass exodus from the wholesaler by forcing Tri-State's remaining customers to cover more of the cost of operating its infrastructure, including its coal-fired power plant.

More: *Energy News Network*

KENTUCKY

PSC Rejects KU/LG&E Smart Meter Deployment Proposal

The Public Service Commission said Aug. 30 it has rejected a proposal by Kentucky Utilities and Louisville Gas & Electric to deploy smart meters and associated technology.

The PSC said that although it "sees benefits in advanced metering," the PPL subsidiaries had "failed to provide sufficient evidence to persuade" it that the benefits of the proposal outweighed its costs.

KU had proposed replacing about 531,000 electric meters at a total cost of $161.9 million, while LG&E had proposed replacing about 413,000 electric meters and retrofitting about 334,000 natural gas meters for $178.5 million. The PSC denied the proposal without prejudice, meaning the utilities can submit a similar proposal at a later date.

More: *Public Service Commission*

PSC Relieves BREC of Obligation To Run Henderson Plant

The Public Service Commission on Aug. 29 issued an order relieving Big Rivers Electric Corp. (BREC) of any continuing obligation to operate a 312-MW, coal-fired plant for the city of Henderson.

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STATE BRIEFS

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The PSC said in the order that Henderson's Station Two power plant "is no longer economically viable," echoing a provision in the contract under which BREC operates the plant and confirming the termination of the contract.

The PSC also granted BREC's request for authorization to continue operating the plant through May 31, 2019, in order to allow Henderson to make other arrangements for operating the plant or find alternative sources of power. BREC will cease operating the plant earlier if it and Henderson reach an agreement.

More: *SurfKY News*

MARYLAND

Court Confirms PSC Jurisdiction Over Proposed Solar Farm

The Court of Special Appeals issued a ruling Aug. 28 affirming a Washington County Circuit Court decision that the Public Service Commission has regulatory jurisdiction over a proposed solar farm in the Cearfoss area.

The decision had been appealed by residents near the proposed solar farm's site and the Washington County Board of Commissioners. The residents and the county haven't decided if they will appeal the latest decision.

More: *Herald-Mail Media*

Potomac Edison Seeking 6% Rate Hike to Fund Grid Improvements

FirstEnergy's Potomac Edison subsidiary on Aug. 24 opened a rate case with the Public Service Commission in which it is seeking an increase that would hike the monthly bills of its typical residential customers using 1,000 kWh/month about 6%, from $105 to $111.

The company is seeking the additional revenue so it can put its tree trimming on a four-year cycle, rather than five years; install more distribution automation equipment; replace more than 1,000 miles of aging underground cable; and install electronic substation reclosers that analyze real-time data and can be remotely controlled by system operators on 68 distribution circuits.

The company said its filing anticipates it using the more than $7 million it's saving from the Tax Cuts and Jobs Act to offset some of the costs of the programs it wants to implement.

More: *FirstEnergy*

MASSACHUSETTS

2.1k Sign Petition Opposing Yarmouth for Vineyard Wind Cable

A petition opposing Vineyard Wind's plan to bring an 800-MW submarine cable from its offshore wind farm through Lewis Bay and onshore in Yarmouth has garnered 2,100 signatures, according to its organizers.

A copy of the petition was given to Yarmouth's Board of Selectmen at their Aug. 28 meeting and to Gov. Charlie Baker the week before the meeting.

At the meeting, Board Chairman Norman Holcomb told residents the board was open to hearing their concerns, but state officials would ultimately decide the cable's route.

More: *Cape Cod Times*

MISSOURI

PCS Grants Ameren Certificate For 1-MW Subscriber Solar Project

The Public Service Commission said Aug. 29 it has granted Ameren Missouri a certificate of convenience and necessity to build a 1-MW solar facility on land owned by the city of St. Louis at the St. Louis Lambert International Airport under a pilot subscriber solar program.

Ameren will charge all customers enrolling in the program a solar participation fee until enough have enrolled to enable it to build the full 1-MW facility.

More: *Public Service Commission*

NEW JERSEY

BPU Opens Proceeding to Create ZEC Program for Nukes

The Board of Public Utilities on Aug. 29 approved an order opening a proceeding to create a zero-emission credit program for eligible nuclear power plants by November.

The board said the program will include an application process for ZEC eligibility review and a mechanism that will allow each of the state's electric companies to buy ZECs from the selected nuclear power plants.

The process to create the program will include extensive public hearings, the board said.

More: *Board of Public Utilities*

OHIO

Businesses Endorse Report Calling For 2.2 GW of Solar Development

Six big businesses with operations in the state have endorsed a report advocating the development of 2.2 GW of solar generation by 2030.

JPMorgan Chase, Owens Corning, Walmart, Eaton, Whirlpool and GEM Energy are "logo-level" backers of "Powering Ohio: A Vision for Growth and Innovative Energy Investment," which was prepared by Synapse Energy Economics in partnership with the Great Lakes Energy Institute at Case Western Reserve University.

Developing 2.2 GW of solar generation in the state would involve $3.6 billion in investment and "sustain 800 direct jobs and over 1,700 indirect and induced jobs each year," the report said. It also would boost the state's gross domestic product by $1 billion per year, according to the report.

More: *pv magazine*

PUCO Releases Report to Guide Grid Modernization Regs

The Public Utilities Commission on Aug. 29 released a report called "PowerForward: A Roadmap to Ohio's Electricity Future" that is based on a yearlong effort by the commission and its staff to understand how the state's distribution grid can be improved by innovation.

Commission Chairman Asim Haque said the report will help the commission make informed decisions on utilities' grid modernization efforts.

Haque said the applications that grid modernization will make possible "should give customers more control over how they

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engage with their electric service and could have many tangible benefits depending on what the customer wants, including lower monthly bills."

More: *The Columbus Dispatch*

OKLAHOMA

NextEra Ordered to Stop Wind Farm Construction over New Law

State officials on Aug. 31 sent a cease-and-desist letter to NextEra Energy Resources on constructing the Minco IV/V wind farm until it has shown the Corporation Commission the facility complies with a new law meant to make sure turbines don't intrude on military air space.

Under the law, before they begin construction, wind farm developers must either obtain a "no hazard" determination from the Federal Aviation Administration for each of their turbines or work out a mitigation plan with the Defense Department.

NextEra filed obstruction evaluation cases for 175 new turbines in Canadian and Caddo Counties with the FAA on March 23, but the agency hadn't issued determinations for any of them as of Aug. 31.

More: *KWTV*

VIRGINIA

Advisory Council Recommends Pipeline Permits Suspended

The 15-member Advisory Council on Environmental Justice recommended Aug. 28 that Gov. Ralph Northam direct state agencies to suspend water and air quality permits for the Atlantic Coast and Mountain Valley pipelines.

Northam should appoint an emergency task force "to ensure that predominately poor, indigenous, brown and/or black communities do not bear an unequal burden of environmental pollutants and life-altering disruptions" from the natural gas pipelines, the council said.

The recommendation puts the council, which is solely an advisory body, at odds with Northam, who maintains that the process of regulating the pipelines' construction is working as it should. The council, which is charged with providing "independent advice and recommendations to the executive branch" on matters of environmental justice, was established last October by Gov. Terry McAuliffe, who also appointed its members.

More: *The Washington Post*

Report: Dominion, Appalachian Earned Excess Revenue Last Year

A report issued Aug. 29 by the State Corporation Commission found that both of the state's two largest investor-owned utilities posted returns on equity last year that were higher than the returns that the SCC approved for them.

The report said Dominion Energy Virginia earned a 13.84% return and Appalachian Power earned 11.31%, more than the approved 9.2% and 9.4% rates, respectively. The rates produced excess revenue of $365.6 million for Dominion and $31.98 million for Appalachian.

More: *State Corporation Commission*

WASHINGTON

Debra Smith Nominated for Seattle City Light GM, CEO

Seattle Mayor Jenny Durkan said Aug. 28 she is nominating Debra Smith to be the next general manager and CEO of Seattle City Light.

Smith, who has 22 years of public utility experience in the Pacific Northwest, has been the general manager of Central Lincoln People's Utility District, which provides electricity to residents of Oregon's Central Coast, since 2013.

If confirmed by the City Council, Smith would be only the second woman leader of Seattle City Light in its 108-year history. She would start Oct. 15.

More: *Seattle Office of the Mayor*

Mexico Power Market Caught up in Political Transition

Continued from page 1

American Free Trade Agreement to stay in place, another will say, “No NAFTA is good NAFTA.” Another official will say the new government will review the 107 energy contracts signed with mostly foreign companies, then someone else will say, “No, we’re not.”

“Then somebody says, ‘Put the energy reform to a referendum,’ and someone else says, ‘No, we’re not,’” Payan said. “The reality is there’s a lot of chaos. The incoming administration is spending too much time deliberating in public. They should put together the entire team, lock themselves in a room, agree on what they want to do, then come out and provide details to the public on what they want to do.”

Payan said the resulting confusion is “wearing them out” and reducing the Obrador administration’s political capital.

“The public debates is one of the worst things they can do, and they’re doing it,” he said. “Just two months after the election, and there’s already too many things up in the air.”

Most of the early focus has been on Mexico’s floundering petrochemical industry, which produced 1.88 million barrels of oil per day in the first half of 2018, compared to 3.4 million barrels per day in 2005. Lopez Obrador has announced a $16 billion investment plan to increase the country’s oil production and refinery capacity.

Payan said Pemex, Mexico’s state-owned petroleum company, will take precedent over other companies and industries. Many in Mexico hold the ideological belief the country’s petroleum resources belong to the Mexican people. (See *Opening of Mexico’s Market at Risk from New President*.)

In the meantime, Payan said, the electric industry could very well continue to work on flexing its newly deregulated muscles.

“My guess is the electricity production landscape and markets are changing so quickly, and the technology is moving so fast, that it will be harder to restore any type of centrality to the state,” he said. “I think electricity is a little bit easier because it’s not wrapped in all that nationalism like oil is. Regulatorily, technologically, that market is so different. It’s a completely different ballgame. It’ll be hard to set them back.”

Tony Payan updates ISME on latest developments in Mexico. | © *RTO Insider*

James Fowler, a senior Americas energy analyst for the ICIS Mexico Energy Report, agreed with Payan that the incoming government is sending mixed messages to participants in the electricity sector.

“On the one hand, they are talking about supporting private investments in the country and its infrastructure, whereas, on the other hand, they have talked about strengthening the role of state utility [Federal Electricity Commission],” Fowler said. “Until energy market participants have a clear idea about where the new government’s energy policy is headed, we expect to see a slowdown in both new investment and the entrance of new companies into the Mexican power market.”

The Goodness of Competition

Lopez Obrador’s $16 billion investment package includes plans to build more hydro facilities. However, he has also called for reducing the consumption of imported natural gas for power generation and canceling a proposed retirement of 12 GW of inefficient and outdated power plants to boost the country’s energy independence, Fowler said.

“In reality, the new government will find it very hard to achieve these goals, while at the same time encouraging private investment in much needed new infrastructure, so something will have to give,” he said.

“When I look at the numbers, I can’t figure out how they’re going to do it,” Payan said, noting the disconnect between reduced taxes and increased infrastructure spending.

Renewable energy could also face some obstacles, Payan said. He pointed out Lopez Obrador, a left-wing populist who emphasized social inequality on his way to a resounding victory, “wants to give a greater voice for farmers and indigenous communities.”

“If the federal government gives them a great voice in these deliberations, energy projects could be further delayed,” Payan said. “My guess is Lopez Obrador will rediscover the goodness of private competition.”

Payan, a political scientist who spent 15 years on the U.S.-Mexico border at the University of Texas at El Paso, took a moment to address the trade agreement between the two countries trumpeted earlier in the day. He called it “much ado about nothing” and forecast a frosty reception in Mexico.

“I don’t think it’s going to go well in Mexico, once the critics begin to parse the agreement,” he said. “I think it actually strengthens the American manufacturing industry … steel, aluminum, cars. It weakens the car industry in Mexico and places it at a greater disadvantage than before.”

In the end, Payan said, Lopez Obrador just wants NAFTA off his plate and may instruct his supporters in Congress to approve whatever the outgoing administration sends them. In the new Congress that began convening Sept. 1, the three parties that nominated him together hold commanding advantages in the Senate (68 of 128 seats) and Chamber of Deputies (307 of 500 seats).

“There’s a lot of uncertainty in the air. It’s not as amicable as you would think,” Payan said. “Lopez Obrador has a lot more to clarify and define. He will have a tough time maintaining political discipline in Mexico. In general, I think we’re in for a rougher ride than we think.”

RTO Insider Seeks Repeal of NEPOOL Press Ban

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Chilling Discussion?

In its filing, NEPOOL contended that allowing press to become a participant "would adversely impact NEPOOL's ability to continue to foster candid discussions and negotiations in its stakeholder meetings." Absent those discussions among its members, ISO-NE and state officials, NEPOOL "would be limited in its ability to narrow or resolve complex issues within the NEPOOL stakeholder process," the group said.

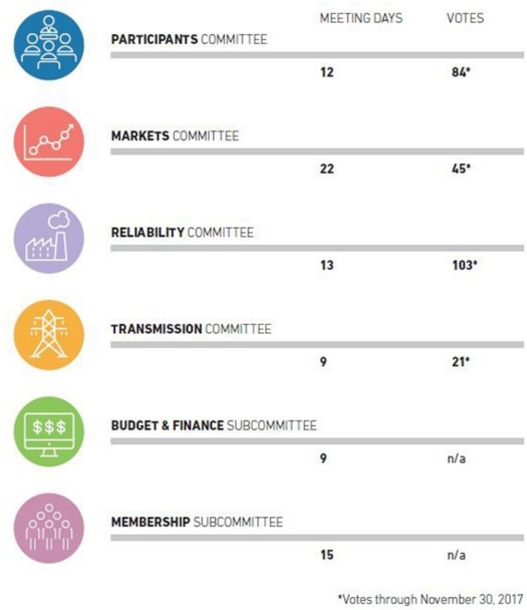
It cited concerns that press attendance at meetings "could encourage public posturing, pre-scripted statements and reduced willingness or ability by members to freely explore ideas or solutions."

NEPOOL's case for maintaining privacy pivots on the argument that it does not function in the same manner as other RTOs. Its filing notes that "unlike other regional transmission organizations in which stakeholders are assembled by and at the direction of the particular RTO, NEPOOL is and always has been an independent, separately organized stakeholder body."

To support its claims, NEPOOL's filing included the testimony of Robert Stein, principal consultant at Signal Hill consulting group, who said he has participated in the NEPOOL stakeholder process since beginning his career in the power industry in 1971.

Stein testified that NEPOOL meetings have always been "nonpublic," and expressed concern that the press' presence would change the "tenor and tone" of NEPOOL meetings "in a very unhelpful way."

"Over the years I have both observed and participated in discussions at meetings where positions were taken and changed in our non-public setting," he said. "This would be much less likely if members are concerned that those positions, as they may evolve during the NEPOOL process, could appear in press reports and need to be defended publicly. There are many examples, such as in diplomacy and labor negotiations, where the ability to negotiate outside the public spotlight is important if not essential."



NEPOOL conducted 253 votes on 56 meeting days in 2017. All the meetings were closed to the public and press. | *NEPOOL*

'No Apparent Basis'

RTO Insider responded that Stein "has no apparent basis for this speculation" given his testimony that NEPOOL meetings have always been nonpublic and that he has worked his entire career in New England.

RTO Insider estimated its reporters have covered an estimated 900 stakeholder meetings in the other six RTOs/ISOs since 2013 and said its reporters can recall fewer

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RTO Insider Seeks Repeal of NEPOOL Press Ban

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than 10 instances of a stakeholder representative reading from a prepared speech.

RTO Insider's Aug. 31 complaint contended that nonpublic meetings violate the public interest and the missions stated in ISO-NE's and NEPOOL's governing documents.

It also contested NEPOOL's assertion that it is a private organization, saying that FERC precedent "hardwires the NEPOOL stakeholder process into the regulatory process by requiring its use." It noted that ISO-NE's Participants Agreement with NEPOOL requires the RTO "to present proposals for changes to market rules, operating procedures, manuals, reliability standards, general tariff provisions, or non-[transmission owner] [open access transmission tariff] provisions for governance participant consideration and NEPOOL participant vote."

RTO Insider pointed to another special privilege enjoyed by NEPOOL: its so-called "jump ball" filing rights at FERC. In cases when ISO-NE submits a market rules proposal that differs from one approved by the Participants Committee on a 60% vote, that provision entitles NEPOOL to file a competing proposal that the commission can adopt in full.

"This is an extraordinary right because it negates the right an RTO/ISO would otherwise have for its [Federal Power Act] Section 205 filing to be accepted if just and reasonable (or not unjust and unreasonable), rather than having to demonstrate that its filing is superior to alternatives," *RTO Insider* contended.

The publisher also contended that, given NEPOOL's role in transmission planning, failure to provide openness and transparency violates FERC Order 890. Banning the press and public from meetings also discriminates against smaller entities and potential new entrants to the New England market, the complaint said.

The publisher noted that ISO-NE, through NEPOOL, is the only RTO/ISO in the country that bars the press and public from its stakeholder process. "NEPOOL is well aware of this uniqueness, but nowhere in its 15-page transmittal letter in support of formalizing its press ban does it attempt to explain why ISO-NE/NEPOOL are fundamentally different from all the other RTO/ISOs," the complaint said. "Nowhere does NEPOOL explain why secrecy is critical for it and it alone."

RTO Insider said that if NEPOOL can justify its press ban as a "private" entity desiring secrecy, "its special powers and privileges should be transferred to an open stakeholder process within ISO-NE, and the ISO-NE resources devoted to NEPOOL (currently $2.6 million annually) should be devoted to an open stakeholder process within ISO-NE."

New Docket

RTO Insider's complaint had not been assigned a docket number at press time. The publication also will file the complaint as a protest in the docket opened by NEPOOL (ER18-2208).

The Union of Concerned Scientists and the New England Professional Chapter of the Society of Professional Journalists have filed comments in that docket opposing the press ban.

No one else has thus far filed substantive comments, although Consolidated Edison, Avangrid, Public Citizen and New Hampshire Consumer Advocate D. Maurice Kreis have filed motions to intervene. FERC extended the deadline for comments in that docket by 10 days to Sept. 14.

"Somehow the nation's other six RTOs manage to make difficult policy choices without a secret governance body for stakeholders," Kreis said in a June 25 blog post on InDepthNH.org.

Kreis told *RTO Insider* that he found the argument that press attendance will have a chilling effect on NEPOOL stakeholder discussions "to be cosmically unpersuasive."

"I don't get to go to a lot of NEPOOL meetings. Having third-party summaries of meetings [from the press] is going to help me do my job," he said.