



CAISO RC Wins Most of the West

By Robert Mullin and Tom Kleckner

TEMPE, Ariz. — CAISO is poised to take the lion's share of the West in the competition for reliability coordinator (RC) customers, the Western Electricity Coordinating Council revealed Wednesday.

Speaking during the Regional Entity's Wednesday board meeting, WECC CEO Melanie Frye said her organization has received tentative RC commitments from balancing authorities and transmission operators representing all but 2% of net energy load in the West.

The results: 72% of the region's load will likely sign on with CAISO's new RC, while 12% of load will go with SPP.

WECC and NERC requested that Western BAs and TOs declare their RCs by Sept. 4. The action became necessary when Peak Reliability, which has been providing the Western grid's RC function following a major outage in 2011, announced in July that it will wind down its services by the end of

[Continued on page 6](#)

- **WECC: Name to Remain the Same** (p.6)
- **Western RC Transition 'Hot Topic' at WECC Meeting** (p.7)

7th Circuit Upholds Ill. ZEC Program

By Rich Heidorn Jr.

Illinois' nuclear generation subsidies do not interfere with FERC-regulated wholesale power markets, the 7th U.S. Circuit Court of Appeals ruled Thursday in the latest judicial pronouncement on state-federal jurisdiction over the electric industry.

NEPOOL Alone in Support for Press Ban

By Rich Heidorn Jr.

The New England Power Pool's proposal to codify its longstanding ban on press and public attendance at stakeholder meetings was attacked by consumer advocates, environmental groups and press advocates Friday.

Only one comment — by six former NEPOOL chairs and current Chair Tom Kaslow — was filed in support of the press ban before Friday's filing deadline (ER18-2208).

"What some are characterizing as 'secret' is

merely a discreet and considerate process for considering options and pursuing consensus," the group wrote. "From our personal experience, and from what we have overwhelmingly heard from NEPOOL members, the presence of press reporters to attend and report widely on meetings would unfavorably change the stakeholder process, leaving many of NEPOOL's



Current NEPOOL Chair Tom Kaslow | © RTO Insider

[Continued on page 42](#)



Former NEPOOL Chairs (left to right) Cal Bowie, Joel S. Gordon, Peter Fuller, Donald Sipe, Dan Allegretti, Roberto Denis, Robert Stein and Brian Forshaw, pictured in the group's 2014 annual report. All but Denis and Forshaw signed comments supporting NEPOOL's ban on the public and press. | NEPOOL

[Continued on page 36](#)

Also in this issue:



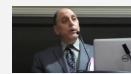
MISO in Conservative Ops After Emergency Declaration

(p.17)



Resident Protests of Tx Project Redirected to States

(p.25)



EI Seeks to Change FERC Rules on ROE Reviews

(p.33)

RTO Insider

CAISO ERCOT ISO-NE MISO NYISO PJM SPP

Editorial

Editor-in-Chief / Co-Publisher
Rich Heidorn Jr. 202-577-9221

Deputy Editor / Senior Correspondent
Robert Mullin 503-715-6901

Production Editor
Michael Brooks 301-922-7687

Contributing Editor
Peter Key

CAISO Correspondent
Hudson Sangree 916-747-3595

ISO-NE/NYISO Correspondent
Michael Kuser 802-681-5581

MISO Correspondent
Amanda Durish Cook 810-288-1847

PJM Correspondent
Rory D. Sweeney 717-679-1638

SPP/ERCOT Correspondent
Tom Kleckner 501-590-4077

Subscriptions

Chief Operating Officer / Co-Publisher
Merry Eisner 240-401-7399

Account Executive
Marge Gold 240-750-9423

Technical Director
Ben Gardner

RTO Insider LLC
 10837 Deborah Drive
 Potomac, MD 20854
 (301) 299-0375

Subscription Rates:

Payment Frequency	PDF-Only	PDF & Web
Annually:	\$1,350.00	\$1,650.00
Quarterly:	380.00	475.00
Monthly:	150.00	175.00

See details and Subscriber Agreement at rtoinsider.com.

IN THIS WEEK'S ISSUE

- NEPOOL Alone in Support for Press Ban ([p.1](#))
- 7th Circuit Upholds Ill. ZEC Program ([p.1](#))
- NERC Circulating Study on 'Accelerated' Retirements ([p.31](#))
- EEI Seeks to Change FERC Rules on ROE Reviews ([p.33](#))

Stakeholder Soapbox

- The Slow Death of Merchant Generation in MISO ([p.3](#))

CAISO

- CAISO RC Wins Most of the West ([p.1](#))
- Overheard at Infocast Transmission Summit West ([p.4](#))
- WECC: Name to Remain the Same ([p.6](#))
- Western RC Transition 'Hot Topic' at WECC Meeting ([p.7](#))

ERCOT

- PUCT Grants Oncor CCN for Far West Texas Project ([p.10](#))

ISO-NE

- Massachusetts Deploys Utility-scale Energy Storage ([p.11](#))

MISO

- MISO Closing in on Storage Participation Plan ([p.13](#))
- FERC, NERC to Probe January Outages in MISO South ([p.14](#))
- Old Analysis Could Guide MISO Restoration Pricing Effort ([p.15](#))
- MISO to Focus on Customer, Employee Relations in 2019 ([p.15](#))
- Unidentified: MISO to Use Prior Export Limit for Zone 5 ([p.16](#))
- MISO in Conservative Ops Following Emergency Declaration ([p.17](#))
- MISO: Data Still Lacking for Detailed Solar Capacity Credits ([p.17](#))

NYISO

- NYPSC Takes Subway into Value Stack ([p.19](#))
- Business Issues Committee Briefs ([p.20](#))
- Overheard at IPPNY Annual Fall Conference ([p.23](#))

PJM

- Resident Protests of Transmission Project Redirected to States ([p.25](#))
- Operating Committee Briefs ([p.26](#))
- Market Implementation Committee Briefs ([p.27](#))
- PJM, Generators Debate Injection Rights for Exempted Capacity ([p.28](#))
- Planning Committee/Transmission Expansion Advisory Committee Briefs ([p.29](#))

SPP ([p.32](#))

Briefs

- Company ([p.37](#))
- Federal ([p.38](#))
- State ([p.39](#))

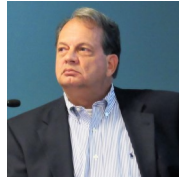


STAKEHOLDER SOAPBOX

The Slow Death of Merchant Generation in MISO

By Mark J. Volpe

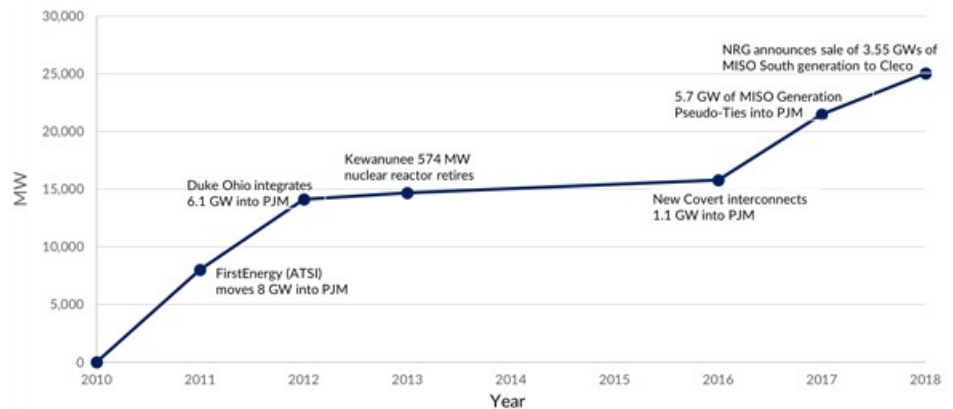
MISO recently announced that its [Value Proposition](#) provided annual quantitative benefits of \$3.3 billion to its members during 2017. In the past, MISO has announced similar levels of overall monetary benefits attributable to its Value Proposition; however, over the years, based on the business decisions of numerous merchant-owned generation companies in MISO, including the non-regulated generation arm of several utilities, the overall value MISO membership provides the independent power producers is undoubtedly questionable at best.



Volpe

The gradual exodus of merchant generation out of MISO began in 2009 when FirstEnergy announced it would leave MISO and consolidate all its assets from their wholly owned subsidiaries American Transmission Systems Inc. and the non-regulated generation fleet of FirstEnergy Solutions into PJM. Anthony J. Alexander, president and CEO of FirstEnergy at the time, stated, "Aligning all of our transmission assets with PJM will provide customers with the benefits of a more fully developed retail choice market and enhanced long-term planning that supports construction of new generation when and where it is needed." Quickly following suit, Duke Energy announced in May 2010 that its Ohio and Kentucky utility subsidiaries would quit MISO and join PJM. An industry analyst observed that "Duke's motives were clear, and the move was widely ascribed as a bid to cash in on the substantial revenues available in PJM's capacity market, the Reliability Pricing Model (RPM), which had proven much more lucrative than MISO's much less formal monthly voluntary capacity auction. FirstEnergy already had sought the same advantages."

After the Ohio companies left MISO, in a surprising turn of events during 2012, unable to find a buyer after a long-term power purchase agreement had expired, Dominion Resources announced it would shut down their 574-MW Kewanee nuclear reactor located in Wisconsin. What made this decision somewhat puzzling at the time was EPA's focus on clean air regulations; how-



Cumulative MISO capacity losses | Coalition of Midwest Power Producers

ever, Dominion had made the decision to forge ahead with decommissioning its environmentally friendly nuclear facility. The following year, St. Louis-based Ameren announced the sale of its entire non-regulated generation portfolio located in downstate Illinois to Dynegy (recently merged with Vistra Energy) to focus on its rate-regulated electric, natural gas and transmission operations and remove \$825 million in debt from its balance sheet. Dynegy paid no cash in acquiring all of Ameren Energy Resources coal units totaling 4,119 MW – only assuming the debt.

In 2014, Tenaska Capital Management, owner of a highly efficient, natural gas-fueled combined cycle facility New Covert merchant power plant in Michigan, announced plans to directly interconnect the 1,100-MW plant with PJM in June 2016. Tenaska invested millions in the construction of a new substation, a 345-kV transmission line and significant transmission system upgrades to literally build their way out of MISO. New Covert had cleared capacity in PJM's RPM auction in May 2013 and May 2014. Tenaska Senior Vice President Brad Heisey stated, "PJM is a good fit for merchant wholesale generators such as New Covert. It has a balanced, forward-looking capacity market that should provide certainty for covering the facility's fixed costs." The same year, Calpine sold their Mankato Power Plant, a 375-MW natural gas-fired, combined cycle power plant located in Minnesota, to Southern Co. subsidiary Southern Power for \$395.5 million plus working capital. Calpine President and CEO Thad Hill said, "Mankato is a modern, efficient and well-performing plant under

long-term contract to the local utility with an expansion in advanced development. This sale is another step in our capital allocation plan to divest plants in non-core regions when we see an attractive value opportunity." Another major MISO merchant player, NRG Energy, recently announced its intention to sell its entire 3,555-MW South Central business to [Cleco Corporate Holdings](#) for \$1 billion.

The slow death of merchant generation in MISO has been pervasive with more than 25,000 MW exiting MISO over the last decade. The strategic motivation behind several of these companies' business decisions is very clear: monetize assets in MISO to optimize their generation portfolios for participation in the better designed eastern U.S. capacity markets. None of the companies have folded their tents and gone out of business! They can operate successfully and turn a profit in markets other than MISO. These companies decided better opportunities could be found by deploying their capital resources elsewhere. This chain of events is not a coincidence, and in our next column, we will analyze the underlying circumstances behind these business decisions forcing the independent power producers to leave MISO.

Mark J. Volpe is the President & CEO of the Coalition of Midwest Power Producers (COMPP), a newly formed non-profit trade association focused on the continued evolution of fully robust wholesale energy and capacity markets in MISO. He is the former Senior Director of Regulatory Affairs for Dynegy Inc. and continues to serve as chairman of the Independent Power Producer sector on MISO's Advisory Committee working actively within the stakeholder process at MISO and PJM advocating on energy and capacity market design issues.

Infocast Transmission Summit West

Overheard

SAN DIEGO — Struggling with a changing landscape of rooftop solar, electric vehicles and Western regionalization, transmission planners voiced their thoughts about an increasingly decentralized grid at Infocast's 10th Annual Transmission Summit West last week.



"We're conducting a paradigm shift here. It is not easy to perform transmission planning anymore," said **Bhaskar Ray**, a distribution expert with Burns &

McDonnell in San Francisco.

Ray sat on one of a dozen panels at the three-day summit, with about 100 in attendance. Speakers addressed topics such as the impacts of community choice aggregation, non-wires alternatives (NWAs) and distributed energy resources.

The overarching theme was a changing market driven by millions of rooftop solar panels and a dramatic increase in the use of EVs, especially in California. The state's efforts to use 100% clean energy, to create a Western RTO and to spread its energy policies across the West were high on the list of concerns.

"It causes us small heart attacks" when we hear Californians say they are exporting their energy policies, said **Kristine Raper**, a member of the Idaho Public Utilities Commission, who was part of a panel of state policymakers.



California's recent passage of SB 100, requiring the state to get all its energy from renewable and carbon-free sources by 2045, and the failure of AB 813, which would have begun the transition of CAISO into an RTO, received a large share of attention. (See California Gov. Signs Clean Energy Act Before Climate Summit.)

Here's more of what we heard.

Policymakers Debate Regionalization

Energy leaders from Idaho, Utah and other Interior Western states said they'd only be

interested in joining an RTO if it served their constituents' best interests, especially with regard to costs, and if Californians didn't control it.

"The governance is the piece that causes the most consternation," Raper said.

AB 813 failed to make it out of the Senate Rules Committee in August, largely because California Democrats weren't pleased with the idea of their state's ISO being governed by outsiders from coal-burning states. The bill would have allowed CAISO's governing body to include out-of-state members.

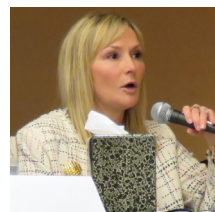
It was the third time in three years that a regionalization effort in California has failed to move forward. (See Western RTO Opponents Vow To Keep Trying.)

Several panelists at the summit said they didn't see why it was necessary to have a single RTO in the West, while others were skeptical that any RTO was necessary.

"I don't think it would be in my state's best interests to jump two feet into a large-scale RTO," said Cynthia Hall, vice chair of the New Mexico Public Regulation Commission.

Hall said she'd like to first see the effects of expanding the Western Energy Imbalance Market, possibly to a day-ahead market, which is a more incremental step requiring less commitment on the part of member entities. Public Service Company of New Mexico, for example, applied to join the EIM last month. (See PNM Seeks to Join Energy Imbalance Market.)

California leaders and interest groups had expressed similar sentiments after AB 813 stalled in committee.



In a separate panel on regionalization, **Laura Nelson**, with the Utah governor's office, said the pros and cons of a Western RTO have yet to be determined. Market efficiencies could be offset by problems with policy and governance, she said.

"We are concerned about what those costs and risks might be, and we don't fully understand the benefits," Nelson said.

DERs Will Prove More Challenging

The increasing role of DERs arose in several panel discussions.

"We see them moving forward aggressively," said Neil Millar, CAISO executive director of infrastructure development.

The ISO predicts the generating capacity of residential solar panels and other behind-the-meter DERs will grow from about 8,000 MW today to 17,000 MW in the near future, Millar said. That will put a strain on systems that was meant to distribute energy from central power plants, not to gather it from millions of rooftops.

"We have to look at a much broader range of assumptions, scenarios and operating conditions," he said.

Patrick Damiano, the president and CEO of ColumbiaGrid, agreed.



"DERs are invariably coming to the system," he said. Utilities will lose control of generation and information, while consumers will gain it, he said.

What's needed for planning purposes is greater transparency of DER usage and a way to model the effects of millions of scattered generation sites, Damiano said. The amount of data that needs to be collected is daunting, he said.

"In some ways that integrative-resources process has become more disintegrated," he said. "It's not a statement that it's a good thing or a bad thing. It's just reality."

Non-Wires Alternatives Gaining Ground

The rapid growth of DERs occupied much of the discussion on NWAs, which also include battery storage and other changes to the grid that don't necessarily involve large-scale infrastructure projects, such as new transmission lines.

The inclusion of more NWAs is creating a challenging atmosphere for planners.



Louis Ting, director of planning and development for the Los Angeles Department of Water and Power, said the department is experimenting with numerous pilot

Continued on page 5

Infocast Transmission Summit West

Overheard

Continued from page 4

projects to serve its 1.5 million customers in the 500 square miles of the city.

“On the non-wires alternatives, it’s been a very interesting journey to say the least,” Ting said. With little room to build new infrastructure, LADWP has been working to optimize its resources, including by leasing rooftops for solar power and talking with EV owners about drawing energy from the vehicles’ batteries, he said.



In the Pacific Northwest, Avista Utilities still mainly relies on traditional modes of generation such as natural gas, but the company is seeing increased interest

from its customers in alternatives that allow them to produce their own power, Avista engineer **Curtis Kirkeby** told the summit audience.



Seth Hilton of Stoel Rives moderated a panel at Infocast’s Transmission Summit West that included Jennifer Rouda, 7Skyline; Louis Ting, LADWP; Curtis Kirkeby, Avista Utilities; and Aram Shumavon, Kevala. | © RTO Insider

“Our biggest customers are asking how they can play,” including by putting generating assets on their structures, he said. “We’re getting a lot of pressure to have alternatives for them.”

The utility has been working hard to figure how best to incorporate DERs and to

become more proactive with planning, he said.

“Transmission planning has been done a certain way forever,” Kirkeby said. Now, he said, “it changes every single day.”

— Hudson Sangree

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



Need to know what’s happening on the grid as it happens? *Today @ RTO Insider* - our daily email - includes the latest news from the organized electric markets, key insights from media across the country and upcoming meetings across the U.S. RTOs and ISOs. We’re “inside the room” alerting you to actions - months before they’re filed at FERC.

If what’s happening on the grid impacts your bottom line, you can’t afford to miss a day.

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



WECC: Name to Remain the Same

By Robert Mullin

TEMPE, Ariz. — The Western Electricity Coordinating Council's effort to clarify its mission will no longer include a name change, the group's new chief said Wednesday.

Under previous CEO Jim Robb, WECC last year revived a proposal to change its name to "Reliability West" as part of a broader campaign to rebrand its image to reflect its refocus on its core reliability assurance mission after the 2014 bifurcation that divided WECC in its current form from what would become reliability coordinator Peak Reliability. (See [WECC Finding New Direction in Old Mission](#).) The business case for the name change was set out in a November 2017 [white paper](#).

The WECC Board of Directors tabled the name change in June after an advisory vote among the group's members and also in light of WECC's continued search for a replacement for Robb, who left his role to take over the top post at NERC. (See [NERC Names WECC Chief to Top Post](#).)

"The rationale for the name change had some substantive content to it," Chair Kris Hafner said during a quarterly meeting of the WECC board Sept. 12. "It was thought to basically bring to closure any lack of



Melanie Frye | WECC

clarity posed by bifurcation and the respective roles of Peak and WECC and to avoid any role confusion." That latter point became "a moot issue" after Peak's July announcement that it would cease operations at the end of 2019, she noted. (See [Peak Reliability to Wind Down Operations](#).)

"The hope Jim Robb had was to recast WECC in light of its new mission, to remove the 'coordinating' term from its name to avoid confusion with reliability coordinator — or planning coordinator," Hafner said.

She added that brand clarity was another factor driving the change, given that other organizations share the WECC acronym, particularly the Wisconsin Energy Conservation Corp., which operates in four Western states in the electric power space.

Despite those issues, it turns out WECC's name will remain unchanged.

"I appreciate the decision that the board made back in June, coming in as a new CEO to have an opportunity to be part of the conversation that I think is really thoughtful," new CEO Melanie Frye told

the board. "I think that it makes sense at this time to not proceed with a WECC change in name, but to do some things ... to mitigate the risks and those things that we identified in the business case."

Key among those things: changing the organization's [web address](#) from a .biz to a .org to reflect its status as a non-profit.

"With that it would give us the opportunity to refresh the brand — the look and feel when someone visits our webpage, and know that they're dealing with a reliability organization, not a conservation council," Frye said, adding that WECC could refresh its logo and color palette in what that would "really identify and distinguish ourselves" from the other "WECC" entities. It would also build relationships with those organizations to handle situations when correspondence is misaddressed to them, she said.

Frye also suggested that WECC's rebranding emphasize use of the shorthand version of its name, rather than the spelled-out version.

"I think the goal would be to not divert focus from our staff or from the industry in trying to address any change of name of the organization," Frye said.

She told board members she would report back to them in December on any progress staff make in addressing the issues identified in the name change business case, and how they plan to proceed in 2019.

CAISO RC Wins Most of the West

[Continued from page 1](#)

2019.

Frye also confirmed that BC Hydro is moving ahead with plans to set up an RC covering its own territory in British Columbia, Canada, representing about 7% of WECC load. Its neighbor to the east, the Alberta Electric System Operator (another 7% of load), will continue to provide for its own RC needs.

"Clearly, we need to follow up with the uncommitted to see where their intentions lie," Frye said.

Among the uncommitted are Avista in northern Washington and Public Service

Company of New Mexico (PNM), the state's largest utility.

Frye said PNM was "leaning in one direction, but after hearing what their neighbors were doing, they are back into consideration." The utility last month announced that it intends to join CAISO's Western Energy Imbalance Market, while its neighboring BAs have recently signaled they are selecting SPP as their RC. (See [PNM Seeks to Join Energy Imbalance Market](#).)

WECC declined to list the BAs' RC selections, telling *RTO Insider* it would instead defer to each BA to make its own announcements.

But a map released by WECC at the meeting shows the SPP RC will still grab a

big slice of the inland West, largely a product of the Western Area Power Administration's decision to deepen its relationship with a market operator that already serves part of its sprawling transmission network. (See [WAPA to Divide RC Services Between CAISO, SPP](#).)

CAISO's RC will dominate the West Coast, Idaho, Montana, Nevada and Utah — areas heavily represented in the EIM. Frye offered a caveat regarding the map: "These are the draft nonbinding footprints that came in at our request. ... Official commitments aren't due into CAISO until Nov. 1."

On Monday, SPP [confirmed](#) that 15 Western utilities have indicated they will use the RTO's RC services:

- Arizona Electric Power Cooperative

[Continued on page 7](#)



Western RC Transition 'Hot Topic' at WECC Meeting

TEMPE, Ariz. — It's been two months since Peak Reliability announced it will be winding down its operations at the end of 2019, but the issue won't recede into the background any time soon, Western Electricity Coordinating Council members heard last week at the group's annual meeting.

Just the opposite: Industry participants must now race the clock to ensure the Western Interconnection makes a smooth transition into a new era of balkanized

reliability coordinator (RC) coverage.

"The hot topic of the day, and will be for the coming months ... is the RC issue," CEO Melanie Frye told the WECC board of directors Wednesday, the same day she revealed that CAISO is slated to provide RC service to about 72% of the West's net energy load. (See [CAISO RC Wins Most of the West](#).)

"Count me among those heartsick at what's going on with Peak," said Brian Theaker, director of market affairs at NRG Energy

who also sits on WECC's Member Advisory Committee (MAC). "I mean, we spent all this effort to put together the West-wide, interconnection-wide view, only to have it unravel like this, and I'm still just shaking my head from it."

"I know that the Eastern Interconnection operates with multiple reliability coordinators ... and the lights don't go out," said NERC Trustee Roy Thilly, who said NERC's board has asked for a report on develop-

Continued on page 8

CAISO RC Wins Most of the West

Continued from page 6

- Black Hills Energy's three electric utilities: Black Hills Power; Cheyenne Light, Fuel and Power; and Black Hills Colorado Electric
- City of Farmington, N.M.
- Colorado Springs Utilities
- El Paso Electric
- Intermountain Rural Electric Association
- Platte River Power Authority
- Public Service Company of Colorado (PSCO)
- Tri-State Generation and Transmission Association
- Tucson Electric Power
- WAPA's Desert Southwest, Rocky Mountain and Upper Great Plains-West regions.

The list did not include some utilities that WECC's map indicates have also chosen SPP, including two small pockets in the Pacific Northwest which align with Avangrid's recently inaugurated wind-heavy "Green Balancing Authority" on both sides of the Columbia River. Southern California's Imperial Irrigation District, which has historically had a contentious relationship with CAISO, also appears to have selected SPP as its RC.

The RC elections will give SPP a presence in 21 states, adding Arizona, California, Colorado, Oregon, Utah, Washington and what appears to be a thin slice of Nevada to the 14 states where it currently has members: Arkansas, Iowa, Kansas, Louisiana, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South

Dakota, Texas and Wyoming.

PSCO had announced Sept. 11 that it had selected SPP as its RC provider. Ironically, the company in April all but put the kibosh on SPP's planned integration of the Mountain West Transmission Group, announcing that it was withdrawing from the Rocky Mountain group and its efforts to join the RTO. (See [Xcel Leaving Mountain West; SPP Integration at Risk](#).)

SPP COO Carl Monroe said he welcomed the news that PSCO has joined others in selecting the RTO as its RC. Those committing to SPP include all of the original Mountain West entities except Basin Electric Power Cooperative and two WAPA regions.

"We've worked hard over the last several months to demonstrate the quality and breadth of our service in terms of technical expertise, a customer-centric approach to doing business and the integrity of our people and processes," Monroe said.

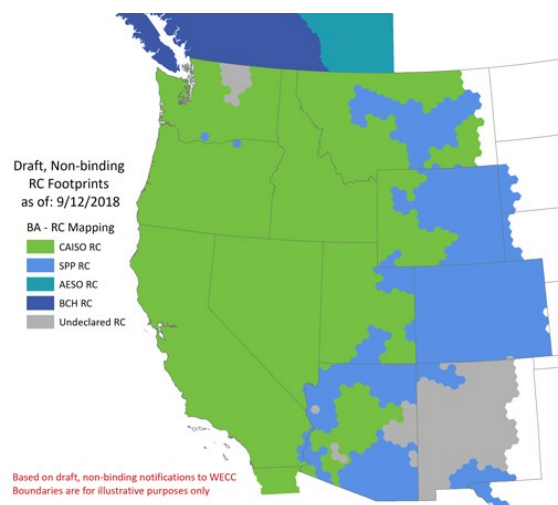
The RTO has said it remains committed to adding the rest of the Mountain West as members. However, that work has been overtaken by the Western RC initiatives. It said it will soon finalize plans for the governance and operation of its Western RC services, taking input from customers, neighboring RCs and regulatory stakeholders.

SPP plans to become certified as an RC in the second half of 2019 and to begin offering services in December 2019.

Frye said WECC will now begin "analytical work" related to transmission that crosses RC boundaries and look into whether there are "different types of studies we can do around frequency" issues. She said her organization also wants to convene a monthly call with BAs and TOs to consider a Western Interconnection-wide plan for transitioning to the new RC arrangements.

WECC will work with NERC to ensure the new RCs are certified and their members are properly registered.

"We're also working with BC Hydro and [British Columbia] officials to see what kind of certification-like activity they will want to do in that province," Frye said.



| WECC



Western RC Transition 'Hot Topic' at WECC Meeting

Continued from page 7

ments related to the RC issue at each of its meetings. "But the transition, I suspect, creates its own set of issues that we need to watch very carefully. We don't want any gaps, no communication failures; and the structure has got to work in terms of the geography."

Here's more of what *RTO Insider* heard during the event about what Thilly jokingly referred to as "the little thing called the Western reliability coordinator set of issues."

Transparency, Independency



David Ortiz | WECC

David Ortiz, acting director of FERC's Office of Electric Reliability, noted that the West consists of a network of load connected by a "relatively sparse" transmission network compared with

the eastern U.S.

"The result is a system in which disturbances here in Arizona can be felt immediately in Washington," Ortiz said, pointing out the region has deployed a collection of wide-area remedial actions schemes to support transmission operations. "Perhaps more than any region, maintaining reliability in the West does require a wide-area view."

He said a successful RC transition will entail more than just the new RCs assuming Peak's key functions. "This also requires that transmission operators and balancing authorities throughout the West work hand in hand with their reliability coordinators to maintain reliability."

WECC members representing consumers expressed concerns that the new RC arrangement will be less transparent and provide them reduced input into reliability issues.

Maury Galbraith, executive director of the Western Interstate Energy Board (WIEB), previously told *RTO Insider* that WIEB has special concerns about how CAISO is proposing to govern its new RC. He noted

that, unlike at Peak, CAISO's member advisory committee would consist only of industry representatives. Also, CAISO does not plan to open RC meetings to the public, nor would meeting notes be made available to the public.

At the WECC meeting, Galbraith told WECC board members that WIEB's Western Interconnection Regional Advisory Body (WIRAB) has submitted written comments to CAISO focusing on concerns about "transparent" and "independent" decision-making by the proposed RC, and a meaningful role for WIRAB to provide input and advice on RC activities.

Galbraith noted that WIRAB representatives had recently met with CAISO officials about their concerns, "and I'm hopeful that we'll be able to resolve some of these governance issues with the folks at the CAISO in the next several weeks."

David Clark, a Utah Public Service Commissioner who also sits on both the WECC MAC and WIRAB, said state regulators have become accustomed to "an approach to RC coordination that has given us a lot of opportunity to participate, to observe, to gain comfort with the independence that's been evident and the schemes that are used to remediate troubling — even threatening — conditions. In the future, we're going to have a much different model, and we want to make sure that we don't lose sight of some key principles as this new model evolves."

Clark said those who have a statutory obligation to represent the interests of electricity customers "want some means of assuring ourselves that the daily, hourly, even minute-by-minute coordination is occurring effectively, independently of any improper influence. So we need transparency to be able to achieve that level of comfort."

"We think WIRAB has an important role to play in this, and so we're looking for WIRAB to be able to advise whoever is setting the policy for the reliability coordination function," Clark added.

MAC representative Fred Heutte, of the Northwest Energy Coalition, said WECC end-use members seek "an appropriate role" for providing "broader input" into



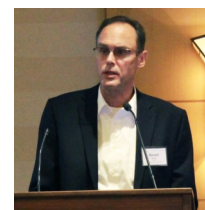
Melanie Frye and Fred Heutte | © RTO Insider

oversight of the region's multiple RCs. "Not so much about the details, or about issues related to management of multiple RCs. But rather, what's the appropriate role for the non-BA, non-TO stakeholders in the RC process."

"That will be quite a bit different than what we've seen with Peak with member class representation and an independent board and a MAC and all that. The structures that will be in the new RCs will be quite different, but we think the same themes are involved," Heutte said.

'Clarity of Communication'

A guest panel on how reliability coordination works in the Eastern Interconnection — with its multiple RCs — pointed to the need for a different kind of transparency.



Ron Arness | WECC

MISO seams management expert Ron Arness pointed out that his RTO coordinates its reliability activities with eight RCs.

"Transparency [into neighboring areas] is important," Arness said, emphasizing the importance of "clarity of communications," managing loop flows and developing congestion management tools. He also emphasized the importance of accurate internal and external models and performing drills to test coordination.

"It's necessary to have a wide view," Arness said.

Cameron Warren, manager of transmission operational planning at Entergy, noted that

Continued on page 9

CAISO NEWS



Western RC Transition ‘Hot Topic’ at WECC Meeting

Continued from page 8

his utility joined MISO’s market and RC services in 2013 after functioning as its own RC since 1998. He offered a piece of advice to his Western counterparts facing the switch to a new RC.

“You’re moving to a company that’s not as familiar with your territory as you are,” Warren said. “Training is key.”

Lorissa Jones, of the Bonneville Power Administration, asked whether outage coordination policies are aligned throughout the East.

Yes, Arness answered. “It is important that

outages are coordinated and communicated,” he said. “That clarity of communication is important here.”

WIRAB’s Galbraith asked how MISO provides transmission congestion relief to its neighbors that don’t participate in organized markets. Arness pointed to the RTO’s use of the transmission loading relief process.

“It does not take economics into account” in dispatch orders, instead functioning “purely on a reliability basis,” Arness explained.

“Is there some sort of higher-level forum where RCs from the Eastern Interconnection get together to collaborate and talk about interconnection-wide models or broader issues that affect more than one RTO or TOP?” Frye asked.

“I’m not aware of an official NERC organization that deals with the coordination of [energy management system] models, but people – like myself – we have a communication process,” Arness responded. “We’ve worked out a process

where [MISO’s RC function knows] when MISO updates models, and we have to know when our neighbor updates their models, and we have to know how MISO’s going to get a copy of those models and know what those changes are. So that’s a structure and a process that’s built-in. It’s paramount.”

WECC board Chair Kris Hafner asked what the West should do – or avoid – as it transitions to multiple RCs.

Warren pointed to the importance of “having the RCs get together, communicate, lay out the operating agreements on how they’re going to manage any congestion that’s going to impact one utility or another. And ensuring that they go into it with a true wide-area view.”

Arness reiterated the importance of clear communication.

“Make sure clarity of communication is in place not only within the reliability coordination entity and all the various people that are working on reliability coordination, but also with neighbors. ... Have the coordination agreements in place that spell out that that’s going to occur.”

– Robert Mullin



| WECC

The Region's Premier Energy Policy Conference



NIPPC Northwest & Intermountain Power Producers Coalition



2018
Annual Meeting
October 7-9

www.nippcannualmeeting.com
Alderbrook Resort & Spa, Union, WA

4th the **EVs & GRID**

October 10 - 12, 2018 | The Jeremy West Hollywood | Los Angeles, CA

GET YOUR SHARE OF OVER \$3B FOR ELECTRIC VEHICLE CHARGING INFRASTRUCTURE

Register Now!



PUCT Grants Oncor CCN for Far West Texas Project

The Public Utility Commission of Texas on Friday approved Oncor's application for a certificate of convenience and necessity to begin work on its Far West Texas Project, a transmission upgrade to meet the Permian Basin's oil and gas production load growth (Docket [48095](#)).

ERCOT approved the Odessa EHV-Riverton and Bakersfield-Solstice 345-kV transmission lines in 2017. The grid operator's Board of Directors designated the Odessa-Riverton line as critical to system reliability in February. (See "Directors Grant 'Critical' Status to West Texas Project," *ERCOT Board of Directors Briefs: Feb. 20, 2018*.)

The project is expected to cost \$336 million to \$501 million, depending on the route selected. Oncor has presented a recommended route and 88 alternatives, each between 110 and 133 miles in length.

Oncor said it has already acquired between 12 and 15% of the right of way, depending on the route selected.

Garland, Cross Texas to Share 345-kV Line

The PUC approved a request by Cross Texas Transmission and the city of Garland to share a 67-mile transmission line, completed as part of the Houston Import Project (Docket [48202](#)).

Cross Texas will transfer 38 miles of the Limestone-to-Gibbons Creek 345-kV double-circuit transmission line to Garland. Cross Texas, a unit of LS Power, built the line under an agreement with Garland, which paid for a portion of the line during construction. The line was energized in April.

ERCOT had directed the entities to build the line and upgrade the Gibbons Creek substation as part of the \$590 million Houston Import Project. The rest of the project comprised transmission and substation upgrades.

PUC to Intervene in FERC Dockets

The commissioners went into a closed session as soon as they convened their open meeting. Following the 39-minute executive session, Walker said the PUC would intervene in three dockets at FERC:

- [ER18-2358](#), which would place GridLiance's Oklahoma transmission facilities and its annual revenue requirement under SPP's Tariff.
- [ER18-2273](#), in which MISO seeks a one-year waiver of its Tariff requirement to conduct quarterly voltage and local reliability (VLR) studies. The RTO also seeks permission to designate a VLR issue in the Baton Rouge, La., area as "commercially significant," thus allocating the costs to load-zone asset owners in the EES, CLEC, LEPA and LAGN local balancing authorities.
- [ER18-2363](#), a MISO request to revise part of its resource adequacy construct, creating external resource zones, allocating excess auction revenues to load-serving entities affected by the changes, and aligning parameters used to calculate auction

inputs.

The PUC also agreed to publish questions for stakeholder comment for a rulemaking addressing battery storage and other non-traditional technologies in delivery service (Project [48023](#)).

It also set a deadline of 8 a.m. Monday for retail electric providers (REPs) to list their offerings in both Spanish and English on the commission's [Power to Choose](#) website, where consumers in Texas' competitive areas can shop for electricity providers.

Chair DeAnn Walker noted 34 of the 57 REPs on the website don't include their offerings in both languages.

"I'm not happy with that at all," Walker said. "I'll give them the weekend to get it done. If they don't have it at 8 a.m. Monday, [staff] will start pulling off the ones that aren't" bilingual.



DeAnn Walker

ERCOT Files Bylaw Changes for Approval

ERCOT on Sept. 11 [filed](#) amendments to its articles of incorporation and amended and restated bylaws for the PUC's approval. The grid operator hopes to have the changes in place for the 2019 operating year.

The ERCOT board approved the changes in August, the first to the governing documents since 2000. The amendments to the bylaws clarify the definition of affiliates and affiliate relationships.

— Tom Kleckner

**GRIDNEXT
2018**

21-23 OCTOBER 2018
GEORGETOWN, TX

RENEWABLES FOR
RESILIENCE, SUSTAINABILITY
& COMMUNITIES

REGISTER NOW!



Massachusetts Deploys Utility-scale Energy Storage

By Michael Kuser

National Grid has begun operating a vanadium redox-flow battery (VRB) with its 1-MW solar PV array in Shirley, Mass., to demonstrate utility operation of storage.

The company was the prime recipient of an \$875,000 Massachusetts grant awarded to an application team that also includes Vionx Energy, Worcester Polytechnic Institute and the Energy Initiatives Group. (See [Massachusetts Awards \\$20M in Energy Storage Grants](#).)

Carlos Nouel, vice president of innovation and development at National Grid, told *RTO Insider* that “the Shirley project will serve as a test bed for integrating storage and solar through the use of flow batteries, and support the development of new frameworks for dispatching stored solar power.”

Massachusetts lags far behind California in deploying utility-scale energy storage, but it is trying to integrate the technology into its power supply.

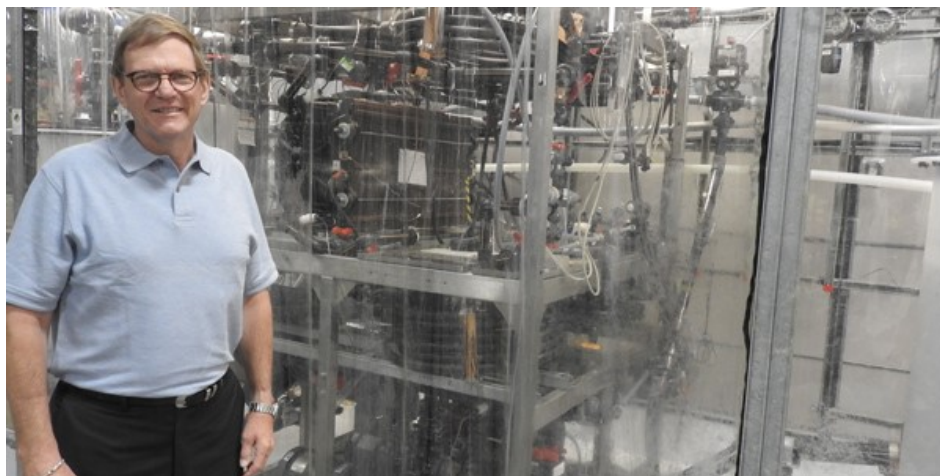
California utilities must procure more than 1.3 GW of energy storage by 2020. As of August, the state’s three largest investor-owned utilities are in the process of actually procuring nearly 1.5 GW, with about 332 MW currently online, according to a [report](#) last month by the California Energy Commission.

In contrast, Massachusetts last year said the state’s utilities must procure a combined 200 MWh of energy storage by Jan. 1, 2020. ISO-NE in April reported more than 500 MW of storage capacity in its interconnection queue. (See [Overheard at the Energy Storage Association Annual Conference](#).)

Home-grown Storage

Vionx (rhymes with “bionics”) is supplying the energy storage system for the Shirley solar project, which lies about 30 miles west of the company’s lab and headquarters in Woburn, Mass.

The company uses vanadium rather than lithium for energy storage, seeing the alternative flow battery technology as the best fit for utility-scale applications,



Jonathan Milley shows a Vionx flow battery being tested at the company’s lab in Woburn, Mass. | © RTO Insider

including microgrids or industrial, behind-the-meter systems.

The use of vanadium in a flow battery was first explored in the 1930s and only made workable in Australia in the mid-1980s. Today, many companies use the technology, from giant Sumitomo to tiny CellCube, a VRB manufacturer trying to vertically integrate with its own vanadium mine in Nevada.

A VRB stores chemical energy in the form

of vanadium-based electrolyte and generates electricity by inducing a reduction-oxidation (redox) reaction: that is, a transformation of matter by electron transfer across an ion exchange membrane, within a battery stack. The reaction is achieved by either applying an electrical load (discharge) or an electrical supply (charge) to the battery stack as the electrolyte is flowing or being pumped across the membrane.

Continued on page 12

Feeder peak time	Tilt	Azimuth	Estimated yearly generation loss	Estimated solar gain at feeder peak time
14:47	30°	237°	-9%	22%

This table details feeder and solar site characteristics for National Grid’s site in Shirley, Mass. | *National Grid*

ISO-NE NEWS



Massachusetts Deploys Utility-scale Energy Storage

Continued from page 11

“Lithium is dominating the storage market, but it is not always the best tool for the job,” said Jonathan Milley, director of business development at Vionx. “Lithium batteries are really for power applications, best-suited for short duration purposes, while vanadium flow batteries are for energy applications, and are therefore a more serious tool for keeping the lights on overnight.”

A lithium-ion battery undergoes a physiochemical change that degrades the electrodes during charging and discharging, but with a VRB, the charge differential is created by an ion exchange across a membrane, meaning the element does not wear out.

“So unlike the lithium-ion battery in your laptop, you never have to replace a Vionx battery,” Milley said. “Certain applications in the grid can cause huge challenges for a lithium-ion system. If you’re trying to drive a screw in, don’t use a hammer.” The Vionx system is also safe and cannot burn because the electrolyte is 70% water, he added.

Elemental Capacity

“The vanadium doesn’t wear out; it doesn’t degrade; it doesn’t need to be replaced or augmented,” Milley said. “The vanadium goes in the electrolyte on Day 1, and if 30 years from now you want to take the whole system apart, the vanadium is fully recoverable. It retains its commodity value [it is a key component in steel production] because it’s not consumed.”

Because the electrolyte is flowing past the electrode, a flow battery allows for the physical separation of capacity and energy, or megawatt and megawatt-hours. Vionx takes an architectural design that capitalizes on that ability and separates the two intentionally, Milley said.

“This allows for scaling at increasingly greater economies of scale; since we are adding only electrolyte to get an additional hour of run time, the cost per kilowatt-hour is much less for a 10-hour system than for a four-hour system. Also, if we have a customer who’s looking at eventually using the system to clear in the PJM capacity market or to be used as a reliability product, but in the near term needs ramping support and load reduction, then a four-

hour system can be installed initially, and in the future another six hours of electrolyte can be added to achieve a 10-hour duration system,” Milley said. “Only the electrolyte is added, not any battery stacks, pumps or control components.”

Milley acknowledged that vanadium can be expensive, but he said it is still cheaper for long-duration applications than a solid-state battery that requires the purchase of more cells to expand its capability.

“In our case, you’re simply buying one component or one aspect of the system,” he said.

Team Effort

Vionx is owned by Starwood Energy Group, Vantage Point Capital and other private equity firms, and by United Technologies, whose battery stack design is under exclusive license to Vionx.

3M supplies the membranes and Jabil is the system fabricator. Glencore is currently supplying the vanadium electrolyte, by sale or lease, depending on whether the buyer wants to book it as a capital expenditure or operating expense. Siemens cooperates on a project-by-project basis.

HORIZON 18



Translate climate goals into solutions, innovations, new markets, and partnerships.




October 12, 2018

Regional Grid Modernization Developments (MA, CT, NH, RI)

&

Future of Residential Retail Choice



MANAGED AND FACILITATED BY:
RAAB ASSOCIATES, LTD.

www.raabassociates.org

HOSTED BY:
FOLEY HOAG LLP

Register HERE to attend in person.
Register HERE to livestream

MISO NEWS



MISO Closing in on Storage Participation Plan

By Amanda Durish Cook

CARMEL, Ind. — MISO plans to hold a final Order 841 workshop on Oct. 10 to complete its collection of stakeholder opinions on its storage participation model, which will include an agreement for distribution-level storage but leave storage dispatch optimization to a later filing.

Here's what the RTO has decided thus far.

Pro Forma for Distribution-connected Storage

MISO's draft *pro forma* agreement for storage connected at the distribution level requires storage:

- Be registered and modeled in MISO;
- Secure agreements with distribution facilities so energy can be delivered to the MISO transmission system;
- Be able to receive MISO operating instructions; and
- Provide MISO with facility measurements and settlement meter data.

The agreement also specifies that MISO will make sure a storage resource owner isn't charged twice for energy when it pays retail rates for wholesale charging. MISO said it will exclude the charging energy from wholesale rates in its settlements.

During a Sept. 13 Market Subcommittee meeting, Coalition of Midwest Power Producers CEO Mark Volpe asked if the agreement opens an avenue for distribution-connected storage assets to avoid MISO's interconnection queue.

"This is not a way to circumvent the interconnection queue," Director of Market Design Kevin Vannoy said.

"So you're saying that distribution-level storage must go through the interconnection queue?" Volpe asked.

"I don't have a definitive answer for that," Vannoy responded.

Consumers Energy's Jeff Beattie pointed out that many qualifying facilities that utili-

ties must purchase power from under the Public Utility Regulatory Policies Act are connected at the distribution level.

Canned Corn

The Energy Storage Association's Rao Konidena, formerly a MISO adviser, brought a can of corn with him to the MSC podium.

Storage, he said, is like a can of corn.

"We know what's in there; we know how it's used," he said. MISO's remaining piece is finalizing storage rules for an asset whose purpose is already understood. He said storage owners should be able to toggle hourly between offering energy and ancillary services and have the option to self-dispatch.

Konidena said storage asset owners must be able to enter offline mode without fear of being cited for physical withholding. "We need to have enough clarity to know that asset owners will not be penalized as they come back online," he said.

No Optimization Yet

MISO is not ready to optimize storage resources' energy schedules in the day-ahead or real-time markets. That means the RTO won't pick the best and most economic hours for a battery or other storage resource to charge or discharge.

MISO said it will commit and dispatch storage respecting minimum and maximum charge limits and any self-scheduled offers.

But it said its unit commitment calculations cannot be easily changed to optimize storage in charge/discharge or continuous modes across multiple periods.

Vannoy said participation must be accommodated per Order 841, but MISO should not have to change existing market services to accommodate storage. He also said FERC's order has already suggested that storage resources will represent their energy limitations through offer prices.

"We don't see it as a requirement of 841 that we change our optimization calculation," Vannoy said. "We're taking this into our research and development, and it will become more important as storage becomes more prevalent. But right now, we're not prepared given the timeline, nor is it required in our mind."

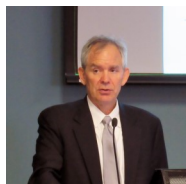
Storage Capacity

Meanwhile, MISO is moving forward on a multistep capacity determination process for storage resources.

The process involves a test verifying the storage facility's capacity and its transmission deliverability. The resource must provide quarterly reports to MISO's generating availability data system (required for storage resources 10 MW and up). The RTO will use the data to calculate an equivalent forced outage rate, installed capacity and unforced capacity for the resource.

Storage resources that are designed with limited output availability will also have to submit a day-ahead must-offer for at least four continuous hours covering the two hours before the peak, the peak hour and

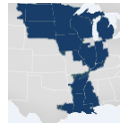
Continued on page 14



Kevin Vannoy |
© RTO Insider



Rick Kim addresses the MISO RASC on Sept. 12. | © RTO Insider



FERC, NERC to Probe January Outages in MISO South

By Rich Heidorn Jr. and Amanda Durish Cook

FERC and NERC announced Wednesday they are conducting a joint inquiry into the January cold snap that resulted in generation outages and loads that approached summertime highs in MISO South.

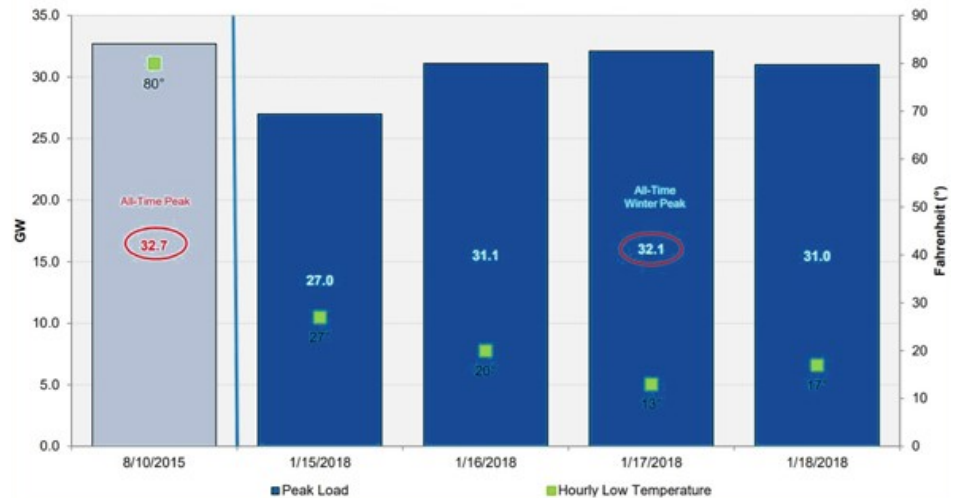
Uncharacteristically frigid weather prompted MISO to initiate a maximum generation alert for the South region for Jan. 17-18. With low temperatures averaging 13 degrees Fahrenheit on Jan. 17, MISO South's peak load hit 32.1 GW, just short of the region's all-time high of 32.7 GW set in August 2015.

MISO South reported about 17 GW of generation outages and derates that day, including nearly 10 GW in forced generation outages. Entergy Louisiana reported that about 32,000 homes and businesses lost power.

The FERC-NERC announcement cited "reports of multiple forced generation outages, voltage deviations and near overloads during peak operations."

The inquiry, which FERC and NERC said is not an enforcement investigation, will seek to identify the causes and contributing factors to the event along with recommendations for improving operations in the future.

"This inquiry is timely as it will allow us to identify and share any potential lessons learned as we approach the coming winter season," NERC CEO Jim Robb said. "It is also especially relevant that as the Western Interconnection reliability coordinator



MISO South peak load and low temperature | MISO

function fragments among multiple providers that we understand and underscore the importance of seamless RC-to-RC interactions."

The Midwest Reliability Organization, ReliabilityFirst, SERC Reliability and utilities in the region will work with FERC and NERC staff on the inquiry.

The RTO declared conservative operations and a cold weather alert for MISO South — which spans Arkansas, Louisiana, portions of Mississippi and part of eastern Texas — beginning Jan. 15, when most of Louisiana was under a winter weather advisory.

Independent Market Monitor David Patton told stakeholders in March that if the RTO had not made emergency power purchases for South, regional supply would have

dipped below load for several hours.

The Louisiana Public Service Commission called for an investigation of the episode in January. (See [Louisiana Regulators Question MISO South Max Gen Event.](#))

MISO spokesman Mark Brown said the RTO doesn't mind re-examining the event.

"While MISO and its neighbors worked together to maintain system reliability during the event, we recognize the opportunity to collaborate on changes that improve coordination during extreme events. We welcome the opportunity to advance the understanding within the industry and how MISO and its neighbors can continue to work together to support reliable and efficient operations," Brown said in an emailed statement to *RTO Insider*.

MISO Closing in on Storage Participation Plan

Continued from page 13

the hour following the peak hour. MISO forecasts its daily peak hour seven days in advance.

MISO revealed this version of the plan last month to comply with Order 841. (See [MISO Fills out Storage Capacity Plan.](#))

"It's not really unique to storage capacity resources," Senior Adviser of Capacity Mar-

ket Administration Rick Kim said of the proposed accreditation process during a Sept. 12 Resource Adequacy Subcommittee meeting.

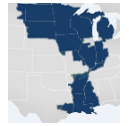
But Customized Energy Solutions' David Sapper said the storage must-offer rule for use-limited resources might be too restrictive for an RTO that is trying to place more emphasis on supply flexibility in an environment where a peak risk can occur in during several different hours, not just the summer

peak hour that MISO currently plans around. (See [MISO Looks to Members for Load Forecasting Ideas.](#))

"It ignores the operational characteristics of storage," Sapper said.

Vannoy pointed out that the use-limited description is an optional designation, left up to the owners of storage resources. He said even use-limited storage resources are free to offer for 24 continuous hours.

MISO plans to introduce draft Tariff language for storage capacity credit at next month's MSC, Kim said.



Old Analysis Could Guide MISO Restoration Pricing Effort

By Amanda Durish Cook

CARMEL, Ind. — MISO last week said it might rely on a long dormant analysis to create a pricing structure to compensate resources for delivering energy to restore the system in the event of the real-time market ceasing to function.

Speaking at a Sept. 13 Market Subcommittee meeting, MISO Director of Market Services John Weissenborn said a five-year-old white paper on the subject provides good recommendations for compensating resource owners and allocating costs when portions of the system are islanded.

MISO's Steering Committee directed the Market Subcommittee to take up the issue in July on recommendation from the Reliability Subcommittee after nearly five quiet years on the topic. (See [MISO Stakeholders to Reconsider Restoration Pricing.](#))

The [white paper](#) proposes a framework that allows MISO to make real-time pricing adjustments for islanded areas to facilitate real-time and day-ahead market settlements while providing generators the ability to make further revenue adjustments to ensure adequate compensation for the production costs of providing energy.

MISO said the pricing relies on the monitoring of generator output and load served within an island. Generators within a separated area would receive an hourly restoration cost recovery calculated by multiplying the number of megawatt-hours served by either 110% of their FERC-approved rate or \$100/MWh, whichever is greater. Asset owners could also file a restoration energy rate with FERC that includes start-up, fuel and variable operation and maintenance costs with FERC and submit the approved rates to MISO.

To recover from a total blackout, MISO would turn over generation control of islands to local balancing authorities (LBAs) until those areas can be turned back over for dispatch. Restoration pricing would be in effect from the first partial hour of the blackout to the last partial hour prior to re-synchronization with the grid. Until MISO establishes a firm, interconnected grid, LBAs will have control of connected market generation, though the RTO's system will have begun generating LMPs.

Weissenborn said the issue would require a Tariff filing. He added that MISO "isn't looking for a 14-page" standalone filing, but



John Weissenborn | © RTO Insider

"something we can provide in the Tariff to capture our intent to cover this compensation if we have one of these events."

Currently, islanded commercial pricing nodes are assigned LMPs from a functioning nearby pricing node in the footprint.

Weissenborn also said the white paper might need some updating because of its age.

"I'm not saying that we're going to turn this thing upside down and redo it, but I do think it provides good guideposts," he said.

It's unclear whether MISO plans to use the same megawatt cost values in an updated version of the pricing calculation.

Continued on page 16

MISO to Focus on Customer, Employee Relations in 2019

By Amanda Durish Cook

MISO hopes to become more customer- and employee-focused in 2019, unveiling plans for a new feedback tool, a data gathering project and a new committee.

The RTO plans to create a Customer Experience Steering Committee next year that will examine customer perceptions of it and explore improvements it can make in interacting with them. It has yet to decide who will sit on the committee.

MISO also said it will create and introduce a "Voice of the Stakeholder" program to gather both customer and employee opinions. Senior Vice President and Chief Customer Officer Todd Hillman said MISO plans this year to begin "journey mapping"

— collecting data by following customer requests or comments from submittal to the RTO's response and eventual outcome. MISO has hired management consulting firm West Monroe Partners to assist on the project.

Hillman said MISO will create a "centralized platform" for capturing feedback from customers and employees to transform itself from a "service provider to a collaborative entity to a trusted RTO adviser and partner." Speaking during a Sept. 11 conference call of the Corporate Governance and Strategic Planning Committee of the Board of Directors, Hillman said MISO will eventually examine and rank customer- and employee-experience improvements similarly to how it uses the Market Roadmap process to set priorities for market improvements.

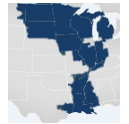
MISO Director Mark Johnson asked if stakeholders will really offer ideas using the Voice of the Stakeholder program.

"They're actually eager to provide the feedback, but the mediums we provide are limited," Hillman responded. "We need to make this more routine."

Hillman also said MISO's current employee feedback tool was put in place in the early 2000s and is now "feeble."

"There's nothing more dangerous than asking employees what they think and not being able to act on it," he added.

Meanwhile, MISO is circulating a [survey](#) through Sept. 26 to identify possible improvements on its current customer training process.



Unidentified: MISO to Use Prior Export Limit for Zone 5

By Amanda Durish Cook

CARMEL, Ind. — The Resource Adequacy Subcommittee has allowed MISO to use last year's capacity export limit for Missouri's Zone 5 after the RTO could not identify the limit.

MISO recently released zonal capacity import and export limits from this year's loss-of-load-expectation study but said it could not find transmission constraints or a capacity export limit for Local Resource Zone 5. In its place, the RASC by consent allowed the Loss-of-Load-Expectation Working Group to use last year's 2,122-MW export limit for the zone in the 2019/20 Planning Resource Auction.

MISO's capacity export limits determine a local resource zone's export capability on transmission for the PRA. When MISO cannot determine a transmission limit, it uses a generation-limited transfer study, which simulates further stressing of the transmission system after the RTO hypothetically runs out of generation to dispatch in the zone. The study is meant to discover

whether a zone's first transmission constraint would occur only after all the zone's generation is dispatched at maximum levels.

In Missouri's Zone 5 this year, no constraints were found even after the generation limited transfer study, said Laura Rauch, MISO director of resource adequacy coordination.

"We did run into an issue with Missouri capacity export limit," Rauch told stakeholders attending a Sept. 12 RASC meeting.

Rauch also said MISO's current process doesn't provide for another analysis if it is unable to determine zonal transmission limits after an initial analysis and a generation-limited transfer study. "This is a situation that is not documented in our process," she said. "We wanted to bring this to the RASC because this is a policy issue." Rauch said the LOLEWG will begin working on a solution and codifying a new process.

Customized Energy Solutions' David Sapper asked for more discussion on MISO's options. He said because the RTO could find no constraint, the zone's capability is hypothetically unlimited.

"I think it's worth a round of feedback," Sapper said.

"For the auction clearing, we do need to input some number, whether that's 9,999" or another value, Rauch said.

RASC Chair Chris Plante said it was unlikely that imposing a limit as low as 2,000 MW or

as high as 9,999 MW would affect auction clearing results.

Sapper pointed out that MISO using the previous year's limit potentially opens the doors to using other previous capacity auction values. It could become that the "past is not prologue," he said.

Consumers Energy's Jeff Beattie asked the room if anyone thought the one-year adoption would violate MISO's standard to value reliability first. Rauch said that standard does contain language allowing use of historic capacity limits when appropriate.

"Our view of Zone 5 is that there isn't significant change from last year," Rauch said.

New CONE values

MISO has also made its annual FERC filing to update its cost of new entry values for the 2019/20 planning year. The RTO's CONE now ranges from a low of \$81,640/MW-year (\$223.67/MW-day) in Louisiana and East Texas' Zone 9 to a high of \$89,960/MW-year (\$246.47/MW-day) in Missouri's Zone 5.

"The estimates are down from a year ago, as they were last year, about \$2,000 to \$3,000 across the board," MISO adviser Mike Robinson said.

CONE represents the estimated annualized capital cost of constructing a 237-MW nominal capacity combustion turbine plant in different locations in the footprint. MISO uses CONE as the maximum offer and maximum clearing price in its PRAs.



Laura Rauch | © RTO Insider

Old Analysis Could Guide MISO Restoration Pricing Effort

Continued from page 15

Weissenborn said the restoration pricing structure will not impede the restoration energy plans of LBAs already in place. In its white paper, MISO said its "strategy to restore the system to normal operation does not rely on economic commitment and dispatch but instead addresses the

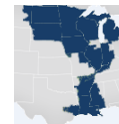
immediate need for energy supply needed to support stable power system operation."

"We're going to first think about getting the lights back on, but then we're going to have to contemplate compensation," Weissenborn said.

Stakeholders at the meeting asked MISO to involve the Independent Market Monitor in drafting Tariff language. Others urged the

RTO to consider the extraordinary incidental costs of weather-related events, such as utilities providing lodging and meals for working employees when their homes have been destroyed.

Weissenborn said he would return to the Market Subcommittee in November for more discussion. He said MISO may convene a special stakeholder group to help create the pricing structure.



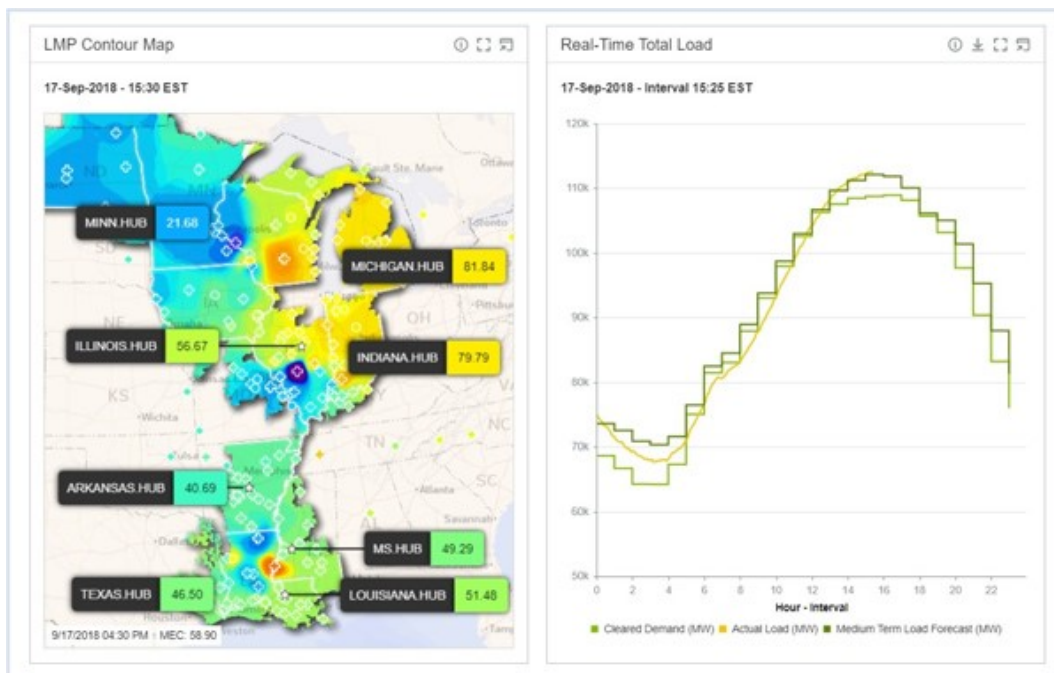
MISO in Conservative Ops Following Emergency Declaration

By Amanda Durish Cook

MISO declared a maximum generation alert at noon Monday, saying tight reserve levels amid forced outages, hotter-than-expected temperatures and higher-than-forecasted load could prompt emergency procedures.

The action followed a string of notices and alerts over the weekend. On Saturday, the RTO ordered conservative operations for its entire footprint until midnight Wednesday.

Load hit 112,907 MW at Monday's 4 p.m. peak. Real-time LMPs ranged from \$22/MWh in Minnesota to \$82/MWh in Michigan.



Continued on page 18

MISO peak load and pricing on Monday | MISO

MISO: Data Still Lacking for Detailed Solar Capacity Credits

By Amanda Durish Cook

CARMEL, Ind. — MISO says the time is not yet ripe for creating a detailed solar capacity credit process, but it is leaning toward adopting a process similar to the one used to establish wind credits.

The RTO last week said it will continue its practice of using individual operational data to determine credits — with new solar units continuing to receive a 50% capacity credit — until more operational data are available to perform a full credit study. At that point, it will likely use its effective load-carrying capability (ELCC) measurement, a loss-of-load expectation-based study that examines the MISO system with and without certain resources, staff said.

Speaking during a Sept. 12 Resource Adequacy Subcommittee meeting, MISO Resource Adequacy Coordination Engineer Eric Rodriguez said the increasing number of proposed solar projects entering the interconnection queue portend a need for a study process. Solar projects comprise 35.7



Eric Rodriguez | © RTO Insider

GW of MISO's 90-GW interconnection queue, but the RTO currently has just 314 MW of solar generation in commercial operation in front of the meter.

"Three hundred fourteen megawatts is not enough to perform the ELCC," Rodriguez said.

Rodriguez pointed out that MISO first conducted an ELCC study for wind resources when MISO had between 5.6 and 8 GW of installed wind generation on its system. He said MISO would determine another accreditation process if a solar ELCC capacity credit study resulted in an unreasonably low credit.

He also told stakeholders that "other potential methods for crediting solar's contribution to serving load will be investigated."

"I hope we make good use of this buffer of time," said Customized Energy Solutions' David Sapper, suggesting that MISO's wind capacity method might not work best for determining solar capacity credits, especially because the RTO's recent renewable impact study shows that solar plays a role in managing the day's traditional gross peak hour but leaves a more pronounced net load to be attended by other resource types. (See [MISO Renewable Study Predicts Later Peak, Narrower LOLE Risk.](#))

MISO Manager of Probabilistic Resource Studies Ryan Westphal said the RASC will take up how solar is most effectively studied for capacity accreditation in 2019.

Other stakeholders urged MISO to act quickly on the issue, given that utilities file 15-year resource plans and would like to accurately gauge the value of their solar capacity.

MISO NEWS



MISO in Conservative Ops Following Emergency Declaration

Continued from page 17

Last week, MISO said it had prepared for summertime conditions in September, in keeping with trends over the last three years. At the time, some stakeholders expressed doubt over the 19% probability MISO gave itself of entering emergency procedures at least once this fall, with some saying the chance of an emergency was greater.

Beginning on Saturday, MISO requested that generation and transmission owners defer or cancel all nonessential maintenance outages, asking that utilities reach out to coordinate returns to service.

In a Sept. 15 [tweet](#), MISO said it was monitoring conditions in a hotter-than-usual MISO South, where Entergy issued public appeals to conserve energy on behalf of the RTO. Entergy said it was experiencing a “critical” shortage of electricity. MISO’s declaration of a maximum generation event requires members to make public conservation appeals and allows the RTO to make emergency power purchases to avoid load shedding.

“We appreciate our customers’ help in meeting power needs during this time by turning off all non-essential lighting, appliances and electronics as well as raising thermostats to 78 degrees. If possible, reduce use of water heaters, electric ovens, washing machines and dryers,” Entergy [asked](#). The company eventually terminated the appeal for conservation at 6:30 p.m., hours earlier than MISO’s original prediction of 11 p.m.

19% Chance

At the Sept. 13 Market Subcommittee meeting, MISO officials said they had sufficient resources to cope with unseasonably warm conditions again this fall.

The RTO estimated a 19% chance that it would invoke emergency operating procedures to call on load-modifying resources (LMRs) this fall. Those resources are not obligated to respond when called upon after Sept. 1. MISO expects to have about 11.8 GW of available LMRs, based on availability forecasts provided by resource

owners.

MISO forecast a 110- to 120-GW peak load for September and said it prepared for loads more in line with summer conditions. The National Oceanic and Atmospheric Administration predicts above-normal fall temperatures for the MISO region.

“September generally aligns more closely with summer system conditions, at least for the last few years,” said Jeanna Furnish, MISO manager of outage coordination.

Furnish said MISO has so far this month experienced loads topping out at 114 GW, within about 1 GW of peak fall loads over the last three years.

For the last four years, MISO’s actual fall peak load has trended about 5 to 9 GW higher than load-serving entities have forecasted in 50/50 probability forecasts.

Furnish said MISO expects a 10- to 15-GW increase in planned outages from the end of September to the end of October, when load is projected to be lower. Navigating the outages will be “challenging, but manageable,” similar to the RTO’s experience in recent years.

After some stakeholders expressed confusion over the 19% statistic, MISO Executive Director of Market Development Jeff Bladen clarified that the RTO is not saying it will spend 20% of the fall in emergency



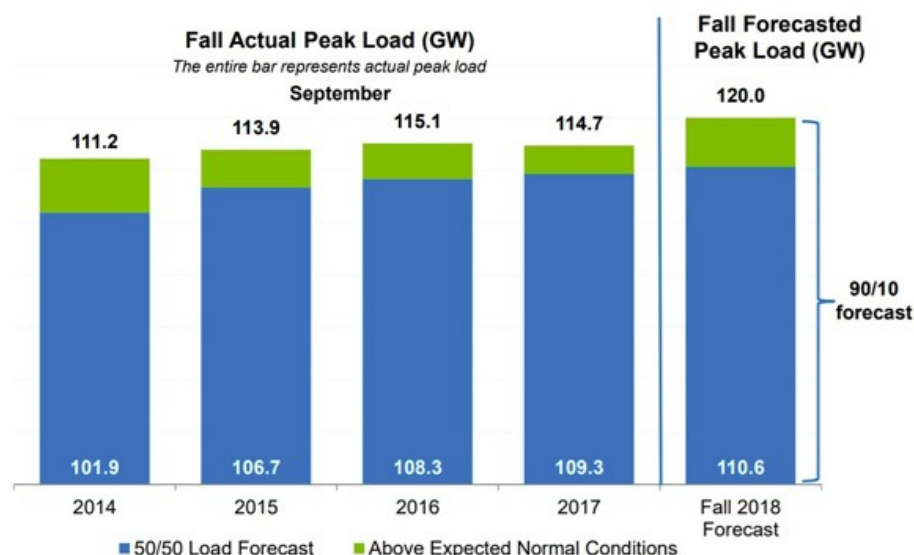
Jeanna Furnish | © RTO Insider

operating procedures.

“There’s a 20% chance that we will go into emergency operating procedures at least once this fall,” he explained.

Some stakeholders wondered if MISO’s prediction was optimistic. Minnesota Public Utilities Commission staff member Hwikwon Ham pointed out NOAA predictions of a 40 to 60% chance of a major storm forming in the Gulf of Mexico last week.

During the meeting, stakeholders also received an emailed capacity advisory notice for a possible shortage on Monday owing to outages and residual weather conditions from Hurricane Florence. MISO rolled out the new notification system in August for situations when its all-in capacity is forecast to be less than 5% above operating needs. (See “New Notification System,” [MISO Moving to Combat Shifting Resource Availability](#).)



| MISO



NYPSC Takes Subway into Value Stack

By Michael Kuser

ALBANY, N.Y. — The New York State Public Service Commission on Wednesday expanded the eligibility of distributed energy resources to be compensated under the state's "value stack" tariffs, particularly standalone storage systems with 5 MW or less of capacity.

The commission's Sept. 12 order (Case [15-E-0751](#); [15-E-0082](#)) mentions that "energy storage systems charged by using regenerative braking technologies, such as those used by New York subway systems, be eligible for the Value for Distributed Energy Resources (VDER) tariff for any hourly injections to the grid."

The order also authorizes interzonal crediting, allowing DERs receiving value stack compensation to apply credits to the bills of customers in the same utility territory but different NYISO load zones.

"It's good policy to continue to expand the value stack to new types of projects and to larger sizes of existing projects," Commissioner Gregg C. Sayre said.

Ted Kelly, assistant counsel for the Department of Public Service, testified that combined heat and power (CHP) systems would not be eligible for value stack compensation now, but that staff would analyze CHP to establish "under what conditions CHP would be eligible and that greenhouse gases would not be worse than under system power and that it does not

cause local impacts in sensitive areas such as environmental justice areas."

The PSC in February ordered the state's utilities to open participation in their value stack programs to DER projects up to 5 MW, more than doubling the previous 2-MW limit. (See [NYPSC Expands VDER Project Size to 5 MW.](#))

The commission's original VDER order of March 2017 (Case [15-E-0751](#)) directed that compensation for eligible DER transition from net energy metering (NEM) to the value stack, a methodology that bases compensation on the benefits provided by the resources.

The new order expands the eligibility for value stack crediting to any clean generation technology that qualifies as a [Tier 1 resource](#) under the Clean Energy Standard (CES). The new rules also make resources that would qualify for Tier 1 but for their start date before the Jan. 1, 2015, eligible for compensation under the value stack.

The new eligibility rules also cover tidal energy generators, biomass generators and food waste digesters that meet CES requirements.

"There is no reason to exclude any renewable DERs from value stack compensation, as the value stack represents a determination of the actual value created by those generators," the commission said.

Commissioner Diane Burman voted against the measure.

"Some of this has direct impact on other pending proceedings, including some declaratory ruling requests," Burman said, adding that careful analysis and wording is needed to prevent unnecessary requests for clarification of commission orders.

In a related matter on its consent agenda (Case [18-E-0130](#)), the commission accepted the environmental review of policy options to implement New York's Energy Storage Roadmap, supporting the state's energy storage target of 1,500 MW by 2025.

PSC Rules on CDG Compensation

The PSC backed NRG Community Solar in its dispute with Central Hudson Gas & Electric and Orange & Rockland Utilities over compensation for NRG's community distributed generation (CDG) projects.

The commission's declaratory ruling ([18-E-0485](#)) said the NRG Energy subsidiary had identified a conflict between the PSC's VDER transition order and the utilities' Phase One NEM tariffs.

NRG said the utility tariffs would pay its projects through monetary crediting (dollar-value credits based on the \$/kWh rate applicable to the project) although they were designed assuming they would receive more lucrative volumetric crediting (kilowatt-hour credits that reduce the bill based on the \$/kWh rate applicable to that subscriber).

"CDG projects receiving compensation under Phase One NEM ... should receive volumetric crediting, regardless of the project's service class, meter type, or billing methodology," the commission said. "As this declaratory ruling is explaining and clarifying the effect of prior orders, rather than establishing a new rule or modifying existing rules, it applies to all utilities with VDER tariffs."

The ruling does not affect the compensation of CDG projects receiving value stack compensation.

"There is in fact an inconsistency between the orders and tariffs cited here," PSC Chair John Rhodes said. "That fact is objectively true. I find this recommendation carefully and clearly addresses that inconsistency."

Burman voted against the ruling. "What if



The New York PSC met Sept. 12.

Continued on page 20

NYISO NEWS



Business Issues Committee Briefs

NYISO Answers IPPNY Complaint

RENSSELAER, N.Y. — NYISO has asked FERC to reject a complaint by the Independent Power Producers of New York (IPPNY) seeking to bar the ISO from allowing PJM resources to sell installed capacity into Zone J using unforced capacity deliverability rights (UDR) facilities (EL18-189).

Presenting the monthly Broader Regional Markets report, Rana Mukerji, senior vice president for market structures, told the Business Issues Committee on Wednesday that IPPNY incorrectly assumes that transactions across Zone J merchant transmission facilities (MTF) would be subject to curtailment on the same basis as non-firm service within PJM. IPPNY also has not shown that transactions across the Zone J MTFs are no longer deliverable to the New York Control Area interface, Mukerji said.

"Whether the Zone J MTFs have firm TWRs [transmission withdrawal rights] or non-firm TWRs makes no practical difference for curtailment purposes," NYISO said in its Aug. 20 response to IPPNY's July complaint. "It was therefore reasonable for the NYISO to conclude that the TWR conversions do not impact the deliverability of transfers across the Zone J MTFs."

PJM filed its response Sept. 5, saying that

curtailments necessary for reliability would happen concurrently between the merchant facilities and PJM load on a *pro rata* basis. (See *Perceiving Lack of Support, NJ Seeking Bigger Voice at PJM.*)

Strengthening Unsecured Credit Scoring Model

The BIC endorsed changes to NYISO's unsecured credit scoring model following its first review of the methodology since 2009.

John Jucha, senior credit analyst for corporate credit, said that to qualify for unsecured credit, a market participant must meet financial, credit rating and on-time payment history requirements.

The review found that the model was still performing "within an acceptable range" overall but that the calculation of revenue/market capitalization was not a reliable predictor of default for public companies, Jucha said. It also found that size variables were not represented in the model despite their "strong predictive power."

Rating all market participants — including corporates, financial institutions and government entities — on the same scorecard may mask differences between them, the analysis found.

Under the new model, the 12.7% weighting for revenue/market cap will be replaced with a measure of total assets. The ISO also will consider using third-party credit ratings for non-corporate segments such as municipalities and financial institutions. It will also create additional rules for the qualitative assessment of market participants to reduce subjectivity under the current "open-ended assessment." Additional changes were made to automate data entry and improve model transparency.

The BIC vote urges the Management Committee to recommend the changes to the Board of Directors.

Revisions to OATT Attachment L

The BIC voted to recommend the Management Committee approve revisions to Attachment L of NYISO's Open Access Transmission Tariff updating terms regarding transmission congestion contracts (TCCs).

Gregory R. Williams, manager of TCC market operations, said the updates to Section 18.1.1 (Table 1A) of Attachment L followed an annual review. Among the changes were revising contract expiration dates from Dec. 31, 2017, to Dec. 31, 2027.

The ISO will seek approval of the revisions at the MC meeting Sept. 26.

Continued on page 21

NYPSC Takes Subway into Value Stack

Continued from page 19

the issue is we didn't intend it, but that's what happened and we didn't do the right analysis?" she said. "If we're saying there's an inconsistency between the VDER order and the tariff, maybe we need to look more closely at some of the challenges that are being raised with the VDER order."

PSC Expands Con Ed EV Smart Charging

The PSC approved Consolidated Edison's request to expand its electric vehicle charging program, SmartCharge NY, to allow the utility to offer incentives to customers who charge medium and heavy-

duty EVs during off-peak hours.

The commission's order (Case 16-E-0060) said "it is critical to begin testing the efficacy of off-peak charging programs for the full gamut of EVs at a time when EV penetration is comparatively low."

"This strikes me as a useful, budget-prudent and limited expansion of an existing and innovative program, tailored to some market realities," Rhodes said.

Burman voted against the expansion, saying "this order does not clearly define or give clear guidance on the specifics of the implementation plan." She said the commission was shirking the "hard work" of defining potential logistical issues.

The order noted that the transportation

sector is the largest contributor of GHG emissions in the state, and that diesel-powered medium and heavy-duty trucks account for a disparate share of total automobile pollution.

Expanding the SmartCharge NY program should cut carbon emissions and help meet the state's goal of reducing GHGs by 40% by 2030, the commission said.

New York's Zero-Emissions Vehicle (ZEV) plan calls for creating statewide EV infrastructure to support 30,000 to 40,000 EV sales by the end of 2018 and 10,000 charging stations by 2021. The commission reported 26,470 EVs are now registered in New York.

On its consent agenda, the commission also approved Con Ed's shared solar program for low-income customers, with modifications, and with a budget not to exceed \$9 million (Case 16-E-0622).

NYISO NEWS



Business Issues Committee Briefs

Continued from page 20

Updating 2017 CARIS Database

Senior Planning Engineer Chen Yang reviewed changes NYISO is making in its Congestion Assessment and Resource Integration Studies (CARIS) Phase 1 database for Phase 2 studies extending through 2036. The Phase 1 base case covers the years 2017-2026.

The Phase 2 base case, which will be used to evaluate regulated economic transmission projects and optional studies, incorporates retirements, additions and changes to in-service dates for more than a dozen generating facilities. The new model also reflects transmission capacity increases or other changes regarding six grid projects.

The ISO's rules require it to review the changes with the BIC but do not require committee approval.

ISO to Begin Incorporating 100+kV Tx Facilities in Markets

Shaun Johnson, director of market mitigation and analysis, briefed stakeholders on a project to begin scheduling and pricing low-

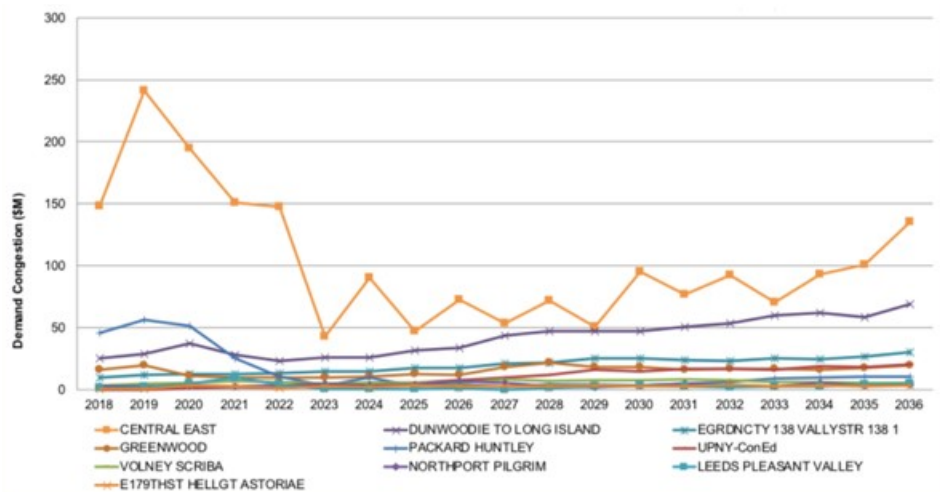
er-voltage transmission in the day-ahead and real-time markets, beginning with four 100+kV facilities in November and 18 in December.

NYISO is the NERC transmission operator (TOP) for 230-kV and higher transmission in the state while the transmission owners are the TOPs for the lower-voltage system. The ISO helps the TOs manage constraints on the lower transmission lines through

transaction curtailments, phase angle regulator adjustments, day-ahead reliability unit (DARU) commitments and other out-of-market actions, which can harm price formation efficiency and price transparency.

Johnson said the project will reduce out-of-market actions by allowing the market software to use more efficient solutions to thermal overloads when such solutions are available. It also will more accurately represent the cost in locational-based marginal

Continued on page 22



Phase 2 of the Congestion Assessment and Resource Integration Studies (CARIS) database will aid in evaluating economic transmission projects through 2036. | NYISO

FULL DAY CONFERENCE AND EXPOSITION
OCTOBER 24TH

The **FUTURE** of **ENERGY**

What's the Deal?
October 24, 2018
Aqua Turf, Southington CT

REGISTER NOW!
WWW.CTPOWER.ORG

Generating Information, Sharing Ideas.
Educating Connecticut on Energy Issues.

Power Markets Conference

REGISTER HERE

THURSDAY
NOVEMBER 8

Marriott Courtyard
MARLBOROUGH, MA

NECA
NORTHEAST ENERGY AND COMMERCE ASSOCIATION
Bringing a World of Energy Experience Together

NYISO NEWS



Business Issues Committee Briefs

Continued from page 21

prices to secure the system, he said.

NYISO's Market Monitoring Unit, Potomac Economics, had recommended the move in each of its State of the Market reports since 2014, leading the ISO to publish a white paper on the topic in June 2017.

The MMU said that incentives to invest in resources on the 115-kV system in upstate New York are inadequate and that managing lower-voltage facilities through out-of-market actions has increased power supplier uplift payments and contributed to the need for cost-of-service contracts to keep older resources operating. At times, transfer limits on internal and external interfaces are reduced to manage 115-kV security,

LBMPs up 40% Year-on-Year

NYISO LBMPs averaged \$42.56/MWh in August, up 7.5% from \$39.58/MWh in July 2018 and nearly 40% higher than the same month a year ago, Mukerji said in his monthly operations report.

Year-to-date monthly energy prices averaged \$46.37/MWh in August, a 30% increase from a year ago. August's average sendout was 537 GWh/day, higher than 529 GWh/day in July and 477 GWh/day a year earlier.

Transco Z6 hub natural gas prices averaged \$3/MMBtu, up about 10.5% from July and up 39.2% from a year earlier. Distillate prices climbed slightly compared to the previous month but were up 33.8% year-over-year. Jet Kerosene Gulf Coast and Ultra Low Sulfur No. 2 Diesel NY Harbor averaged \$15.67/MMBtu and \$15.36/MMBtu,

respectively.

Total uplift costs and uplift per megawatt-hour came in higher than July, with the ISO's 59 cents/MWh local reliability share in August up from 44 cents the previous month, while the statewide share dropped from -57 cents/MWh to -61 cents. Uplift, excluding the ISO's cost of operations, was -2 cents/MWh, higher than -13 cents in July.

Thunderstorm alert (TSA) costs in New York City were 14 cents/MWh, down a third from 21 cents in July. TSAs are called when actual or anticipated severe weather conditions lead the ISO to reduce transmission limits on the UPNY-SENY interface, which often leads to severe congestion. Because a TSA may alter the capability of the transmission system in ways that are difficult to hedge in day-ahead markets, day-ahead prices reflect the probability-weighted expectation of infrequent high-priced events in the real-time market.

— Michael Kuser

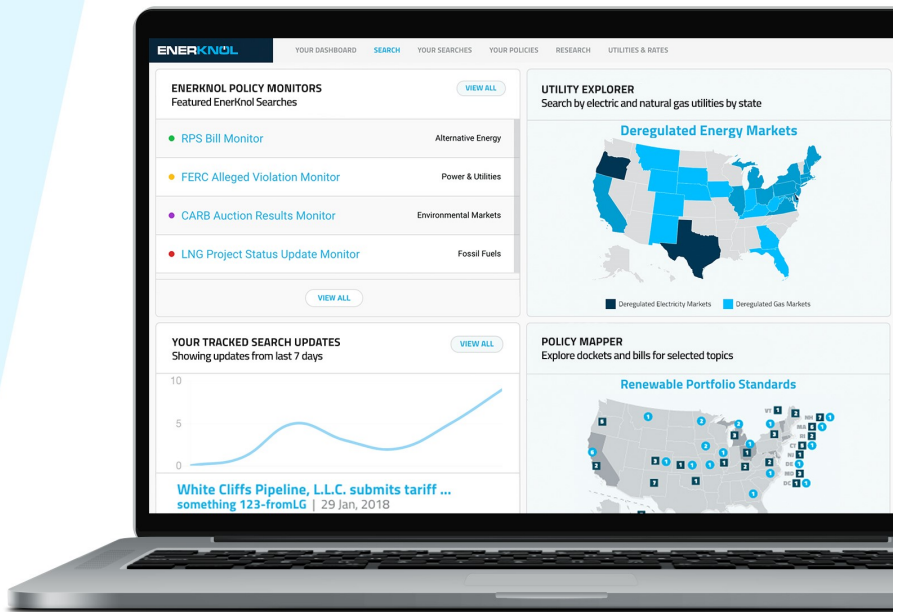
ENERKNOL

Our users don't have FOMO.

Don't miss out on real-time regulatory and legislative updates with EnerKnol, the comprehensive platform of US Energy Policy data.

START DISCOVERING TODAY

BEGIN YOUR FREE 7-DAY TRIAL AT ENERKNOL.COM



20+ Million Filings at Your Fingertips • One-Click Tracking
Automated Real-time Updates • Proprietary Research

ENERKNOL.COM



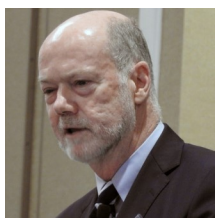
IPPNY Annual Fall Conference

Overheard

SARATOGA SPRINGS, N.Y. — The evolving challenges of grid resilience and the past and future of New York's Reforming the Energy Vision took center stage at the Independent Power Producers of New York's Annual Fall Conference on Friday.

Here's some of what we heard.

Since its 2014 launch, REV has fostered cultural change at both utilities and the Public Service Commission, said **James Gallagher**, executive director of the Smart Grid Consortium, a nonprofit group promoting the use of new technologies in New York's electric power system. "There's much more flexibility, more openness to change and more collaborating to partner with outside organizations."

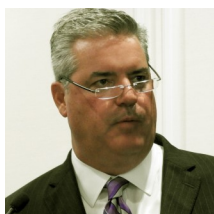


The issue of resilience remains central, but letting go of command and control has not been easy for the utilities as they struggle to incorporate increasing amounts of distributed energy resources, he said.

"The commission invited utilities to come in with what they call 'Platform Service Revenue Incentives,' where they would get rewarded for facilitating local markets," Gallagher said. "No utility has yet to come forward with an incentive proposal."

Gallagher met former PSC Chair Audrey Zibelman in Australia and asked her what one thing she would change about how the commission handled REV under her leadership.

"Her one regret was that she permitted and encouraged each utility to have their own [Distributed System Platform]," he said. "She would now make one uniform DSP across the state."



IPPNY CEO **Gavin J. Donohue** said a key challenge in public clean energy policy is to continue prohibiting utilities from owning generation,



IPPNY held its 33rd annual fall meeting in Saratoga Springs on Sept. 14. | © RTO Insider

for example, in New York's Energy Storage Roadmap now nearing final approval by the PSC.

On Sept. 10, IPPNY filed comments with the commission regarding energy storage, asserting that "private investors have a greater incentive to lower costs than utilities under cost-of-service regulation," and that transmission and distribution should be separated from generation to eliminate the potential for generation-owning utilities to exercise vertical market power "to the detriment of wholesale competitive electricity markets and consumers."

Sergej Mahnovski, director of growth and innovation for California-based Edison International, said customer demand, as well as regulation, has driven renewable energy growth.



Mahnovski, who used to work in New York, also said utilities initially dismissed REV as overly complicated, but "I always felt that if 10% of REV worked, it would make a contribution."

Questionable Benefits

Couch White attorney Kevin M. Lang said he doesn't think the utilities have changed much under REV, and referred to the second set of Distribution System Imple-

mentation Plans filed in June this year.

"All Con Edison reported was what they did the past two years, no cost allocation, no looking forward," Lang said. "REV was about avoiding \$30 billion in infrastructure spending, but now it's about everything. We're seeing tens and hundreds of millions of dollars spent for questionable benefits."

Con Ed's Brooklyn-Queens Demand Management project was meant to avoid the expense of building a new substation, he said, but some analysts estimate that over its 50-year lifespan, the project might cost \$4 billion more than just constructing the substation.

"Consumers will use less electricity, but the reason is because they can't afford it," Lang said. "Reducing carbon in the atmosphere is a laudable goal, but we need a sense of balance."

Industrial companies are leaving New York because they can buy power for a fraction of the price in other states, he said.



Laurence M. Downes, chairman and CEO of New Jersey Resources, a natural gas distributor and developer of clean energy projects, shared his positive

take on decades of working with state regulators. New Jersey Gov. Phil Murphy

Continued on page 24



IPPNY Annual Fall Conference

Overheard

Continued from page 23

earlier this year appointed Downes as chairman of the state's Economic Development Authority.

"Since the 1980s, New Jersey has launched a host of public policy initiatives related to environmental stewardship ... and as a mainly downstream company, we have come away stronger after every one of those," Downes said. "If it were not for those public policy initiatives, we would not be serving customers literally in every state in the union right now, being in the solar business and being the leader in energy efficiency."

Critical National Resource

Electricity is treated as a commodity, but it's a critical national resource, said **Sherrell Greene**, president of Advanced Technology Insights.



Greene served as director of nuclear materials programs at Oak Ridge National Laboratory, where he worked for 33 years before founding ATI in 2012.

"Grid resiliency is a classic case of a tragedy of the commons; everybody's a stakeholder but nobody owns it, nobody controls it," Greene said. "And resilience does not apply across the board. You may be resilient to a cyberattack, but not to an electromagnetic pulse event." (See [FERC Orders Expanded](#)

"Consumers are not sure what they want from an energy company, but if you put an interface in front of them, they suddenly have a whole different relationship to their utility."

Arunkumar Vedhathiri, National Grid

Cybersecurity Reporting.)

The electric power grid is one of the largest machines ever created, so changing it is a challenge, said Arunkumar Vedhathiri, director of New Energy Solutions at National Grid.

"All of a sudden I have a swimming pool pump that can talk to the grid," Vedhathiri said. "Consumers are not sure what they want from an energy company, but if you put an interface in front of them, they suddenly have a whole different relationship to their utility."

He recounted how while on a beach in India last month he got a text message from a colleague telling him to cut energy use on a high peak day. Vedhathiri logged into his thermostat account, changed the setting, and "saved the grid from halfway around the globe."



NYISO Executive Vice President **Richard J. Dewey** said New York is home to the oldest power grid in the world, and therefore "has some of the oldest electric

infrastructure, which is something to keep in mind as we try to modernize the grid."

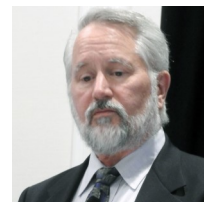
Many New York generating plants also are nearing the end of their design life, he said.

The ISO is "working to establish market rules to appropriately price and value the benefits that renewable resources bring to the grid," and favors a market approach to achieve whatever resilience characteristics are needed, such as dual-fuel capability, Dewey said. (See [NY Debates CO2 Charge](#)

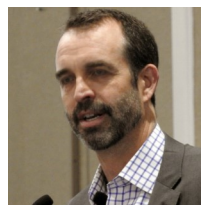
for 'Beneficial' Load.)

Foundational Fuel Security

Marc Chupka of the Brattle Group recounted the U.S. Department of Energy issued a lauded [study](#) of the grid in August 2017, only to be followed in September by a Notice of Proposed Rulemaking to support coal and nuclear plants, which FERC rejected 5-0 in January.



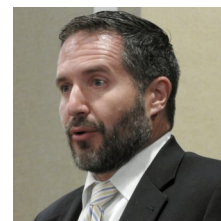
Whether or not the scenario of natural gas curtailments was raised as a "stalking horse" by coal supporters, the controversy did begin the perception of fuel security as a resource attribute, Chupka said.



Fuel security is a New England winter peak issue, said **Rob Gramlich**, founder and president of energy consultancy Grid Strategies.

"Here we are with another hurricane and the issue is power – not generation, but the distribution and transmission infrastructure," Gramlich said. "People need to plan for that. Old reliability contingencies don't include climate change threats." (See [NEPOOL Debates Fuel Security, Cost Allocation.](#))

Todd Snitchler, director of market development at the American Petroleum Institute, said his group disputes the notion of natural gas being a dirty fuel.



"Brattle helped us with [analysis](#) that showed natural gas scoring very well on efficiency attributes, and natural gas is the enabling fuel for many renewable energy resources," Snitchler said. "Natural gas is not so much a bridge fuel as a foundational fuel."

– Michael Kuser



Resident Protests of Transmission Project Redirected to States

By Rory D. Sweeney

VALLEY FORGE, Pa. — In a rare occurrence, half a dozen residents opposed to PJM's largest-ever congestion-reducing transmission project attended last week's Transmission Expansion Advisory Committee to protest the RTO's reconfirmation that the project would be beneficial to the public.

The \$366.17 million project proposed by Transource Energy would consist of two separate 230-kV double-circuit lines, totaling about 42 miles, across the Maryland-Pennsylvania border — one between the Ringgold substation in Washington County, Md., and a new Rice substation in Franklin County, Pa., and another between the Conastone substation in Harford County, Md., and a new Furnace Run substation in York County, Pa. (See [Line Opponents Set Sights on PJM in Public Campaign](#).)

PJM's annual re-evaluation of the project's benefit-to-cost ratio found that it had increased to 1.42 from a 1.32 evaluation published in February. The RTO's threshold for considering such market efficiency projects is 1.25. The new evaluation included an increase in the project's cost from its original \$340.6 million estimate. PJM's Nick Dumitriu said he spent an extensive amount of time attempting to make the analysis as comprehensive as possible and said "there are good reasons why" the ratio increased.

"I do have my engineering pride," he said.

However, Vice President of Planning Steve Herling admitted "you can never know you have all the data" for evaluating a project and that "you have to put a stake in the ground" to determine what set of information is used.

"It's unfortunately a moving target," he said. "We've had lines where the supplemental analyses [found], based on the passage of time, the need erodes."



Steve Herling | © RTO Insider



A contingent of residents opposed to PJM's largest-ever congestion-reducing transmission project made their voices heard at last week's Transmission Expansion Advisory Committee in protest of PJM's reconfirmation that the project would be beneficial to the public. | © RTO Insider

"How do you expect us to have trust in your figures when you're telling us now you don't know," asked Patti Hankins, one of the objecting residents of Harford County. She noted that PPL told Pennsylvania regulators it could add another cable on an existing right of way that parallels the proposed route. "That's a hard thing for us to swallow," she said, when state officials "all understand there's existing infrastructure that can support this" upgrade.

PJM has previously confirmed that PPL also proposed a project to address the congestion on the AP South interface, which the Transource proposal also targeted. But PPL's proposal only upgraded a nearby substation, didn't include utilizing the extra space it has on its existing line and failed to achieve a benefit-to-cost ratio that exceeded the 1.25 threshold, RTO officials said.

While staff acknowledged the residents' concerns, Herling said the decision to move forward with the project is now in the hands of state regulators to determine whether it should receive necessary permits. He added that staff "will certainly support" the commissions with any analyses they request.

"We're not in a position to essentially usurp a state's authority and take action on determining whether or not the project should move forward," Herling said, indicating that staff will go back to the drawing board if the project is denied. "Our audience right now are the two commis-

sions, and ... we will abide by whatever decisions Pennsylvania or Maryland require us to make."

The states' consumer advocates showed interest, with representatives from both agencies asking questions about PJM's analysis process. Gary Alexander from the Maryland Office of People's Counsel questioned the urgency of the project, asking why Transource hasn't yet entered into contracts with suppliers.

Herling said the company is getting bids. "I don't know what the sequence of activities will be for executing those contracts," he said.

FERC could also throw a wrench into PJM's analysis. The Markets and Reliability Committee endorsed Tariff revisions in August that would exclude generating units with facility study agreements (FSAs) and suspended interconnection study agreements from PJM's base case for analyzing market efficiency projects. The RTO says including these units causes unrealistic benefit estimates for proposed transmission projects. (See "Market Efficiency," [PJM MRC/MC Briefs: Aug. 23, 2018](#).)

Staff acknowledged that projects may need to be re-evaluated if FERC accepts the revisions.

"I think we're going to have to look at units on a project-by-project basis" to determine if FSAs made a difference, Herling said.

Continued on page 26

PJM NEWS



OC Briefs

Recommendations from Frequency Drop

VALLEY FORGE, Pa. — PJM staff last week outlined recommendations it developed to address a mysterious frequency drop on July 10. (See “Low Frequency,” *PJM Operating Committee Briefs*: Aug. 7, 2018.)

PJM saw its frequency drop to 59.903 Hz at 3:49 p.m. as its area control error fell 2,942 MW below its target. The RTO said the incident resulted from multiple unit trips, non-approved real-time security-constrained economic dispatch (RTSCED) cases, a drop in Eastern Interconnect frequency and poor synchronized reserve response.

Staff made recommendations for all but one of the causes. Removing ambiguity in operating procedures regarding parameter-limited schedules would address units called online that didn't respond. Analyzing unit-tripping trends would help determine why multiple units tripped. Creating a procedure that helps dispatchers decide whether RTSCED data is valid based on system conditions would address why the RTSCED cases weren't approved during the incident.

PJM also plans to stop approving time error corrections during emergency procedures or frequency excursions, which it said can exacerbate problems.

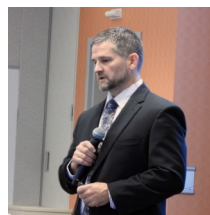
“It takes several hours at a lower frequency to get that time error back; there's kind of an inherent risk whenever [you] go off 60 Hz,” PJM's Donnie Bielak said. He added that simply scheduling time error corrections at night also isn't a good idea because it would push units into minimum-

generation operations that don't allow them full flexibility to respond to other system changes.

Bielak said an unexplained drop in frequency across the entire Eastern Interconnection accounted for half of the problem.

“We're certainly looking to get to the bottom of that,” he said.

Preliminary Budget



Jim Snow | © RTO Insider

existing assets, including applications, systems reliability, replacements, facilities and infrastructure.

In response to a stakeholder question, Snow said about \$4.4 million in projects were considered but deferred, including hardware replacements, enhancing existing monitoring tools, automating the Regional Transmission Expansion Plan and other corporate reports, implementing soak time by adding generator ramp time to day-ahead markets, and implementing a tool to register energy efficiency and non-retail behind-the-meter generation.

“This is part of a larger process,” Snow said.

At a separate presentation before the Planning Committee later in the week, Snow confirmed that the budget can be revised to address any issues that arise that require commitments from PJM.

PJM's Jim Snow presented the RTO's preliminary project budget for 2019, which anticipates spending approximately \$42 million on capital expenditures. The vast majority — approximately \$39 million — will go to

“I would tell you if FERC issued an order, we would go back and reprioritize,” he said.

The response satisfied Greg Poulos, the executive director of the Consumer Advocates of the PJM States.

“I want to make sure there's enough resources allocated to the Planning Committee to make sure they can get their job done,” he said.

New Reactive Transfer Interfaces

PJM's Christina Catalano introduced two changes to reactive transfer interfaces, which the RTO uses to control voltage contingencies associated with high transfers during transmission outages.

The Central Pennsylvania interface, which includes the Lackawanna-Hopatcong, Sunbury-Juniata and Susquehanna-Wescosville 500-kV lines, was modeled to accommodate an increase in gas-fired generation in the region and planned maintenance outages on the 500-kV system. One such outage is planned for Oct. 16-20.

Catalano said staff anticipate the interface only becoming significant during the outage in case a second transmission line goes out. PJM's Paul McGlynn said “additional contingency would go beyond any criteria we have.”

In the Western Interface, staff are adding the new Vinco substation near Conemaugh on the 500-kV line to Hunterstown. It will become effective when the Vinco substation is energized, which is expected on Oct. 16. Because of its proximity to the Conemaugh substation, staff expect minimal impact.

— Rory D. Sweeney

Resident Protests of Transmission Project Redirected to States

Continued from page 25

“We just don't have time to run sensitivities ahead of time.”

However, he said if FSAs were removed from the Transource evaluation, the ratio would actually increase “based on current factors.”

The math did little to reassure the residents, who said they were being forced to waste time on a process that should be an easy decision.

“From the ground, the people see that PJM is not working in the interest of the ratepayers,” Harford County resident Aimee O'Neill said. “We must simply slog through it. ... You are making it a very expensive process [when it] is apparent

[there is] an alternative to a greenfield project.”

Herling said the current process will continue for the Transource project, but he conceded that staff needs better engagement with states.

“They have a process, we have a process, and we need to change that moving forward,” he said.

PJM NEWS



MIC Briefs

Concessions of VRR Curve Recommendations

VALLEY FORGE, Pa. — PJM staff have incorporated stakeholder input into their recommendations resulting from the quadrennial review of the variable resource requirement demand curve, the RTO's Jeff Bastian told last week's Market Implementation Committee meeting.

Staff have decided to recommend no changes to methodologies for several figures, while reducing the cost of new entry values by several hundred dollars, Bastian said.

He said staff hadn't come to a decision yet on whether major maintenance costs should be included in fixed or variable operations and maintenance calculations.

"We've got to go with one or the other. We can't have two VRR curves," he acknowledged.

Review of Fuel Cost Policy Rules

Stakeholders endorsed a problem statement and issue charge to review several parts of the fuel-cost policy (FCP) rules and cost-based offer procedures hashed out last year. Sponsor John Rohrbach, who represents ACES on behalf of the Southern Maryland Electric Cooperative, said he is seeking "some modest discussions" to fix "little mistakes." The proposal was also sponsored by Old Dominion Electric Cooperative and Panda Power Funds.

Rohrbach suggested that the rules could potentially be improved to determine whether self-scheduled units and zero-marginal cost wind and solar generators need FCPs. Rohrbach also questioned whether generators should have to confirm annually that their FCPs remain compliant and suggested creating a "safe harbor" from regulatory action for "minor" FCP violations and crediting generators for self-reporting potential violations.

It would also address timing issues that can arise when units change ownership.

Transmission Constraint Relaxation Removed

Stakeholders also endorsed new language in Manual 11 allowing transmission con-



| © RTO Insider

straint penalty factors to set shadow prices for violated constraints. The current practice of relaxing transmission constraints doesn't let the penalty factors set prices, which results in inefficient clearing prices that don't reflect market conditions, PJM's Angelo Marcino explained. The proposal, developed jointly by PJM and its Independent Market Monitor and resulting from an IMM problem statement was also preferred over the status quo.

Marcino said PJM won't be making changes to market-to-market transmission paths until MISO and NYISO have upgraded their systems, which he said isn't likely until at least next April.

Exelon's Sharon Midgley thanked the Monitor and PJM for providing analysis on market impacts that helped her company become comfortable with the proposal.

The Monitor previously determined that in 2017, the revisions would have increased net load payments by \$13.5 million, or 0.06%, and increased net generation credits by \$10.1 million, or 0.04%. (See "Transmission Constraint Penalty Factor," *PJM Market Implementation Committee Briefs: Aug. 8, 2018.*)

Automating Offer Confirmation

PJM's Susan Kenney detailed the RTO's plan to automate verification of price-based offers above \$1,000/MWh to ensure they don't exceed the reference cost-based offer on price-based segments.

Kenney said the price-based offers will be capped at \$1,000/MWh unless they have the same megawatt blocks, use of a bid slope and fuel type as the referenced cost-based schedule, along with lower start-up offers, no-load offers and incremental

energy curve prices per segment. Additionally, the price-based schedule must be updated whenever the cost-based schedule is decreased.

The requirements concerned Gary Greiner of Public Service Electric and Gas, who questioned whether the proposed changes came about as the result of challenges and time delays associated with the new bid verification process or simply for administrative ease.

"I like the flexibility of being able to bid our units in the most creative way we can," he said, adding that PSE&G wouldn't support the changes if their only goal is convenience.

Credit Debate

PJM's Hal Loomis presented a proposal to allow market participants to provide surety bonds as credit for all activity except financial transmission rights portfolios. Surety bonds have different legal language but are "a parallel" to letters of credit the RTO already accepts as collateral, CFO Suzanne Daugherty explained.

However, Monitor Joe Bowring was concerned that surety bonds rely on rating agencies. When staff indicated ratings agencies are reliable, Bowring responded that the agencies' involvement in the 2008 financial crash "might indicate that's not quite accurate."

Daugherty responded that the agencies have undertaken many changes since then. In response to a question from Bowring, she said staff compared best practices with other regional grid operators but didn't go beyond that to ask other exchanges. She

Continued on page 28

PJM NEWS



PJM, Generators Debate Injection Rights for Exempted Capacity

By Rory D. Sweeney

VALLEY FORGE, Pa. — PJM and some stakeholders are at odds over whether access to the transmission grid is a right generators purchase through interconnection upgrades or an opportunity granted by load to serve its needs. The philosophical difference is playing out in efforts to streamline the process for capacity resources seeking exemptions from offering into Base Residual Auctions.

PJM has proposed allowing generators to request exemptions from multiple auctions at once and allow timing as an acceptable reason for an exception. It also would clarify the documentation required by the RTO and its Independent Market Monitor for being removed from capacity resource status.

Exelon, which initiated discussion of the issue, offered a proposal that differs from PJM's only in not requiring a status change for units that are continually approved for an exemption and don't offer into a BRA after three consecutive delivery years.

That is potentially the difference between whether the unit must relinquish its capacity interconnection rights (CIRs), which grant access to inject generation into the transmission system. If not enough CIRs are available, generators must pay for system upgrades to address their needs or risk not being allowed to sell all the power they can produce. Excess CIRs can have value and

be sold.

At last week's Market Implementation Committee meeting, Gary Greiner with Public Service Electric and Gas supported Exelon's position, arguing that because generators spend millions of dollars for the upgrades the CIRs are the companies' property.

Monitor Joe Bowring and ODEC's Mike Cocco defended PJM's proposal, arguing that load has spent billions to develop the transmission system that makes the rights possible. Bowring said the CIRs are for units that want to provide capacity for load and that "hoarding" them without committing to provide capacity is "effectively blocking" new units that do want to make that commitment.

"Imagine if [companies] had a benefit to restricting access to other competitors. ... That does not make sense," Bowring said. "If you can't provide the capacity, it doesn't make sense to block others who can. ... You don't own the right in perpetuity to inject power into the system because you paid for" necessary upgrades.

"It's not a 'forever' property right. Many of these capacity injection rights were assigned to generators without them incurring any interconnection costs. They have an obligation to clear the capacity market within a three-year time frame or they lose these rights," Cocco said.

David "Scarp" Scarpignato searched for

middle ground.

"I agree with Joe," he said. "There is a potential hoarding issue here. But there's also on the other side, people pay for some rights."

He explained that units that have received exceptions would become uncommitted capacity resources rather than energy-only resources and would keep their CIRs if they pass PJM's annual deliverability tests.

Exelon's Jason Barker noted that generators maintain CIRs only until one year after deactivation of the unit, so it "doesn't exist in perpetuity."

"The question is whether you're meeting the requirements of the [Capacity Performance] paradigm, which changes on a regular basis," he said.

He pointed out that generators' interconnection service agreements would also need to change and there would be a "necessary discussion" if PJM made a proposal to change them.

Roy Shanker, an economist who often represents individual generators, said the key is determining whether a generator has no intention to offer into the auction or is simply delayed in doing so.

"If you aren't trying to make progress toward [becoming a CP-compliant unit within three years], it is a form of withholding," he said. "If you identify a market power issue, you fix it. ... All this other stuff is irrelevant."

MIC Briefs

Continued from page 27

said surety bond issuers used to be too inflexible for energy market needs — requiring an itemized list of claims they might have to pay — but have since become much more "comfortable" with the industry's needs.

Another "key difference," she said, is that surety bond issuers, which have a right to investigate and request documentation before paying claims, now generally must pay within 30 days. They previously had no time limit.

PJM's experience with letters of credit is that they are paid within two days without any investigation, she said, because the banks usually have other collateral. But she said staff does not anticipate a "daunting difference between the two."

A proposal developed by the PJM Credit Subcommittee would have a \$10 million cap per issuer for each member and a \$50 million aggregate cap per issuer.

Exelon's alternate proposal would allow



Jeff Bastian | © RTO Insider

using surety bonds for all credit requirements with a \$20 million cap per issuer for each member and a \$100 million aggregate cap per issuer. ERCOT and NYISO allow use of surety bonds with lower caps, Exelon's Midgley said, but higher caps are necessary in PJM because its peak load is twice that of ERCOT's.

"We see this as a cost-saving opportunity for members" that will also allow diversification, Midgley said. Since both proposals structure surety bonds like letters of credit, Exelon's proposal would allow surety bonds to be applicable to all market activity, consistent with letters of credit. PJM staff said the proposal was acceptable.

— Rory D. Sweeney

PJM NEWS



PC/TEAC Briefs

Workshop Set on DER Ride-through Standard

VALLEY FORGE, Pa. — PJM has scheduled a two-day workshop on enabling distributed energy resources to “ride through” frequency fluctuations but postponed action on a task force on the issue in the face of stakeholder concerns.



Emanuel Bernabeu |
© RTO Insider

PJM’s Emanuel Bernabeu told the Planning Committee last week that the workshop is the first step in developing a guidance document for how DERs should implement a ride-through standard and

presented a problem statement and issue charge to create a DER Ride Through Task Force. The proposal met with immediate concern from representatives of transmission owners, who felt it focused on jurisdictional issues rather than safety and reliability.

“That gives us pause,” FirstEnergy’s Jon Schneider said. “The spirit of this initiative is really to find the right balance ... so it can support the bulk transmission system and the distribution system. ... What’s resonating is jurisdiction rather than safety.”

“Absolutely what we want to do is what you described,” Bernabeu said.

Duquesne Light’s Tonja Wicks also voiced concerns, including that a focus on inverter-based technologies that was in previous versions of the proposal had been removed. That focus was challenged as not being technology-neutral during the proposal’s first read at last month’s PC meeting, but Wicks said the scope could be overly broad without it.

The reticence threw a wrench in PJM’s plan to receive approval for the task force in advance of the two-day workshop, which has already been scheduled for Oct. 1-2. Bernabeu received no concerns with his explanation of the issue at the monthly Operating Committee meeting earlier last week. There, he highlighted three disturbances within the past 12 years that were triggered by large amounts of renewable



The PJM Planning Committee met Sept. 13. | © RTO Insider

generation disconnecting from the grid in response to frequency fluctuations. A 2006 outage in Europe — which Bernabeu called “one of my favorite blackouts” — identified the threat from many small generators collectively tripping in what’s been termed the “50.2-Hz Problem.”

“Basically, they did not have this concept of ride-through,” Bernabeu said, adding that similar issues occurred in two subsequent incidents in Southern California and Australia in 2016. “You would think we would have solved this.”

A challenge in PJM’s territory, he said, is that the vast majority of DERs aren’t under PJM’s authority and instead follow state and local regulations. Staff hope the task force will settle on a standard that can then be provided to state and local regulators as guidance. The issue charge calls for developing a PJM-wide “profile consisting of an abnormal voltage and frequency performance category and specified trip settings, if adjusted from the defaults.” As an alternative, the rule could specify minimum ride-through and trip times and defer to distribution utilities on implementation details, the issue charge said.

The topic isn’t “overly complex,” Bernabeu said, but will require a broad group for input.

“We can’t ignore the fact that it’s the vast majority of DER sources. ... What we want to establish is consensus across the footprint on specific standards,” he said. “If we succeed, everyone will embrace it.”

Staff agreed to postpone requesting a vote on the proposal to address TOs’ concerns,

but they also asked if there was any issue with holding the workshop as scheduled on an “ad hoc” basis. No one opposed.

Vote Delayed on Capability Testing

Staff had also agreed prior to the meeting to postpone a vote planned on revisions to Manual 21 that would change some of the procedures for generators’ annual capability testing. The proposal has created concern because it could reduce units’ capacity injection rights. (See “Skepticism of Gen Capability Changes Continues,” *PJM Operating Committee Briefs: June 5, 2018.*)

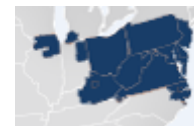
PJM’s Patricio Rocha-Garrido also presented an analysis of the effective load carrying capability (ELCC) for wind units. The study calculated ELCC values for each year from 2009 through 2017 using the 12,540 MW of wind units projected to be operating in 2021. It found that the mean ELCC is 11.5% of the nameplate capacity and the median is 10.2%. The numbers backed up PJM’s argument for using median capacity factors for wind rather than mean. The median of capacity factor values PJM calculated for wind output from 2015 to 2017 was 7.9%, while the mean was more than twice as high at 16.7%.

Some stakeholders were critical of the analysis, saying it didn’t account for geographic differences and that using historical numbers for expectations of future performance ignores technology improvements.

“I don’t think we should be using any assumptions on the future, because what

Continued on page 30

PJM NEWS



PC/TEAC Briefs

Continued from page 29

do we assume?” Rocha-Garrido said in response. He added that while GEMARS, PJM’s hourly loss-of-load-expectation tool, is capable of more detailed analyses, the study was in relation to the installed reserve margin, which is calculated at the RTO level, so “it’s immaterial to me where [the units] are located.” He acknowledged that units could receive a higher value if they were able to increase their output during the hours tested but said he doesn’t “see a significant difference” between PJM’s methodology and alternatives suggested by stakeholders.

Dave Mabry, representing the PJM Industrial Customer Coalition, said he was still trying to understand the differences between the RTO’s study and a similar study by General Electric that came to different conclusions. He suggested that perhaps ELCC is the metric that should be used for measuring wind capacity.

Rob Gramlich, representing the American Wind Energy Association, criticized what he felt was a low amount of data provided and said he appreciated PJM tabling the vote for further discussion.

“We still have a lot of concerns,” he said.

IRM, FPR Reduced

PJM is recommending a 15.7% IRM and a 1.0887 forecast pool requirement (FPR) for next year’s Base Residual Auction, both of which are slight reductions from last year. The IRM recommendation fell 0.1% and the FPR — which reflects the reserve margin to account for peak loads and generator outages — dropped 0.0011, both based on the 2018 capacity model.

Update on Integrating Cost-containment Guarantees

PJM’s Mark Sims outlined staff’s work on integrating cost-containment guarantees in its analysis of developers’ proposed transmission projects. The five-step process will standardize the cost-containment measures offered in each proposal, present them in a visual way, compare them and allow staff to choose the “most economically efficient” proposal. Sims said it will all be implemented into a comparative matrix and that stakeholders should expect to see more details about each of the five “boxes” in the coming months.

“You would expect to see this as part of the overall decision-making process,” he said. “This is our high-level concept. We are into

the weeds with the [Independent Market Monitor] on several of these boxes.”

He said “the most challenging pieces right now are” figuring out how to standardize the proposals and then crunching the numbers to evaluate them. Staff sought input from a “large corporate lender” and are not anticipating lender risk being “a huge factor” in evaluation, he said.

LS Power’s Sharon Segner, who led the effort to incorporate cost guarantees into PJM’s evaluations, voiced her approval of the progress. (See “Delay Approved for Cost Containment Comparisons,” *PJM MRC/MC Briefs: Aug. 23, 2018*.)

“This is all sounds very good,” she said. “It is a hard assignment, and we very much appreciate what you’re doing. But this is an important discipline to establish.”

First M-3 Experience

Dominion Energy’s Ronnie Bailey briefed stakeholders on 13 violations of its system planning criteria his company plans to correct— implementing for the first time the TOs’ new process for supplemental projects, which is detailed in Tariff Attachment M-3. (See *AMP Offers ‘Best We Can Do’ on PJM Tx Planning*.)

Continued on page 31



October 16 - 17, 2018 | Washington Plaza Hotel | Washington, D.C.

Hear from East Coast
Policymakers,
Regulators, and Utilities
on How to Get Your Piece
of Storage Mandates and
ISO Market Opportunities

REGISTER NOW

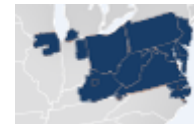
SAVE THE DATE



OPSI’s 14th Annual Meeting
&
Germany-PJM States Energy Trends Forum

WYNDHAM GRAND
Chicago Riverfront
71 East Wacker Drive
Chicago, IL 60601
10/30-11/1/18

*Registration will open Mid-August
Draft agenda to be posted at that time
www.opsi.us*



NERC Circulating Study on ‘Accelerated’ Retirements

By Rory D. Sweeney

VALLEY FORGE, Pa. — Generation reserve margins might drop and fuel-assurance risks could increase if coal and nuclear units retire sooner than anticipated, according to the preliminary findings of a NERC study focused on PJM and ERCOT.

PJM staff confirmed at the RTO’s Planning Committee meeting on Thursday that NERC had discussed the study at its own Planning Committee meeting earlier last week. The draft report has been sent out to members of NERC’s PC for comment, with the reliability overseer planning to present the final version to its Board of Trustees at its meeting on Nov. 6-7.

NERC spokesperson Kimberly Mielcarek said the target for public release is “before the end of the year.”

She declined to provide details before the study is final but pointed to the PC [agenda](#), which outlines the study’s history.

NERC began soliciting policy input in May 2017 from stakeholders, proposing to conduct “an assessment of the potential impacts on Bulk Power System (BPS) reliability that could be caused by accelerated retirements of traditional baseload generator resources ... to understand and address reliability challenges associated with the changing resource mix.”

NERC staff analyzed aggregated supply and demand projections for the study, along with engineering studies on specific retirement scenarios. They also reviewed regional processes for managing plant deactivations.

According to the agenda’s description, the study found that “when generation retirements exceed or outpace needed replace-

ment resources, the BPS is less capable of withstanding contingencies, unplanned facility outages and extreme conditions.”

It added that “replacing retiring coal-fired and nuclear generation with natural gas-fired generation provides essential reliability services but can result in near-term stress on the natural gas infrastructure and create challenges to fuel deliverability in extreme winter conditions and major natural gas contingencies.”

Managing those issues will require “continued adherence to rigorous resource adequacy assessment and transmission planning processes” as “large amounts of generator retirements can result in extensive network upgrade requirements” and “potentially the increased use of out-of-market solutions such as reliability-must-run (RMR) designation to address resource adequacy issues,” NERC said.

PC/TEAC Briefs

Continued from page 30

In accordance with the M-3 processes, Dominion will follow up at a subsequent meeting with how it plans to address the issues.

FERC Orders on Tx in Calif.

PJM and American Municipal Power have agreed to revise their proposals for developing transmission-replacement processes to [reflect](#) FERC’s Aug. 31 rulings that Order 890’s transparency provisions do not apply to “asset management” projects that provide only “incidental” increases in transmission capacity.

The orders ([EL17-45](#) and [ER18-370, AD18-12](#)), which rejected complaints by California regulators and others, were discussed at a special session of PJM’s Markets and

Reliability Committee that met briefly after the Transmission Expansion Advisory Committee meeting. (See [‘Asset Management’ not Subject to Order 890, FERC Rules.](#))

PJM’s Chris O’Hara said the focus during the RTO’s stakeholder process hasn’t included maintenance.

The RTO and AMP will revise their proposals so they can be presented at an Oct. 16 meeting on the issue and prepared for

consideration at the Oct. 25 MRC meeting.

“I think the goal from PJM’s perspective is we have an ongoing process and in that process, we want to provide the appropriate level of process and transparency while avoiding any unproductive litigation that may come from it,” O’Hara said.

AMP’s Lisa McAlister said including maintenance has “never been AMP’s goal.”

— Rory D. Sweeney



| © RTO Insider

Connect with us on your favorite social media



SPP NEWS



MOPC Approves Scope Change to 2019 ITP Scope

SPP stakeholders on Wednesday approved staff's recommendation to remove American Electric Power's 2-GW Wind Catcher Energy Connection project from the 2019 Integrated Transmission Planning's (ITP) assessment scope.

The Markets and Operations Policy Committee approved the scope change by an 82.1% vote during a special conference call. Staff said the call was necessary to keep the ITP work on schedule to meet its planned completion in October 2019.

The change removes Wind Catcher, planned for near Tulsa, Okla., from two study futures. The MOPC had approved the scope earlier this year.

AEP canceled the \$4.5 billion project in late July, one day after the Texas Public Utility Commission ruled against the proposal. (See [AEP Cancels Wind Catcher Following Texas Rejection.](#))

Staff presented three options to the MOPC. The recommended option maintains the assessment's timeline and makes use of the 215 resource hours staff has already put in.

Juliano Freitas, SPP's manager of economic planning, said staff had already proceeded with the option to mitigate any schedule delays. He said the original assumptions included an expectation that Wind Catcher would be built; "thus it is appropriate to remove it and reduce the wind levels to be studied by a corresponding amount."

The original scope included 32 GW of wind energy.

One other option was to continue the ITP without changing the model, with Wind Catcher acting as a "proxy" for other wind generation in the area.

The third option would have replaced the project with other wind sites, keeping the same 32 GW of wind.

MMU White Paper Proposes Capturing ESRs' Opportunity Costs

The Market Monitoring Unit has published a white paper that proposes a framework for capturing the opportunity costs of electric storage resources' (ESRs) mitigated energy offers.

The MMU produced the [document](#) to respond to FERC Order 841, which addresses electric storage participation in RTO and ISO markets.

MMU Manager Barbara Stroope said in an email to *RTO Insider* that ESRs are new technologies with costs that are "potentially quite different from traditional generation resources." She said the paper provides "a solid theoretical foundation for the design efforts currently underway in SPP, and we think it can serve as the basis for a design that balances accuracy with simplicity."

The white paper defines a mitigated energy offer as reflecting a generating resource's short-run marginal production cost. Typically, the calculation derives from variables that include the incremental heat rate and fuel cost (where applicable), and variable operations and maintenance cost. The short-run marginal cost may also include the opportunity cost of foregone incremental generation when a resource's ability to operate is limited.

"In the case of an [ESR], generating or charging at a given point in time may only be possible by forgoing profit opportunities later in the day or optimization period," the MMU staff wrote, saying it's "appropriate" to include the marginal opportunity cost in the basis for an ESR mitigated energy offer.

"The marginal opportunity cost of an ESR at any point in time is most accurately determined as the result of a dynamic optimization problem that considers the resource characteristics, state-of-charge and all future profit opportunities in the optimization period," the MMU said.

Admitting that this approach could be "difficult or impractical" to implement in calculating a mitigated energy offer, the Monitor said a "reasonable approximation of this opportunity cost" can be determined for ESRs with relatively short charge and discharge times by "considering a simplified case to establish a lower

bound of expected profits." The lower bound would be represented by the maximum profit that would be earned if actual prices were realized as predicted.

"The approximation of marginal opportunity cost can then be determined by assessing the reduction in this expected maximum profit that may result from operating at a given point in time," the MMU said.

July M2M Payments in MISO's Favor

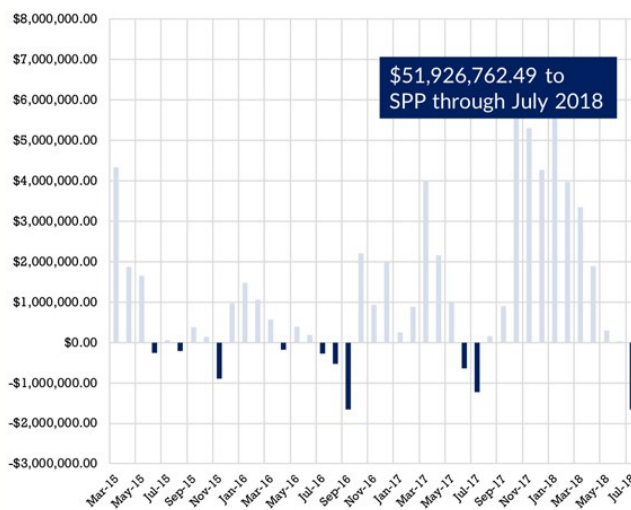
MISO reversed 11 months of market-to-market (M2M) payments to SPP, incurring \$1.7 million in its favor in July. The RTO has not been on the positive side of M2M payments since July 2017.

MISO and SPP outages in North Dakota and western Minnesota contributed to heavy loading on two temporary flowgates. The two constraints were binding for a combined 91 hours, accounting for slightly more than \$773,000 in payments to MISO.

Temporary flowgates were binding for 416 hours in July. Six permanent flowgates were binding for 45 hours, leading to a little more than \$15,000 in M2M payments in SPP's favor.

July's results reduced MISO's M2M payments to SPP to \$51.9 million since the two grid operators began the process in March 2015.

— Tom Kleckner



Note: Positive values are payments to SPP from MISO; negative values are payments from SPP to MISO.

M2M settlements | SPP

FERC & FEDERAL NEWS



EI Seeks to Change FERC Rules on ROE Reviews

By Rich Heidorn Jr.

WASHINGTON — Seeking to persuade a change in FERC policy, the Edison Electric Institute has released a white paper by former Commissioner Suedeen Kelly that proposes raising the hurdles for those challenging transmission owners' returns on equity.

Kelly, a partner with Jenner & Block who served on the commission from 2003 to 2009, says the commission's policy of setting ROE complaints for hearing concurrently — or "pancaking" — has increased litigation costs and created uncertainty for TOs.

The iterative filings are a result of FERC's inability to resolve the cases before the expiration of the 15-month limit on ROE refunds. The pancaked complaints are generally filed shortly after the expiration of the refund period in the earlier, still-pending complaints. (See [Playing the ROE Slot Machine](#).)

"Section 206 of the Federal Power Act mandates a threshold that FERC find that an existing rate is unjust and unreasonable before setting a new rate," Kelly writes. "By

setting complaints for hearing concurrently, without first ensuring that they meet the Section 206 threshold, FERC has created a policy that is not supported by the law, is inconsistent with the intent of Congress, is not workable in practice, and undermines regulatory expectations for a stable and predictable ROE."

The paper largely repeats arguments Kelly made unsuccessfully in a 2016 EEI protest in the fourth complaint against the New England Transmission Owners (EL16-64).

It cites the "increasing number" of Section 206 complaints FERC has received since 2011. EEI says there were between five to nine complaints filed annually in 2012-2016 and 10 complaints filed in 2017.

FERC declined a request for comment.

In Opinion 531 in June 2014, FERC unanimously adopted a two-step discounted cash flow analysis for determining electric transmission ROEs. Long used for natural gas and oil pipelines, the methodology incorporates long-term growth rates.

The commission then voted 3-1 over its first application of the new formula, tentatively setting the ROE for New England TOs at three-quarters of the top of

the "zone of reasonableness," a departure from the prior practice that used the midpoint in the range. (See [FERC Splits over ROE](#).)

'Seven Years and Counting'

EEI cites the New England TOs' case to illustrate its concern over FERC's procedures.

It resulted from a September 2011 complaint by New England state officials and others that FERC set for hearing seven months later. The administrative law judge proceedings lasted more than a year, resulting in an ALJ initial decision in August 2013.

Opinion 531, almost 11 months later, was followed by a paper hearing that resulted in [Opinion 531-A](#) in October 2014, in which the commission decided that gross domestic product is the appropriate long-term growth rate to use in the analysis. In [Opinion 531-B](#) in March 2015, the commission rejected rehearing requests, prompting a petition to the D.C. Circuit Court of Appeals, which remanded the case (*Emera Maine v. FERC*) back to the commission in

Continued on page 34

ENERGY
BAR ASSOCIATION

2018
MID-YEAR ENERGY FORUM

Monday, Oct. 29 – Tuesday, Oct. 30
Renaissance Downtown Hotel
999 Ninth Street, NW Washington, DC

**Innovation
and Disruption**

Solving for X



30th Annual Canadian
Power Conference
& Networking Centre
November 12 & 13, Toronto

FERC & FEDERAL NEWS



EEl Seeks to Change FERC Rules on ROE Reviews

Continued from page 33

April 2017.

The court said FERC had failed to establish that the New England TOs' existing ROE was not just and reasonable before imposing a new one. (See [Court Rejects FERC ROE Order for New England](#).) The case remains pending.

"In sum, the process leading to Opinion No. 531 took over two and a half years," EEI said. "In the meantime ... four subsequent complaints were filed, effectively extending the period under which the New England Transmission Owners' ROE is subject to litigation to almost seven years (and counting)."

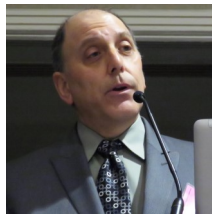
Higher Threshold Sought

Kelly said the commission has been too permissive in setting ROE challenges for hearing.

"Currently, FERC's practice is to set an ROE complaint for hearing based merely on the presentation of a new discounted cash flow analysis that produces a lower number than the rate on file. This threshold is too low

and invites frequent initial and pancaked complaints."

In response to questions from *RTO Insider*, Kelly said, "We suggest that where an ROE remains within the zone of reasonableness, a complainant must do more to show that in the particular circumstances of that utility or group of utilities, the evidence shows that the zone of reasonableness is not a reliable indicator of the range of just and reasonable rates. To do otherwise makes the zone of reasonableness almost meaningless as a tool for both the commission and transmission owners and injects significant uncertainty into FERC's rate-making processes."



David E. Pomper at the EBA Annual Meeting in May | © *RTO Insider*

Attorney David E. Pomper of Spiegel & McDiarmid, who argued the *Emera* case for Massachusetts, said EEI's suggestion runs counter to the D.C. Circuit's affirmation that FERC need not "show that an existing rate is 'entirely outside the zone of reasonableness' before it can

exercise its Section 206 authority to change that rate."

"I don't think they're going to get the D.C. Circuit to reverse on that," Pomper said in an interview.

Symmetry

Kelly disagrees with FERC's reasoning that it must allow the pancaked complaints because Congress intended "symmetry" between the rights of utilities to file for rate increases under FPA Section 205 and the rights of complainants to seek rate cuts under Section 206. "Congress explicitly established different procedures and different burdens of proof" under the two sections, Kelly said.

Section 205 allows a utility to seek new rates at any time, with FERC in what the D.C. Circuit has termed a "passive and reactive role" of determining whether the new rates are just and reasonable. Under Section 206, FERC may change rates on its own motion or in response to a complaint, but only after first finding the existing rate unjust and unreasonable — the requirement the D.C. Circuit said FERC failed to meet in

Continued on page 35

Powered Together November 11-14, 2018
Tapping the Water-Energy Nexus Loews Royal Pacific Orlando
Orlando, Florida

130th NARUC Annual Meeting and Education Conference

#NARUCAnnual18 @NARUC Register at bit.ly/NARUC130Annual

Photo by Tavits Photography

REVitalize

[Learn More](#)

Transforming Energy Further | Faster | Together

FERC & FEDERAL NEWS



EEI Seeks to Change FERC Rules on ROE Reviews

Continued from page 34

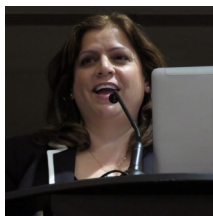
Emera.

“FERC has stretched the intent of Congress by failing to reconcile its justification for allowing pancaked complaints with the legislative history behind the adoption of the 15-month limit on refunds explicitly included in the statute,” Kelly said. “It has also ignored the critical differences in procedures and burdens of proof between FPA Sections 205 and 206.”

Pomper disagreed with Kelly’s interpretation of Congress’ balancing of Sections 205 and 206. “The cost of capital can change rapidly,” Pomper said. While rates have been relatively stable since the inflationary 1970s, “with large federal deficits that might change,” he said.

Kelly argues that in considering whether to set ROE complaints for hearing, FERC should consider how much time has passed since the existing rate was approved and set “a pragmatic time-based threshold within which it will not entertain a new ROE complaint absent extraordinary and compelling circumstances.”

“In the MISO case, complaint No. 2 was filed [and] set for hearing before we had an outcome in complaint No. 1,” said Nina Plaushin, vice president of regulatory, federal affairs and communications for ITC Holdings, in an interview. “So how did FERC determine that that ROE was unjust and unreasonable?”



Nina Plaushin at the EBA Annual Meeting in May | © RTO Insider

Chilling Investment?

EEI says the rise in ROE litigation is creating “unpredictability and instability” in returns for transmission assets. Asked for evidence that the uncertainty is making it difficult to raise investment capital, EEI cited only a 2015 report by Wolfe Research, which concluded — based on Opinion 531 and the commission’s rulings

on unrelated matters — that “FERC is increasingly out of touch with investors.”

Pomper said there is no evidence TOs are having difficulty raising capital, citing the high level of transmission construction and legal fights over rights of first refusal to build projects. At the annual EEI Financial Conference, “you will see many, many presentations saying ‘look at how much FERC exposure we have,’” Pomper said. “If it was really a negative, you wouldn’t see them touting the investments.”

Plaushin, president of the transmission owner advocacy group WIRES, acknowledged that “it hasn’t been that challenging to get debt.”

“Are people having trouble [raising] equity?” she continued. “I think it’s a very difficult thing to prove or disprove one way or the other.”

There is no doubt, however, that FERC’s ROE determinations can have an impact on utilities’ earnings. In a report following the *Emera* ruling, Wolfe said an increase of 100 basis points is worth about 3% in earnings per share for Eversource Energy and Avangrid and about 1% for Alliant Energy and Ameren.

Discovery Delays

EEI’s paper contends FERC’s discovery proceedings are causing delays, saying ROE is “a single issue that should not require extensive discovery or lengthy and protracted full trial-type hearings to resolve. FERC has utilized specially designed and narrowly tailored procedures in other, more complex contexts.”

Kelly said FERC should consider shortened discovery and testimony procedures rather than treating ROE hearings like a full rate case. “In a full rate case, the prudence and amount of various cost inputs are determined individually and can require extensive discovery and testimony. Most utilities now have formula rates that predetermine prudence and flow through costs without further review, absent a challenge,” Kelly said.

Pomper responded: “It’s precisely because you’ve got formula rates, where there are only a few stated elements left to be

determined by the commission, that we’re now focusing on ROE. It used to be when utilities had stated rates that you’d have few [Section] 206 proceedings because lots of things were changing. Even if cost of capital was going down, other costs were going up.”

As for the length of the proceedings, Pomper says, “I wish it could go faster ... but it’s not out of line with how FERC decides all kinds of cases.”

Wrong Problem

Pomper said EEI is “addressing the wrong problem,” saying the real issue is the “range-based” methods used to set ROEs for RTO-wide rates in ISO-NE and MISO, which consider the highest and lowest rates among a utility’s “proxy group.”

“It’s essentially random. It’s completely bogus math and statistics,” Pomper said.

Using the median in all cases would make results “stabler from case to case. You wouldn’t have the reason to come in with a new complaint,” Pomper said. “Fix the method and the procedure would follow.”

Former FERC Chairman Jim Hoecker, now counsel to WIRES, said the group was seeking stability and predictability when it filed its 2013 [petition](#) for a policy statement, which led to Opinion 531.

“I know that [then-Chair] Cheryl [LaFleur] struggled really hard in 531 to try and achieve that,” he said in an interview. “But as in all things at the commission, it’s a matter of compromise.”

Plaushin praised Opinion 531 for providing justification for awarding higher ROEs on transmission than states approve for less risky distribution projects. “I don’t want to be negative about the commission because ... they made a genuine attempt to work this out,” she said. “Unfortunately, it wasn’t effective the way they wanted it to be and so now [because of the remand] we need a new solution.

“Why we’ve had a delay this long in responding to the remand, I don’t know. It’s been a while.”

Continued on page 36

FERC & FEDERAL NEWS



7th Circuit Upholds Ill. ZEC Program

Continued from page 1

Role in Handling Nuke Subsidies.

The court's [opinion](#) cited the Supreme Court's 2016 *Hughes v. Talen* ruling, in which the court rejected Maryland regulators' attempt to subsidize a combined cycle plant, saying that the state's contract for differences — which required the generator to bid into and clear the PJM capacity market — could distort prices. The court cautioned that its opinion should not “be read to foreclose [states] from encouraging production of new or clean generation through measures ‘untethered to a generator’s wholesale market participation.’”

“And that’s what Illinois has done,” the 7th Circuit said Thursday. “To receive a credit, a firm must generate power, but how it sells that power is up to it. It can sell the power in an interstate auction but need not do so. It may choose instead to sell power through bilateral contracts with users (such as industrial plants) or local distribution



Exelon's Clinton nuclear plant | NRC

companies that transmit the power to residences.”

EPSA had contended that the ZEC program infringed on FERC’s jurisdiction by indirectly regulating interstate energy markets by using average auction prices as a component in a formula that affects the cost of the ZECs. But the court said the value of ZECs does not depend on the generators’ auction offers.

“Every successful bidder in an interstate auction receives the price of the highest bid that clears the market. The owner of a credit receives that market-clearing price, with none of the adjustments that Maryland law required,” the court wrote. “The zero-emissions credit system can influence the auction price only indirectly, by keeping active a generation facility that otherwise might close and by raising the costs that carbon-releasing producers incur to do business. A larger supply of electricity means a lower market-clearing price, holding demand constant. But because states retain authority over power generation, a state policy that affects price only by increasing the quantity of power available for sale is not preempted by federal law.”

The court also rejected claims that Illinois’ program violated the dormant Commerce Clause, saying “the cross subsidy among producers may injure investors in carbon-releasing plants, but only those plants in Illinois (for the state’s regulatory power stops at the border).”

The court noted FERC’s June ruling requiring PJM to change its minimum offer price rule to address capacity market price

suppression from state subsidies for renewables and nuclear power. (See [FERC Orders PJM Capacity Market Revamp](#).)

EPSA had contended that FERC’s ruling was proof that the Illinois statute must be pre-empted. “But that’s not what the commission said,” the court noted. “Instead of deeming state systems such as Illinois’ to be forbidden, the commission has taken them as givens and set out to make the best of the situation they produce.”

EPSA said it was reviewing the order and hadn’t decided whether to seek a Supreme Court review. A similar court challenge is pending in the 2nd Circuit over New York’s ZEC program. (See [2nd Circuit Hears New York ZEC Appeal](#).)

“Today’s decision confirms that state subsidy programs such as nuclear bailout ZECs can harm wholesale markets,” EPSA said in a statement. “FERC told the 7th Circuit the commission can mitigate these negative effects and today’s opinion relies on that representation. EPSA now expects FERC to act promptly in the pending PJM capacity market docket to prevent the acknowledged harms state ZEC programs inflict on federally-regulated wholesale power markets.”

Analysts at ClearView Energy Partners issued a research note Thursday predicting the 2nd Circuit will also uphold the New York ZECs. “If the ZEC’s opponents seek review at the U.S. Supreme Court (via a petition for a writ of *certiorari*), we think they face an uphill battle,” ClearView said.

The analysts acknowledged however, that the 2nd Circuit’s rejection of the New York ZEC program “could meaningfully improve the prospects for Supreme Court review” to resolve the split rulings.

EEL Seeks to Change FERC Rules on ROE Reviews

Continued from page 35

Plausin said although many ROE cases involving individual utilities have been resolved through settlements, that is not practical for the regional ROE cases in MISO and ISO-NE.

“When you’re talking about regional cases with so many utilities involved, it’s very

difficult to do a settlement, especially when in some of those cases there are state regulators who are the ones who would have to settle. And, of course, why would they settle for a number that’s higher than what they granted in their own state [for distribution assets]?”

As to those who suggest eliminating pancaked complaints by extending the

refund period beyond 15 months, Plausin said, “I think that we need to be intellectually honest about” what the revised limit should be. “Four complaints — is [that] too long to extend the refund period?”

“Obviously the solution to all this is to get these cases adjudicated quicker,” she added. “That would solve a lot of problems for everyone.”

COMPANY BRIEFS

Florence Downgraded, but Flooding Still Dangerous

Hurricane Florence was downgraded to a tropical depression over the weekend, but rivers and streams continued to rise from record amounts of rain in the Carolinas, complicating efforts to restore power.

As of 11 p.m. ET Monday, about 300,000 customers remained without power, most of them in North Carolina. Utility crews have restored power to 1.4 million customers since the beginning of the storm, which has been blamed for more than 30 deaths.

"We hope there is not another life lost, but we know that raging rivers are still out there and more lives can be claimed," North Carolina Gov. Roy Cooper said in a briefing Monday.

Duke reported a coal ash spill at its plant in Wilmington, N.C. The company said erosion at a coal ash landfill displaced 2,000 cubic yards of ash, enough to fill about two-thirds of an Olympic-sized swimming pool.

Wilmington and New Hanover County were isolated by flooding, prompting officials to plan an airlift of food and water. Search-and-rescue boats rescued more than 900 people in the eastern part of the state.

Duke's Brunswick nuclear plant, about 30 miles south of Wilmington, declared an "unusual event," the lowest level of nuclear

OVEC Granted Waiver on FRR Selection

FERC last week granted Ohio Valley Electric Corp. a waiver allowing it to choose a fixed resource requirement alternative for delivery years 2018/19 through 2021/22, less than the five-year minimum. PJM's Reliability Assurance Agreement requires load-serving entities to notify the RTO of its intent to use an FRR alternative four months before the Base Residual Auction for the first delivery year affected.

In seeking the waiver, OVEC noted that the BRAs for 2018 through 2022 already have occurred. In February, FERC approved the integration of OVEC's control area into PJM's markets, with the RTO taking over functional control of its transmission facilities ([ER18-459](#), [ER18-460](#)). The integration is effective Dec. 1. (See [FERC OKs OVEC Move to PJM](#).)

"We find that OVEC has acted in good faith



U.S. Coast Guard members escorted utility workers to perform repairs on transformers at a flooded substation in Newport, N.C. | [U.S. Coast Guard](#)

emergency, Monday afternoon after flooding and downed trees prevented fresh crews from relieving the nearly 300 Duke workers and Nuclear Regulatory Commission "storm riders" who have been on site for days. Flood water has not entered the facility, officials said.

Investor-owned electric companies, electric cooperatives and public power utilities mobilized more than 40,000 workers to

as a newly integrating member to PJM," FERC said. "OVEC has demonstrated its desire to move toward participation in PJM's [Reliability Pricing Model] and the associated BRA process as efficiently as possible. Additionally, OVEC's waiver request reflects the steps necessary to fully integrate OVEC into PJM's" capacity market.

More: [ER18-2014](#)

FERC Sets Hearing on Disputed MISO Seams Payments

FERC last week ordered hearing and settlement procedures over whether MISO members owe PJM transmission owners as much as \$4.8 million in charges to compensate them for revenues lost from the elimination of through-and-out rates along the RTOs' seam. FERC had ordered a transitional mechanism — seams elimination charge/cost adjustments/assignments (SECA) — to compensate the TOs during

respond, including mutual assistance workers from at least 17 states. The Electricity Subsector Coordinating Council, Department of Energy, Department of Homeland Security and Federal Emergency Management Agency have been working together on the restoration effort.

More: [The New York Times](#); [The Charlotte Observer](#); [The News & Observer](#); [Edison Electric Institute](#)

the shift from pancaked rates to license plate rates.

American Electric Power filed a complaint in October 2017 alleging that MISO failed to provide it and other PJM TOs \$2.9 million in SECA payments (\$4.8 million including interest). AEP said MISO failed to collect the SECA charges from three load-serving entities that were defunct — Nicor Energy, Engage Energy America and New Power Co. — or reallocate them.

FERC granted the complaint in part, calling for hearing and settlement procedures on the identity of the replacement suppliers for the LSEs and whether "generally applicable" SECA charges should have been assessed and distributed to AEP and others. "The commission did not consider full recovery of lost through-and-out revenues to be guaranteed, as shown by the qualifier that it was only providing 'an opportunity' to recover those revenues," the commission

Continued on page 38

COMPANY BRIEFS

Continued from page 37

said of its prior rulings.

More: [EL18-7](#), [ER05-6-118](#), [ER10-2283-001](#)

Oyster Creek Nuclear Plant Retires



Oyster Creek | Exelon

The Oyster Creek Nuclear Generating Station in Forked River, N.J., retired Monday.

The facility, which is owned and run by Exelon Generation, is the oldest commercially operating nuclear plant in the U.S., having come online on Dec. 1, 1969.

Oyster Creek was expected to retire on Dec. 31, 2019, but its retirement

was accelerated to coincide with its fuel and maintenance cycle.

More: [Energy Information Administration](#); [Asbury Park Press](#)

eMotorWerks Deploys Virtual Battery of EV Chargers in CAISO

eMotorWerks said Sept. 11 it has successfully deployed a 30-MW, 70-MWh highly distributed virtual battery in CAISO.

The company said its virtual battery is active in CAISO's wholesale day-ahead and real-time markets. It consists of more than 6,000 chargers that eMotorWerks controls through its cloud-connected JuiceNet software.

More: [eMotorWerks](#)

Jacksonville, Georgia Muni Sue Each Other over Plant Vogtle

Dueling lawsuits over the Plant Vogtle nuclear expansion project were filed Sept. 11, as Jacksonville, Fla., and its electric utility sued the Municipal Electric Authority of Georgia in Florida state court and MEAG sued them in federal court.

Jacksonville and its utility are seeking to void an agreement with MEAG that

obligates the utility's customers to first help build and then buy power from the two nuclear reactors being added to the plant.

MEAG, which is a co-owner of the expansion project, accused Jacksonville's utility of having "a clear intent to breach its contract, abandon its obligations" and to "undermine and disrupt" the future of the project.

More: [The Florida Times-Union](#)

Baltimore Gas and Electric Announces Executive Changes

Baltimore Gas and Electric has named Carol Dodson vice president of transmission and substation construction, operations and maintenance.



Dodson

The Exelon subsidiary said Sept. 7 it has promoted Liz O'Connor to Dodson's former position, vice president of support services and chief safety officer.

BG&E also promoted Aaron Koos to vice president of communications.

More: [Baltimore Gas and Electric](#)

FEDERAL BRIEFS

Fla. PSC Chair Reportedly Considered for FERC

The Trump administration is vetting Florida Public Service Commission Chairman Art Graham for a seat on FERC, E&E News reported Monday. Graham, a self-described conservative and nuclear power supporter, is a chemical engineer by training and a former member of the Jacksonville City Council, where he helped oversee the budget of JEA, the city's municipal utility.



Graham

FERC lost its fifth member when former Pennsylvania regulator Robert Powelson left the commission Aug. 10 to become CEO of the National Association of Water Companies.

Greg White, executive director of the National Association of Regulatory Utility Commissioners, said he believes Graham is "getting serious consideration" for the post. At their summer meeting in July, NARUC members passed a [resolution](#) urging the administration to fill Powelson's seat with another person with state regulatory experience. It is unclear what Graham's candidacy means for Bernard McNamee, the head of the Department of Energy's Office of Policy, who also has been named as a potential candidate for Powelson's seat.

More: [E&E News](#); [Florida Public Service Commission](#)

Congress Boosts Funding For DOE Research Units

Congress on Sept. 13 passed a 2019 spending bill that will increase Department of Energy division budgets that the

Trump administration wanted to slash.

If President Trump signs the bill, the Office of Science will get a funding increase of 5.2% to \$6.59 billion in fiscal year 2019, which begins Oct. 1. The administration had proposed slashing the office's budget by 13.9% to \$5.39 billion.

The bill also would increase funding for the Office of Energy Efficiency & Renewable Energy by 2.5% to \$2.38 billion and for the Advanced Research Projects Agency-Energy by 3.7% to \$366 million.

More: [Science](#)

DOE to Fund Next-Gen DC Circuit Breakers

The Department of Energy on Sept. 12 said it will provide up to \$15 million to develop next-generation DC circuit breakers.

Continued on page 39

FEDERAL BRIEFS

Continued from page 38

The department said circuit breakers developed through the program could enable significant improvements in the country's electrical system by transforming how electricity is delivered and managed across the grid and have many critical applications in industry, transportation and resource production.

More: [Department of Energy](#)

Q2 Solar Power Deployments Fall from Trump Tariffs

Solar power developers installed 2.3 GW in the second quarter, down 9% from the same period last year and 7% from the first quarter of this year, according to a report issued Sept. 13 by Wood Mackenzie Power & Renewables and the Solar Energy Industries Association.

The declines were attributed in part to the cancellation or delay of projects as a result

of the tariffs on solar equipment imposed earlier this year by President Trump, according to the latest "U.S. Solar Market Insight Report." The declines occurred even though solar module prices fell sharply in the second quarter because of a decreased demand for the modules in China.

The report predicts that utility-scale projects will drive an increase of solar deployment in the third quarter.

More: [Greentech Media](#)

STATE BRIEFS

REGIONAL

19 Cities and Counties Pledge to Incorporate EVs Into Fleets

Nineteen cities and counties on Sept. 11 committed themselves to an initiative to incorporate electric vehicles into their fleets.

The city and county of Los Angeles, Phoenix, Houston, Cleveland, Pittsburgh, Fayetteville, N.C., and Cuyahoga County in Ohio were among those that made the commitment as part of the Global Climate Action summit in San Francisco.

The cities and counties committed to buying 376 vehicles in the first year of the initiative, with the expectation that they will go from buying light-duty sedans to also purchasing electric buses, trucks and other heavy-duty vehicles.

More: [Governing](#)

ARIZONA

Regulators Approve New Solar Rates, Displeasing Solar Advocates

The Corporation Commission voted 3-2 on Sept. 11 to approve new solar rates for Tucson Electric Power and UNS Electric.

The rates, which were proposed by an administrative law judge in April, will reduce how much the utilities pay new solar generation customers for energy they ship back to the grid and increase the monthly meter fees for those customers.

Advocates say the ruling will make solar uneconomical for many customers and

could cause the industry to collapse in the state.

More: [Arizona Daily Star](#)

Salt River Project Contributing to Clean Energy Ballot Measure Fight

Salt River Project's board of directors decided Sept. 10 to contribute \$50,000 toward the effort to get voters to oppose the state's regulated electric utilities getting half their power from renewables by 2030.

The public utility's board promised that the money won't go to organizations affiliated with Arizona Public Service, which has been leading the fight against the increased renewables requirement.

SRP wouldn't be directly affected if Proposition 127 passes, but one of the company's objectives is to take the lead in state energy policy, and some of the board members wanted their opposition to the ballot question to be noted.

More: [Arizona Republic](#)

CALIFORNIA

RCEA Submits Application for Floating Offshore Wind Farm

The Redwood Coast Energy Authority said Sept. 12 it has submitted a lease application to the U.S. Bureau of Ocean Management to advance the development of a floating offshore wind farm with a capacity of 100 to 150 MW.

RCEA is working with a consortium of private companies, including Principle Power, EDPR Offshore North America and Aker Solutions, to develop the wind farm

more than 20 miles off the coast of Eureka.

More: [Redwood Coast Energy Authority](#)

CONNECTICUT

Simsbury Reaches Settlement with Deepwater

The Simsbury Board of Selectmen voted unanimously Sept. 12 to approve a settlement agreement with Deepwater Wind over its proposed 26-MW Tobacco Valley Solar Farm.

The board had voted in January to challenge the state Siting Council's approval of the project.

Simsbury's attorney said the settlement included provisions for all the concessions the town had sought from Deepwater.

More: [Hartford Courant](#)

INDIANA

OUCF Files Testimony Opposing Vectren Solar Project

The Office of the Utility Consumer Counselor has filed testimony with the Utility Regulatory Commission opposing Vectren's proposal to recover from its customers the cost of building a \$75 million, 50-MW solar facility in Spencer County.

The OUCF said the project would add \$2.75 to the average Vectren customer's bill. The project "is sized and designed to maximize financial and publicity results for Vectren at no risk to Vectren," John Haselden, an OUCF senior utility analyst,

Continued on page 40

STATE BRIEFS

Continued from page 39

wrote in the agency's testimony.

Chase Kelley, Vectren's vice president of marketing and communication, said the company "respectfully disagrees" with the OUCC recommendation and will continue to seek the commission's approval for the project.

More: [Evansville Courier & Press](#)

NEVADA

NV Energy Seeks Charge on Retail Choice

NV Energy has asked the Public Utilities Commission to assess a bevy of charges, including a \$1.18 million lump-sum payment, on Fulcrum Bioenergy if the commission lets the company buy power on the open market.

How the commission rules could foreshadow its rulings on applications by other businesses, including the Oakland Raiders, which is moving to Las Vegas, to get permission prior to setting up shop in the state to buy electricity on the open market rather than from NVE.

State law allows large energy users to buy power on the open market but usually only after they pay an impact fee assessed by the PUC that is meant to ensure they're

paying their fair share of keeping up NVE's grid.

More: [The Nevada Independent](#)

NEW HAMPSHIRE

Legislators Override Subsidy Veto; Net Metering Increase Veto Survives

State legislators on Sept. 13 overrode Gov. Chris Sununu's veto of a bill subsidizing biomass plants but failed to override his veto of a bill that would have raised the cap on large-scale net metering.

The Senate voted to override both vetoes by 21-3 margins. The House voted 226-113 to override the veto on the biomass subsidy bill (the exact minimum two-thirds), but its vote to override the veto on the net metering bill came up 13 votes short at 217-128.

The biomass bill requires the state's utilities to buy more electricity from wood and trash-burning power plants at a discounted rate for the next three years.

More: [New Hampshire Public Radio](#)

NEW JERSEY

BPU to Open Solicitation For Offshore Wind

The Board of Public Utilities voted 5-0 on

Monday to solicit applications for developing 1,100 MW of offshore wind. The deadline for submissions is Dec. 28, with a selection expected by next July, allowing developers to qualify for federal investment tax credits that expire at the end of 2019.

Gov. Phil Murphy has set a goal of developing 3,500 MW of offshore wind by 2030. At the Global Climate Action Summit last week in San Francisco, Murphy said he wants the BPU to open two additional 1,200-MW solicitations for offshore wind in 2020 and 2022. "In the span of just nine months, New Jersey has vaulted to the front of the pack in establishing this cutting-edge industry," Murphy, who took office in January, said in a statement. "We campaigned on rebuilding New Jersey's reputation as a clean energy leader and that involves setting an aggressive timetable on offshore wind. Thanks to the board, today we took another enormous step toward realizing that goal with the largest single-state solicitation of offshore wind in the country."

The BPU will judge applicants on several criteria: economic impact on the state, ratepayer impacts, environmental impacts, strength and guarantees of the economic impacts, and the likelihood of successful commercial operation.

More: [NJ Biz](#); [The Philadelphia Inquirer](#); [Gov. Murphy](#)

Continued on page 41



GCPA
Gulf Coast Power Association

**33rd Annual
Fall Conference**

October 2nd — 3rd, 2018

AT&T Conference Center
Austin, TX



2018 ANNUAL MEETING

Celebrating 15 Years of Collaboration!



Join us in Austin, TX at the W Hotel on Thursday, October 25, 2018 for the 2018 OMS Annual Meeting.

We are celebrating our 15 year anniversary and guarantee engaging speakers, stimulating conversation, fun and fellowship.

Click here for agenda and registration information.

STATE BRIEFS

Continued from page 40

NEW MEXICO

El Paso Electric Seeks to Withdraw Community Solar Plan

El Paso Electric has asked the Public Regulation Commission to let it withdraw its plan to develop a community solar program.

The company made the move after meeting with opponents of the program, who contend it won't provide customers with solar energy at the lowest possible cost.

CEO Mary Kipp said in a statement on the company's website that the utility would come up with a new plan for its solar program.

More: [Santa Fe New Mexican](#)

Supreme Court Dismisses PRC Recusal Complaint

The Supreme Court has denied an attempt by New Energy Economy to prevent Public Regulation Commission Chairman Sandy Jones from ruling on Public Service Company of New Mexico's (PNM) integrated resource plan because of an alleged conflict

of interest.

The Santa Fe-based clean energy nonprofit had alleged that both Jones and Commissioner Lynda Lovejoy couldn't be impartial because PNM's parent company had donated \$440,000 to a political action committee that campaigned for their re-election.

Lovejoy recused herself from the case, telling the *Farmington Daily Times* she couldn't afford a court fight with New Energy.

More: [Santa Fe New Mexican](#)

RHODE ISLAND

State Planning Renewable RFP

The Office of Energy Resources said Sept. 11 that the state will issue a request for proposals to procure up to 400 MW of renewable power.

The office said National Grid developed the RFP in coordination with it and the Division of Public Utilities & Carriers.

Renewable energy resources — including solar, offshore wind and onshore wind — of more than 20 MW will be eligible to participate in the RFP, the office said. Competitive project developers must

submit their bids by noon on Oct. 29.

More: [Office of Energy Resources](#)

VERMONT

Gov. Phil Scott Announces \$2.4M EV Charging Station Grant Program

Gov. Phil Scott on Sept. 11 announced a program to provide \$2.4 million in grants to communities across the state to install electric vehicle charging stations.

Funding for the Electric Vehicle Supply Equipment program came from the settlement that Volkswagen reached with EPA after the company violated the Clean Air Act by knowingly selling cars that emitted more pollution than is allowed under the law.

Applications for the first round of grants are due Nov. 30.

More: [Gov. Phil Scott](#)



Scott

Continued on page 42

RENEWABLE ENERGY
GRID FORUM

November 8, 2018
San Francisco

renewablegridforum.com
#REGridForum

Produced by: **ACORE**

Own or develop transmission?
You can't afford to miss our coverage of RTO/ISO shareholder meetings on transmission planning, cost allocation and Order 1000 competitive projects. See what you're missing — and what your competitors already know.

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

Contact Marge Gold (marge.gold@rtoinsider.com)

NEPOOL Alone in Support for Press, Public Ban

Continued from page 1

participant members hesitant to share their positions as openly during the problem-solving and deliberative process.”

The filing was authored by Joel S. Gordon of Public Service Enterprise Group. Signing it were Kaslow, of hydropower generator FirstLight Power Resources; Cal Bowie, of Eversource Energy; Dan Allegretti, of Exelon; consultant Peter Fuller, who chaired the New England Power Generators Association while a vice president with NRG Energy; consultant Robert Stein; and attorney Donald Sipe, who represents industrial consumers.

On Aug. 13, NEPOOL asked FERC to approve amendments to its Agreement to codify an unwritten policy of banning news reporters and the public from attending the group’s stakeholder meetings. 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.

RTO Insider responded to NEPOOL’s filing with a Section 206 complaint Aug. 31 asking the commission to overturn NEPOOL’s ban or terminate the group’s role and direct ISO-NE to adopt an open stakeholder process like those used by other RTOs (EL18-196). Comments in that docket are due Sept. 20.

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.

‘Opportunity to be Represented’

PSEG’s Gordon said that NEPOOL’s

“What some are characterizing as ‘secret’ is merely a discreet and considerate process for considering options and pursuing consensus.”

Joel S. Gordon, former NEPOOL chairman

practices of posting meeting materials and minutes “ensure that all parties with a direct interest in the New England wholesale electricity markets have the opportunity to be represented and fully informed of issues under consideration and the direction of the solutions.”

But William P. Short III, who represents End Use customers at NEPOOL, said the meeting minutes are insufficient. He urged FERC to listen to the audio tapes of the May 4 and June 26, 2018, Participants Committee meetings at which the press ban was debated.

“At the May 4, 2018, meeting, we debated this issue for at least a half-hour, if not, an hour. The meeting minutes on the subject of banning the press from NEPOOL membership are just three sentences,” Short said. “The public needs to have the press in the room to catch these super-sanitized versions of these proceedings that mislead both non-attending participants, the public and the FERC commissioners and staff.”

Short — who joined with Massachusetts Assistant Attorney General Sarah Bresolin Silver to sponsor an unsuccessful proposal to allow press to become NEPOOL members — said he has been involved with NEPOOL since 1998. “Until Michael Kuser’s membership application, neither the Membership Subcommittee nor the Participants Committee had ever denied an

applicant its request for NEPOOL membership,” he said.

Press, Consumer, Environmental Groups File Protests

Also filing a protest was Jordan Frias, president of the New England Professional Chapter of the Society of Professional Journalists (SPJ), who said the proposed ban “raises suspicion about what [NEPOOL] is trying to hide.”

“Not allowing reporters access to public policy debates that will determine changes to the electricity markets in regions, including New England, is doing a disservice to energy consumers,” Frias said. “FERC members need to think long and hard about whether they want to further cement lack of transparency from NEPOOL committee members or if they want restore the public’s trust in this committee by allowing journalists to do their jobs.”

Gordon expressed concern that stakeholders’ “questioning and brainstorming ... might be reported as representing formal versus probative positions.”

But Rick Blum, policy director of the Reporters Committee for Freedom of the Press, a D.C.-based nonprofit that provides legal resources to protect journalists’ newsgathering rights, noted that other

Continued on page 43

STATE BRIEFS

Continued from page 41

VIRGINIA

SCC Approves Dominion’s Community Solar Pilot Program

The Corporation Commission has approved Dominion Energy Virginia’s community

solar pilot program, under which the utility will offer its customers the ability to buy the output of solar farms built by independent solar developers in the state.

Although the program is called a community solar program, Dominion customers that subscribe to it will just be buying solar power, not stakes in the solar farms that provide the power.

Through the program, Dominion will offer



customers the opportunity to buy solar power to supply part or all of their electricity needs for an additional 2.1 cents/kWh.

More: [Virginia Mercury](#)

NEPOOL Alone in Support for Press, Public Ban

Continued from page 42

RTOs “operate effectively without a general ban on press.” He cited PJM’s media code of conduct, which states that “work products should be treated in the spirit to which they are intended, that is, not as final or complete documents nor the final position or view of a participant.”



Michael Jacobs |
© RTO Insider

The Union of Concerned Scientists’ Michael Jacobs noted that UCS is active in PJM and MISO stakeholder meetings, which *RTO Insider* covers. UCS’ experience “demonstrates that there is a produc-

tive public interest and stakeholder benefit to an active press presence at RTO meetings that outweighs NEPOOL’s stated rationale for this action,” Jacobs wrote.

He said press coverage helps his group with “the very real difficulty of tracking the many issues” before RTOs. “UCS believes that complex issues are better resolved when there are more informed parties, and information is more accessible. Press participation in NEPOOL improves our collective problem-solving abilities, not reduces them,” he said.

In a preliminary response, NEPOOL’s Participants Committee said the SPJ and UCS filings reflect a “fundamental misunderstanding” of the organization’s proposal.

“The amendments simply and clearly are solely about whether press can be members in NEPOOL, not whether press can attend NEPOOL meetings,” Day Pitney attorney Patrick M. Gerity wrote. “The amendments clarify that the press cannot become NEPOOL participants or representatives of participants. ... There are widely published articles in the press on NEPOOL activities, notwithstanding that

no press is or ever has been a member.”

Gordon: New England is Different

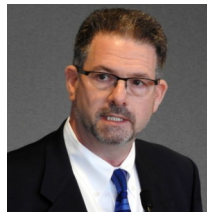
Gordon acknowledged that other RTOs conduct stakeholder meetings with press present. “While that approach may yield adequate dialogue for those regions, it does not follow that there will be no adverse impact on the existing dialogue within the NEPOOL stakeholder process if members of the press are in attendance,” he said.

He said NEPOOL’s six sectors allow “membership by all parties with legitimate interests in our mission.”

“A key principle for that dynamic is that the audience for the stakeholders who participate in NEPOOL meetings, and those for whom transparency is most critical, are the other NEPOOL stakeholders who hear the entire dialogue and understand and respect its context,” he continued. “We believe that this is an important and unique component of the New England stakeholder process that has made NEPOOL an effective stakeholder organization over the last decades — those who attend are communicating with ISO-NE, states officials, consumer representatives and all other stakeholders in attendance for the benefit of each other, not for the benefit of an audience outside the room.”

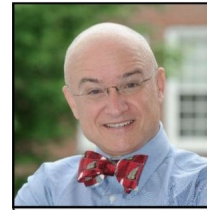
NEPOOL ‘Careerists’

New Hampshire Consumer Advocate D. Maurice Kreis, a member of the End User Sector, termed the signers of the Gordon filing “NEPOOL careerists,” saying they and their companies “benefit from the current arrangements” barring public and press



Joel S. Gordon |
© RTO Insider

attendance.



D. Maurice Kreis |
Kreis

“NEPOOL relies on written testimony of an industry insider and NEPOOL veteran who has essentially built an entire career on providing information and insight that is otherwise unavailable to non-attendees because NEPOOL meetings are closed and secret,” he said, referring to the testimony filed by Stein that accompanied NEPOOL’s initial filing.

As an independent consultant, Stein testified, he supplies clients with “a confidential compilation of information from [NEPOOL] stakeholder meetings tailored to their individual business interests, giving them confidential analyses of issues of interest and insight on how their business interests could be affected by proposals by ISO New England Inc. (ISO-NE) and other stakeholders.”

Said Kreis: “The commission should view the proposed changes to the NEPOOL Agreement for what they are: an unabashed effort by the large and powerful corporate actors that dominate NEPOOL to strengthen the status quo to the detriment of consumers, public interest groups and others who would subject New England’s wholesale electric markets and bulk power transmission system to the skeptical scrutiny such a vital public resource deserves when left in private hands.”

Blum, of the Reporters Committee, made a similar observation, saying NEPOOL’s proposal “would appear to continue to allow meeting participants whose primary purpose is not news reporting to collect information based on their observation of, and participation in, NEPOOL meetings and distribute it to individuals or entities that do not themselves participate as members in NEPOOL meetings. The proposed amendments would only bar those individuals or entities whose primary purpose was newsgathering from membership and, thus, engaging in the same newsgathering and

“NEPOOL relies on written testimony of an industry insider and NEPOOL veteran who has essentially built an entire career on providing information and insight that is otherwise unavailable to non-attendees because



Robert Stein | © RTO Insider

“Complex issues are better resolved when there are more informed parties, and information is more accessible. Press participation in NEPOOL improves our collective problem-solving abilities, not reduces them.”

Michael Jacobs, Union of Concerned Scientists

Continued on page 44

NEPOOL Alone in Support for Press, Public Ban

Continued from page 43

reporting activities.”



Tyson Slocum | © RTO Insider

Tyson Slocum, energy program director for Public Citizen, raised the same issue. “When deliberative bodies are transparent and open to the public, information resources regarding details of their

proceedings are inexpensive, reflecting the ease with which the information can be obtained and disseminated. Banning the public and journalists creates new ‘markets’ for those permitted access to NEPOOL proceedings to financially commodify access and intelligence about NEPOOL’s activities,” he said.

“NEPOOL’s restrictions on public and media access allow those with privileged access to possess valuable information about NEPOOL activities that are nonpub-

lic, which they can then sell for lucrative amounts to interested parties. NEPOOL is rife with a small army of well-connected consultants – many of whom trade on their former roles as NEPOOL officers in a ‘revolving door’ scheme – who sell information gleaned from their exclusive access to private NEPOOL proceedings.”

Slocum noted that many NEPOOL members that voted in favor of the ban are active in other RTOs. “Should FERC agree with NEPOOL’s press ban, it is likely that these and other companies will push for similar restrictions in other RTOs,” he said.

Order 719

In a joint filing, environmental groups Earthjustice, the Conservation Law Foundation and the Natural Resources Defense Council’s Sustainable FERC Project said NEPOOL’s press ban “severely compromises the transparency of ISO-NE decision-making, undermines confidence in its proposals and decisions, and threatens to undermine public interest outcomes in the region.”

They said the policy is in “direct conflict with commission Order 719, including the mandate that RTO/ISO processes be inclusive, fairly balance diverse interests, represent minority interests and be responsive.”

“Opaque RTO/ISO deliberations undermine customer confidence by enabling the perception, whether justified in reality or not, that a group of privileged insiders wields outside influence over grid operator decisions affecting millions of customers,” they said. “In contrast, press access can encourage customer confidence by demystifying RTO/ISO processes.”

FERC commissioners were unaware of the ban when they approved Order 719 (RM07-19, AD07-7) in 2008, former Chairman Jon Wellinghoff said last week.

Similarly, former FERC Chairman Pat Wood III and former Commissioner Nora Mead Brownell said they were unaware when they approved NEPOOL as ISO-NE’s stakeholder body in 2004 that the organization barred the public and press from its meetings. (See *Wood, Brownell: Unaware of Press Ban When OK’d NEPOOL.*)

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

RTO Insider is the only media “inside the room” at RTO/ISO stakeholder meetings. We alert you to rule changes that could affect your business – months before they’re filed at FERC. Plus we monitor the news at FERC, EPA, CFTC, Congress, federal and state courts, and state legislatures and regulatory commissions.

If what’s happening on the grid impacts your bottom line, you can’t afford to miss an issue.

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