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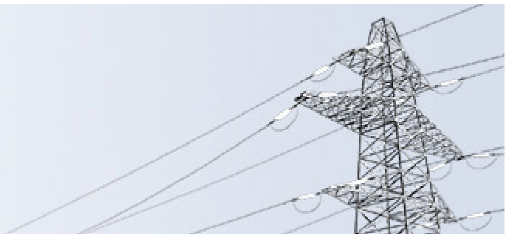

ISSN 2377-8016 : Volume 2018/Issue 44 October 30, 2018

McIntyre Steps Down; Chatterjee Named FERC Chair

By Rich Heidorn Jr.

President Trump announced Wednesday that he has appointed FERC Commissioner Neil Chatterjee to replace Chair Kevin McIntyre, who stepped down citing a "serious setback" in his battle with a brain tumor.

Kevin McIntyre and Neil Chatterjee | © *RTO Insider*

McIntyre said he would remain on the commission but would relinquish the chair's role "and its additional duties so that I can commit myself fully to my work as commissioner, while undergoing the treatment necessary to address my health issues."

McIntyre's status became the subject of increasing speculation after the chairman missed the commission's open meeting Oct. 18, the second he has missed since a fall that left him visibly uncomfortable at the meeting in July.

In March, McIntyre issued a statement saying he had undergone "successful surgery" for a "relatively small" brain tumor that was discovered in summer 2017. At the July meeting, he wore a sling after disclosing he had injured his arm and suffered compression fractures in two of his vertebrae in a fall.

'Full Attention and Vigor'

In a *letter* to the president, dated Oct. 22, McIntyre said that since taking office in December 2017, he has "pushed full steam ahead with all of the important work of the agency ... with full attention and vigor, despite facing some health challenges along the way, including compression fractures in multiple vertebrae

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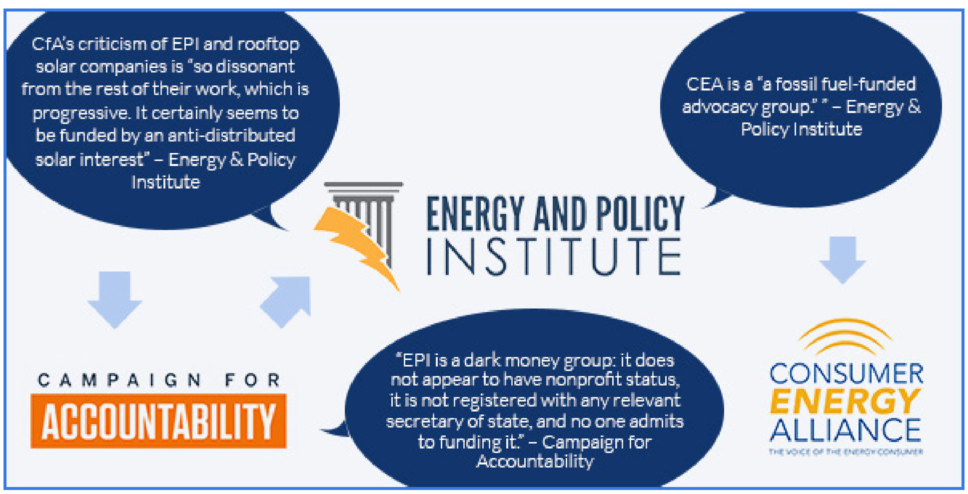
The Murky World of Public Affairs Activism: Astroturf, Secret Donors and 'Swampetition'



The Campaign for Accountability, Energy and Policy Institute and Consumer Energy Alliance have attacked each other. (p. 3) | © *RTO Insider*

Also in this issue:

Mexican Regulator Says Market Reform Results 'Clear'

By Tom Kleckner

MEXICO CITY — Participants in Mexico's reformed electricity market point to its growing pains and lack of transparency when saying "it needs legs."

Marcelino Madrigal, one of seven commissioners on the country's Energy Regulatory Commission (CRE), takes a more glass-half-full approach to the 2014 reforms.

"It has been four years of implementing the electricity energy reforms, but the actual results are there," Madrigal said during a recent *Gulf Coast Power Association* breakfast meeting. "The results are clear in terms of success. Basically now, people really have access to this market. We have new companies in the system bringing a cleaner energy supply. ... This has provided an opportunity for everyone to invest, from really large companies to small ones, to even the households with solar panels."

And indeed, there are bright spots in the market. CRE has issued 533 generation permits

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In this week's issue

The Murky World of Public Affairs Activism: Astroturf, Secret Donors and 'Swampetition'

Reporter's Notebook

By Rich Heidorn Jr.

WASHINGTON — A public relations agency for the *Consumer Energy Alliance* emailed *RTO Insider* a couple weeks ago after we quoted the Energy and Policy Institute's description of CEA as a "a fossil fuel-funded advocacy group." (See *Trump Nominates DOE's McNamee to FERC*.)

"CEA's description in an [Associated Press] *story* from earlier this year was 'Consumer Energy Alliance, a national advocate for energy consumers,'" the spokesperson said in an email. "We believe the AP is a more credible source."

Well yes, the AP is generally credible. But in this case, it was a bit too credulous.

Although CEA calls itself "the voice of the energy consumer," a look at the group's *membership* list shows 78 "Energy Providers & Suppliers," two-thirds of them oil and gas producers and mining interests.

So, while I credit CEA for the transparency of its membership list, I was a little surprised that the group would invite scrutiny of its motives. Nevertheless, that would have been the end of the story, except for something else that CEA's public relations person, Kristin Marcell, of *SmartMark Communications*, said in her email.

"Since your story referenced the Energy and Policy Institute in your description of CEA, I wanted to share more information about the institute's background according to the *Campaign for Accountability*," she said.

I felt I needed to know if I had quoted a disreputable source. So I clicked on the link. What followed was a trip down a rabbit hole into the murky world of public relations activism, "Astroturf" lobbying and "swampetition."

It was a valuable reminder that one should not take such groups' names and claimed missions at face value, particularly if they do not disclose their members and/or funders. Ultimately, these groups must be judged by what they do and the company they keep, not what they say.

As a window into this world, here's what we learned about these three groups.

What is the Energy and Policy Institute?

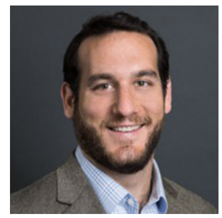
CEA's critic, the *Energy and Policy Institute*, describes itself as a "watchdog exposing the attacks on renewable energy and countering misinformation by fossil fuel interests."

There's little doubt about the group's goals. It has taken on the Koch brothers, ExxonMobil, coal mining company Peabody Energy, and utilities American Electric Power, Dominion Energy and Duke Energy, among others. What it hasn't done, however, is provide any information about who is funding its work.

Daniel Stevens, Campaign for Accountability | *Twitter*

"EPI is a dark money group: It does not appear to have nonprofit status, it is not registered with any relevant secretary of state, and no one admits to funding it," the Campaign for Accountability said in a 2017 *report* that called it "just as secretive as the organizations it exposes." CfA Executive Director Daniel Stevens summarized the findings in a July op-ed in the conservative *Washington Examiner* titled, "How the Energy and Policy Institute dupes the media into covering its work," alleging that EPI "appears to be funded by interests or persons that profit financially from its work."

Indeed, the institute provides no information on its members or financial backers, *saying* only that it "does not receive funding from corporations, trade associations or governments."



David Pomerantz, Energy and Policy Institute | *Energy and Policy Institute*

Executive Director David Pomerantz, a former Greenpeace organizer, defended his group's reticence.

"We're clear about the kind of entities we accept money from," he said in an interview. "We don't take money from corporations, we don't take money from solar companies, we don't take money from wind companies or any other interest that could benefit from our work."

Are you a nonprofit?

"We have a fiscal sponsor."

Meaning you're an affiliate of another organization?

"To be honest, we tend not to get into it because it inevitably leads to questions about who our specific funders are. And our work is pretty confrontational, with pretty powerful companies who have not been shy about attacking funders," he said. "So we try to protect them from that. The way we describe ourselves is as a watchdog group whose funding comes from nonprofits."

Pomerantz said EPI would not be required to disclose its donors even if it filed an IRS Form 990. In July, the IRS *ended* the requirement that nonprofit organizations registered under Section 501(c)(4) of the tax code as "social welfare" organizations report the names of donors who contributed more than $5,000 in a year. (Those names are redacted on the publicly viewable forms the groups file, leaving only the amounts visible.) The change did not affect nonprofit groups whose primary focus is influencing political campaigns, which remain required to report the names of large donors.

"Political spending — those donors have to be disclosed," Pomerantz said. "That's not the kind of work that we do."

Pomerantz makes it clear that his group, unlike CEA, does not claim to believe in an all-of-the-above fuel strategy. "We're passionate advocates for renewable energy and for [fight-

THREE GROUPS COMPARED

	Consumer Energy Alliance	Energy and Policy Institute	Campaign for Accountability
Members/funders disclosed?	Yes	No	No
File IRS form 990?	Yes	No	Yes
Is stated mission consistent with all its actions?	No	Appears to be	Unclear

The Campaign for Accountability, Energy and Policy Institute and Consumer Energy Alliance differ in their transparency and in the consistency of their actions and stated missions. | © *RTO Insider* ing] climate change. And the fact that we're getting these kinds of attacks to me says that we're being effective." "I think we've developed a track record for our research that's pretty rock solid, and nobody's really attacked that. … Instead, they're looking for these kinds of ad hominems. And I think we've got that no matter what, regardless of what level of disclosure we provide."

CfA's report on EPI was published in June 2017, about three months after EPI released *reports* accusing some investor-owned utilities and their trade group, the Edison Electric Institute, of conducting "a comprehensive campaign to weaken the solar energy market" by fighting net metering and using "disinformation."

EEI spokesman Jeff Ostermayer defended the industry's opposition to "outdated net metering policies" and said IOUs and other utilities provide "69% of all solar energy on the grid and virtually all the geothermal, hydro and wind energy."

"A fair system of net metering means paying private solar customers the same, competitive price electric companies pay for other solar energy, instead of above-market rates that result in higher costs for all customers," he said. "If private solar customers continue to use the energy grid — for backup power and to earn credits for selling energy back — then they should share in the costs of operating and enhancing the energy grid like all other customers."

EPI also issued a *report* in May 2017 detailing how utilities pass through their EEI dues to ratepayers in their general operating expenses. "This widespread practice results in ratepayers subsidizing the political activities of EEI, with which they may not agree and from which they may not benefit," the group said, citing utilities' advocacy for increased fixed and demand charges.

"I think we've developed a track record for our research that's pretty rock solid, and nobody's really attacked that. … Instead, they're looking for these kinds of ad hominems. And I think we've got that no matter what, regardless of what level of disclosure we provide."

— David Pomerantz, Energy and Policy Institute

Ostermayer said EPI has provided no evidence that EEI has failed to comply with state and federal laws addressing lobbying and expense reporting.

State regulatory commissions "conduct open and transparent regulatory rate review proceedings to determine what costs regulated energy companies can appropriately recover. … The lobbying portion of EEI's dues, which is not recoverable, is calculated and reported each year using the Internal Revenue Code's (IRC) definition of 'lobbying and political activities' as required to be reported on IRS Form 990," Ostermayer said. "In filings required under the Lobbying Disclosure Act, EEI elects to use the same IRC definition, which broadly captures not only federal lobbying, but also state and grassroots lobbying and political activities. EEI activities in certain regulatory proceedings and communications efforts, for example, are not lobbying as defined by federal law. … EPI cannot change the definition of 'lobbying,' as set by law, to fit EPI's own definition."

EPI also reported in October 2016 that CEA has attacked policies supportive of solar energy, such as tax credits and net metering, while deliberately misleading the public with claims that it is "pro-solar."

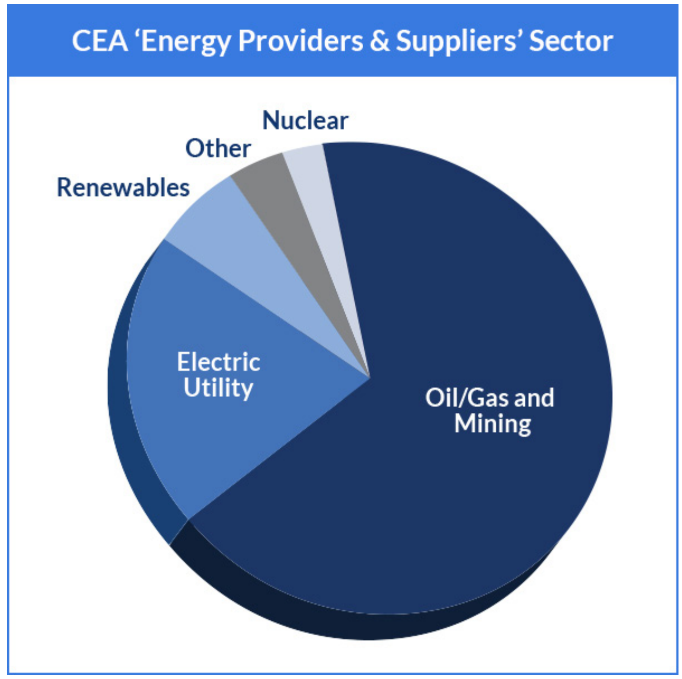
EEI, which is a CEA member, said it has never provided funding for the CfA and had no role in CfA's report criticizing EPI.

What is the Campaign for Accountability?

CAMPAIGN FOR ACCOUNTABILITY

Next, I felt I needed to learn more about the Campaign for Accountability. It was co-founded in 2015 by Anne Weismann, former legal counsel for the well-known liberal watchdog group *Citizens for Responsibility and Ethics in Washington* (CREW) and former CREW Chairman Louis Mayberg. Executive Director Stevens also is a former CREW staffer.

Much of CfA's work has been similar to that of CREW in *raising* ethical questions about members of Congress and others. But the group also has taken on projects that suggest it may be driven in part by business interests rather than just a desire for good government.



Two-thirds of the Consumer Energy Alliance's members in the "energy providers & suppliers" sector are involved in oil or gas production or mining. | *Consumer Energy Alliance*

In 2016, the organization launched "The Google Transparency Project," which has produced reports on the revolving door between Google and the federal government, and allegations that Google-funded academics were influencing federal policymaking. In September, the group issued a *report* claiming to have purchased ads on Google while posing as the Russia propaganda agency that sought to influence the 2016 U.S. election.

CfA became its own 501(c)(3) in 2017, after beginning as a project of the New Venture Fund.

Unlike EPI, CfA does file a Form 990. Its filing for 2017 lists $995,000 in income from only four unidentified donors, the largest of which provided $850,000, 85% of the total. Although the filing does not list donors, Oracle — which has battled Google in an intellectual property lawsuit and other matters — *confirmed* in 2016 that it has contributed to CfA. CfA's parent, the New Venture Fund, has received millions in funding from the Bill & Melinda Gates Foundation and the William and Flora Hewlett Foundation, according to *reporting* by Ethan Baron, of the San Jose Mercury News.

Last month, a blogger for the Computer & Communications Industry Association (CCIA) included CfA's receipt of contributions from Oracle as an example of what he called "swampetition," defined as "manipulating regulators into attacking one's competition."

It "is a strategy with adherents in Washington, Brussels and beyond, although it is rarely front-page news," wrote Matt Schruers, CCIA's vice president for law and policy. "Hamstringing competitors in the political swamp instead of beating them in the market is often deployed by legacy industries against disruptive upstarts," he wrote in a *blog post* Sept. 28. "It can also be used by small firms to cripple larger opponents. As a result, leading businesses are common targets of swamp warfare."

[CCIA defines itself as a nonprofit that "promotes open markets, open systems, open networks and full, fair and open competition in the computer, telecommunications and Internet industries." Its *members* include Google, Samsung, Sprint and Amazon — but not Oracle, Microsoft or Hewlett Packard.]

EPI's Pomerantz said he was puzzled by CfA's attack on his group and its work *criticizing* deceptive sales and marketing practices by rooftop solar providers. "It's so dissonant from the rest of their work, which is progressive. It certainly seems to be funded by an anti-distributed solar interest," he said, adding that he had no evidence to back his suspicion.

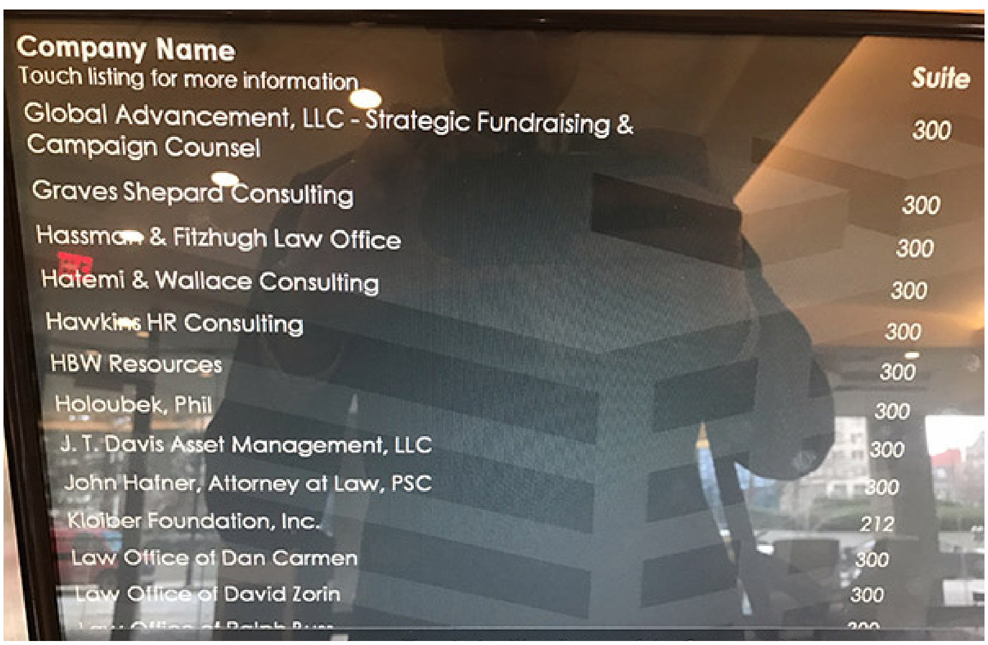
In an interview, CfA's Stevens described his organization as a "progressive watchdog group." He said CfA began investigating EPI after seeing the group's research cited in defense of solar, including during a 2016 campaign over a Florida ballot measure. "Their name just kept popping up, so we started to [ask] who is this group?" Stevens said.

The Florida Amendment 1 campaign, which was backed by utilities, would have added language to the state constitution that could have increased fees for solar users and insulated utilities from competitors.

Last month, a blogger for the Computer & Communications Industry Association (CCIA) included CfA's receipt of contributions from Oracle as an example of what he called "swampetition," defined as "manipulating regulators into attacking one's competition."

The measure, on which Florida Power & Light, Duke and other utilities spent more than $20 million, *failed* after disclosure of a recording in which a prominent supporter of the measure acknowledged that the amendment was an act of "political jiu-jitsu," with utilities portraying it as pro-solar. Sal Nuzzo, policy director of the James Madison Institute, told conservative activists that the amendment was "an incredibly savvy maneuver" that "would completely negate anything [pro-solar interests] would try to do either legislatively or constitutionally down the road."

Stevens denied his group functioned as paid attack dogs. "We have put all our cards on the table," he said. "We're following the law exactly as designed."



The Energy and Policy Institute said it discovered the address for the Consumer Energy Alliance's Lexington, Ky., office is occupied by lobbying firm HBW Resources. | *Energy and Policy Institute*

But his answers left room for other interpretations.

Q. Do you ever take funding specifically in return for a given project?

"Oh no, definitely not. We have our work, and we conduct our work, and then people are free to support our work, but they don't get any control over what we do or who we're looking into."

Q. So the suggestion that, because Oracle has been at odds with Google, Oracle was funding your Google Transparency Project, that's not accurate?

"That's not accurate."

Q. Do you fundraise around individual projects?

"Not that I can think of."

Q. So your fundraising is around your overall work? You're not fundraising around individual projects?

"I think that's right."

Q. When you say you think that's right, that sounds like you're leaving a little wiggle room.

"That's how you characterized it, so that's fine. … You can quote me, or you can characterize it how you want, but I said what I said."

What is the Consumer Energy Alliance?

Having interviewed principals at CfA and EPI, I circled back to the Consumer Energy Alliance, hoping for an interview with one of its leaders. Yet, after having invited the scrutiny, CEA suddenly became reticent, saying in emails in early October that it would be unable to provide anyone for an interview and suggesting we meet with one of their executives at the National Association of Regulatory Utility Commissioners conference in mid-November. Happily, President David Holt agreed to an interview when we asked again on Oct. 24.

In addition to its 78 energy providers, CEA also lists as members five "Academic Groups" and 146 "Consumers/Business/Agriculture/Industry/End-Users" — mostly trade organizations, chambers of commerce and labor unions. It also claims to have 500,000 other "members" — individuals who have signed up on its website to

HBW Resources partner David Holt, president of Consumer Energy Alliance | *HBW Resource* receive information.

CEA's mission, as stated on its website, is a bit muddled. It claims to be both the "voice of the energy consumer," and to "provide consumers with sound, unbiased information on U.S. and global energy issues." (Emphasis added.)

So, is CEA the "voice" of the consumer or is it attempting to whisper into the consumer's ear?

"I think it goes in both directions," Holt said. "The foundation behind the Consumer Energy Alliance is [that] energy impacts every man, woman and child in the U.S., and there was not an organization that really talked to these other economic sectors around the country — the farming community, the manufacturing sector, and transportation and small businesses, and just basic families from a personal security standpoint — [about] how we can continue environmental improvement while we meet our basic energy needs."

EPI and other critics say CEA is neither the "voice" of consumers nor a provider of "unbiased" information to them.

CEA's policy positions are unabashedly pro-energy development. CEA has supported increased offshore and land-based oil and natural gas drilling and the Keystone XL pipeline to deliver oil from Canadian tar sands to U.S. refineries.

Holt said all policy campaigns are decided by CEA's nine-member *board of directors*, which meets monthly via conference call and twice a year in person. In addition to Holt, the all-male board includes executives from the airline, manufacturing, insurance, retail and petrochemical sectors; none has a background in consumer advocacy.

CEA's 2016 Form 990 shows it received almost $2.6 million for the year and paid more than $1.1 million to HBW Resources, the public relations and lobbying firm Holt founded with Andrew Browning (CEA chief operating officer) and Michael Whatley (CEA executive vice president).

Houston-based Holt formerly worked for oil and gas trade publisher Hart Energy Services, the Texas Railroad Commission, the U.S. House Judiciary Committee and the U.S. State Department. He started his public affairs business in about 2004, which he said led to the formation of CEA in 2005. "And then as business continued to expand, [HBW was formed]. And now have a pretty vibrant organization with offices in … eight states around the country," he said.

In 2011, Salon published a *report* detailing the role of Whatley and CEA in what it called a "stealthy public relations offensive … designed to manipulate the U.S. political system [and] deluge the media with messages favorable to the tar-sands industry." It quoted a Natural Resources Defense Council analyst's description of CEA as a "front group that represents the interests of the oil industry."

HBW Resources partner Michael Whatley, executive vice president of Consumer Energy Alliance | *HBW Resource*

According to his *biography* on the HBW website, D.C.-based Whatley served as a "senior advisor" to the Trump-Pence campaign and transition team and "represents companies in the energy and transportation sectors before the U.S. Congress, the federal government, agencies and state governments." HBW *reported* $850,000 in lobbying revenue to the U.S. Senate in 2017, including CEA, oil and gas producer Noble Energy, and Sunnova Energy, a residential solar and battery storage technology service provider.

The Consumer Energy Alliance was formed to highlight "how we can continue environmental improvement while we meet our basic energy needs."

–David Holt, president of Consumer Energy Alliance

On Holt's *biography* page, HBW's "core expertise" is defined as "implementing and managing expansive energy-specific advocacy campaigns to generate a full complement of stakeholder, media and grassroots support for thoughtful, positive energy development."

Critics such as the Center for Media and Democracy's Sourcewatch *say* HBW and CEA are actually practitioners of "Astroturf" lobbying — corporate-funded campaigns that appear to be grassroots efforts.

"Anybody with a keyboard and a blog, they can kind of say anything they want to say," Holt responded. "There have been organizations that have said this about us in the past that frankly we've never even responded to because it's in a way so outlandish. … That's not how we do business."

In 2014, however, the Wisconsin Public Service Commission *rejected* a petition submitted by CEA that listed the names of 2,500 state residents it claimed opposed net metering and supported the utilities' requests for fixed-rate increases. The PSC excluded the petition from the record after some customers complained their names had been included without their consent.

In 2016, more than a dozen people complained to FERC that CEA had sent letters to the commission in their names falsely claiming they supported the proposed 255-mile Nexus gas pipeline from eastern Ohio to Ontario, Canada (CP16-22).

Holt said CEA was "absolved" in the Wisconsin case but agreed with the PSC's decision to exclude its petition from the record — which ended the commission's investigation into the matter.

CEA told the Cleveland Plain Dealer it had generated the letters based on a robocall survey, but some of those named insisted they had not been called. Nexus' developer, Spectra Energy, is a CEA member.

Holt said CEA erred in attributing the survey responses to the name of the person registered at a given phone number even if another family member answered. "Say your daughter answered the phone and … agreed [to submit a letter], it was submitted on behalf of the phone of record, which clearly is not what we want to have happen. So we've discontinued that. Lessons learned, and we're continuing to get better."

Holt's explanation didn't fly with Mary England, whose husband was one of those in whose name letters supporting the pipeline were sent. "My husband has been dead since 1998," England *told* the Plain Dealer.

Holt told the paper that Spectra had not commissioned the Nexus campaign. Asked by *RTO Insider* if CEA ever raised funds for individual campaigns, he acknowledged, "Yeah, we've done that a time or two in the past."

Many environmental and watchdog groups have criticized CEA's campaigns, which include helping to *defeat* a fracking ban in Pennsylvania, opposing federal low-carbon fuel standards and *working* with EEI to lobby the Interior Department to reduce barriers to siting energy infrastructure on federal land. Its current *campaigns* support natural gas pipelines and oil and gas drilling offshore and in Alaska and Colorado.

Is there anyplace CEA thinks oil and gas drilling should be banned?

"I wouldn't say one way or the other," Holt responded, before adding. "I'm sure there are.

"I've been very clear we are very strong supporters of the environment. I would think that environmental considerations need to be weighed along with energy solutions in making sure we have the proper balance." ■

McIntyre Steps Down; Chatterjee Named FERC Chair

Continued from page 1

this summer."

"However, I very recently experienced a more serious health setback, leaving me currently unable to perform the duties of chairman with the level of focus that the position demands and that FERC and the American people deserve."

Neil Chatterjee | © *RTO Insider*

Chatterjee, a Republican like McIntyre, had served as chair for several months last year before McIntyre's arrival. In a statement Wednesday, he said he took the chairmanship "with a heavy heart … while my friend and colleague, Kevin McIntyre, focuses on what's most important: his recovery and his family."

"I am confident that the commission will continue to benefit from his consummate knowledge of the law and of energy policy through his service as commissioner. On behalf of the entire FERC community, I wish Kevin and the McIntyre family continued strength and resolve at this challenging time."

Chatterjee praised McIntyre for his "steadfast leadership."

"Although this is a difficult period for the commission, I want to assure my fellow commissioners, staff within the building and stakeholders outside it that it's my full intention to build upon Kevin's hard work. But above all, I look forward to the day when my friend is back at full capacity."

Commissioners Cheryl LaFleur and Richard Glick also issued statements on the transition.

"I am very sorry to hear about Chairman McIntyre's decision to step down as chairman. I want to extend my warm wishes to him for his recovery, and I look forward to continuing to work with him. He and his family are very much in my thoughts during this time," LaFleur said. "I also look forward to continuing to work with Chairman Chatterjee in his new role. This is a time for close cooperation among everyone at the commission, and I will work as hard as I can to keep our work moving forward.

"We have experienced a lot of change and transition during my time at the commission," she continued. "I know that our wonderful employees will stay strongly focused on their important work and the mission of the organization during leadership changes, as they have in the past. We are very lucky to have such a strong team in place across the commission."

"It is far more important that Kevin focuses his efforts on recovery than on the additional executive responsibilities of the FERC chairman," Glick said. "I look forward to continuing our close working relationship. I will continue to work with my colleagues on the commission's important responsibilities. FERC rightly has a reputation and tradition of being a nonpartisan decision-making body. In the coming weeks, let us reaffirm our commitment to consensus building and to maintaining the agency's independence as we engage the nation's energy business."

"I thank Chairman McIntyre for his leadership at the agency and pray for his swift recovery and return to good health as he continues as a commissioner," said Sen. Lisa Murkowski (R-Alaska), chair of the Senate Energy and Natural Resources Committee. "I'm confident that Chairman Chatterjee will once again effectively lead the agency, and I will work with my Senate colleagues to restore a full complement of commissioners as quickly as possible."

McIntyre said he would relinquish the FERC chairmanship's additional duties "so that I can commit myself fully to my work as commissioner, while undergoing the treatment necessary to address my health issues."

McIntyre told Trump he "will forever be grateful for the opportunity to serve as chairman and for the trust and confidence you placed in me to lead FERC at such a critical time in its history."

Kevin McIntyre | © *RTO Insider*

2-2 Split Maintained

By stepping down from the chairmanship but remaining on the commission, McIntyre is ensuring that the panel maintains the 2-2 Republican-Democrat split it has had since the resignation of Republican Commissioner Robert Powelson in August.

The 2-2 split could threaten pending gas pipeline certificate cases. Democrats LaFleur and Glick have insisted the commission's analyses include consideration of downstream greenhouse gas emissions, which McIntyre and Chatterjee have opposed.

Earlier this month, Trump nominated the Department of Energy's Bernard McNamee as Powelson's replacement. McNamee is scheduled for a confirmation *hearing* before the Senate Energy and Natural Resources Committee on Nov. 15. (See *Trump Nominates DOE's McNamee to FERC*.)

ClearView Energy Partners predicted in a message to clients Thursday that McNamee will be confirmed during the lame duck session following the mid-term elections.

"However, if the Senate focuses on other business, the White House might nominate a Democrat to take over from Commissioner Cheryl LaFleur, whose term expires on June 30, potentially early in the new year," ClearView said. "It is often (but not always) easier for a narrowly divided Senate to more expeditiously confirm nominees in bipartisan pairs, as both sides are theoretically motivated to approve both nominees in order to ensure the ascension of their preferred candidate." ■

CAISO/WECC News

CAISO Updates Storage as Transmission Asset Plan

By Hudson Sangree

Storing wind and solar energy to use later is a major challenge for California. | *Pixabay*

Stakeholders weighed last week on CAISO's *second revised straw proposal* to treat storage as transmission assets (SATA) for purposes of accessing market revenues.

The *SATA plan* deals with storage resources providing reliability-based transmission services, but it specifically excludes consideration of whether those resources are connected to transmission or distribution lines and leaves them out of the transmission planning process, for now.

During a conference call to discuss the proposal Oct. 23, Karl Meeusen, the ISO's market design and regulatory policy lead, said major questions under consideration include "how to utilize [a storage resource] if it is selected for cost-of-service" recovery as a transmission asset and, once selected, how it could participate in the market to the benefit of ratepayers while ensuring it is used efficiently and effectively.

Transmission assets have traditionally fully recovered their costs through CAISO's transmission access charge (TAC), but the ISO has *proposed* three cost-recovery options for regional SATA projects.

The first proposal would provide the assets full cost-of-service-based recovery with ratepayers footing the bill via the TAC. The second would involve partial cost-of-service-based recovery and allow projects to retain energy market revenues, leaving the owner with lower recovery through the TAC but more potential upside — and risk — from the market. The third would allow full cost-of-recovery with market revenue sharing between owners and ratepayers to both offset recovery from the TAC and incentivize the resource to bid into the market.

FERC said in a January 2017 policy statement that energy storage facilities should be permitted to provide multiple services and earn both cost- and market-based revenue streams. (See *Storage Can Earn Cost- and Market-Based Rates, FERC Says*.)

In the past few years, CAISO has weighed 27 battery storage proposals and one pumped hydro storage project as transmission assets. But it has allowed only two of the projects to move forward, including one in Oakland. Both were approved in the ISO's 2017/18 transmission plan.

In general, Meeusen said, "We think most storage resources are [better] situated as market resources."

Deborah Le Vine, the ISO's director of contracts, said SATA projects would be covered under contracts that ranged from 10 years for battery storage to 40 years for pumped hydro facilities, reflecting the resources' expected life spans, although most pumped hydro facilities last "a hell of a lot longer" than 40 years, she said.

Some stakeholder concerns have already been addressed, but those that remained include the possibility that SATA projects could suppress market prices and have limited competition.

Another concern expressed by stakeholders was whether the resources would be able to adequately participate in the real-time market; for instance, if a pumped hydro facility would have adequate time to pump water to its upper reservoir or if batteries would have enough time to charge.

Maybe storage projects could also be allowed to participate in the day-ahead market, some commenters suggested.

"I think it's a fair comment to say [a storage project] might need more than three or four hours to charge," Meeusen said. "We need to think about it hard."

Meeusen and other CAISO officials asked for some of the comments to be submitted in writing.

Stakeholder comments on the second revised straw proposal are due Nov. 6. The draft final proposal is scheduled to be released Dec. 10, with a stakeholder meeting planned Dec. 17 to discuss it.

The final proposal will likely go to the ISO's Board of Governors in early February, officials said. ■

CAISO/WECC News

CAISO's CRR Market Yields Summer Surpluses

CAISO's congestion revenue rights market showed unusual surpluses this summer because of higher congestion rents on Path 26, a major transmission line leading into Southern California.

In particular, there was a roughly $50 million surplus in August with sizable surpluses in July and September as well.

Deficits in the CRR market were far more typical than surpluses in 2017 and 2018. The atypical CRR revenue adequacy in August and September was one of the more notable revelations in CAISO's *Market Performance and Planning Forum* on Wednesday.

"The main reason for the CRR surplus was congestion on Path 26," said Rahul Kalaskar, the ISO's manager of market validation analysis.

Kalaskar said there were high flows north to south this summer because of higher temperatures and gas prices. That led to higher energy prices and more expensive cvongestion pricing, boosting overall congestion revenues.

"The main reason for this high congestion is you had high gas prices, and there were some days where you had local outages," Kalaskar said.

A CAISO forum addressed market performance and planning Wednesday. | *CAISO*

Western wildfires — and the threat of wildfires — created market uncertainty and contributed to higher prices, he said. Exceptional dispatches (out-of-market operations to ensure adequate generation) spiked in July and August in the ISO's territory but diminished as the threat of fire and higher loads passed.

Other findings showed integrated forward market prices (which include day-ahead prices) in July and August spiking well above those in real time, but September saw a return of normal patterns. CAISO price correction events stayed high in August and September and Energy Imbalance Market-related price corrections surged in September too. ■

— *Hudson Sangree*

CAISO/WECC News

Western Grid's Future Debated at CPREC-WIRAB Meeting

By Hudson Sangree

The formation of a Western energy market and who might control it were contentious topics of discussion at the fall joint meeting of the Committee on Regional Electric Power Cooperation (CREPC) and Western Interconnection Regional Advisory Body (WIRAB) near Phoenix last week.

Panelists also took on the topic of who will succeed Peak Reliability in the Western Interconnection as the company winds down its operations by the end of 2019. Both CAISO and SPP are vying for Peak's reliability coordinator (RC) business, with CAISO poised to take on customers representing more than 70% of the region's load. BC Hydro is also moving ahead with plans to set up an RC covering its own territory in British Columbia, Canada. (See *CAISO RC Wins Most of the West*.)

Peak CEO Marie Jordan said a major worry is that key employees will leave the organization before it hands off its responsibilities to its successors.

"As we're going down this journey, and we're closing the doors, slippage will be very hard to manage," Jordan said.

In July, Peak made the stunning announcement that it would end its role as an RC and withdraw from an effort to develop a regional electricity market competing with CAISO. (See *Peak Reliability to Wind Down Operations*.) The Vancouver, Wash.-based company said it expected to shut its doors as early as Dec. 31, 2019, after transitioning its customers to other RCs. It was feedback from those customers commenting on Peak's budget discussions that prompted the move to cease operations, Jordan has said.

In a panel Friday on RC services in the Western Interconnection, SPP and CAISO executives contended their organizations are best suited to provide RC in the West after Peak ends operations. Eric Schmitt, CAISO's vice president of operations, said the ISO was already used to working with its western neighbors through its Energy Imbalance Market and other functions, while Bruce Rew, SPP vice president of operations, said the RTO had transitioned RC services before and could "make sure the lights stay on."

The *three-day meeting* in Mesa, Ariz., addressed a dozen subjects including the reliance on natural gas for electricity generation in the West, cybersecurity for the grid, and customer-choice programs that are attracting large electricity loads away from investor-owned utilities.

Peak CEO Marie Jordan | © *RTO Insider*

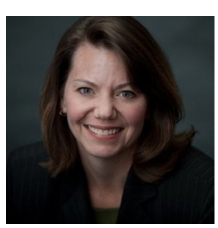
On Thursday, wholesale market expansion in the West provoked a lively discussion among panelists, who debated the merits of CAISO leading a Western RTO — or whether an Eastern RTO such as PJM should tackle the job.

PJM has continued to express interest in developing an organized market in the Western Interconnection despite the downfall of Peak, its initial partner in the effort. (See *Western Regionalization 'No-brainer,' PJM CEO Says*.)

Petar Ristanovic, CAISO | *CAISO*

Petar Ristanovic, CAISO's vice president of technology, said the ISO was most competent to form a Western RTO and questioned what "Eastern entities" could bring to the West at a time when California is trying to reach its goal of relying on 100% renewable and other zero-carbon energy sources by 2045. Eastern states, he said, are still trying to make the transition from coal to natural gas that California went through years ago.

Today, California is dealing with the "ongoing onslaught of intermittent renewables," such as wind and solar, and looking to a future that includes the possibility of millions of electric vehicles charging at night. In addition to traditional morning and evening peak demand, "Who knows, we may get three peaks," Ristanovic said.



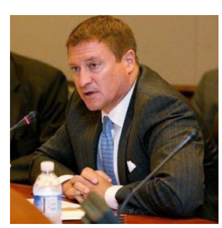
Therese Hampton, Public Generating Pool | *LinkedIn*

Therese Hampton, executive director of the Pacific Northwest's Public Generating Pool, an association of 10 consumer-owned electric utilities in Washington and Oregon, said CAISO had started as a single-state entity while other organized electric markets, including PJM, were formed as multistate organizations.

She said a Western RTO would need a governance structure that was independent of California's political leaders, unlike CAISO, and large enough to include a diversity of interests and representatives from multiple states.

Her organization, she said, recently supported California's AB 813. The bill, which failed to get a full floor vote in August, would have started the process of turning CAISO into a multistate entity by creating a governing board independent of the governor and legislature. (See *Can Calif. Go All Green Without a Western RTO?*)

Scott Miller, executive director of the Western Power Trading Forum, echoed her sentiments.



Scott Miller, Western Power Trading Forum| *LinkedIn*

Why, he asked, would Western states join a CAISO-led RTO if CAISO's governance structure wasn't altered, thus putting them "under the control of political elements in Sacramento"?

"You'd be foolish to do such a thing," he said. ■

ERCOT News

Mexican Regulator Says Market Reform Results 'Clear'

Continued from page 1

through September, much of it for rooftop solar. It has also registered 22 power marketers and issued 49 permits for retail market-qualified suppliers and four for basic suppliers. (Basic services are defined as pre-regulatory reform contracts and new contracts less than 1 MW, while qualified services are defined as demand 1 MW or greater, acquired directly or through the wholesale market's qualified suppliers.)

The Ministry of Energy (SENER) says that clean energy sources were responsible for 21.1% of Mexico's power in 2017, though large hydro dams accounted for about 85% of that figure. Given that, it would seem the electricity sector is on track to meet its clean energy goals, set by the 2013-14 constitutional energy reforms, of generating 35% of its power from renewables by 2024.

Madrigal said 20.7 GW of clean energy is currently in operation, with another 28.5 GW planned. In comparison, CRE has granted permits for 22.2 GW of new fossil generation.

"We are living in two worlds," Madrigal told his audience, which included the Mexico chapter of the Women's Energy Network. "We are seeing a worldwide decrease in the cost of wind and solar. This is the new world, where new generation comes with very competitive prices. It comes quickly and very fast.

"What is the old world? It's the one we're used to. Old technologies, coal, fossil fuels, things like that. The rapid development of renewables creates … new opportunities with lower prices and cleaner fuels that the consumer is already accessing."

Madrigal said the key to the new world is consumer access, which leads to greater comfort as the industry changes.

"The rules to access this new world are already there," he said, pointing to capacity and clean energy certificate auctions at the wholesale level and the growth of distributed generation.

"You can access those opportunities," Madrigal said. "We're seeing those lower prices in the markets worldwide, not only Mexico. The instruments are there, and people are using those instruments. Factories, small enterprises are using rooftop solar. Big companies are accessing the auctions. About 30% of demand comes from private consumers. This is a good signal. The consumers are realizing there is this new world of opportunities."

CRE Commissioner Marcelino Madrigal | © *RTO Insider*

Understanding the Opportunities

Madrigal referred repeatedly to the importance of the retail market, where less than 1% of consumers have selected power from a registered qualified supplier. The state-owned utility, the Federal Electricity Commission (CFE), has long been the country's sole provider and is the second most powerful company in the country, second only to the state-owned oil company, Pemex.

"If you give consumers the opportunity to acquire their own energy, they will do it," he said. "It's just a process of understanding the opportunities in the market and a mindset change. You have to now understand you have options in acquiring energy, as you do in any other [market]."

Madrigal doesn't compare Mexico's retail market to California's or PJM's. He compares it to Chile, Colombia and Peru, which have had retail markets up and running for as long as 30 years. In Chile, qualified suppliers provide fully two-thirds of the retail power, while in Peru and Colombia they account for 46% and 32%, respectively.

"We still have a way to go. We're at 1%, but it's only been a year," Madrigal said. "I expect this market will go gradually, but maybe I'm too ambitious."

He very well may be. One market participant said consumer choice may be touted as the end game, but there has been "absolutely zero effort" to promote or facilitate the market.

Other challenges abound. Madrigal said a key

ERCOT News

Successful participants in Mexico's three long-term auctions | *CRE*

will be a successful first financial transmission rights auction, which is scheduled for January after months of delay. The auction's contracts will only cover three years, leading market participants to ask how they finance a 15-year purchase agreement with only three years of pricing security.

Not surprisingly, the lack of clarity over FTR costs means not a single bilateral renewables contract has been signed between a generator and a consumer.

"I believe the FTR market is crucial for the qualified supplier market. You need an instrument to manage congestion risk … that is the key part that this market needs," he said.

Madrigal also lists better financing instruments for smaller-scale investments in renewable energy and a greater understanding of the retail market by the qualified segment as hurdles to overcome.

"For the most part, the main pieces of the regulatory framework have been completed," said Madrigal, who was appointed to CRE in 2014. Each commissioner serves a seven-year term, with one rolling off every year.

The Path Forward

Market participants complain about a lack of transparency, especially with retail rates. CRE established a methodology to determine rates earlier this year, but SENER quickly rescinded the new rates and approved a confusing "deferred" application when prices skyrocketed and consumers protested. (See "Market Architect Calls for Increased Transparency," *Overheard at the GCPA Mexico Electric Power Market Conference*.)

"Tariffs today are not the same as they were," he said. "The user needs to be more comfortable with the scheme. Once they understand it, of course, maybe they'll feel more comfortable in accessing the other options in the market. More renewables are coming online in 2019 and 2020. The market will gradually start to pick up a little bit more. You need fresh energy to be competitive, and that energy is coming online."

Indeed. Zuma Energia in August dedicated its $600 million Reynosa 1 project, the country's largest wind farm at 424 MW of capacity, in the state of Tamaulipas. A result of the second long-term auction in 2016, it's located on community lands known as ejidos. (See *Land Rights a Challenge to Mexico Tx Developers*.)

The largest solar plant in the Americas, Enel Green Power's 232-MW, $160 million Tlaxcala project, is scheduled to open next year.

All indications are the market reforms will continue. July's election of Andres Manuel Lopez Obrador abruptly brought his left-wing party into power. While Lopez Obrador has talked of taking a wait-and-see approach to the petroleum sector's reforms, most industry insiders expect him to leave the electricity market alone.

Madrigal said the transition meetings — Lopez Obrador's administration won't be sworn in until Dec. 1 — at SENER are going well. He said

"Now, people really have access to this market. We have new companies in the system bringing a cleaner energy supply. … This has provided an opportunity for everyone to invest, from really large companies to small ones, to even the households with solar panels."

– Marcelino Madrigal, CRE

CRE is represented "in case they want to know something about how the regulations work."

Staying on message, Madrigal said, "The work continues as normal. We have our regulatory program, and we are implementing it. We've been developing a framework where everyone can access this market. There have been clear, good results.

"The implementation of reform is something that takes time, but the benefits for everyone will come with a little bit more time," he said. "I think the results so far indicate to us that this is the path forward." ■

ERCOT News

Overheard at TREIA GridNEXT 2018

Panel Discusses 50% Renewable Energy by 2030 Goal

TREIA's GridNEXT 2018 | © *RTO Insider*

GEORGETOWN, Texas — The *Texas Renewable Energy Industries Alliance*'s (TREIA) 2018 GridNEXT Conference attracted a devoted group of renewable energy developers and marketers to a three-day discussion of how renewable technologies in Texas are transforming the "grid of the future." Attendees participated in panel discussions on building sustainability with renewables, planning for a resilient system and recoverability, and building community engagement.

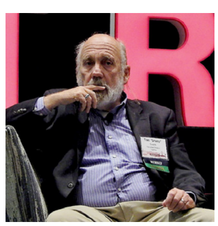
Skaia Energy's Ingmar Sterzing | © *RTO Insider*

TREIA board of directors member Ingmar Sterzing, a partner in renewable project developer *Skaia Energy*, moderated a leadoff panel that looked at the organization's vision of reaching 50% renewable energy in Texas by 2030. He said the state, which already leads the nation with more than 18% of renewable-generated electricity, can produce enough power from additional wind (15.5 GW), solar (43.3 GW) and storage (550 MW) resources to reach that 50% figure.

"I'm told current plans for batteries already exceed this capacity. These capacity values seem high, but they are in line with recent trends in new wind development," he said.

Sterzing said regulators and traditional utilities could find themselves subject to "disintermediation" — in which the middleman in a transaction gets cut out of a process — if they don't adjust quickly to new products and services.

"You figure it takes 10 years to build a coal plant. The old utility moves at that pace because of big, chunky additions that take advantage of centralization and economies of scale," he said. "The retail consumers are not going to wait around when scarcity presents itself. There are substitute products on the market that are economic, and if we don't get out in front of it, the consumers are going to do what they're going to do, without concern for stranded costs or integrated operations. The regulators are going to have to pick it up, or the industry won't be able to get out in front with integrated products and services that interface with batteries, distributed generation and electric vehicles."



Tom "Smitty" Smith | © *RTO Insider*

"It's that process by where we set a vision, then come together to determine the technical problems that keep us from getting there, that has Texas in the lead," said Tom "Smitty" Smith, a prominent Texas environmental activist and executive director of the Texas Electric Transportation Resources Alliance (*TxETRA*). "We've done well to tie ourselves with the vision of the future. We can move on to other things, because wind is now cool. We have to continue to capitalize on renewables."

Dean Tuel, global vice president of sales for Younicos, an energy storage company, said economics will be the limiting factor in TREIA's "50% by 2030" goal.

Skaia Energy's Ingmar Sterzing moderates a panel including (left to right) TxETRA's Tom "Smitty" Smith, Younicos' Dean Tuel and ATG Energy's Patrick Woodson. | © *RTO Insider*

"It's always economics. The cost of new technologies are always a challenge in the early phase," said Tuel, whose company was acquired this month by Aggreko, a provider of mobile and modular power.

"We need to get to where we're seeing 4- to 5-MW land-based turbines until we get the economics to where they should be," *ATG Energy* founder Patrick Woodson said.

"The key is simply getting people to adopt new technologies and move away from their old way of thinking," Tuel said. "How do you pull them in? Make the economic case."

AEP Texas cited cost effectiveness in attempting to install two battery storage facilities in West Texas and classify them as distribution assets, the panel noted. The Texas Public Utili-

Younicos' Dean Tuel (center) and ATG Energy's Patrick Woodson listen as Skaia Energy's Ingmar Sterzing explains TREIA's 50% by 2030 plan. | © *RTO Insider*

ERCOT News

ty Commission rejected the utility's proposal in January, but it opened a rulemaking to address "non-traditional technologies in electric delivery service" (Project *48023*). (See *PUC Opens Rulemaking on Distributed Battery Storage*.)

Smith said the three-person PUC may be the best commission since Pat Wood III and Judy Walsh were among the vanguard deregulating Texas' electric industry in the late 1990s. However, Smith said, the commissioners, who have all been appointed since September 2017, "don't want to issue policy statements" and would prefer to see what develops during the 86th Texas Legislature when it convenes in January.

New energy policy is unlikely, Smith said, with a new House speaker and new chairs on its energy policy-setting committees.

"We're at a point where not much may happen this session," he said.

'Imminent Grid': Job Market of the Future?

Ken Donohoo, a director with the *Electric Power Engineers* consulting firm after 25 years with Oncor, said what he called the "imminent grid" presents a crossroads for the transmission and distribution sector. He said decisions on the grid made today will affect how power is supplied for decades to come.

"The traditional grid is a one-way system. We're headed to a multi-way system," said Donohoo, pointing to distributed energy resources, two-way power flows, block chain and other new technologies changing the market dynamics.

"It isn't just the power systems anymore," he said. "It's the communications; it's the control. It's the Internet."

Donohoo described the imminent grid as being digitized, with remote control, self-regulation and a heavy emphasis on sensors collecting data.

"T&D planning must change and adapt. It's full employment for planning engineers. If you have a son or a daughter, send them to [learn] planning and call me when they graduate," he said.

"The decisions we make today will affect how power is supplied for decades. Whatever we are going to build today, we are going to have to live with it for the next 25 years. We have to understand what the future is bringing, and not blindly go with everyday reactions to what is cost-effective today."

Cities Have Strategies to Meet Renewable Energy Goals

Representatives from host Georgetown and other Texas municipalities said their early investments in renewable energy have paid off — Georgetown officially reached *100% renewable power* in July, while Austin is on track to meet its goal of 55% renewable energy by 2025.

Under a new "*flexible path*" strategy, San Antonio plans to generate about half of its power from renewable energy sources by 2040. Wind and solar energy currently account for about 22% of the city's power.

"Our flexible path strategy is to make strategic decisions, but on a smaller scale," said John Bonnin, vice president of energy supply and market operations for the city's CPS Energy. "We want to plot a course that results in rates affordable for our community but avoid making multibillion-dollar mistakes."

Bonnin said the strategy has already resulted in retiring 800 MW of coal-fired generation, with another 1.6 GW to come offline before 2026.

"Over the next several years, we have to develop and get consensus around a step-by-step approach to meeting customers' needs 10 years from now, and meeting their needs in an acceptable way," he said. "The flexible path is going to have to be just that, to satisfy all the affordability and sustainability criteria we have. We can shore up capacity with solar and wind. There will definitely be cheap power for sale over the next few years."

"Georgetown has been a benefactor of the market, but when you start hearing about 800-MW, 600-MW drops in capacity, it begins to make you feel a little nervous," said Jim Briggs, general manager of the city's utility. "Will we be able to get new strategies into the market fast enough to make up the difference? In looking at batteries and distributed generation, the costs are moving targets."

City of Georgetown's Jim Briggs | © *RTO Insider*

Khalil Shalabi, vice president of strategy, technology and markets for Austin Energy, said the city will be retiring the "lion's share" of its thermal generation between 2020 and 2023. That means the utility will need DER, DG, storage and other "new tools" to pick up the slack.

"We can't run [steam generation] forever," Shalabi said. "It's a problem, but it's also exciting for us to deal with."

Renewable Development Getting High Marks from Communities

Speaking on a panel discussing community-engagement strategies and lessons learned, Duke Energy's Scott Macmurdo said the corporate renewable energy market is "going gangbusters," pointing to a near doubling of last year's 2.7 GW in deals because of consumer preferences.

"Companies are being held to account for what happens in their supply chains," Macmurdo said. "Companies are taking ownership, and that's one of the main drivers behind corporate renewable energy purchasing. The consumers care more and more about where they are sourcing these electrons. It matters with community engagement, because corporations are more sensitive about these issues."

AWEA's Susan Sloan | © *RTO Insider*

Susan Sloan, vice president of state affairs for the American Wind Energy Association, said consumer preference is one reason wind energy is still getting a favorable reaction in the state.

"We're at a point now where we're ready to start building again," Sloan said, noting 5 GW of wind energy is currently under construction in Texas. "People are still interested in seeing more wind and using more wind. They've seen wind as a good neighbor and partner with oil and gas. It's good for the economy; it's good for the environment."

Jeff Risley, chief strategy officer for Oklahoma-based consultancy *Saxum*, said whereas the industry generally receives strong community support, organized opposition has become more prevalent.

"There are organized players in this industry attempting to derail what's happening with renewables. There's lots of money behind them," he said. "We deal with this all the time in Oklahoma. You have to combat those messages with the positives … about solar and wind development.

"We're in the community, talking to people," Risley said. "Then it's figure out if they're pro, con or in the middle. The middles are the ones we're looking for." ■

— *Tom Kleckner*

ERCOT News

ERCOT SHs Debate Need for Market Changes Following Summer Results

By Tom Kleckner

AUSTIN, Texas — ERCOT market participants shared their thoughts with the Texas Public Utility Commission last week on how to address the energy-only market's lack of scarcity pricing and slim reserve margins.

The consensus: There is no consensus.

Power companies and advocacy groups made their pitches during an Oct. 25 PUC technical workshop reviewing the market's 2018 performance during a summer with an 11% reserve margin (Project *48551*). Despite the tight margins and 14 system demand peaks bettering the 2016 record, the ERCOT market handled the summer heat without resorting to emergency actions.

Some participants suggested a shift in the loss-of-load probability (LOLP) used to calculate real-time reserves in ERCOT's operating reserve demand curve (ORDC). Others suggested tweaking the ancillary services market. Still others said the market works just fine, thank you: No changes are necessary.

A common concern was that without higher prices and scarcity pricing this summer, the forward demand curve did not signal a need for additional generation.

"We view this discussion … as whether the current level of risk the signals in the energy-only market construct are delivering are considered acceptable," said Michele Gregg, executive director of the *Texas Competitive Power Advocates* (TCPA), which represents generators, power marketers and retail providers. "The simple fact is that the lack of scarcity pricing only worsened the backward-dating forward curves, making future investment in dispatchable generation even more difficult."

The TCPA recommends shifting the LOLP by up to one standard deviation, a position shared by Exelon.

"We believe the current scarcity pricing will not improve resource adequacy," said Bill Berg, Exelon's vice president of wholesale market development. "As we look ahead the next three or four years, it's obvious to us the fleet is changing. A shift of one should shore up the existing fleet, support the renewable development we think is coming and leave enough new money in the market to incent new generation. We think 1.0 will keep you at a level where you can hold on for a few years."

"We're not afraid of high prices, when they are justified," said Thompson & Knight attorney Katie Coleman, speaking for the Texas Industrial Energy Consumers trade association. "ERCOT is the only truly competitive market in the world, and we are proud of that. We think the market performed well this summer. We think you can expect that kind of performance to continue, because that is what the market is designed to do."

"There's no perfect answer here," NRG Energy's Bill Barnes said. "What we have is a competitive market. When there is scarcity, the prices should reflect a reliability risk. That did not match up this summer."

Steve Reedy, the ERCOT Independent Market Monitor's assistant director, noted several market participants had said similar generator

ERCOT market participant representatives during the PUC's review of the 2018 summer | © *RTO Insider*

outage rates shouldn't be expected again in the future.

"I'll point out that with the lower outage rates, we had a more secure, less risky system this summer, and that fed into the lower prices," Reedy said. "Should we have the same events repeat next summer, but with our normal outage rate, we will see high prices, and we probably wouldn't be talking about the need to change the LOLP."

The PUC is moving quickly to address the feedback, with staff pulling together information from the workshop and written comments for a discussion by the commissioners as early as November.

PUC Chair DeAnn Walker said she wants to get an earlier start planning for the 2019 summer with ERCOT staff, market participants and other governmental agencies than she did last year. She plans to once again coordinate generator and transmission outages and ensure maintenance work is completed by May.

Walker is also scheduling time with Christi Craddick, chair of the Texas Railroad Commission, which regulates gas pipelines, to ensure the lines are operating. The two also worked together before this summer to handle pipeline outages, "but we were working on one contract, one pipeline at a time," Walker said.

"I agree … that 2019 is going to be hard. There's no steel in the ground coming, and everyone wants to move to Texas, but that's a great thing. We keep getting more and more load," Walker said. "I also believe our system and the whole dynamics of the market are changing. It's going to be difficult down the road, and we need to think on that." ■

ERCOT's David Maggio (center) briefs the PUC on the grid operator's summer performance as the IMM's Steve Reedy (left) and ERCOT's Dan Woodfin listen. | © *RTO Insider*

ERCOT News

Texas PUC Briefs: Week of Oct. 27, 2018

ERCOT Re-evaluating Costly CenterPoint 345-kV Project

AUSTIN, Texas — ERCOT told the Texas Public Utility Commission last week that it will produce "higher quality estimates" for a major transmission project that raised the commissioners' eyebrows with its escalating costs.

Warren Lasher, the grid operator's senior director of system planning, said during the PUC's Oct. 25 open meeting that staff are refining its previous studies and analyzing alternatives to CenterPoint Energy's proposed 345-kV line project in the industrial Freeport area south of Houston.

CenterPoint's application for a certificate of convenience and necessity included 30 alternative routes, ranging from 53 to 84 miles in length and $481.7 million to $695.2 million in costs (Project No. *48629*). ERCOT's initial study indicated a project cost of $246.7 million, leading the commission in September to direct the grid operator to take a second look at its analysis. (See ***PUCT Urges 2nd Look at Freeport Project Costs***.)

"We're going to have to spend some quality time thinking through our confidence ... in the cost estimates we have for the alternatives that are different from the ones we presented," Lasher told the commissioners. "We'll do our best to provide as good an information set as we can back to the commission."

Lasher said ERCOT is considering upgrading existing infrastructure as one alternative, which was rejected in the first study because it would create congestion "and the cost associated with congestion," he said.

The commissioners agreed to wait on the analysis before issuing a preliminary order. Lasher said staff would need no more than three months to complete its work.

The Texas PUC's Oct. 25 open meeting | © *RTO Insider*

Hearing Set for Golden Spread Tx Cost of Service Case

The commission consented to a procedural *schedule* that sets a hearing for Golden Spread Electric Cooperative's petition to reduce its transmission cost of service (TCOS) and wholesale transmission service rate (Docket *48500*).

The PUC set a Dec. 21 discovery deadline, with a hearing scheduled Jan. 29-30 at the State Office of Administrative Hearings.

Golden Spread in June requested an annual TCOS of $2.42 million and an annual wholesale transmission rate of 3.6043 cents/kW-year to reflect the recent acquisition of transmission assets from Taylor Electric Cooperative.

Golden Spread's last TCOS case, in 2011, resulted in an ERCOT transmission rate base of $2.54 million and a TCOS revenue requirement of $853,063.

PUC Passes Measure Modifying Energy Efficiency Savings

The PUC approved new "deemed savings" estimates for several utilities' energy efficiency measures, which it said will "encourage additional energy efficiency projects" in the commercial and residential sectors and reduce the offerings' expenses (Docket *48265*).

The proposed calculations will serve as guidelines for estimating savings associated with the installation of program energy efficiency measures. The savings will be used to determine the incentive payments made to energy efficiency service providers.

The order applies to nonresidential door air infiltration and door gaskets for walk-in coolers and freezers, and for residential Energy Star-connected thermostats.

AEP Texas, CenterPoint Energy Houston Electric, El Paso Electric, Entergy Texas, Oncor, Southwestern Electric Power Co., Southwestern Public Service and Texas-New Mexico Power filed the request together.

MidAmerican Wind Increases Holdings to 2.7 GW

MidAmerican Wind has gained equity shares in a pair of wind farms, Blue Cloud Wind Energy's facility near the Texas Panhandle (Docket *48386*) and the Tahoka Wind Project near Lubbock (Docket *48429*).

The PUC approved the transfer of undisclosed equity interests from the wind farms' holding companies to MidAmerican Wind Tax Equity Holdings. MidAmerican owns 2.7 GW of installed generation capacity in ERCOT either directly or indirectly through affiliates or subsidiaries.

Blue Cloud will maintain a managing interest in its 148.35-MW project, which will interconnect with SPP through SPS' transmission facilities. The 300-MW Tahoka project will connect with ERCOT through Sharyland Utilities. ■

— Tom Kleckner

ISO-NE News

Maine PUC Move Poses Hurdle for NECEC

By Michael Kuser

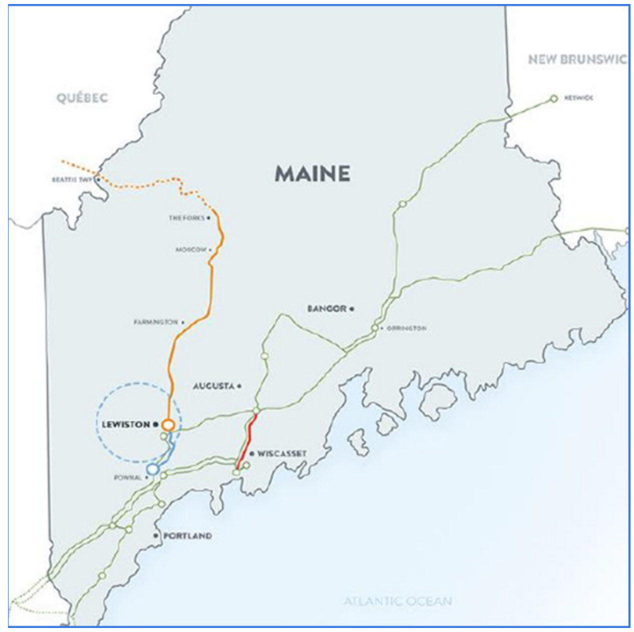
Maine regulators on Friday suspended hearings on Central Maine Power's proposal to bring Canadian hydropower to the New England grid via a 145-mile transmission line across the state.

The move by the Maine Public Utilities Commission poses a significant setback for the Avangrid subsidiary's New England Clean Energy Connect (NECEC) project. During an analyst call Wednesday, Avangrid CEO James P. Torgerson had said NECEC was close to gaining a certificate of public convenience and necessity from Maine and "on track" to receive all permits and final approvals in 2019.

In granting the motion to suspend by NextEra Energy Resources (Docket No. *2017-00232*), the PUC also scheduled an Oct. 31 conference to discuss the additional process and schedule to be adopted in the proceeding.

In a joint letter to the PUC on Oct. 24, generator intervenors and others supporting the motion, including the Natural Resources Council of Maine (NRCM), said CMP "has only recently and very tardily produced certain highly relevant documents previously requested by NRCM and the generator intervenors. Furthermore, there remains a substantial risk that other highly relevant documents will not be produced by CMP and reviewed by the parties until after the currently scheduled hearing dates or even the current the briefing deadlines."

Massachusetts awarded its 9.45-TWh clean energy solicitation to NECEC last winter after the original winner, Eversource Energy's Northern Pass project, was rejected by siting officials in New Hampshire. (See *Mass. Picks Avangrid Project as Northern Pass Backup*.) But Maine stakeholders have been mounting opposition to the line since the announcement. (See *Maine Lawmakers Signal Opposition to NECEC*.)



CMP's $950 million New England Clean Energy Connect project now faces uncertain delays after the Maine PUC suspended hearings on Oct. 26. | *Avangrid*

NRCM attorney Sue Ely said in a statement that "the PUC's decision to delay hearings on CMP's proposed transmission line is a welcome acknowledgement that this process has been moving too fast for a thorough analysis of this massive, incredibly complex and flawed project. ... At the 11th hour, the company finally submitted tens of thousands of pages of documents that are critical to understanding the climate and rate impacts of the proposed power line."

Some of the submitted documents contradict statements in the record made by CMP, she said.

The NRCM and generators contend that Hydro-Quebec will divert hydropower from other markets, therefore providing no reduction and possibly even an increase in greenhouse gas emissions.

"CMP also asserts that NECEC will suppress generating capacity market prices to the benefit of Maine ratepayers, thus raising the question whether Hydro-Quebec has such capacity to sell and, if so, whether it would clear the ISO-NE" Forward Capacity Auctions, the intervenors said.

"Lastly, CMP claims that NECEC offers winter reliability by reducing the need for natural gas in New England during extreme weather conditions, ignoring the potential increase in natural gas consumption that would occur in New York and Ontario if Hydro-Quebec's exports were simply diverted from those markets into New England," they said. ■

ISO-NE NEWS

Connecticut Explores its Energy Future at CPES Event

By Michael Kuser

SOUTHINGTON, Conn. — Battery storage, energy efficiency and offshore wind dominated the discussion at the Connecticut Power and Energy Society's Future of Energy Conference on Oct. 24, along with the question: Who pays for all this progress?

Katie Dykes | © *RTO Insider*

"Storage is fascinating. Like the shapeshifter, it can do so many things," said Katie Dykes, chair of the Connecticut Public Utilities Regulatory Authority.

The most cost-effective place to use and operate storage depends on the revenues being sought, Dykes said, noting that both a rate-based distribution plan and the wholesale energy market can provide a lot of services.

"We really need to get our distribution regulatory framework aligned with the wholesale energy market rules to knit together all those different values," Dykes said. "Trying to get that price signal just right to help people value the benefits from these types of investments [and] doing that in a very holistic way is incredibly important."

Anthony Marone | © *RTO Insider*

Anthony Marone, CEO of Connecticut-based utility United Illuminating, sees storage as working on both sides of the meter.

"Large-scale storage systems, regardless of who owns them, should be on the distribution side and controlled by the utility," Marone said. "The stream of benefits should always be maximized for all ratepayers if they're all paying for that."

Marone also addressed the need to implement demand charges in planning for the increased use of electric vehicles. He noted that if EV adoption goes "through the roof," the absence of such charges would mean utilities are "building a system and spending a lot of money where there's no price signals that recognize that these things are having an impact on the system and everyone's paying for it."

The Connecticut Power and Energy Society hosted its second annual The Future of Energy: What's the Deal? Conference and Exhibit on Oct. 24. | © *RTO Insider*

Roger Kranenburg | © *RTO Insider*

Roger Kranenburg, vice president for energy strategy and policy at Eversource Energy, predicted that the coupling of electricity and transportation will change everything in the energy industry.

"The pie that we're working on is no longer a slice of the pie; it's the entire pie that we're looking to modernize," Kranenburg said. "Engineers love to complain, but they love challenges, and they usually solve them. Look at wind integration onto the system. The biggest challenge is regulators and companies working to balance who pays and who benefits."

William Murray | © *RTO Insider*

William Murray, vice president for state and electric public policy at Dominion Energy, which owns the Millstone nuclear plant in Connecticut, said New England's challenge lies in becoming more dependent on natural gas as the pipeline infrastructure appears incapable of being adequately fed or permitted to expand.

Despite the industry's success in keeping wholesale energy prices low, "we notice that customers don't really care about the subcomponents of their bill; they want to know what's ... the total bill," Murray said. "There are times when our residential rates in Virginia and North Carolina are very competitive with your industrial rates [in New England]."

Energy Efficiency

Bill Luchon | © *RTO Insider*

Bill Luchon, senior manufacturing engineer and environmental leader at Hartford-based manufacturer Legrand, said energy conservation at first offers a lot of "low-hanging fruit" but then gets harder.

Legrand has reduced its energy intensity by 48.5% since it joined a Department of Energy *initiative* for manufacturers in 2011, "which is pretty impressive," Luchon said.

A few years ago, the company heard about a free industrial assessment *audit* by DOE, "and they identified a whole bunch of opportunities, which equated to about $55,000 a year in electrical savings for things that we wouldn't even consider," Luchon said.

Will Clark | © *RTO Insider*

New Haven Public Schools COO Will Clark said he oversees the system's $400 million annual budget and $1.6 billion construction program. "When I save a million dollars in energy ... that essential-

ISO-NE News

CPES Panel 1, from left, Katie Dykes, CT PURA; Anthony Marone, UIL; and Roger Kranenburg, Eversource. | © *RTO Insider*

ly goes to pay for teachers and for buying the textbooks," he said.

Renewable energy, energy savings and carbon footprint reduction are all important to New Haven residents, so good publicity helps win official support for projects, he said.

"If I can get the mayor or the superintendent on [the front page of the newspaper], I get a project put forward," Clark said.

Mark Wick | © *RTO Insider*

Mark Wick, a partner in Energy Innovation Park, a $1 billion data center being developed in New Britain, pointed out the project will feature a 19.98-MW fuel cell microgrid. "That is an industry that is very aware of renewable energy ... and the amount of energy used."

Offshore Wind Savvy

Matt Morrissey | © *RTO Insider*

Matt Morrissey, vice president of Deepwater Wind, said Connecticut "punched substantially above its weight" in the first round of procurement for offshore wind.

Connecticut officials in June announced they will purchase 200 MW of output from Deepwater's Revolution Wind project, adding to Rhode Island's 400-MW procurement. (See *Conn. Awards 200-MW OSW, 50-MW Fuel Cell Deals*.)

As a result of drafting behind larger procurement processes in Massachusetts and Rhode Island, Connecticut obtained a 600-MW price for 200 MW of offshore wind and was also able to leverage Deepwater's investment criteria, Morrissey said.

"On a job-per-megawatt-hour basis and investment-dollar-per-megawatt-hour basis, [Connecticut] actually beat both Rhode Island and Massachusetts," Morrissey said. "Very savvy indeed for the state to do what they did."

Deepwater will file for the procurement in the next few weeks, and the details will be public, Morrissey said.

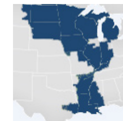
Peter Shattuck | © *RTO Insider*

Peter Shattuck, vice president for special situations at transmission developer Anbaric, said, "There are not a lot of great interconnection points to land 10 GW of new resources on the Eastern seaboard ... so we have to think about how many lines we want to be stringing across the ocean floor."

There is a potential to oversize the transmission grid in anticipation of the new resources and minimize the number of times needed to go through the complex planning process, he said. (See *Anbaric Pushes Offshore Grid Plans*.)

"The best economic results are where you plan for the wind, as in Texas ... which has allowed them to put as much wind in their one state as we have all generating capacity in New England," Shattuck said. "We know there's a lot of offshore wind in Maine, but it's not a big part of the mix right now. Why? Because we don't have the transmission." ■

MISO News



MISO Members Uneasy over Board Nomination

Stakeholders Question Independence of Sitting Regulators

By Amanda Durish Cook

MISO members uneasy about the nomination of Minnesota Public Utilities Commission Chair Nancy Lange to the RTO's Board of Directors raised concerns last week about a sitting commissioner being appointed to the oversight body.

MISO's *Principles of Corporate Governance* require new directors to observe a one-year moratorium between their involvement with member companies and their election to the post. The bylaws state that a "director shall not be, and shall not have been at any time within one year prior to their election to the board either a director, officer or employee of a member, user or an affiliate of a member or user."

While stakeholders say that Lange's appointment would not explicitly violate MISO bylaws, they pointed out during an Oct. 24 Advisory Committee conference call that Lange would have made decisions about the grid on behalf of Minnesota customers and utilities up until her election.

While a sitting commissioner is not considered either a member or a user, some sector representatives contend that Lange's role as a regulator in a state within the MISO footprint warrants further discussion.

Lange's *term* on the Minnesota PUC expires Jan. 7. MISO Senior Vice President of Compliance Services Stephen Kozey said that upon her election to the MISO board, Lange would immediately resign her PUC position to avoid overlap between positions.

'A Flare'

Members have been quick to point out that nominating a sitting member of a MISO state regulatory commission does not explicitly violate the RTO's independence guidelines. Several also stress they are not concerned about Lange in particular.

But they do say that the situation falls into a gray area and that MISO should consider subjecting regulators to the same downtime requirement as industry officials. Multiple sector representatives, including the Independent Power Producers, Transmission-Dependent Utilities, Transmission Owners, Power Marketers and the non-voting Environmental sector voiced apprehension during the call.

Nancy Lange | © *RTO Insider*

Independent Power Producers sector representative Mark Volpe told RTO Insider that Lange has been "influencing and voting and making decisions" on behalf of MISO members and users in her state. He said although the nomination doesn't breach MISO bylaws, it "sends up a flare" about "the spirit of the rules and what it means to be independent." He said the concern was "flagged by a number of IPP sector companies."

Voting on Lange's appointment is already underway, with polls open until Nov. 2. Incumbent board members Phyllis Currie and Mark Johnson are also on the ballot. MISO's Nominating Committee last month decided the slate of candidates. (See *MISO Board of Directors Briefs: Sept. 20, 2018*.)

MISO rules require board candidates to capture a simple majority of a quorum of voting members, which currently stands at 35.

Board candidates are rarely rejected, the last instance being in the early 2000s when two incumbents were voted out. Although MISO has had a former state commissioner on its board (the late Paul Hanaway of Rhode Island), the RTO has never appointed either a sitting commissioner or a one from a MISO state.

MISO's rotating Nominating Committee this year consists of board members Thomas Rainwater, Baljit Dail and Barbara Krumsiek, and MISO member representatives Megan Wisersky of Madison Gas and Electric and Commissioner Daniel Hall of the Missouri Public Service Commission.

Wisersky acknowledged the concerns in a statement to RTO Insider.

"Although the Nominating Committee followed the process correctly, many members of the Advisory Committee expressed concerns with the board nominating process itself," she said. "They have specific concerns with the lack of a 'cooling-off period' for commissioners from states in the MISO footprint. Other potential board candidates, if they work for an organization that is a MISO member, do business with an organization that is a MISO member, or do business with MISO itself, must have a one-year separation from those businesses before

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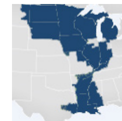


MISO News

MISO to Evaluate Alternatives to Michigan SSR

Trenton Channel Power Plant | © *RTO Insider*

MISO is currently accepting proposals for a transmission or generation solution to offset reliability issues caused by the planned suspension of a DTE Energy coal-fired plant near Detroit.

The RTO hopes stakeholder-submitted proposals will prevent the need to create a future system support resource (SSR) agreement for Unit 9 of the 520-MW Trenton Channel Power Plant, in operation since 1968. DTE closed Units 7 and 8 at the plant early last year.

The company plans to shutter the remaining plant in June 2023, but in modeling for 2022, MISO found the shutdown could provoke multiple thermal overload and voltage violation issues that *cannot* be resolved by generation redispatch or new operating guides.

DTE has said the plant will resume operations in mid-2025, but MISO no longer models a return date in suspension studies, contending suspended generation rarely returns. (See *FERC OKs New MISO Retirement Process*.)

MISO has so far received seven suggested solutions involving transmission upgrades, including submissions from DTE and ITC, although only one solution has been formally submitted to the RTO's Transmission Expansion Plan for study and modeling. Solutions must be included in the MTEP process before consideration, and MISO said solutions will be studied in the MTEP 19 cycle.

The RTO will also accept new generation solutions to address issues caused by the retirement, but during an Oct. 22 special conference call, staff said new generation proposals must be submitted through the interconnection queue for consideration and study. The generation queue doesn't currently contain a project that can mitigate issues from a Trenton suspension. Staff said a generation solution may require a Trenton SSR designation to keep the plant online until the new generation comes online. ■

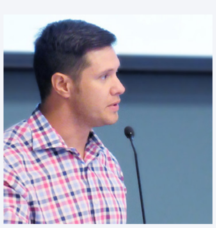
— *Amanda Durish Cook*

MISO, SPP Mulling Small Interregional Project Type

By Amanda Durish Cook

MISO and SPP could jointly create a smaller category of interregional transmission projects as early as next year to address costly congestion, the RTOs said last Tuesday.

But the RTOs have not reached any decisions on the issue and will spend at least part of next year evaluating the effectiveness of a smaller project type to address historical market-to-market congestion, according to RTO staff speaking at an Oct. 23 MISO-SPP joint stakeholder meeting.



Davey Lopez | © *RTO Insider*

MISO Planning Adviser Davey Lopez said the projects could be any voltage and include tie-lines and interconnections or transmission projects wholly contained within the footprint of either RTO.

MISO said potential criteria could limit project costs to less than $20 million and require an in-service date of within four years of approval. The RTO is also suggesting that projects must pay for themselves within four years based on congestion savings. MISO is proposing to measure a project's future congestion relief benefit against two years of historical congestion prior to the project study.

The criteria closely resemble those of MISO-PJM targeted market efficiency projects (TMEPs), created in 2017, which must cost less than $20 million, cover their costs within four years of service and be in service by the third summer peak from approval.

The RTOs cite high-priced congestion on market-to-market flowgates as the reason for creating a new smaller project type. Lopez said SPP's Riverton-Neosho-Blackberry flowgate in Missouri may be ripe for such a project after costing MISO $18 million in congestion in 2017 and $9 million so far this year. Its congestion has been chronically expensive since the RTOs created it in 2017. (See "MISO M2M Payments to SPP Exceed $50M," *SPP Seams Steering Committee Briefs: May 2, 2018*.)

"We're getting close to $30 million on that particular flowgate in the last few years," Lopez said.

He said new, smaller projects aimed at congestion relief are needed because the RTOs' longer-term transmission planning process misses quicker transmission upgrade solutions.

MISO News

But some stakeholders said congestion could be better solved by administrative means between the two RTOs rather than transmission buildout.

Lopez promised a "deeper dive" into the causes of congestion as part of the exploration into the project type. "As part of the process, it will cause MISO and SPP to look into the causes of congestion and if it will persist," he said.

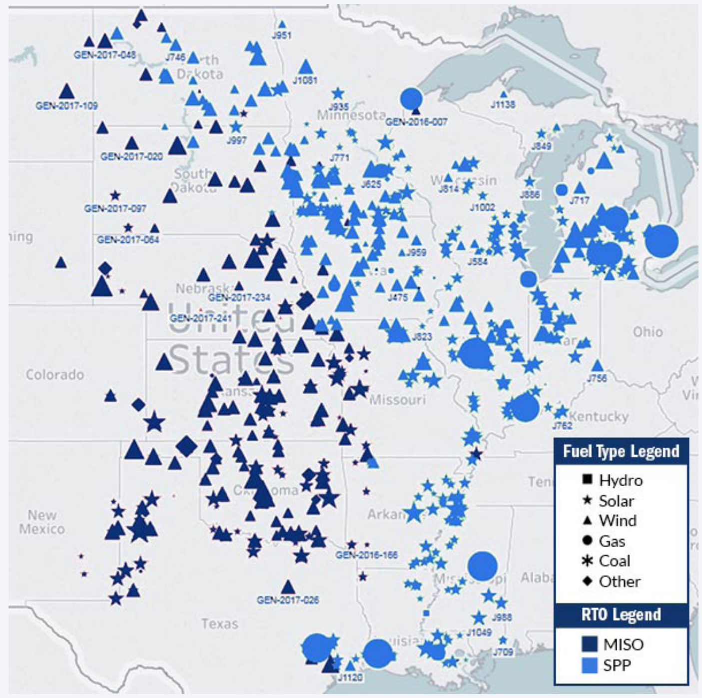
Early this year, Entergy argued that the MISO-SPP seam does not yet have a structured enough coordination process to develop smaller interregional projects. (See "Entergy Critical of MISO-SPP TMEP," *MISO, SPP Look to Ease Interregional Project Criteria*.)

Other stakeholders called for more than two years of congestion data to justify creating a new project type, and staff from both RTOs said they will continue to collect flowgate data. Lopez said MISO plans to investigate individual flowgates and speak with transmission owners about the causes of congestion, much like it did in this year's round of TMEPs.

MISO and PJM have so far recommended seven TMEPs, five of which received approval in 2017, with the other two up for approval this year. The projects are expected to cost under $25 million and reap about $132 million in benefits. (See *MISO, PJM Endorsing 2 TMEPs for Year-end Approval*.)

But some stakeholders contend that at least some of the market-to-market congestion issues can be traced to the RTOs' separate interconnection procedures that don't fully study how new generation projects will affect flowgates before granting grid access.

Stakeholders have called for increased coordination in generator interconnection procedures, but the RTOs say they already study for impacts on each other's systems and facilities in their affected-system study process and that interconnection staff currently meet face-to-face twice a year and hold monthly conference calls. ■



MISO and SPP current generation queue projects | *SPP, MISO*

Continued from page 20

they are eligible to run for a seat on the MISO board. State commissioners have no such requirement. These MISO stakeholders think this is inappropriate and would like to explore potential changes to the nominating rules."

By the Book

MISO says the nomination process for the current election followed all current governance procedures.

"MISO leadership and its Board of Directors have received feedback from members that they were surprised to see a currently sitting commissioner within the MISO footprint nominated for a seat on the board. There is a waiting period of one year for potential candidates from within the industry, but that time restriction does not apply to members of state regulatory bodies," MISO Senior Director of Stakeholder Affairs and Communications Shawna Lake said in an email. "Several parties have asked that the Corporate Governance & Strategic Planning Committee review and discuss candidate eligibility requirements.

"The questions and concerns to date have been about candidate eligibility generally, not about Commissioner Lange or her qualifications as a potential director," Lake added.

Lange's appointment to the board would fill a seat reserved for members with corporate leadership experience. MISO requires that six directors have corporate leadership experience in either board governance, finance, accounting, engineering or utility laws and regulation; another should have transmission system operation experience; another, transmission planning experience; and the final, experience in commercial markets and trading.

The Advisory Committee will take up the issue during its Dec. 6 meeting scheduled as part of MISO Board Week. Some stakeholders are asking that the item be discussed in the committee's morning session, when the full board is present, as opposed to the afternoon session, when board members usually adjourn to other meetings. Committee leaders said the rotating team of members that determine agendas will decide on the timing of the discussion. In any case, the discussion will come weeks after the Nov. 15 publication of election results at MISO's Informational Forum. Lake said Kozey will be on hand at the forum to answer clarifying questions about the election process.

Because the Advisory Committee functions strictly in an advisory role to MISO leadership, stakeholders cannot halt or alter the voting process. Multiple stakeholders declined to venture a guess as to the election outcome.

Lake said MISO has in the past adopted multiple Advisory Committee board process recommendations, including expanding the number of board member seats, adopting term limits for directors and adding stakeholder seats on the Nominating Committee.

"The AC has always been a key voice in governance processes. It has been highly effective in the past to offer stakeholder views and advice to the board via the Advisory Committee, transmission owners and Organization of MISO States chairs' reports to the full board," Lake said. ■

MISO News

Overheard at OMS 2018 Annual Meeting

OMS Annual Meeting | © *RTO Insider*

AUSTIN, Texas — The Organization of MISO States last week reflected on its 15 years of existence and looked ahead to how its member states can best accommodate an evolving grid.

During the organization's Annual Meeting on Oct. 26, Executive Director Tanya Paslawski pointed out the group was established in 2003 at the time of the Eastern blackouts. "I think it's entirely appropriate that OMS take credit that the lights have not gone out since for 50 million people," she said to laughter.

OMS President Ted Thomas, chair of the Arkansas Public Service Commission, joked the group managed to land the meeting in "the largest city in America with a boil-water advisory," referring to the ***flooding*** in Austin that rendered water non-potable for the week.

"That's a mathematical improbability," he quipped.

'Decentralized AND Integrated'

Talk quickly shifted from past and present to the future of the bulk power system, the rise of distributed energy resources and cloudy jurisdictional issues.

Independent consultant Lorenzo Kristov, formerly principal of market and infrastructure policy at CAISO, said that while the bulk system isn't likely to disappear anytime soon, grid defection is a possibility. But he said the grid can coexist with distributed resources, calling up a quote he ***attributed*** to author J.M. Greer: "The best way to get nothing done is to convince people they're on one side or the other of a duality."

"Decentralization can't occur without the bulk power system," Wisconsin Public Service Commissioner Mike Huebsch said.

Electrification will take place locally, at the "grid's edge," Kristov predicted, with urban planning and community-level programs. "Certainly, you can say that the bulk electric system isn't where all the action is now," he said.

Even in that environment, Kristov said it's possible for the grid to become both "decentralized and integrated," where the system operates in differently controlled layers. He said distribution utilities should consider becoming distribution system operators (DSOs), where the utility manages local electricity generation and use on the distribution network. Distribution owners could test the waters by rolling out the process on just one substation. In that framework, microgrids could assist a DSO with load management, Kristov said.

DERs

The discussion fit a pattern of recent OMS panels by veering to DERs and how states can best manage them.

Thomas wove together three rapid-fire analogies on how states must approach DERs, working in Southern euphemisms, hippies and holiday dinners.

He said the pace of solar adoption is increasing in his state. "In the South we say 'fixin' to happen. It's not 'fixin' to happen. It's happening. And if it's happening in Arkansas, it's happening in other places."

Thomas contended that it's time for state regulatory agencies to reach out to utilities to hammer out policies on the most pressing DER issues: "In the protest era of 'make love, not war,' we need to decide what policy we're going to make love on and what we're going to make war on," he said.

He rounded out the quick speech by talking turkey: "It's Thanksgiving. We're trying to deal with a whole menu of policy items, and some things are hot, some things are served cold, [and] there are [dishes] ready at different times," he said, urging states to first work on policies related to DER trends that are occurring today.

'The Bus'

Michigan Public Service Commission Chair Sally Talberg reflected on a recent trip to observe Mexico City's grid management, which she said was straightforward. There is one system operator and no state jurisdictions to worry about in the Mexican capital.

Sally Talberg | © *RTO Insider*

"Not that I'm suggesting that's a great model, but it is simpler," she quickly added.

Talberg quoted an unnamed PSC staffer that often says Michigan can respond to grid transformation by either "driving the bus, riding the bus or getting run over by the bus."

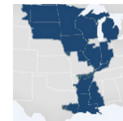
"We try to ride the bus in Michigan," Talberg said, meaning the state seeks to move on a mixture of developing some DER policies, making sure rate design is reasonable and working on how distribution systems that contain generation should be controlled.

We try to "get out of the bus to make sure the road is clear for the bus," Huebsch said, explaining that his state aims for rules that allow DERs to crop up "organically" from customers and utilities.

In response to audience questions about when FERC will issue an order on DER aggregation — an issue left ***untouched*** by the commission's Order 841 — Jette Gebhart, deputy director of

Jette Gebhart | © *RTO Insider*

MISO News



FERC's Office of Energy Market Regulation, said commission staff were paying a great deal of attention to the matter, though she wouldn't comment on a possible date of an order.

Richard Doying | © *RTO Insider*

MISO Executive Vice President of Markets Richard Doying predicted the RTO will significantly redesign its markets to accommodate the switch from a one-way power system to a cloud-based system. But he also said there's increasingly scarce time to complete a redesign.

"When we think about how much time MISO has to prepare for that, it's virtually none," he said.

Doying said MISO already at times experiences zero-dollar energy pricing from its wind power contingent — not a sustainable situation for coal and other thermal units.

Joel Mickey | © *RTO Insider*

ERCOT Senior Director of Market Design and Operations Joel Mickey said the grid operator has so far successfully supervised its high influx of wind, with *penetration* spiking to 50% at one point in early 2017.

"If you'd asked me 10 years ago … 'Can you handle 50% wind?' I'd have said, 'Hell no.' Luckily, we've gotten used to it, and we've proven you can integrate intermittent renewables. It's a lot of work, and we've gotten into the business of forecasting," Mickey said.

Doying said MISO is researching to find the inflection point when reliability might be threatened because the RTO can no longer accurately forecast load because of nonvisible DERs. He said MISO today has 5,000 MW of distributed megawatts offered into the market, much of it not visible to the RTO.

"I don't know where that point is, but it's something that we are actively studying," Doying said.

Blurred Lines

Advanced Energy Economy's Jeff Dennis said DERs exist in a jurisdictional gray area, governed by sporadic and "nuanced" FERC precedent and the 1935 Federal Power Act, which was drafted when there was sharp distinction between transmission and distribution.

"The reality is between 1935 and today, the system has become much more interconnected," Dennis said.

Ari Peskoe | © *RTO Insider*

Ari Peskoe, director of the Electricity Law Initiative at Harvard Law School, made a case against direct FERC regulation of DER sales, saying states should oversee transactions to utilities and aggregators. He said sales by a DER to a local buyer, not an RTO, should be categorized as "other sales" and not wholesale sales "in interstate commerce," as currently prescribed by the FPA.

"The current jurisdiction is a bit of a mess," Peskoe said, contending that DERs should be categorized as "intrastate wholesale sales" so states can assume full jurisdiction.

"We know there is such thing as intrastate wholesale sales. Look at ERCOT," he argued. "DERs are very much a local product. … I'd like to give states the flexibility to decide."

But, he said, FERC relinquishing power over DERs is unlikely unless the commission is pressed on the issue by states and utilities.

That scenario set panelists into thinking about a complex set of hypothetical situations. Talberg said possible state jurisdiction over DERs could become muddled again when aggregators join RTOs as market participants, thus reintroducing FERC jurisdiction in the mix.

Kristov added that industry experts rarely raise the question of how DERs will be able to afford to participate in the wholesale markets, as upgrades on the distribution system are likely needed before the resources are equipped for RTO market participation. He hopes FERC contemplates the burden of those local costs if the commission allows DERs into wholesale markets.

Panelists also said they didn't know what DER interconnection agreements to wholesale markets will look like. Some even ventured that states might be able to prohibit individual DER wholesale market participation if those DERs agree to enter a statewide aggregation program. ■

— *Amanda Durish Cook*

NY Details Carbon Charge on Wholesale Suppliers

By Michael Kuser

RENSSELAER, N.Y. — NYISO last week proposed a framework for applying and billing carbon charges to New York energy suppliers under the state's proposed scheme to price greenhouse gas emissions in the ISO's wholesale electricity market.

NYISO staffer Nathaniel Gilbraith *told* New York's Integrating Public Policy Task Force (IPPTF) on Oct. 22 that emissions from Clean Energy Standard-eligible wholesale suppliers would not be subject to the carbon charge, nor would upstream or fugitive CO2 and other GHG emissions such as methane and nitrous oxide.

Exempt resources would include those participating in the Special Case Resource, Emergency Demand Response, Demand-Side Ancillary Services and Day-Ahead Demand Response programs, he said.

Why Exempt?

"Our rationale for this is because they're primarily load reduction," Gilbraith said. "Resources in these programs infrequently produce energy using emitting resources. About 90% of all program megawatts are pure load reduction with no local generation."

In addition, collecting data from these resources would create potentially sizable new reporting requirements for the resources with few resultant carbon charges returned to loads, he said.

"I don't want us to lose sight of the optics of creating exemptions from the program we ultimately introduce and the public's receptivity ultimately to a major new initiative," said Howard Fromer, director of market policy for PSEG Power New York.

"Sometimes these resources may be seen as emergency resources, but in the neighborhoods in which they exist, they're not always so well received," Fromer said. "It's a politically easier sell to say we are not exempting anyone. If you are putting out carbon in this sector, and you're in the wholesale market ... we're capturing all of this."

Applicable emissions would include those associated with start-ups, no-load levels and generation that receives wholesale market compensation. The ISO will work with resources to establish a reference emissions allocation method.

Emissions associated with heat and steam sales fall outside the scope of a wholesale electric sector carbon charge, Gilbraith said. Cogeneration resources will report emissions associated with the provision of wholesale energy and ancillary services, excluding those associated with heat and steam sales.

Verifying Data

NYISO will develop internal processes to verify supplier emissions as reasonable and accurate.

Cogeneration, behind-the-meter net generation (BTM:NG) resources and distributed energy resources will be required to submit data allowing the ISO to verify the emissions associated with wholesale energy and ancillary service sales, Gilbraith said.

Inaccurate, insufficient or untimely data submissions will be subject to penalties administered consistent with the existing penalty review process, he said.

NYISO's Tariff defines BTM:NG as a "facility eligible to serve both its host load, which is a behind-the-meter load, and then sell excess capability as a wholesale sale into the NYISO markets," Gilbraith said. "When the resource serves host load ... it's not a wholesale market transaction and therefore it falls outside the scope of a wholesale electric sector carbon charge."

BTM:NG resources will report emissions associated with the provision of wholesale electric energy and ancillary services — that is, "net generation" — and not emissions associated with serving their host load, Gilbraith said.

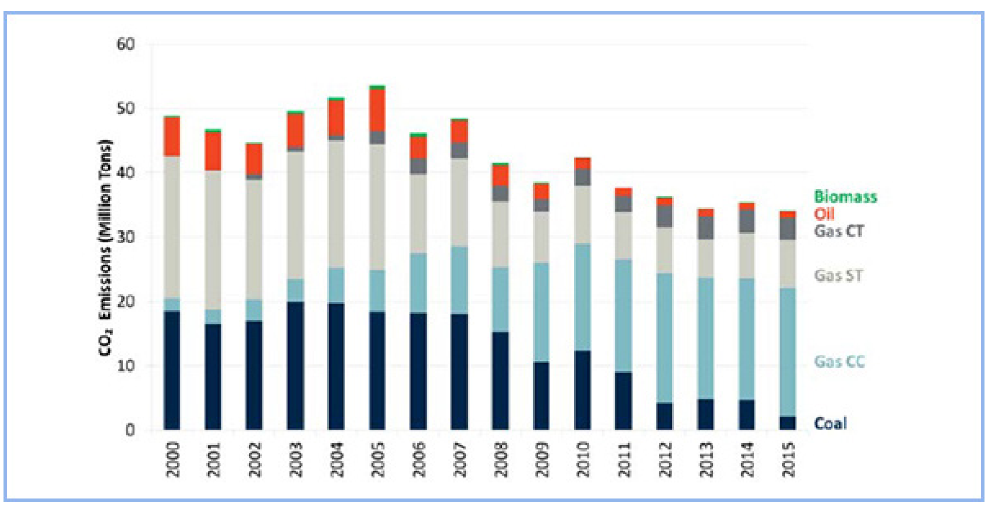
Billing and Invoicing

The previous week, the ISO proposed to base the carbon impact on locational-based marginal prices (LBMPc) on real-time system dispatch to determine carbon charges and credits, as opposed to forecasting the impact. The change would be consistent with the LBMPc used to allocate residuals to loads, and the ISO would also create a new billing code for carbon charge settlements. (See *NYISO Proposes Border Pricing Plan for Carbon*.)

NYISO would submit emissions data pursuant to explicit timelines aligned with current practice, and for the daily bill and the first monthly invoice, supplier emissions will be automatically populated with an initial emissions estimate based on the carbon component of the reference level, Gilbraith said.

Suppliers' reference levels will be determined by the ISO's market mitigation analysis department, which has "means of tracking whether or not bids are competitive at a 10,000-foot level, so they include provisions including heat rate for the supplier," Gilbraith said. "So we'll enhance that product to include a carbon component for each bid, and note that will be the basis for the initial carbon charge."

Suppliers will be required to submit emissions true-ups within 60 days of the initial invoice,



Historical NYISO fossil CO_2 emissions by generator type | *Brattle Group*

Continued on page30

PJM News

PJM Regulation Rule Endorsed Despite Criticism

By Rory D. Sweeney

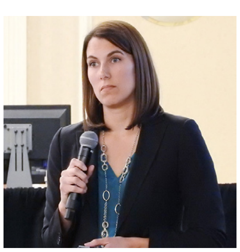
WILMINGTON, Del. — PJM stakeholders last week endorsed a new rule that is likely to fuel consternation among owners of storage participating in the RTO's regulation market. (See "Regulation," *PJM Operating Committee Briefs: Oct. 9, 2018*.)

The rule approved by the Markets and Reliability and Members committees would effectively lower the amount of storage that can clear in the market's hourly auctions. PJM proposed the change along with a *problem statement* and *issue charge* focused on the issue.

PJM's performance-based regulation market, which went into effect in October 2012, splits the dispatch signal in two: RegA for slower-moving, longer-running units; and RegD for faster-responding units like batteries that operate for shorter periods. It also developed a "benefits factor" to compare the value of the two types of resources through a ratio.

In December 2015, the benefits factor was floored at 1, meaning that a megawatt of RegD would never be valued less than a megawatt of RegA. Staff then modified the regulation signal in January 2017 and removed the benefits factor floor entirely in August 2018 "based on operational analysis." A proposal developed by PJM and its Independent Market Monitor that was endorsed by stakeholders in June 2017 would have implemented use of a "marginal rate of technical substitution" instead of the benefits factor, but FERC rejected the filing as unreasonably discriminatory against storage resources. (See *FERC Rejects PJM Regulation Plan, Calls Tech Conference*.)

With the benefits factor allowed to fall to zero, more megawatts of RegD would need to be substituted for each megawatt of RegA, but the resulting values create unintended price spikes. Staff explained that where the benefits factor fits into the pricing formulas, a situation can develop where "minimally effective resources" clear the hour-ahead auction with a $0/MWh offer price. When they operate, however, their adjusted lost opportunity cost (LOC), which is based on the current LMP when accounts are settled every five minutes, can "drastically increase" the clearing price, PJM's Lisa Morelli said. Staff have seen the math result in clearing prices as high as $10,000/MWh, and there were 80 five-minute intervals between May and August when the clearing price rose above $500, she said.



PJM's Lisa Morelli | © *RTO Insider*

PJM's solution would reinstate a benefits factor floor of 0.1 so that the ratio would be limited to 10 MW of RegD to provide 1 MW of RegA and prevent extreme LOC escalations. Staff said the 0.1 floor would have impacted 264 hours, 2.58% of the total hours, between August 2017 and September 2018.

Gabel Associates' Travis Stewart | © *RTO Insider*

Gabel Associates' Travis Stewart criticized the proposal for limiting the ability for storage resources to participate in the market by putting a floor on the replacement ratio. He said his storage-owning clients are willing to discuss ways to correct the issue that don't limit the resources' market access.

"This solution, I don't really know that it gets us where PJM really wants to go," he said.

"That revenue is a very important for some resources," Dayton Power and Light's John Horstmann said. "They're kind of on the edge because of other changes PJM has made" in the market.

Susan Bruce, who represents the PJM Industrial Customer Coalition, strongly supported the measure to address unintended "aberrant and costly results."

Both arguments seemed to resonate with Direct Energy's Marji Philips.

"I'm not trying to drive to price outcome here; I'm trying to drive to what is best for the market," she said, noting there is an ongoing effort in PJM's Energy Price Formation Senior Task Force to support inflexible units and that batteries provide a "counter" to that. "I'm trying to vote the right way here, which is sort of balancing letting the right technology in versus getting the markets right."

"It looks to me like we're fixing the low-hanging fruit of a much larger problem," Calpine's David "Scarp" Scarpignato observed.

"I would agree with you," Morelli said. "We recognize that there are some flaws in the regulation market design."

"The underlying issues are the same that we have been discussing for over a year, so they've been known for a while. The effects on market prices became more common after the issues were first discussed in the stakeholder process. Changes in offer behavior can increase the frequency of inefficient high prices," the Monitor's Catherine Tyler said.

Morelli said fixing the problem "in a holistic manner" would require reopening the Regulation Market Issues Senior Task Force, which "given that process took well over a year, I don't expect that that will come to a speedy conclusion."

Instead, PJM hopes to implement the "narrowly targeted" proposal to "address this very narrow piece of the puzzle as a stop-gap measure" and then return to the issue "early next year" to resolve the issues in a way that addresses FERC's reasons for rejecting the first attempt, she said. The change wouldn't be implemented until FERC approves it and the ongoing settlement that resulted from the rejection is completed.

Some stakeholders questioned whether the proposal encroached on issues being addressed in the settlement proceedings, but PJM's Stu Bresler didn't see a "direct conflict in any way shape or form" between the two.

Horstmann suggested deferring the vote until the Dec. 6 MRC meeting to allow PJM time to quantify the market revenue impact of the proposed change and to allow more storage resources to participate in the discussion, which Philips seconded. However, PJM staff and Dominion Energy's Jim Davis objected to a delay.

"We would like to see a vote today on the issue," he said.

The deferral motion failed with 1.87 in support in a sector-weighted vote that had a 3.34 threshold for adoption.

An acclamation vote approved the problem statement and issue charge with one opposed and one abstention. Endorsement of the stop-gap proposal passed with 4.09 in favor in a sector-weighted vote that also had a 3.34 approval threshold. The proposal was also subsequently approved in the MC by acclamation with four opposed and two abstentions. ■

PJM News

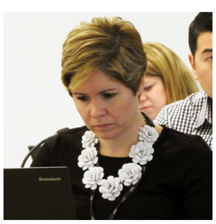
PJM MRC/MC Briefs

Summer-only Demand Response

WILMINGTON, Del. — Stakeholders at last week's PJM Markets and Reliability and Members committee meetings agreed to fast-track a *proposal* on demand response so it can potentially become effective in time for the deadlines related to the Base Residual Auction for the 2022/23 delivery year, which will be held next August.

The proposal, developed through the Summer-Only Demand Response Senior Task Force, is intended to "better value" summer-only DR by allowing the resources' value to impact the load forecast as an alternative to participating as a supply-side resource in capacity auctions. To avoid double counting, resources that take the peak-shaving alternative wouldn't be eligible to participate as either a DR resource or price-responsive demand (PRD) in the same year. (See *Plan Would Reduce PJM Capacity Curve Through Peak Shaving*.)

The proposal received 3.48 in favor in a sector-weighted vote that had a 3.34 endorsement threshold in the MRC. PJM sought and was granted permission to seek approval at the MC on the same day, a request that is usually discouraged. The proposal received 3.69 in favor in another sector-weighted vote with the same threshold. A competing *proposal* developed by EnerNOC that had also been scheduled for MRC consideration was retracted prior to the meeting.



Rebecca Carroll | © RTO Insider

PJM's Rebecca Carroll said the same-day request was made because the necessary changes to the Reliability Assurance Agreement require approval by the Board of Managers, whose next meeting occurs before the next MC. Additional delay would mean the revisions wouldn't get approved until the board's February meeting.

The endorsed proposal was developed in conjunction with proposed revisions for measuring PRD, but PJM decided to delay seeking an endorsement on the PRD changes pending the outcome of the vote on the peak-shaving proposal.

Calpine's David "Scarp" Scarpignato questioned that approach, saying he would have preferred to see them "voted together, if possible," though he did not motion to defer the peaking-shaving vote.

David Scarpignato | © RTO Insider

"My comments are more to the stakeholders to make sure everyone understood that these proposals are meant to be tied together," he said.

The PRD *proposals* received a first-read at the MRC and will be considered for endorsement at its Dec. 6 meeting. They address whether PRD should be required to reduce load in the winter like other Capacity Performance resources.

Proxy Fight

Members and staff engaged in a debate within a debate during a vote on revisions to the regulation market when a stakeholder requested time to set up voting as a proxy for another member not in attendance.

Panda Power Funds' Bob O'Connell challenged the move, saying PJM's policies require making that announcement by noon the day before the meeting. PJM's Dave Anders said that requirement was simply meant to give the RTO enough time to make the necessary changes and that it's traditionally been allowed if possible.

Direct Energy's Marji Philips challenged that, saying she has experienced situations where she'd been told the proxy can't be set up in time.

"You need to stop telling people that if that's not true," she said. "We [either] have a process or we don't going forward."

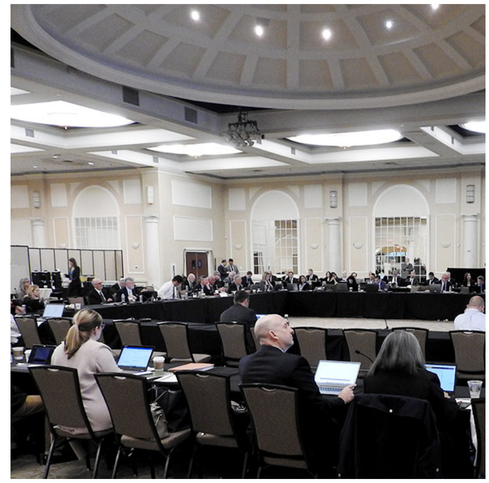
PJM CFO Suzanne Daugherty, who chairs the MRC, acknowledged the need for predictability.

"We do want to always give consistent feedback on the procedures," she said.

Anders announced the issue was resolved when the market participant joined the meeting to vote without the proxy.

Day-ahead Market Timeline

Stakeholders also supported fast-tracking a *proposal* that would allow more time each morning to submit day-ahead bids and offers. Thanks to improved computing power, staff are able to push back the submission deadline from 10:30 a.m. to 11 a.m., PJM's Tim Horger said.



PJM's MRC and MC met on Oct. 25, 2018. | © RTO Insider

While the proposal was only scheduled for a first read, Old Dominion Electric Cooperative's Adrien Ford motioned for a vote on it, prompting Philips to voice concern that rules were once again being subverted. Ford acknowledged the point, saying she wouldn't have made the proposal other than for the benefit of timing. It was also approved in the MC as part of its consent agenda.

Staff also agreed to seek expedited approval from FERC.

"PJM has heard loud and clear that the membership would like to have this implemented as soon as possible," PJM's Stu Bresler said.

Opportunity Cost Calculator Vote Deferred

A faceoff between PJM and its Independent Market Monitor about whose opportunity cost calculator reigns supreme might be ending amicably and without FERC involvement.

The situation escalated in August after stakeholders threatened to push through Operating Agreement *changes* if PJM held on to a recently enacted policy of not accepting the Monitor's calculator in determining generators' cost-based energy offers. The threat incentivized PJM and the Monitor to work toward a deal (See "PJM, Monitor Come to Agreement on Opportunity Cost Calculator," *PJM MRC/MC Briefs: Sept. 27, 2018*.)

PJM News

Prior to the MC vote on the OA changes, Bresler thanked the Monitor's staff for providing "an extensive review" of how its calculator works and explained that the *cooperation* has allowed PJM to find a *way* to work within its existing policies to approve using the Monitor's calculator.

"We are in a good place now as to how the two calculators can coexist," he said.

The announcement satisfied O'Connell, who initiated the stakeholder threat, and he motioned to postpone the scheduled vote on the OA changes until the Jan. 24 MC meeting. The motion was approved.

"It's my preference that we don't amend the OA unless we absolutely have to," he said.

Catherine Tyler | © *RTO Insider*

The Monitor's Catherine Tyler cautioned that the idea shouldn't be taken off the table completely. The IMM has proposed alternative *revisions* to address the issue, as has *PJM*.

Market Seller Offer Cap Balancing Ratio

By the slimmest of margins, the MC declined endorsement of proposed Tariff revisions that would change how PJM estimates the expected future balancing ratio used in the default market seller offer cap.

The proposed method would take the average balancing ratios during the three delivery years that immediately precede the BRA using actual balancing ratios calculated during RTO performance assessment intervals (PAIs) of the delivery years, along with estimated balancing ratios calculated during the intervals of the highest RTO peak loads that do not overlap a PAI for any preceding delivery year with less than 360 intervals (30 hours) of RTO PAIs. (See "Balancing Ratio," *PJM Market Implementation Committee Briefs: July 11, 2018*.)

"We're in a spot where we're not comfortable supporting this proposal," said Susan Bruce, who represents the PJM Industrial Customer Coalition. Greg Poulos, executive director of the Consumer Advocates of the PJM States, said many of his members also can't support it.

The measure received 3.3 in favor in a sector-weighted vote, short of the necessary 3.34. Bresler said the existing process can be used because there are PAIs from this year, which range between 80 and 90%.

"We have reviewed this with legal and the Tariff does not say anything about the scope or the region over which [the PAI] occurred," he said. The two PAI incidents earlier this year were very localized. (See *2nd Load Shed of PJM's CP Era Follows Closely on 1st*.)

While the proposal would have been a better approach, staff believe they fulfilled the required investigation of the issue, Bresler said.

"We think we're good," PJM CEO Andy Ott said.

Andy Ott | © *RTO Insider*

The Monitor, however, might not be as satisfied.

"We may circle back. We have concerns about using those [PAIs]," Tyler said.

Super Forum

Members endorsed a proposed problem statement and issue charge related to potential enhancements to the stakeholder process developed in response to feedback gathered in the Stakeholder Process Super Forum held on July 25, 2018. (See *Poll: PJM Stakeholder Process Imperfect, Necessary*.)

The approval included a friendly amendment to the problem statement suggested by Duquesne Light's Tonja Wicks that an additional pathway "or pathways" need to be developed for vetting issues that are contentious or must be decided quickly. Action on the plan is set to start on Jan. 1.

Nominating Committee Recommendations

Members approved *nominees* for the 2018/19 class of the Nominating Committee. They include: Pat McCullar of the Delaware Municipal Electric Corp. for the Electric Distributor sector; Kristin Munsch of the Illinois Citizen Utility Board for the End Use Customer sector; Scarp for the Generation Owner sector; DC Energy's Bruce Bleiweis for the Other Supplier sector; and John Horstmann of Dayton Power & Light for the Transmission Owner sector.

Stakeholders Approve Variety of Actions

Stakeholders endorsed by acclamation several manual revisions and other operational changes:

- Manual 3A: Energy Management System (EMS) Model Updates and Quality Assurance (QA). Revisions developed to clarify the process for considering external bulk electric system facilities for modeling.
- Manual 13: Emergency Operations. Revisions developed as part of PJM's comprehensive security-threat review.
- Manual 11: Energy & Ancillary Services Market Operations. Revisions developed to address FERC approval of Tariff changes related to a new day-ahead pseudo-tie transaction product designed to address overlapping congestion for units pseudo-tied out of PJM.
- Manual 28: *Operating Agreement Accounting*. Revisions developed to address FERC approval of Tariff changes related to a new day-ahead pseudo-tie transaction product for units that are pseudo-tied out of PJM.
- RPM Credit Requirement Reduction Clarifications: Tariff *language* to remove an apparent overlapping credit reduction provision for qualified transmission upgrades, to clarify milestone documentation requirements for internally financed projects and to clarify that capacity market sellers should submit requests for reductions..
- Transmission Constraint Penalty Factors: Joint PJM-Monitor *package* developed at the special Market Implementation Committee sessions related to transmission constraint penalty factors and draft Manual 11 and Manual 33 revisions, as well as OA and Tariff language. It was also approved in the MC as part of the consent agenda. (See "Transmission Constraint Relaxation Removed," *PJM Market Implementation Committee Briefs: Sept. 12, 2018*.)
- FERC Order 831 – Offer Caps: Manual 11 *language* that describes the long-term automated process for price-based offers greater than $1,000/MWh. There were seven objections from consumer advocates. (See "Automating Offer Confirmation," *PJM Market Implementation Committee Briefs: Sept. 12, 2018*.)
- 2018 Reserve Requirements Study Results: The *results* recommended a 15.7% installed reserve margin and a 1.0887 forced pool requirement, both of which are decreases from last year's recommendations. It was also approved in the MC as part of the consent agenda. (See "IRM Study," *PJM PC/TEAC Briefs: Oct. 11, 2018*.)
- Cost Development Manual Biannual Review: Members will be asked to endorse draft revisions to Manual 15 developed through the required biannual review, which include addressing terminology inconsistencies and updating the Handy-Whitman Escalation Index. ■.

— Rory D. Sweeney

SPP

Stakeholders Push Back Against SPP Retirement Changes

By Tom Kleckner

LITTLE ROCK, Ark. — SPP staff are dialing back an ambitious proposal to beef up the analysis behind generator retirements, promising to take "baby steps" in designing a "holistic process" in the face of stakeholder pushback.

SPP's Casey Cathey | © *RTO Insider*

Casey Cathey, who will soon become SPP's manager of reliability planning, recently promised the Strategic Planning Committee that staff would focus on the "technical aspects" of evaluating generator retirements, saying he wants the issue to be an official item before the Markets and Operations Policy Committee.

"We want to show some traction," Cathey told the SPC on Oct. 18. "What we really want is an overall process, so people can rally around it and say, 'This is what we really want to do.'"

Quite the opposite happened when Cathey shared his proposal with the MOPC and SPC earlier this month. Stakeholders reacted negatively to the potential use of reliability-must-run contracts and involving SPP's Market Monitoring Unit in the evaluation process.

SPC Chair Mike Wise, who told *RTO Insider* he was surprised by the presentation, was emphatic as he complained about the potential use of RMRs and having to possibly pay other generators' fixed costs.

"This is a real reach in strategy and dangerous from my point of view," said Wise, Golden Spread Electric Cooperative's senior vice president of regulatory and market strategy.

"This could blow this up into a massive issue," American Electric Power's Richard Ross said during the MOPC discussion. "I encourage you to walk before you run."

Cathey took Ross' advice, saying staff would rely on an in-house white paper to flesh out the RMR process by creating a business practice and revising the Tariff.

"We're not going to address the RMR contracts or the settlement aspects of fixed costs," Cathey said. "We'll get down to the technical aspects of how we figure out this thing. We'll back this up a little bit."

Director Phyllis Bernard addresses the MMU's Keith Collins. | © *RTO Insider*

The Board of Directors and Members Committee is not scheduled to resume the discussion during their Oct. 30 meeting.

Staff brought the issue before their governance groups, saying an aging fossil fleet has increased the possibility of retirements in SPP's footprint. Noting that retirements are evaluated in multiple processes with limited coordination, staffers said they want to ensure the RTO has an opportunity to study retirements and any resulting mitigations before the actual retirement date.

More than 4.1 GW of generation has been retired in SPP's footprint since 2010, but another 2.4 GW is scheduled through 2019, and staff said they are beginning to see ad hoc studies on other potential retirements. Cathey said 77 different resources have been manually committed for reliability purposes, with the longest commitment for 74 days.

"The only mechanism we have right now is to run the resource," he said. "You guys would not be properly compensated. Any costs you would incur are not included in our Tariff."

Best Practices

While staff are proposing planning and operations assessments for retiring units, it was the MMU's evaluation that drew most of the stakeholder feedback. The Monitor wants to guard against market power issues, focusing its analysis on whether the retirement would result in a scarcity of generation capacity or amount to an uneconomic decision indicating physical withholding behavior.

MMU Executive Director Keith Collins | © *RTO Insider*

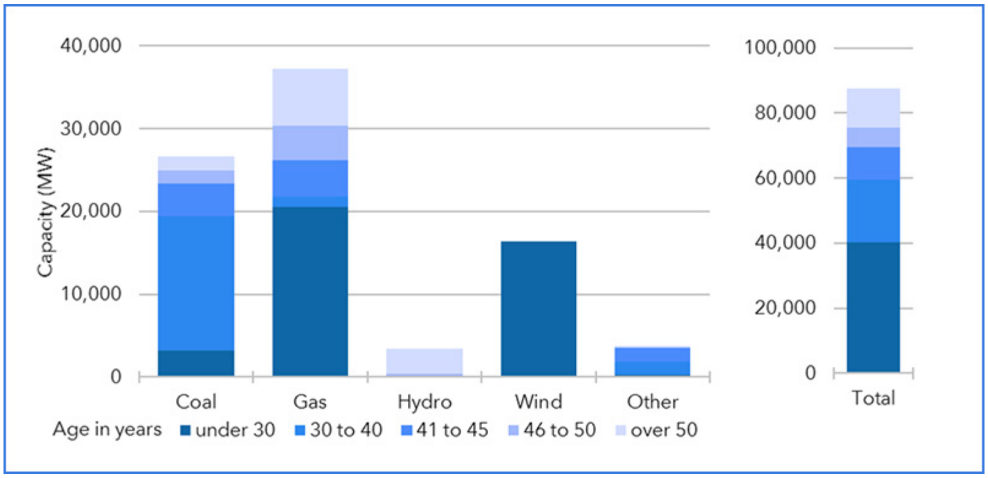
Executive Director Keith Collins said the MMU will review both technical and economic justifications, looking at the unit's age and possible state or federal environmental requirements that might force it to retire.

Collins also said the Monitor would intervene, if necessary, in retirement applications before regulatory bodies.

"I'm not comfortable with you testifying as an intervenor in our state cases," Southwestern Public Service's Bill Grant said. "I have a lot of concerns with what you're proposing."

"My expectations are it would be a dialogue. If there's a difference of opinion, we would talk about concerns before reaching the point where we're talking to the state or other regulatory bodies," Collins responded. "What makes the Market Monitor unique is that we have a particular view no one else does, including the states. It gets to the concept of a structural market issue, where your resource could create market power."

The MMU's proposed analysis would rely on a going-forward cost that measures avoidable costs if a generator is retired or mothballed. Going-forward costs include mandatory capital expenditures due to any environmental,



SPP generation requirements statistics | *SPP*

safety or reliability requirements, fixed operating and maintenance costs, and property taxes, if applicable.

The Monitor plans to use going-forward costs to help determine whether a generator's net market revenues cover enough expenses to allow it to operate as long as it financially should.

"The two questions we would ask are, one, does [the retirement] create undue market power, and two, is the retirement economic?" Collins said. "If we have a serious enough issue that comes up as a part of this process, we'll do what we have to do. We would be questioning the economics. The reality is, we're reaching out to state commissions and talking about these issues already."

Collins said the concept is nothing new for Monitors, noting NYISO has a *similar process* and uses expected net revenues to help determine whether to retire units or build new generation.

Cathey said the RTO would "hopefully" not identify any issues in the process and instead allow a resource to retire.

"We looked at every other ISO in the U.S. This has been crafted on best practices," Cathey said. "If you're coming to us to retire, you've largely done your own homework. We don't want to be a barrier to that. If we find something because of the way we operate, we would execute an RMR."

"My members, my board, [do not] want to pay for fixed costs of other generators in the market," Wise said. "We don't have a capacity market; we have a capacity requirement. I pay for my fixed costs; I pay for my fixed requirement. We don't pay for each other's fixed costs. This would be a real shift for SPP and problematic for many consumers."

"Let's be realistic," Cathey said. "We're not looking to circumvent any state authority. RMRs are really a last resort."

Cathey said staff will continue discussions with several stakeholder groups and begin development of a revision request. SPP plans to return to the MOPC in January with draft revisions. ■

NY Details Carbon Charge on Wholesale Suppliers

Continued from page 25

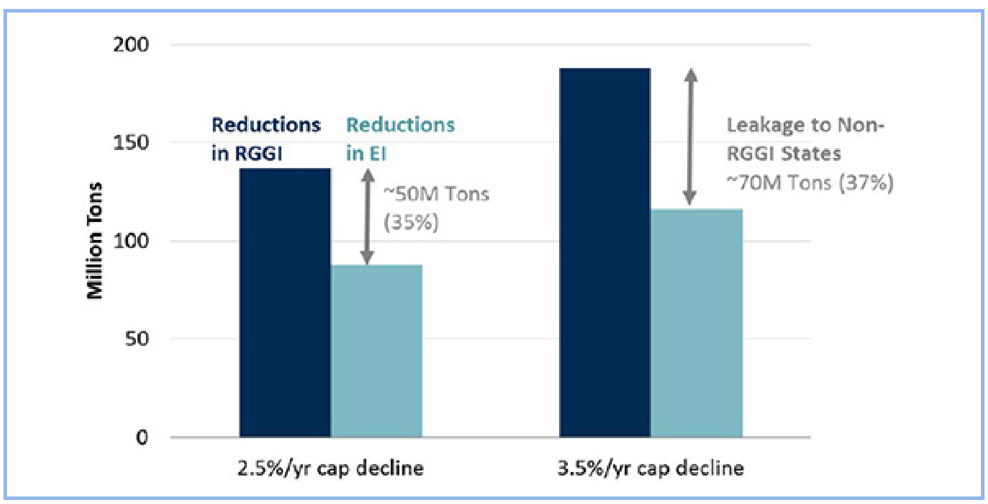
which is usually sent five day after the end of the month, he said. There will be a mandatory penalty for failure to submit emissions true-ups on time. Suppliers will be able to further true-up emissions data after the four-month invoice but not after the final bill closeout.

Stakeholder Concerns

NYISO asked market participants to submit written comments on the proposal, but several stakeholders balked at the request without more feedback coming the other way, as in an updated proposal from the ISO.

Michael DeSocio, the ISO's senior manager for market design, summarized stakeholders' desire for clarity on the schedule and on exactly what the grid operator is proposing ahead of the planned announcement of a final proposal on Dec. 17.

"If we're going to go through this process, we'll probably need more than another meeting or two, and we'll look to create additional meetings and lay out what that schedule looks like," DeSocio said.



RGGI and Eastern Interconnect (EI) CO_2 emission reductions (2017–2031) | *Brattle Group*

IPPTF Chair Nicole Bouchez, NYISO's principal economist, said the task force would release a revised schedule as soon as possible.

The task force next met at NYISO headquarters Oct. 29 to discuss allocation of carbon charge residuals and the transparency of carbon impacts. *RTO Insider* will have coverage of the meeting in next week's newsletter. ■

FERC & Federal News

SERC Taps ReliabilityFirst Exec as CEO

By Rich Heidorn Jr.

Jason Blake, vice president and general counsel, ReliabilityFirst | *ReliabilityFirst*

SERC Reliability last week announced Jason Blake, vice president and general counsel of ReliabilityFirst, as its new CEO, effective Nov. 15.

He will replace Gary J. Taylor, who has served in the position since 2016.

"Our search encompassed a variety of industry segments including public power, investor-owned utilities and the electric reliability sector," Tom Linquist, managing partner of Leadership Lyceum, SERC's search firm, said in a statement.

"I have the utmost confidence that Jason will provide the superior level of leadership, management and vision required to take SERC to the next level in our mission of promoting effective and efficient administration of the bulk power system within our jurisdiction," SERC Chair Greg Ford said, citing Blake's "extensive experience."

Gary J. Taylor, president/CEO, SERC | *SERC*

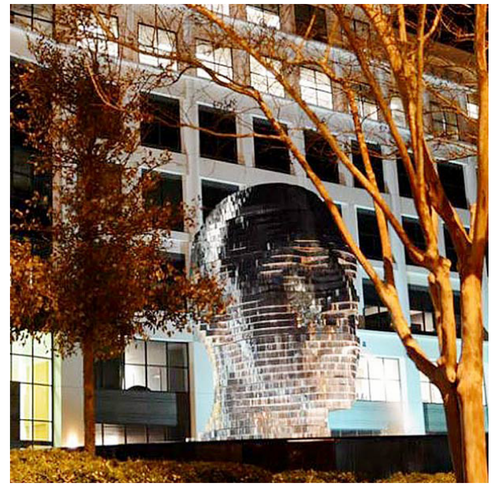
Blake, who joined Cleveland-based ReliabilityFirst in 2010, led the organization's legal and regulatory affairs, enforcement and external communications departments. He also was corporate secretary and a member of the CEO's executive team.

Before ReliabilityFirst, Blake gained business and regulatory experience in private practice in Pittsburgh and Cleveland. He is a graduate of The Ohio State University and the University of Pittsburgh School of Law.

ReliabilityFirst is the NERC-delegated regional entity for the Great Lakes and Mid-Atlantic regions of the U.S. Charlotte, N.C.-based SERC is the RE for all or portions of 16 Central and Southeastern states.

"This is a great move, not just for SERC, but for the entire [Electric Reliability Organization] enterprise," ReliabilityFirst CEO Tim Gallagher said in a statement. "Our pride in seeing him named CEO is matched only by our sadness in seeing such a great friend and valued colleague leave the RF family."

ReliabilityFirst has begun a search for Blake's replacement. Megan Gambrel, managing legal and regulatory counsel, was appointed interim general counsel.



SERC headquarters in Charlotte, N.C. | *SERC*

Taylor is departing SERC after a little more than two years as CEO. He joined SERC in 2015 and served as chief operating officer after retiring from Entergy, where he served as group president of Entergy's utility operations and CEO of its nuclear unit.

Blake and SERC officials did not immediately respond to requests for comment. ■

AEP to Focus on Smaller Renewable Projects

Tulsa Power Station | *PSO*

American Electric Power said last week it will focus on smaller projects after Texas regulators put the kibosh on the company's proposed $4.5 billion Wind Catcher project.

"We're looking at obviously smaller segments, smaller wind farms with smaller transmission, multiple areas," CEO Nick Akins told financial analysts during the company's third-quarter earnings call on Oct. 25. "That's one of the lessons learned."

AEP canceled the massive project — which would have included a 2-GW wind farm in the Oklahoma Panhandle and a 360-mile, 765-kV transmission line — the day after the Texas Public Utility Commission rejected its application in July. (See ***AEP Cancels Wind Catcher Following Texas Rejection***.)

Akins promised analysts they would see resource plans developed around renewables, storage and natural gas. The Columbus, Ohio-based company ***said*** in February that it wanted to reduce carbon dioxide emissions from 2000 levels by 80% by 2050.

"It will be smaller capacity segments focused on various jurisdictions, and we've already started that process," Akins said.

AEP ***reported*** third-quarter earnings of $578 million ($1.17/share), compared to $545 million ($1.11/share) a year ago.

The company increased and narrowed its 2018 operating earnings guidance to $3.88 to $3.98/share, from $3.75 to $3.95/share. Akins said AEP's projected growth rate of 5 to 7% annually was not "predicated on Wind Catcher" and it remains unchanged.

On a ***tumultuous week*** that saw the S&P 500 index lose the remainder of its 2018 gains, AEP shares finished at $72.74/share, a drop of $2.81 (3.7%) from its Oct. 24 close before reporting earnings.

Xcel Energy Just Misses Expectations

Minneapolis-based Xcel Energy ***announced*** on Oct. 25 third-quarter earnings of $491 million ($0.96/share) compared with $492 million ($0.97/share) for the same period in 2017.

Xcel just missed analysts' expectations, as recorded by Zacks Investment Research, of 98 cents/share. The company said higher operations and maintenance expenses partially offset favorable weather conditions and sales growth.

CEO Ben Fowke told analysts that Colorado regulators' approval of its ***Colorado Energy Plan*** provides a "model for how the clean energy transition can occur in the United States." Under the plan, Xcel's Colorado subsidiary plans to retire 660 MW of coal generation, replacing it with 1,100 MW of wind power, 700 MW of solar and 275 MW of battery storage.

Share prices were down 3.5% ($1.75/share) in the two days following the earnings announcement, closing at $48.51 on Oct. 26.

NextEra Earnings Up from 2017

NextEra Energy ***reported*** third-quarter earnings on Oct. 23 of $1.01 billion or $2.10/share, up from $847 million and $1.79 during 2017's third quarter.

NextEra CEO Jim Robo said in a statement that the company's Energy Resources development team expanded its backlog of renewable projects by a record 1.41 GW. NextEra added 850 MW of wind, 447 MW of solar and 120 MW of battery storage projects and expects to have 10 to 16.5 GW of renewable power projects within the 2017-2020 time frame.

The Florida-based company's stock lost 1.6% of its value following the earnings announcement, ending the week down $2.77/share at $169.89. ■

— Tom Kleckner

Xcel Energy wind farm | *Xcel Energy*

Avangrid Q3 Earnings Call Highlights Offshore Wind

By Michael Kuser

Offshore wind | *Avangrid*

Avangrid earnings jumped more than 25% year-over-year in the third quarter, mainly driven by increased gross margins for renewables and new transmission rate plans.

The company *posted* net income of $125 million for the quarter ($0.40/share) versus $95 million ($0.32/share) a year earlier. For the first nine months of 2018, net income was $476 million ($1.54/share) against $458 million ($1.48/share) in the first three quarters of 2017.

During an analyst call Wednesday, the company also said it foresees solid future growth based on its role in developing the largest offshore wind project in the country. (See *Mass., R.I. Pick 1,200 MW in Offshore Wind Bids*.)

Avangrid's 800-MW Vineyard Wind offshore project signed 20-year contracts with the Massachusetts Department of Public Utilities in August.

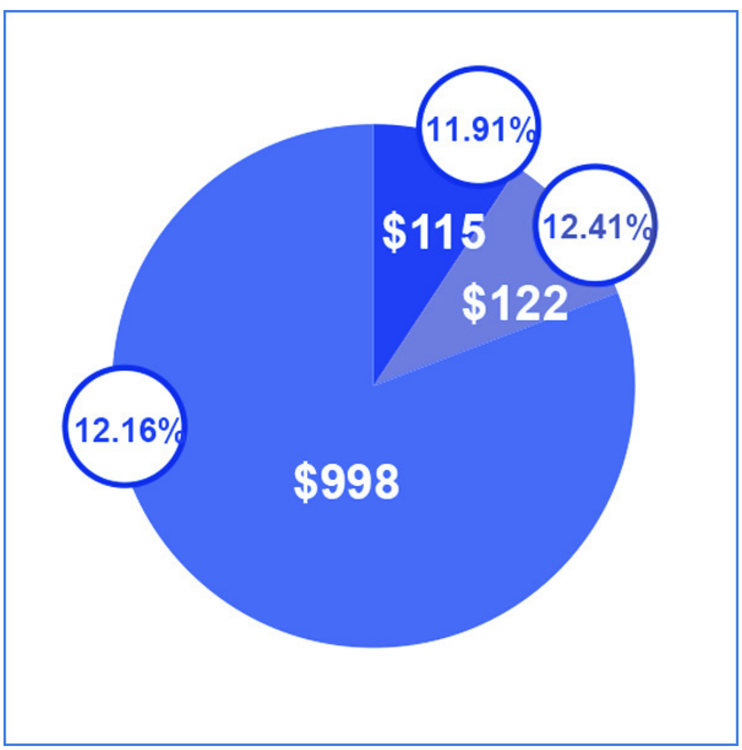
CEO James P. Torgerson said during the *call* that subsidiary Central Maine Power had obtained FERC approval for transmission service agreements for its New England Clean Energy Connect (NECEC) ahead of schedule. The project would bring up to 1,200 MW of Canadian hydropower to Massachusetts.

"Both Vineyard Wind and NECEC are on track, and we expect all permits and final approvals in 2019," he said.

Torgerson said Maine regulators were close to granting NECEC a certificate of public convenience and necessity, but the state's Public Utilities Commission on Friday said they would suspend hearings related to the project. (See related story, *Maine PUC Move Poses Hurdle for NECEC*.)

Significant Opportunities

The Vineyard project, a 50/50 partnership with Copenhagen Infrastructure Partners, calls for development in two phases. The first 400 MW will be operational at the end of 2021 for $74/MWh, with annual escalations of 2.5%, while the second phase, slated for a 2022 operations date, has a price of $65/MWh, again with 2.5% annual increases over 20 years.



Transmission rate base ($M), currently capped at 11.74% | *Avangrid*

Torgerson said both phases are eligible for investment tax credits and capacity payments. The company is looking at "significant additional opportunities for offshore wind" in Massachusetts, New York, Rhode Island and farther south, he said. Avangrid has a lease on 122,000 acres 24 miles offshore Kitty Hawk, N.C., enough for 2.4 GW of wind, and has secured a position in PJM's queue to interconnect three planned 800-MW projects near Virginia Beach, Va. The development process "is moving a little quicker now" because of Virginia's plans to solicit up to 2 GW of offshore wind by 2028, Torgerson said.

Avangrid also expects to bring 970 MW of onshore wind and solar into operation by the end of 2019 and estimates 2.7 GW of renewables development through 2022.

Regulatory Update

Torgerson also took note of FERC's Oct. 16 ruling changing how it sets return on equity rates for transmission owners. (See *FERC Changing ROE Rules; Higher Rates Likely*.) The commission set a base ROE for Avangrid and other New England Transmission Owners of 10.41%. "The new ROE cap including incentives … would go up to 13.8%," Torgerson said. "If this goes ahead as laid out by the commission, we would see a slight benefit to the higher ROE cap versus the lower ROE base. ... So, 64% of CMP's and [United Illuminating's] transmission is currently capped at the 11.74%, and we get a benefit by going above that."

The Maine PUC also recently found that CMP acted reasonably in preparing for and responding to the major storm that occurred in October 2017, and at the same time ordered the utility to file a rate case by Oct. 15.

"We asked for a $24 million rate increase; however, there won't be any rate impact to customers as we use some of the tax reform liabilities and file that back to customers, so they won't see a rate increase; yet we will get the ability to earn another $24 million in revenue at least," Torgerson said. ■

Quotes courtesy of *Seeking Alpha*.

Company Briefs

EPSA President Shelk to Retire

Electric Power Supply Association President and CEO **John Shelk** on Thursday announced he will retire in mid-2019, when his current contract ends.

Shelk will have served 14 years in the role when he leaves. He will advise EPSA's board of directors as it searches for his replacement. The board has hired consulting firm Korn Ferry to conduct the search.

"I'm very proud of EPSA's many accomplishments promoting well-functioning competitive wholesale electricity markets, which continue to deliver benefits to consumers, the economy and the environment," Shelk said in a statement.

More: *Electric Power Supply Association*

Walmart Partnering with SunPower in Illinois

Walmart last week signed a deal with SunPower to install 23 MW worth of solar facilities at 19 stores in Illinois.

Construction of the facilities, which will be both ground- and rooftop-mounted, is scheduled to begin in the first half of next year, according to Walmart.

"These planned projects with SunPower are moving us in the right direction toward our renewable energy goals," said Mark Vanderhelm, Walmart vice president for energy.

More: *CNBC*

First Solar Signs PPA with PacifiCorp to Power Facebook Data Center

First Solar last week signed a power purchase agreement with PacifiCorp for its 58-MW Cove Mountain Solar Project in Utah.

The facility will be used to help Facebook power its Prineville Data Center in Oregon with 100% renewable energy.

First Solar expects to begin construction on the project late next year, with operations beginning in 2020.

More: *First Solar*

Nestle Signs Renewable PPA with ENGIE

Nestle Waters North America will power 50% of its operations in Texas with renewable resources from ENGIE Resources under an agreement signed by the companies last week.

NWNA operations in Travis, McLennan, Dallas and Harris counties will be supplied by ENGIE's Midway Wind Farm in San Patricio County, Texas. The agreement is part of Nestle's global 100% renewable energy goal, according to the company.

The company said that the agreement will reduce its water purification facilities' carbon footprint by more than 44,000 metric tons per year.

More: *Nestle Waters North America*

FBI Investigating Tesla Model 3 Production Numbers

The FBI is examining whether Tesla misled investors about the number of Model 3 vehicles it produced, according to sources speaking to The Wall Street Journal.

CEO Elon Musk set lofty goals for Model 3 production and insisted that the company meet them, even as it continued to struggle in the effort. Now investigators are probing whether the company stated it would meet Musk's targets knowing it could not.

Several former Tesla employees have been subpoenaed and received requests for information, the Journal reported.

More: *The Wall Street Journal* ■

Federal Briefs

Bellefonte Nuclear Plant Suffers Another Setback

Memphis Gas, Light & Water — the municipal utility for the city of Memphis, Tenn. — last week indicated it may not purchase power from the beleaguered Bellefonte Nuclear Plant in Alabama.

That has cast doubt on whether the plant's owner, Nuclear Development LLC, will receive $8.6 billion in loans from the U.S. Department of Energy to complete construction on the plant, which in turn jeopardizes the completion of its purchase from the Tennessee Valley Authority.

"The proposal made by NDLLC to MLGW is uncertain because the plant is not yet constructed," Memphis Light said in a document presented to the City Council last week. "That means we cannot be certain that the plant will be constructed, when it will be constructed or how much it will cost."

More: *AL.com*

DOE Awards $53M to Solar R&D Projects

The Department of Energy last week announced it awarded $53 million to 53 research and development projects it said will lower solar electricity costs and support jobs in the solar industry.

The funding includes $27.7 million for research into new, more efficient PV materials; $12.4 million for the development of components that can withstand higher temperatures; and $12.7 million for solar workforce training.

Recipients include several universities and solar development companies.

More: *U.S. Department of Energy*

Trump Mentions Making Wheeler Official EPA Head

President Trump last week said he may nominate acting EPA Administrator **Andrew Wheeler** to be the official head of the agency.

"He's acting, but he's doing

well, right? So maybe he won't be so acting so long," Trump said at the White House's State Leadership Day Conference last Tuesday.

Wheeler has been acting administrator since July, when former Administrator Scott Pruitt resigned amid a slew of ethics investigations.

More: *The Hill*

USACE Pulls Water Permit for Mountain Valley

The U.S. Army Corps of Engineers has suspended its water-crossing permit for the first 32 miles of the Mountain Valley Pipeline project, beginning where it originates in Wetzel County, W.Va.

The corps cited a federal appeals court decision earlier this month to vacate a separate permit for other water crossings in West Virginia. Another permit, for crossings in southern Virginia, was also suspended.

A Mountain Valley spokesperson said the company expects to receive a new permit from the corps early next year and that the project is still on track for completion by late 2019. The company is avoiding construction over water but is still working on the project. ■

More: *The Roanoke Times*

State Briefs

CALIFORNIA

San Diego to Form Clean Energy CCA

The city of San Diego last week announced it would form its own community choice aggregation (CCA) program, with the goal of procuring 100% clean energy for customers by 2035.

Beginning in 2022, city residents will be automatically enrolled in the program, but they can opt to stick with Sempra Energy's San Diego Gas & Electric as their electricity provider.

Under the CCA model, SDG&E will remain the transmission and distribution service provider for the city. In a statement, the utility said the city's move would not have any impact on its earnings, as it does not profit off electricity sales.

More: *Greentech Media*; *San Diego Gas & Electric*

IOWA

Co-op Installing Home Batteries in Pilot Program

MiEnergy Cooperative has begun installing batteries in customers' homes as part of a pilot program.

The co-op installed its first battery in a Minnesota City home Oct. 15 and plans to install another in a Winona residence next month.

"We want to gain a better understanding of battery technology on a small scale, like a residential home," MiEnergy CEO Brian Krambeer said. "We will be testing the batteries for use as a tool for energy management. It's an opportunity to see how it could benefit our members."

More: *KIMT*

Lawsuit Challenges County Approval of Wind Facility

A state judge last week heard arguments in a farmer's lawsuit over the Black Hawk County Board of Adjustment's approval of the planned Washburn Wind Energy project in Eagle Township.

The plaintiff argued that state law prevents the county from regulating land historically used for agricultural purposes. The board said that was a misinterpretation of the law: The county can regulate how agricultural land is used if the landowner uses it for nonagricultural purposes.

The board narrowly approved the Washburn project 3-2 in April. The $120 million, 70-MW project being developed by RPM Access has drawn opposition from neighboring homeowners worried about their property values and quality of life.

More: *The Waterloo-Cedar Falls Courier*

LOUISIANA

New Orleans Delays Entergy Investigation Report Again

The New Orleans City Council has voted to once again extend the deadline for a report on allegations that Entergy hired actors to play citizens supporting a proposed power plant.

Investigators requested extra time to review newly delivered documents by the company. The new deadline is Nov. 2.

More: *The Lens*

MASSACHUSETTS

Barnstable Approves Vineyard Tx Landing on Beach

The town of Barnstable last week approved Covell Beach as the site for the Vineyard Wind offshore wind project's underwater transmission line to come onshore.

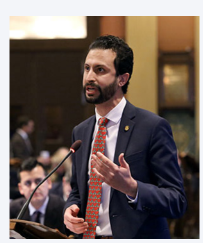
The approval came with the condition that Vineyard pay the town $32 million over the next 25 years. The line will run to an upgraded substation in the town.

The state Energy Facilities Siting Board, however, has final say over the line's route.

More: *The Republican*

MICHIGAN

Bill to Increase RPS to 100% by 2050 Introduced in House



State Rep. Yousef Rabhi (D) last week introduced a bill that would rapidly increase the state's procurement of renewable energy until it is 100% by 2050.

The state requires 10% of its electricity come from renewable resources now and 15% by 2021.

The bill would continue this trend to 25% by 2025, 50% by 2032, 75% by 2040 and 100% by 2050.

More: *The Michigan Daily*

MISSOURI

PSC to Reconsider Grain Belt Express in December

The Public Service Commission last week announced it will hold evidentiary hearings Dec. 18-19 for Clean Line Energy's request for a certificate of convenience and necessity for its proposed Grain Belt Express transmission project.

The PSC acted on remand from the state Supreme Court, which ruled in July that it should not have denied the project's CCN based on the fact that it had not received approval from every county that it would cross.

More: *Columbia Daily Tribune*

NEBRASKA

OPPD Board Proposes 50% Renewable Goal

The Omaha Public Power District board of directors last week proposed setting a "long-term goal" of obtaining 50% of the utility's electricity from renewable resources and reduce its carbon intensity by 20% by 2030 from 2010 levels.

The public utility's current renewable goal is 30%, but the board had considered scrapping any hard renewable targets in its goal of reducing the utility's carbon intensity, arguing that emissions reduction would entail renewable procurement anyway. It changed its stance after an Oct. 9 board meeting in which the majority of customers who attended urged it to keep the renewable target, with some urging even more aggressive goals.

More: *Omaha World-Herald*

NEW YORK

State Sues ExxonMobil over Climate Change

State Attorney General Barbara Underwood last week sued ExxonMobil, alleging the company defrauded investors by downplaying the effects of climate change on its business.

"Investors put their money and their trust in Exxon — which assured them of the long-term value of their shares, as the company claimed to be factoring the risk of increasing climate change regulation into its business decisions. Yet as our investigation found, Exxon often did no such thing," Underwood said in a statement.

The suit does not allege, however, that the company's business activities play a role in climate change.

More: *The New York Times*; *Politico*

VIRGINIA

Dominion Issues RFP for 500 MW of Renewables

Dominion Energy last week issued a request for proposals for 500 MW of solar and wind resources in the state.

The RFP is in response to the Grid Transformation & Security Act, which allows the utilities to pass on the costs of grid modernization – including renewable resource development — to ratepayers.

It is also part of a Dominion plan to develop 3 GW of clean energy in the state.

More: *Greentech Media*