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Texas ROFR Law Clouds Hartburg-Sabine Future

By Amanda Durish Cook

The future of MISO's second-ever competitively bid transmission project could be in jeopardy after passage of a Texas law that grants incumbent utilities the right of first refusal (ROFR) to build projects within the state.

MISO last year selected NextEra Energy Transmission Midwest to construct the Hartburg-Sabine Junction 500-kV project in East Texas. NextEra proposed to spend $115 million to build the project, which would consist of a new 23-mile single-circuit 500-kV line, four 230-kV lines and a new substation. The company sought a $95 million transmission revenue requirement (TRR), and its winning proposal scored 97 out of a possible 100 points in the bidding process. (See *NextEra Wins Bid to Build MISO's 2nd Competitive Project*.)

But the new Texas law casts doubt on NextEra's ability to proceed with the highly anticipated market efficiency project. Gov. Greg Abbott signed the ROFR bill into law May 17 after the state House of Representatives voted 139-5 to pass it and it cleared the Senate 31-0.

Referring to ERCOT's historical exemption from FERC oversight, Rep. Dade Phelan (R), a sponsor of the bill, told legislators in May that the bill will "ensure the Public Utility Commis-

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Wyoming Wind Power Revs up, but is it too much?

Rocky Mountain Power, a division of PacifiCorp, plans to add 1150 MW of new wind power and a 140-mile high voltage transmission line near its existing Seven Mile Wind Farm in Carbon County, Wyo. (p.8) | *© RTO Insider*

Calif. Wildfire Panel Urges Ending Strict Liability

Overturning Inverse Condemnation Among Recommendations Sent to Governor, Legislature

By Hudson Sangree

SACRAMENTO, Calif. — A panel created by last year's Senate Bill 901 unanimously approved its own recommendations to the governor and legislature Friday that include overturning the state's strict liability standard for utility-sparked wildfires and establishing a fund of up to $40 billion to compensate fire victims.

The *Commission on Catastrophic Wildfire Cost and Recovery* was tasked with finding ways to deal with the costs and liabilities of massive wildfires, fueled by drought and climate change in recent years. Commissioners decided a top priority was getting rid of the state's practice of inverse condemnation, which holds utilities liable for fires started by electrical equipment regardless of negligence. The costs are often passed on to ratepayers.

"The current method of allocating costs for these fires — socialization through utilities and ratepayers — has destabilized the state's energy sector, with the largest utilities facing increasing costs of capital and an imminent threat of bankruptcy," the commission wrote in its *report*.

Pacific Gas and Electric filed for bankruptcy in

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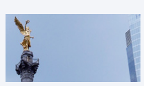

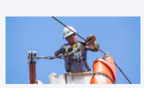

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In this week's issue

Western Conference of Public Service Commissioners

Western Regulators Worry About Pull of Politics

Policymakers vs. Policy Takers Discussed

By Hudson Sangree

The annual Western Conference of Public Service Commissioners drew a crowd of regulators and industry executives. | © *RTO Insider*

CHEYENNE, Wyo. — Commissioners from a dozen Western states gathered here to share their concerns and discuss the challenges of their jobs. At the top of the list was the role politics is playing in their decision-making.

Two panels at the annual Western Conference of Public Service Commissioners meeting held June 2-5 were set up to allow regulators to pose questions to their colleagues from neighboring states and prompt discussions.

Some asked if regulators should advocate for legislation or cheerlead for their utilities on Wall Street. Others questioned whether policy agendas — not reliability or affordability needs — are driving the rapid increase in wind and solar power in the West. And still others talked about the way state politics affect their internal processes.

In the case of California, for instance, lawmakers have been pushing the Public Utilities Commission to act with greater speed in the face of catastrophic wildfires and the Pacific Gas and Electric bankruptcy. They've frequently criticized the PUC for acting too slowly, Commissioner Clifford Rechtschaffen said during the first commissioners' panel June 3. (See ***Lawmakers Grill CPUC President on PG&E, Fires***.)

"The criticism intensified over the past year with the PG&E bankruptcy," Rechtschaffen said. It's true the CPUC moves slowly, he said. It's set up to make big decisions slowly and deliberately based on the record before it, he said.

"A lot of people want us to make our processes more informal and quicker," he said. "How do we do that … while still ensuring the integrity of our process?" Or, he asked, should the PUC maintain its plodding formality while responding to hundreds of rate cases?

"We're deciders, not policymakers," Rechtschaffen said. Without clear guidance from the legislature, it will be difficult to change course and speed, he said.

Megan Decker, chair of the Public Utility Commission of Oregon, empathized.

"Having deadlines mandated on us is a pet peeve for me," she said. And "not having clear expectations from the legislature means having more work at the commission level."

Idaho Public Utilities Commission President Paul Kjellander said, "Lawmakers say they want to see regulation at the speed of technology." In many cases, new technology presents cases without legal precedent, requiring more time, he said. "How do we get that message across to policymakers trying to speed things up?"

There should be no regulatory lag, he said, but cases should be decided in the "time it takes to make a good decision, and then call it a day."

He also took issue with Western policies driving green energy projects, which he described as "policy-driven economics."

PacifiCorp subsidiary Rocky Mountain Power last year came forward with a proposal to add 1,150 MW of new wind power, but Idaho won't have an electricity deficit until 2026, Kjellander said. Under the longstanding principle requiring new utility assets to be "used and useful" to ratepayers before they're made to foot the bill, the three new wind projects would have been a "no go," he said. Yet the commission approved the projects, located in Wyoming, last year, he said. The utility, which serves parts of Idaho, Utah and Wyoming, needed to get them into service by 2020 to take full advantage of the federal production tax credit.

Commissioners Brad Johnson of Montana, Ann Rendahl of Washington and Megan Decker of Oregon discuss state policymaking. | © *RTO Insider*

Western Conference of Public Service Commissioners

Commissioner Ann Rendahl said the Washington Utilities and Transportation Commission had gotten plenty of instructions from state lawmakers. "We got two gifts from them this year," she said with a hint of sarcasm.

One directs the UTC to implement a new state policy mandating that Washington go carbon-neutral by 2030 and 100% carbon-free by 2045.

Another change affects ratemaking, allowing utilities to begin recovering costs for their four-year clean energy implementation plans in advance of acquiring or building out the needed resources to meet the targets under those plans. That's a big change for Washington, which traditionally has granted returns only on past investments, Rendahl said.

"We're a historical state," she said.

In her question to colleagues, Decker asked about having to integrate sectors in which regulators don't traditionally have expertise, such as emergency preparedness.

Rendahl said her commission had been given oversight of party boats, provoking audience laughter.

Rechtschaffen said California regulators had dealt with a lack of experience by signing memoranda of understanding with sister agencies. "The area we're seeing it most acutely is … wildfire safety." The PUC signed MOUs with the state Department of Forestry and Fire Protection and Office of Emergency Services. It's been "shameless" about partnering with federal agencies and seeking help from Silicon Valley, he said. (See *Silicon Valley Tackles Wildfire Prevention*.)

The second commissioner panel included Jordan White, Utah; Ann Pongracz, Nevada; Jeff Ackermann, Colorado; and Jay Balasbas, Washington. | © *RTO Insider*

Montana Public Service Commission Chairman Brad Johnson said he had been working with a colleague to build a regional structure through the Council of State Governments to foster communication between lawmakers and regulators.

"We need to be careful we don't come across as lecturing our legislative counterparts," Johnson said. "I think if we don't approach this carefully, we could create some real pushback."

'My Little World'

A second panel of commissioners on June 4 raised questions about talking to Wall Street analysts.

Washington UTC Commissioner Jay Balasbas said he had once accepted an invitation to an analyst talk, though he had deep misgivings.

Utah Public Service Commissioner Jordan White said he would most likely decline such an invitation. "With rate cases before me, I would probably say no."

The commissioners also questioned whether regulators should be seen as endorsing bills.

"You have to measure how much is appropriate risk and how much is risk you can take," said Jeff Ackermann, chairman of the Colorado Public Utilities Commission. For instance, when being asked to testify as a subject matter expert on a bill, "It's unclear whose team, if any team, I'm on or trying to be an adjunct player for. What is an appropriate role?"

Generally, commissioners aren't supposed to advise lawmakers on policy development, he said. The old saying is that regulators are "policy takers, not policymakers," he said. "But as energy policy gets more complex, we're going to be drawn into it."

White said there are times regulators should address lawmakers in a "very mechanical, technical" manner to provide expertise, but that speaking with policymakers usually makes him uncomfortable.

"It gets dangerous when they try to pull us into their lane," White said. "As much as I can, I try to stick to my little world." ■

A breakout panel on alternative regulation consisted of state consumer-protection officials. From left: Robert Nelson, Montana; Michele Beck, Utah; and Bryce Freeman and Denise Parrish, Wyoming. | © *RTO Insider*

This year's WCPSC conference took place at the Little America Hotel and Resort on the outskirts of Cheyenne, Wyo. | © *RTO Insider*

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Calif. Wildfire Panel Urges Ending Strict Liability

Overturning Inverse Condemnation Among Recommendations Sent to Governor, Legislature

Continued from page 1

January, citing $30 billion in liability for massive wildfires in 2017 and 2018, including the Camp Fire, the state's deadliest, in November 2018. Southern California Edison and Sempra Energy, the parent company of San Diego Gas & Electric, watched their credit ratings crumble and stock prices sink in the wake of the Camp Fire and PG&E bankruptcy.

Carla Peterman | © *RTO Insider*

Dave Jones | © *RTO Insider*

The commission's five members consist of Chairwoman Carla Peterman, a former member of the California Public Utilities Commission; Dave Jones, a former state lawmaker and insurance commissioner; Michael Kahn, former CAISO chair and prominent lawyer; Pedro Nava, also a former lawmaker and head of the state's Little Hoover Commission; and Michael Wara, a Stanford University researcher and expert on climate and energy policy.

They were given about six months to come up with proposed solutions to vexing problems. The commission held five public hearings between February and June. The last was Friday at Sacramento City Hall.

During that hearing, some members expressed strong support for doing away with inverse condemnation, saying the huge costs are undermining the reliability of the electric system.

Michael Kahn | © *RTO Insider*

"Having inverse in a no-fault situation results in billions of dollars in costs, and that is stressing the system in a way that we find inequitable and problematic," Kahn said. He urged moving to a negligence standard, requiring a showing of fault before a utility could be held liable for wildfires.

Others have urged similar measures. A separate "strike force" created by Gov. Gavin Newsom recommended altering inverse condemnation in April, and Newsom indicated then that he supported the idea. (See *Calif. Must Limit Wildfire Liability, Governor Says*.)

At a press conference, he pointed to a chart showing a massive increase in wildfire damages in the past two years — with nearly $20 billion in 2017 and almost $25 billion in 2018.

"Who the heck's going to pay for that? Everybody wants someone else to pay. ... The person behind the curtain is going to pay for that," the governor said. "I'm of the opinion ... [that] we all have a burden and responsibility to assume the costs."

Newsom and legislative leaders, however, put out a *joint statement* last month, when the wildfire commission issued its draft report, that took a more cautious approach to changing inverse condemnation.

"We are committed to continuing the exploration of the impact of strict liability on the costs to ratepayers, on wildfire victims and on the solvency of our utilities," it said. "If the trend of massive, catastrophic wildfires persists, we may need to pursue additional changes."

'Into the Blender'

Doing away with inverse condemnation may be difficult, if not impossible, however. The principle is enshrined in the state constitution, under the premise that utilities are given the governmental power of eminent domain to establish easements for power lines and must pay for any damage to private property.

The political climate also doesn't favor utilities. Many voters remain angry with PG&E and other investor-owned utilities for burning down large swaths of the state — and, in PG&E's case, causing the deaths of more than 100 people — in the fires of 2017 and 2018.

At Friday's hearing, fire victims and their lawyers strongly protested any move to upend inverse condemnation, saying people who lost their homes in utility-caused fires four years ago are awaiting compensation, with some still living in camping trailers. Taking away the victims' quickest avenue for compensation will only result in further hardship, they said.

"People who aren't getting paid are at the mercy of the utilities, which they will be if you take away inverse condemnation," said Sacramento lawyer Steven Campora, a longtime foe of PG&E. Campora represented victims in the 2010 San Bruno gas line explosion that killed eight and resulted in PG&E's conviction on six felony charges in 2016.

The judge overseeing PG&E's probation in that case ordered the utility's new CEO and board members to tour the devastation in the town of Paradise, scene of the Camp Fire, which they did on Friday as the wildfire commission was holding its final hearing. (See ***PG&E Probed by Plaintiffs' Lawyers, SEC***.) The Camp Fire killed 85 people and largely leveled the town of 27,000 residents in the Sierra Nevada foothills.

Other recommendations approved by the wildfire commission included:

- Revising and clarifying the "prudent manager" standard that allows IOUs to recover wildfire costs from ratepayers if the CPUC determines a utility prudently managed its system. "The commission received testimony that the current standard for determining prudency is unclear and protracted," it said in its draft *executive summary*. Commissioners generally supported the plan.
- Establishing an Electric Utility Wildfire Board to consolidate "governance of all utility catastrophic wildfire prevention and mitigation into a single entity separate from the California Public Utilities Commission," which now handles many of those tasks, though some critics say it's ill-equipped to do so. Commissioners voiced mixed reactions to the proposal.
- Creating a "large and broadly sourced Wildfire Victims Fund, to more quickly and equitably socialize wildfire costs, and maintain the health of state's utilities." The proposal, which some commissioners said would require up to $40 billion, was controversial because it remains unclear how it would be funded — whether by ratepayers, utilities, their shareholders or a combination of contributors.

Pedro Nava | © *RTO Insider*

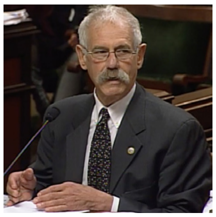
Nava said the commission's proposals are unlikely to be adopted wholesale, if at all. "These recommendations are going across the street [to the State Capitol and] into the blender, right?" he said. Lawmakers will probably pick and choose the pieces they favor while rejecting others, he said. "There will be a certain amount of cherry-picking." ■

CAISO/West News

Retiring CPUC President Still Has Lots to Say

Regulators Should Be Able to Move Quicker, Picker Says

By Hudson Sangree



Michael Picker has defended the CPUC's practices before the State Legislature as utility-sparked wildfires ravaged the state.

CHEYENNE, Wyo. — Former Gov. Jerry Brown sent his energy aide Michael Picker from Sacramento to San Francisco five years ago, telling Picker he wanted him to serve on the California Public Utilities Commission to try to set things right at the beleaguered agency.

"'I need you to go down there,'" Picker recalled Brown saying. "He *voluntold* me."

In 2014, the commission was in disarray. Its then-president, Michael Peevey, was under fire for his allegedly cozy relationships with the investor-owned utilities it regulated. Accounting irregularities were being investigated. And the San Bruno gas pipeline explosion of 2010 had raised concerns about its ability to ensure public safety.

Picker, 67, became president in early 2015 after Peevey's departure and led the commission through utility-sparked catastrophic wildfires, the huge gas leak at Aliso Canyon and other crises. He recently announced he would retire once Gov. Gavin Newsom appoints his successor, which he has yet to do.

Outspoken as usual, Picker talked about his accomplishments and the commission's challenges during an interview Wednesday at the Little America Hotel and Resort, where he attended the annual meeting of the Western Conference of Public Service Commissioners.

"It's a process of rebuilding an organization that's stumbling over its own history," Picker said of the commission while sitting outside on a sunny spring morning on the high plains.

The commission was established more than 100 years ago to make unhurried and often unpopular decisions, Picker said. It began in 1911 as the California Railroad Commission and was meant stem the abuses of powerful railroads, especially the Southern Pacific Railroad, whose reach extended into the State Legislature, the governor's mansion and even the state Supreme Court.

"Prior to the founding of the CPUC, the Southern Pacific Railroad dominated California politics," according to a history of the CPUC posted on the commission's website. The railroad "provided free train passes to politicians and their family members, donated generously to political campaigns and dominated state party conventions to ensure delegates were friendly to the company's interests."

"Gov. Leland Stanford, a Southern Pacific co-founder, went so far as to appoint Edwin Crocker to the California Supreme Court, where Crocker served while retaining his position as general counsel for Southern Pacific," it says. "Public backlash to Southern Pacific gave rise to the Progressive movement, which succeeded in electing Gov. Hiram Johnson and eventually establishing the CPUC to rein in railroad power and influence."

The commission was renamed and given oversight of electric and gas utilities, telecommunications and water companies. It's had the somewhat thankless job of approving new utility infrastructure and getting ratepayers to cover costs.

Picker said the commission is still a product of its era and not set up to respond to fast-changing technologies and public-safety crises such as wildfires. But he said he's done his best to change that within the limits prescribed by statute and the state constitution.

In particular, he said he's instituted organizational and cultural changes among PUC staff and its five commissioners — and he's put far more emphasis on public safety.

"When I got there, no one was talking about safety, even though San Bruno was just a few years before," Picker said.

Shortly after taking office, Picker — whose expertise was in environmental issues and organizational reform, not utilities — decided to stand outside the PUC headquarters on Van Ness Avenue and hand out fliers to the commission's hundreds of employees. The fliers invited workers to contact him on his cell phone with safety concerns they felt had been ignored.

"It was a way for me to have conversations with staff," Picker said.

Some who read the message contacted Picker, saying it was the first time they'd spoken with a commissioner, he said. They said their safety

"It's a process of rebuilding an organization that's stumbling over its own history."

— Michael Picker

concerns would travel up the staff chain of command but never be dealt with by commissioners, who were aloof and unresponsive.

"That taught me a lot about what needed be to be done at the PUC," he said.

Creating Consensus

The situation was right up Picker's alley. He'd spent years addressing vexing problems in unorthodox ways and bringing together people from different arenas. His work had included serving in Brown's first administration in the early 1980s setting up toxic waste programs and as a state deputy treasurer in the late 1990s.

"I try to focus on developing solutions that don't lead to the next round of failures," Picker said.

As chief of staff to Sacramento Mayor Joe Serna Jr. in the 1990s, he set up neighborhood divisions within city government to give residents more say and to encourage officials to tackle local issues.

Gov. Arnold Schwarzenegger tapped him to help get renewable energy projects approved by FERC and other federal authorities. He set up a multiagency team consisting of representatives from the federal Bureau of Land Management, the U.S. Department of Agriculture and different state agencies to map out the process for 150 projects, each generating more than 100 MW. It was his first real work in the energy sector, he said.

Schwarzenegger, and later Brown, asked him to deal with the CPUC, which as a rate-setter is the "second largest taxing agency in the state," he said. Some lawmakers distrusted the commission and, over time, created a system of checks and balances to slow down its decision-making and force it to operate transparently. For instance, it is only allowed to decide cases on the written record before it.

A slow, lengthy process is good if there's a danger that utilities are trying to game the market, he said. But it's not so good at responding to fast-moving changes that people care about, such as wildfires and cell phone service.

"The way we make decisions is very hard for people to understand and participate in," Picker said.

When he became CPUC president, Picker said, he decided not to act like his predecessors. Instead of using his prerogative to name an executive director, he made it a group project "designed to create consensus ... [so] commissioners felt like they were part of the organization," he said.

In August 2015, the commission began an investigation into Pacific Gas and Electric's safety culture in response to the San Bruno gas explosion, which killed eight residents of a suburban San Francisco neighborhood. That was before the massive Butte Fire of 2015, the disastrous wine country fires of 2017 and last year's Camp Fire, which leveled the town of Paradise and killed 85 people. PG&E equipment started nearly all the fires, state investigators concluded.

Picker said he and his fellow commissioners reinvigorated the CPUC's Safety and Enforcement Division, which had languished under prior presidents. Deputy Executive Director Elizaveta Malashenko was selected to head the division.

"I'm proudest we brought back the safety division," Picker said of his achievements.

A bill signed by Brown in 2018, SB 901, gave the CPUC oversight of IOUs' wildfire mitigation plans. The commission recently approved the first plans under the bill, along with provisions governing power shutdowns for fire prevention. (PG&E took advantage of those provisions on Saturday and Sunday, when windy conditions caused fires near Sacramento and threatened foothill areas. PG&E told nearly 30,000 customers they could lose power.)

'A Matter of Time'

Picker said it will be up to future commissions to continue improving wildfire safety.

Utilities need to use drones and other technology to increase line inspections, he said. The CPUC cannot inspect all the state's power lines, as some have suggested, he said. It would take at least 1,300 new employees and $125 million a year to make that happen, Malashenko recently told a legislative committee. (See *California Utilities Prepare as Fire Season Looms*.)

CPUC President Michael Picker and FERC Commissioner Cheryl LaFleur attended the annual meeting of the Western Conference of Public Service Commissioners in Wyoming last week. | *Michael Picker*

"It flies in the face of what we were designed to do," Picker said. The CPUC performs limited inspections of railroad lines, mainly at-grade crossings, while the railroads use specially equipped engines to inspect their tracks, he said.

The legislature could make changes to how the commission operates, or the state constitution could be amended, he said, "but it's clearly not the right time to do all of that," with wildfires and other issues taking precedence.

Picker said one notable change during his tenure has been the perception of California by other Western states. CAISO's efforts to start a Western RTO have been largely rebuffed both inside and outside the state, he said. But the Western Energy Imbalance Market has been embraced as a no-strings-attached way to trade energy across state lines. Animosity toward California has decreased, he said, and one day the West may be organized into a formal wholesale market.

"Everyone knows where this is going," he said. "It's just a matter of time."

As for retirement, Picker said he felt that after 10 years dealing with energy, and a new governor wanting to name a new president, it was time. "It seemed like a natural break," he said. Newsom did not ask him to leave, he said.

Picker said he'll keep pursuing new challenges and may return to his roots as a river guide. He's been invited on a monthlong trip down the Blue Nile in Ethiopia and Sudan, but he hasn't made up his mind to go. ■

CAISO/West News

Wyoming Wind Power Revs up, but is it too much?

PacifiCorp Joins Race for more Wind Power with 1,150-MW Project

By Hudson Sangree

HANNA, Wyo. — PacifiCorp subsidiary Rocky Mountain Power broke ground Wednesday on 1,150 MW of new wind power on the high plains of southeastern Wyoming near its existing Seven Mile Hill wind farm.

The company's ***Energy Vision 2020*** project is the latest in a series of mega-sized wind farms slated for the gustiest parts of the nation in Wyoming and New Mexico. The 99-MW Seven Mile Hill and other wind farms occupy a part of Wyoming where mountain chains end, allowing 70-mph winds to rush through regularly.

"These are gargantuan projects," RMP CEO Gary Hoogeveen said of his company's latest endeavors.

Some of the projects in Wyoming and New Mexico are intended to provide as much wind power as nuclear plants. Questions remain, however, about whether the electricity is needed and how it will get to densely populated areas of the West, particularly California.

Rocky Mountain Power, a division of PacifiCorp, plans to add 1,150 MW of new wind power and a 140-mile high-voltage transmission line near its existing Seven Mile Hill wind farm in Carbon County, Wyo. | © *RTO Insider*

In its Energy Vision effort, PacifiCorp/RMP plans to build three new wind farms capable of producing 350 to 450 MW each, along with a 140-mile high-voltage line to link the new turbines to its transmission system. It's also "repowering" existing turbines at Seven Mile Hill and nearby projects with longer blades and new generating units atop the nearly 300-foot towers.

At the Western Conference of Public Service Commissioners annual meeting in Cheyenne last week, Idaho Public Utilities Commission President Paul Kjellander asked why the Energy Vision 2020 project was moving forward when his state has enough electricity for years to come. Idaho is one of the project's intended recipients.

Part of Rocky Mountain Power's Energy Vision 2020 plan is repowering wind turbines at its Seven Mile Wind Farm with longer blades. | © *RTO Insider*

California Public Utilities Commission President Michael Picker questioned the construction of so much wind power in Wyoming — including a planned 3,000-MW project — and said there isn't a clear transmission path to California.

"I can see maybe 1,000 MW, but not 3,000," Picker said in an interview at the conference.

Many see California, with its 40 million residents, as a prime market for wind power from less populated Western states after it passed a 100% clean-energy mandate last year in Senate Bill 100. (See ***Calif. Gov. Signs Clean Energy Act Before Climate Summit***.) Wyoming has about 578,000 residents with wide-open ranges and powerful winds.

PacifiCorp, based in Portland, Ore., is part of CAISO's Western Energy Imbalance Market, which allows real-time trading across state lines.

RMP Vice President Todd Jensen, who oversees transmission planning, said the electricity from the Energy Vision project is intended only for the company's service territory, which contains about 1.1 million customers in Idaho,

CAISO/West News

Utah and Wyoming.

The utility has determined that getting its wind power to California would require tying into substations in Utah and Nevada and building hundreds of miles of new transmission lines, Jensen said. "There's not really the bandwidth or capacity to get it to California."

Western Wind Rush

Some are aiming to change that.

The *TransWest Express Transmission Project* is intended to provide 20,000 GWh/year of clean energy generated in Wyoming to the Desert Southwest, including Southern California, according to the Western Area Power Administration. The federal power marketing administration is supporting the *project* through its Transmission Infrastructure Program.

The TransWest line would "run about 728 miles from south-central Wyoming, crossing Colorado and Utah, to the Marketplace Hub about 25 miles south of Las Vegas, Nev.," WAPA said. "When completed, this project would have the capacity to transmit about 3,000 MW of electricity generated primarily from renewable resources at planned facilities in Wyoming."

The project is still in the permitting phase.

TransWest Express is a subsidiary of The Anschutz Corp., whose owner, conservative billionaire Philip Anschutz, built his $11 billion (2019 net worth) fortune in oil, railroads, telecommunications, real estate and entertainment, *Forbes* says. Anschutz is planning to build the world's biggest wind farm on 300,000 acres he owns in Wyoming, the business publication says.

Anschutz's Chokecherry and Sierra Madre Wind Energy Project near Rawlins in south-central Wyoming would consist of 1,000 turbines generating up to 3,000 MW — with much of the energy intended to be sent to California over the TransWest Express.

Local ranchers were among the attendees at the groundbreaking ceremony June 5 for Rocky Mountain Power's expansion project. | © *RTO Insider*

The massive wind projects have been undergoing environmental review, permitting and right-of-way acquisition since 2006. Completion is slated for 2026, according to *Power Company of Wyoming*, another wholly owned Anschutz subsidiary.

In New Mexico, Pattern Development's Corona Wind Project is moving forward. Pattern's plans call for construction of up to 950 wind turbines with the potential to produce 2,200 MW of electricity. That's about the same capacity as Pacific Gas and Electric's Diablo Canyon nuclear power plant, the last in California, which is scheduled to retire by 2025.

Executives with Rocky Mountain Power broke ground on 1,150 MW of new wind power June 5. | © *RTO Insider*

A transmission pathway remains uncertain. (See *Tx Path Uncertain for Massive New Mexico Wind Farm*.)

In September 2018, the New Mexico Public Regulation Commission declined to let the SunZia Southwest Transmission Project go ahead, citing unresolved concerns, especially that the developers had "failed to sufficiently define the location of the transmission line route for which it seeks approval."

The commission denied the project without prejudice so that SunZia's developer, SouthWestern Power Group, could firm up its plan and resubmit it.

SunZia's $2 billion transmission project would consist of two bidirectional 500-kV lines with a total rating of 3,000 MW. Its proposed 520-mile path from central New Mexico south across the Rio Grande and the Sonoran Desert in Arizona has met with resistance from federal agencies, the military, environmentalists, community groups and ranchers since it was first proposed in 2008.

Some of those concerns have been resolved, particularly with the U.S. Bureau of Land Management and Defense Department, whose land the lines would cross or abut, but problems with some private landowners persist.

SunZia's fate is linked with the Corona project, which would be the line's anchor tenant. The transmission line's developer says it will try again.

"SouthWestern Power Group is planning to reapply for location approval with the PRC during 2019, providing the additional information cited in the PRC decision," the company said in its most recent *update*. ■

CAISO/West News

'FERC must be Stopped,' PG&E Bankruptcy Judge Says

Tells Federal Regulator to Stop Meddling in Ch. 11 Proceedings

By Hudson Sangree

The federal judge overseeing Pacific Gas and Electric's bankruptcy case ruled Friday that he retains sole oversight of billions of dollars in renewable energy contracts the utility has said it may seek to reject during Chapter 11 reorganization.

Judge Dennis Montali | *Commercial Law League of America*

In a two-page *declaratory judgement*, Judge Dennis Montali of the U.S. Bankruptcy Court in San Francisco said FERC has no authority over the $42 billion in power purchase agreements entered into by the utility or its parent company PG&E Corp. despite the commission's assertion that it shares jurisdiction in the matter with the bankruptcy court.

"The Federal Energy Regulatory Commission does not have concurrent jurisdiction, or any jurisdiction, over the determination of whether any rejections of power purchase contracts by either debtor should be authorized," Montali wrote. "Debtors do not need approval from [FERC] to reject any of their power purchase contracts.

"Any determinations of the Federal Energy Regulatory Commission contrary to [this decision] are void, of no force and effect, and not binding on this court or either debtor," Montali wrote.

The ruling sets up an appellate court showdown between federal authorities and puts in limbo 387 PPAs between PG&E and 350 companies such as NextEra Energy and Exelon. The PPAs represent nearly 14 GW of contracted capacity.

The case began in January when PG&E filed for bankruptcy and NextEra and Exelon sought FERC's help preserving their contracts. In response to their petitions, FERC declared it shares authority over PG&E's wholesale PPAs with the bankruptcy court. (See *FERC Claims Authority Over PG&E Contracts in Bankruptcy*.)

PG&E asked the court to prohibit FERC or its PPA partners from interfering in its Chapter 11 case. It argued the only way for it to emerge from bankruptcy intact is for the court to allow the utility to abrogate overpriced renewable energy contracts — and that any input from FERC over those contracts would violate the court's authority under bankruptcy law.

PG&E applied to FERC for a rehearing, which the commission denied on May 1. (See *FERC Denies PG&E Rehearing Over Contract Dispute*.)

Wholesale PPAs are not "simple run-of-the-mill" contracts between private parties, FERC said. They "implicate the public's interest in the orderly production of plentiful supplies of electricity at just and reasonable rates and, as filed rates, carry the force of law binding sellers and purchasers alike."

"Whether a wholesale rate is just and reasonable — and whether the abrogation or modification of a wholesale power contract is necessary to protect the public interest — is a question that the commission is statutorily obligated and exclusively authorized to consider," the commission said.

But FERC insisted it "neither presumes to sit in judgment of rejection motions nor seeks to abrogate the role of adjudicating bankruptcy proceedings."

FERC must be stopped, and the division and balance of power and authority of the two branches of government restored."

— Judge Dennis Montali

Montali called FERC's statements extraordinary and said he wasn't buying them.

In a *memorandum* accompanying his order, Montali made it clear he thought FERC had overstepped its bounds when it inserted itself into the bankruptcy proceedings.

FERC "has chosen to interfere with bankruptcy courts' decisions. Without statutory or Supreme Court authority to support its position, it in fact 'presumes to sit in judgment' and second-guess — no, overrule — decisions of the bankruptcy court."

"Despite FERC's lip service to what it describes as 'concurrent jurisdiction' to carry out differing and perhaps competing policies, the effect of its decision guts and renders meaningless the bankruptcy court's responsibilities in this area of the law. For this reason, FERC must be stopped, and the division and balance of power and authority of the two branches of government restored."

Montali stopped short of issuing an injunction against FERC and PG&E's power suppliers, as the utility had requested, but said he would do so if necessary.

PG&E said it was pleased with the court's decision. NextEra and Exelon had no comment.

During hearings on the matter, Montali said he wanted to issue a ruling quickly so that the parties could appeal the case to a higher federal court. That's now likely to happen. ■

The 550 MW Topaz Solar Farm in Central California, one of the world's largest solar arrays, is contracted to PG&E. | *U.S. Fish and Wildlife Service*

ERCOT News

Overheard at GCPA Mexico Power Market Conference

Energy Minister Tries New Tact, Appealing to Investors

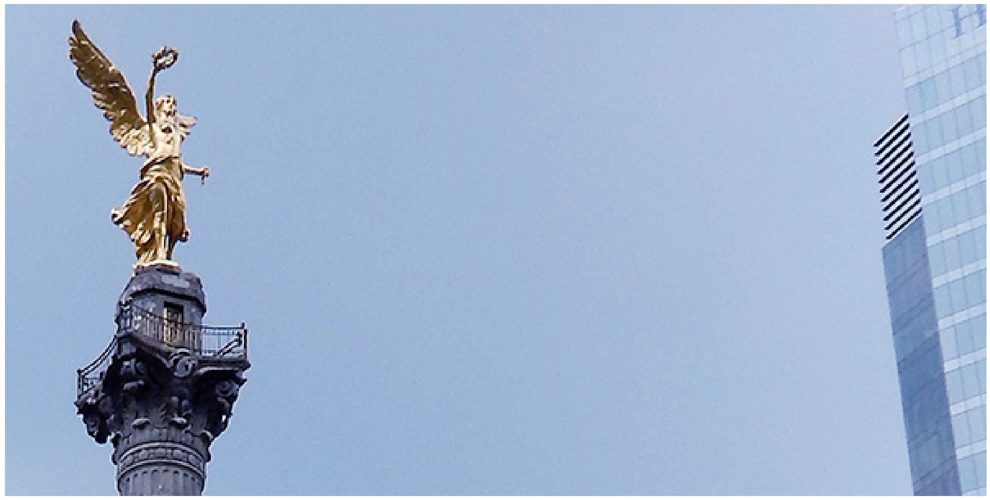
MEXICO CITY — Mexico's energy secretary opened the Gulf Coast Power Association's fourth conference on the country's electric power market on Thursday with what observers labeled a "stump speech" and an olive branch to the foreign investment community.

Making her first public appearance since Fitch Ratings *downgraded* Mexico's sovereign debt rating to BBB — just above junk status — and Moody's Investors Service lowered its outlook to negative, Rocío Nahle, secretary of the Ministry of Energy (SENER), told her audience of about 100 attendees that the country's energy market is still very much open to private interests.

"The private sector is playing a very important role that requires our full attention," Nahle said. "We are at your service. We are public servants. We are servicing everyone. We can help you out, as much as possible.

"Where there's synergy, we will push forward. Where it's not possible, we will say it's not possible. We're looking to increase investments … to find joint energies between the public and private sector," she said.

Nahle's message was a departure from the actions the administration of President Andrés Manuel López Obrador has taken to reverse much of Mexico's electric market reforms since taking power in December. AMLO, as he is commonly referred to, has railed against the 2013 reforms, calling them a "neoliberal" economic policy that favors markets and investors over the Mexican people.


The Angel of Independence, built in 1910, stands guard in modern Mexico City. | © *RTO Insider*

Most of the administration's early measures have benefited the government-run Federal Electricity Commission (CFE) electric utility. Capacity auctions, which obligated CFE to buy power, have been canceled, and plans announced for new power plants. (See *Changes Add Uncertainty to Mexico's Power Market*.)

The country's electric regulatory agency, the Energy Regulatory Commission (CRE), has seen its independence threatened by four new commissioners, all appointed by López Obrador. CRE President Guillermo García Alcocer last week announced his resignation, effective June 15, saying the commission "has a new composition with a majority vision different to mine."


Bravos Energia's Jeff Pavlovic (left) and Enix's Francisco Salazar listen to the conversation. | © *RTO Insider*

The changes "have left us in a situation where companies that want to do business here and invest are sitting on the sidelines," said Bravos Energia President Jeff Pavlovic, who had a large hand in writing the new market rules. (See *American Market Architect Reflects on Mexico's Reforms*.)

Pavlovic said he's been enloquecido, or driven crazy, by the recent market developments, his bleary eyes emphasizing that point. The market is still active, he said, "but the pieces canceled by the government and the government statements send confusing signals."

Thus, Nahle assured investors that the government will "abide" by all contracts signed under the previous administration.

"Not only abiding, but helping you push forward" through red tape, Nahle said. "Everyone has been complaining about the paperwork," she said, promising to shorten the time it takes to obtain permits and regulatory approvals.

Nahle said the changes to the market were necessary because of an uneven playing field for CFE, never mind the utility's 90% market share. She pointed to what she said was poor performance in the power auctions, which CFE is required to buy from, contending only 9% of the contracts from the second auction were actually completed and none from the third.

"There has been an imbalance. There should be a balance, which is the main strength of the power sector in Mexico," she said. "There's so much power and capacity, there is a place for everyone. There is space for all of us. Every-

ERCOT News

thing should be under order, which is what the government is working for."

Shrugging off negative media reports on the market ("Sometimes we read different media. Some opinions are not very right, or people have personal opinions with firm foundation."), Nahle said the reforms will be maintained.

"We're not going to implement any changes. We will continue to work with the regulators, as we are now," she said. "We can make it so much stronger. We invite you to participate, so we are going in the same direction. We have to take full opportunity, because this country is demanding lots of power."

When asked whether Nahle's statements will reassure market participants and investors, ICIS Heren's James Fowler, a senior energy analyst for the Americas, firmly said, "No," pointing to the changes made to strengthen CFE's role in the market.

Andrea Calo | © *RTO Insider*

Andrea Calo, director of Mexican market intelligence for Customized Energy Solutions, said she has to counsel clients and investors interested in the market to better understand the signals coming from the new administration.

"We knew the power market was going to suffer some modifications," she said. "It's evident that it's evolving. It's a dynamic market, and it should change. It faced a structural power reform in 2013 … originated in part to attract private investment, because there's not enough public capital to meet that demand. We're seeing a change in that principle. It doesn't mean the changes announced will become a reality. We will see how it goes at the end."

Hard Line on Corruption

López Obrador's 2018 campaign included a pledge to eliminate government corruption, a message Nahle says the president repeats "every single day."

"Corruption is very, very costly to Mexico. Power insecurity is because of corruption. Inequality in this sector is because of corruption," she said. "We're even changing some public servants, because we do not tolerate corruption. Not any longer. No corruption is being tolerated by this administration."

While there have been no wholesale purges in the energy bureaucracy, some personnel have seen their salaries slashed because they were making more than the president. One attendee questioned the strategy, pointing out that those who lost income might be incentivized to find other ways to make up the difference.

"The private sector is asking if there is still room to endorse investing in Mexico," Calo said. "There's a need to have a permanent dialogue with the new government and the new administration. Ideally, they might take advantage of all the agencies and public servants that were a part of the previous administration, taking advantage of their expertise to provide the technical advice in determining the best way forward. This market will help them reach their stated goals, a reliable supply and more efficiency."

Government-run CFE has become the big winner under the new administration. | © *RTO Insider*

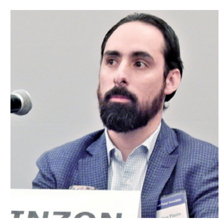
Market Reality: Change Will Happen

Asked to make sense of the new administration and its effect on energy market reforms, the conference's final panel suggested patience with the sudden change in direction.

Severo Lopez | © *RTO Insider*

Severo Lopez, a partner with Galo Energy Consulting, said power markets "tend to be politically complicated," which could lead to a long learning curve for the "nuevos" (newcomers).

"We had been working on the reforms for the past 20 years, but the last administration was the first time we saw political support for changing the energy sector," Lopez said, referring to the Enrique Peña Nieto presidency. "We're back to reality. Reality is that these processes are complex; the changes being made here are by changes in regulation. We shouldn't freak out. It's the usual process."



Jonathan Pinzon | © *RTO Insider*

"There are companies that want to contribute. We know we provide value," said Jonathan Pinzon, director of regulatory affairs for Invenergy's Mexican business. He said he was surprised by the "limited numbers of U.S. companies participating in this market" but noted that "things will change."

"That was the reality six years ago," Pinzon said.

Acclaim Energy Advisors' in-country manager, María José Treviño, said she was spending her third straight day at an industry event. "The message is the same. Investment is here," she said.

"A lot of companies have their generation facilities developed. They're willing to keep developing, but there is a bit of uncertainty," Treviño said. "The reality is … demand is growing. We see contracts being signed; we've seen consumers making decisions quickly. They want certainty in their budgets. There's movement, but we need more. We need more investment

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in infrastructure to move forward."

Pavlovic told *RTO Insider* that it won't be CFE building the needed new generation plants and transmission facilities, despite the utility's regained prominence. He pointed to the *recent news* that CFE had lost almost 14 billion pesos (about $710 million) during the first quarter of 2019, news that was only made public when the company missed a filing deadline and the Mexican Stock Exchange halted trading of its shares.

"Most people are trying to identify how to adapt to the new rules, but a big piece is unclear: Can CFE build new generation?" he said. "They don't have the balance sheet to finance that many projects."

SENER Planning Document Yields few Insights

If market participants were hoping SENER's annual planning document would add clarity to the electricity sector's future, they were sorely mistaken.

The ministry released the Programa de Desarrollo del Sistema Eléctrico Nacional (*PRODESEN*) at the end of May. The document, which provides a 15-year look-ahead, calls for CFE to add 18.8 GW of new capacity by 2025, equivalent to about 27% of the country's current generation. Despite Nahle's claims that the administration would stick to Peña Nieto's goal of 35% renewable generation by 2035, the PRODESEN calls for only 2.9 GW of additional renewable energy.

Galo's Lopez said the document has a CFE flavor because of political concerns that the utility "is at some disadvantage."

"This plan has a strong part where it says CFE has to invest in generation, transmission and distribution," Lopez said. "They talk about private investment, but there's no fine definition of where investing in the private sector starts and ends. Why? There are no financial numbers in the plan. If you don't put numbers in plan, you can say anything you want."

"[The PRODESEN] sends some high-level signals. In the end, the challenge is how to implement them," said Antonio Noyola, chief development officer with Avant Energy and a CFE veteran. "We need to read it, digest it, understand it. I've read it twice, and every time I read it, there are many questions. What exactly do they want to say?

Antonio Noyola | © *RTO Insider*

"Electricity is a basic need for all. Who is going to supply it?" Noyola asked. "Shouldn't [national ISO] CENACE be a part of it, if we are to grow the power system in a balanced way? We would like to see there is open access, when in practice, there is no access. So, a few challenges, yes."

"The answer has to be provided by the government. It's not coming from us," said Laurie Fitzmaurice, EDF Renewables vice president of business development for Mexico. "I believe the PRODESEN knows we do not have the [background information] to understand this PRODESEN. We're just starting to digest it. Whether we have a level playing field is not up for discussion. What does equality for CFE mean? There are many opinions."

Outgoing CRE Chairman Plays it Straight

A newly minted short-timer, CRE President García Alcocer refrained from taking shots at the administration during his luncheon address. Instead, he delivered straightforward comments on CRE and its role in regulating and monitoring markets and sanctioning those that don't comply.

"Regulating bodies are struggling to show why regulation is necessary. Our primary objective is to provide certainty to the investment community," García said. "The certainty that the legal framework won't change is important to you."

He quoted "Game of Thrones" character *Tyrion Lannister* in explaining the difficulty in balancing consumer interests with those of public and private energy companies: "No one's very happy, which means it's a good compromise."

García Alcocer's resignation will leave CRE with just one holdover commissioner from the previous administration and two of seven slots to be filled. López Obrador responded to the resignation during one of his daily morning press conferences by saying officials that don't share the administration's goals should seek work elsewhere in an "act of honesty."

"A regulator has no one to stand for him," García Alococer said. "To have certainty for investment, we provide the blame shifting. It's important for a politician to have someone take that responsibility."

Looking back on his tenure with CRE, he seemed to take pride in its transparency. He pointed out its meetings are open to the public but noted the most recent meeting was the first with four new commissioners, all from petrochemical backgrounds.


Mexico's energy secretary, Rocío Nahle (left), discusses Mexico's power market with Customized Energy Solutions' Andrea Calo. | © *RTO Insider*

"They are extremely boring, until a few days ago," he said, drawing hearty laughter.

Bilateral Contracts Show Hope for Future

A year ago, an industry insider addressed the lack of activity in the bilateral market by saying that whenever a contract is signed, "There's a big fiesta."

Times have changed, said Cesar Reyes, a partner with Zumma Energy Consulting.

"I've seen a lot more momentum the last six months," he said. "There's more appetite on both the part of the qualified supplier [aggregator] and the end user. That's because the rates and tariffs are following the same steady upward paths."

"We see more movement, much more suppliers seeking clients, and higher dynamism," said Yosafat Coca Huerta, with Suministradora (Supplier) Fenix. "A supplier has to think how can [it] get power … on tendering process. … There's a big interest on behalf of generators seeking suppliers who might help out [with backup power]. We saw this in the last quarter and again this year. There's a lot of interest by big parties … to reach bilateral agreements. Maybe we will have at that time, based on private bilateral hedge contracts, we'll have a better price."

Yosafat Coca Huerta | © *RTO Insider*

"The outlook will be cleared up eventually," Pavlovic said, "and we can go back to the fast-growth cycle we were in." ■

— Tom Kleckner

New England Conference of Public Utilities Commissioners

NECPUC Day 2: McNamee Reiterates Storage Dissent

New England Regulators Explore Future of Storage, BYOD

By Michael Kuser

Bernard McNamee | *© RTO Insider*

HARTFORD, Conn. — FERC blurred the line between state and federal oversight over power issues last month when it rejected multiple requests to reconsider its landmark electric storage order, Commissioner Bernard McNamee told the New England Conference of Public Utilities Commissioners (NECPUC) at its 72nd annual symposium June 4.

The May ruling prompted a partial dissent from McNamee over the commission's rejection of requests to allow states to opt out of rules giving FERC jurisdiction over storage resources connected to utility distribution systems (*Order No. 841-A*). (See *FERC Upholds Electric Storage Order*.)

"I dissented partially from this order because I felt that for behind-the-meter storage resources and those resources that are connected at the distribution system, FERC exceeded its authority," McNamee said.

The Federal Power Act took a two-pronged approach, giving FERC authority to make decisions about the transmission of electric energy in interstate commerce and the sale of electricity at wholesale, while also recognizing states' jurisdiction over generation and distribution facilities, he said.

"The majority of the commission reasoned that because energy resources would affect wholesale prices, FERC had jurisdiction to tell the states that they had to allow energy storage facilities to connect at the distribution level and, by the way, saying, 'You figure out the safety issues,'" McNamee said. "I fundamentally thought that was exceeding our authority.

"Where is the line between the states and the federal government on these issues?" he continued. "What's the policy about this? What do the parties say of this? What is the legal thinking from the parties about this? I'm trying to decipher that."

FERC Commissioner Bernard McNamee addressed the New England Conference of Public Utilities Commissioners at its 72nd annual symposium June 4 in Hartford, Conn. | *© RTO Insider*

Issued in February 2018, FERC Order 841 set a Dec. 3, 2019, deadline for RTOs to comply with the directive to allow storage resources to provide any services of which they are capable. The commission in February approved ISO-NE's storage compliance filing but has directed other RTOs to provide more information on their plans. (See *FERC Accepts ISO-NE Storage Tariff Revisions*.)

Utility-scale or not

The anticipated rapid growth of storage was a hot topic at the conference, with ISO-NE last month confronting 2,500 MW of storage resources in its queue, compared with 1,381 MW just a month earlier. (See *'Grid Transformation Day' Highlights ISO-NE Challenges*.)

Christopher Parent | *© RTO Insider*

"Our interconnection queue doesn't mean all those projects will get built," said Christopher Parent, ISO-NE's director of market development, adding that the RTO will focus on bringing storage projects into the market.

"Sometimes behind the meter, sometimes in front ... our market constructs enable all storage to participate and select the services it provides," Parent said. "It's important to get the price signals right for the market."

Mike Calviou | *© RTO Insider*

Mike Calviou, National Grid senior vice president for strategy and regulation, said his company will own and operate 25 MW/146 MWh of storage by the end of the year.

"We're also interconnecting non-utility scale storage and have 17 MW paired with solar and 1 MW in the queue," Calviou said.

The utility put a 6-MW/48-MWh storage facility on Nantucket to back up a diesel generator and avoid the need to build more costly transmission lines.

"We're working with ISO-NE to maximize benefit, so you don't just write incentives to create

New England Conference of Public Utilities Commissioners

storage but to use it," Calviou said.

"I think storage should be seen as part of the solution," he said, adding that planners should not be technology-agnostic.

Jeffrey Bishop, CEO of storage developer Key Capture Energy, which has 10% of the storage in ISO-NE's queue, said, "If the wholesale market doesn't have the right incentives to support storage development, the states will step in and do that. Massachusetts has its Clean Peak Standard because the wholesale market doesn't compensate for the various services that storage provides."


Jeffrey Bishop | © *RTO Insider*

Massachusetts mandates that electricity suppliers serve a certain portion of their sales with "clean peak" resources, with the state's Department of Energy Resources each year determining the minimum standard. (See *Mass. Inaugurates Clean Peak Standard*.)

Lon Huber, a director at energy consultancy Navigant, cited time-of-use rates as evidence of how storage is moving from environmental value to systemwide benefit value.


Lon Huber | © *RTO Insider*

Storage can respond to price signals at the peaks, Huber said, noting how fossil fuel-fired generators were unable to work in a cold snap and "should be penalized for not providing capacity when needed."

Time-of-use rates are the tool that allow customers to shift their demand to shoulder periods, said Anne Hoskins, chief policy officer for solar developer SunRun.

"In two years, we've seen a dramatic increase in customer demand for storage," yet in some ways the system is living in the past, Hoskins said. "During the wildfires there was a massive rush on generators ... and it was very disconcerting to me, living in California in a fire district, to receive a notice from my utility that said 'Be prepared for the shutoffs, and get your gasoline for your generator.' And this is in a state where climate goals are very high, like the climate goals here."


Anne Hoskins | © *RTO Insider*

Connecticut Public Utilities Regulatory Authority Chair Marissa Gillett confessed that her state is one of three in the region (along with Rhode Island and Maine) that do not yet support a "bring-your-own-device" (BYOD) program.

BYOD offers utility customers rebates for installing and enrolling connected thermostats and battery energy storage devices.

"The New Hampshire public consumer advocate supported BYOD, but not my own state," Gillett said.

Hoskins said that despite the slow start in some states, "New England is showing tremendous leadership in this area ... and it takes a lot of legwork to set the tariffs."

She noted that neighboring NYISO is also active on the issue, and that PSEG Long Island in the next couple of weeks is about to launch its own BYOD program.

(For Day 1 coverage of the NECPUC event, see *New England Regulators Talk Wholesale Market Evolution*.) ■

ISO-NE News

Residents Protest Biomass at Mass. DOER Hearing

By Michael Kuser

SPRINGFIELD, Mass. — More than 100 people turned out Wednesday evening at John J. Duggan Academy to protest a Department of Energy Resources proposal to alter the state's renewable portfolio standard to include *biomass* plants.

"We want to give everybody an opportunity to be heard in an equal and fair way, and it's really our opportunity to listen to your feedback on the proposed changes we have made to the regulations," said Mike Judge, DOER renewable energy division director.

The state's RPS requires all electricity retailers in the commonwealth to obtain minimum percentages of their supply from renewable resources, starting at 16% last year and increasing 2% annually to 80% in 2050.

The DOER in April filed draft changes to the RPS that would allow facilities burning non-forest derived woody biomass to receive grants for up to 80% of construction and installation costs and still receive ratepayer subsidies for energy generated, increasing the likelihood of biomass generators being built.

Nearly 300 people attended the fourth and final public hearing on the topic hosted by the department June 4. Among the nearly 60 people testifying were a dozen biomass industry proponents and five members of the Springfield City Council opposing plans by Palmer Renewable Energy for a 35-MW wood-burning plant in East Springfield.

Tanisha Arena | © *RTO Insider*

City Councilor Melvin Edwards, who testified that he is in line for a double lung transplant, told *RTO Insider* that, "The first day that this plant runs will be the first day and the only day that it would run its cleanest, regardless of the standards as they change. It will never be a benefit for my community except for the few jobs it will create, and allow me to suggest that the majority of the jobs ... will be at the respiratory department of Baystate Medical Center."

Edwards said that "we don't want to make this about any one project."

Different Voices

Licensed forester John Clarke testified in favor of the RPS changes.

John Clarke | © *RTO Insider*

"I practice sustainable forestry in my daily business and know that there's opportunity for sustainably derived wood chips to provide local, renewable fuels for thermal, electric and co-generation facilities," Clarke said. "These fuels are renewable and will directly replace fossil fuels, leaving ancient carbon in the ground and utilizing biogenic carbon for our energy needs."

City Councilor Jesse Lederman drew a standing ovation from about two-thirds of the crowd when he opposed the RPS changes as providing subsidies "to large-scale wood-burning incinerators in Massachusetts and the region."

"I particularly draw your attention to the 2010 Manomet [*Biomass Sustainability and Carbon Policy*] study, which was commissioned by the state ... and clearly found that these types of large-scale, low-efficiency incinerators were not carbon-neutral and could accurately be compared to the emissions of a coal power plant," said Lederman, who is chair of the council's committees on sustainability and the environment and health and human services.

Lederman said he and his colleagues would ask the legislature to remove biomass completely from the RPS statutes and also requested that the DOER extend the deadline for written comments to June 30. On Friday, the department pushed the deadline to July 26.

Charlie Bagnall of Peterson Pacific, a manufacturer of wood processing machinery, said he favored accommodating non-forest derived wood fuels such as the byproducts of vegetation management by utilities and from other sources. His company tries "to be as green as possible," he said, telling how it implemented Tier 4 diesel emissions standards in 2012, six years before they went into effect in Massachusetts.

Jake Dubreuil, sales manager of Barry Equipment in the town of Webster, testified that "1 million tons of non-forest derived fuel sources are produced annually — 1 million — in Massachusetts alone. ... With the proposed changes to the RPS, responsible solutions ... can be monitored by our state regulatory commissions and committees, ultimately displacing the use of fossil fuels."

Melvin Edwards | © *RTO Insider*

Tanisha Arena, executive director of local activist group Arise for Social Justice, testified that, "Biomass isn't clean energy. Burning anything isn't clean energy.

"If you betray Springfield with a biomass plant, Palmer Renewable Energy gets \$10 million to \$12 million a year in renewable energy subsidies, but we, the residents of Springfield, receive what? Will you compensate us for the nasty air we will breathe?" ■

About a hundred people outside a DOER hearing in Springfield, Mass., on June 5 protest proposed RPS revisions. | © *RTO Insider*

MISO News

MISO Proposes Protections for FTR Market

By Amanda Durish Cook

CARMEL, Ind. — MISO last week proposed a set of changes to buttress its financial transmission rights market and said it will convene a new task team to work out the details of the fledging proposal.

Two alterations involve stiffer collateral requirements, while the third will prohibit known "bad actors" from participating in the RTO's FTR auctions. During a Market Subcommittee meeting Thursday, MISO and stakeholders created a task team to refine the three-prong proposal.

"MISO has had no losses in the FTR market. Having said that, that doesn't mean that there aren't opportunities to improve," said Brian Brown, a credit analyst with the RTO.

Brown said the improvements are targeted for April 2020, before the next annual FTR auction. By Friday, MISO will create the task team that will draw up the two required Tariff filings this fall, Manager of Credit and Risk Management Matthew Mullin added.

According to Brown, MISO is considering introducing a 5-cent/MWh minimum collateral requirement, which would boost collateral by $35 million across the entire FTR market.

Credit requirements could also be adjusted based on a proposed mark-to-auction valuation that would estimate the market value changes of an FTR portfolio by calculating the difference between FTR purchase prices and the most recent auction prices. PJM recently *introduced* such a measure to spot reductions in portfolio value in order to increase credit requirements, saying declining market value can be an indicator of increasing risk in FTR markets.

MISO said it plans to require FTR traders to post collateral based on the highest figure derived from either the current FTR credit calculation, the new minimum amount or the mark-to-auction valuation.

Brian Brown | © *RTO Insider*

Customized Energy Solutions' Ted Kuhn asked if the changes might negatively impact participation rates in the FTR market.

"We expect the impact to be minimal, but it's difficult to forecast that," Brown said, adding that MISO market participants have always been willing to post collateral.

RTO staff also said they have been discussing the changes with its Independent Market Monitor.

MISO is justifying the changes based on a 2003 FERC policy statement that said the commission expects that ISO/RTOs "should act on behalf of their membership to minimize likelihood of default."

Preventing 'Bad Actors'

In a separate Tariff filing, MISO will seek to bar what it deems "bad actors" — either those that have defaulted or settled market manipulation charges in FERC jurisdictional markets — from becoming market participants.

Mullin said MISO currently lacks the authority to keep those with ill intent out of its markets.

"In light of recent events, we believe MISO should have authority to prevent bad actors from participating. ... Right now, we don't have the explicit authority to do anything," Mullin said. "We believe this is a logical next step."

He was referring to GreenHat Energy's record default in PJM's FTR market. MISO recently completed a scheduled analysis of its FTR market and has repeatedly reassured members that similar failures are unlikely to occur. (See *MISO Offers Reassurances on FTRs, Examines Changes*.)

Mullin said MISO must still define what constitutes a "bad actor" and what steps it will take after identifying one. He said the new task team would work out those details.

"These improvements won't eliminate the risk of a loss; however, it closes the gaps and the opportunity to exploit those gaps. More importantly, it will reduce the magnitude of a loss," Brown said.

Brown stressed that MISO's historical FTR performance shows that it has been "minimally exposed." He added that its FTR market has never experienced a default. ■

MISO News

Texas ROFR Law Clouds Hartburg-Sabine Future

Continued from page 1

sion, and not the federal government, will have jurisdiction over Texas transmission rates." (See *Texas ROFR Bill Passes, Awaits Governor's Signature*.)

But opponents contend the law will undercut competition by prohibiting anyone but incumbent utilities to build Texas transmission and prevent the PUC from licensing new entrants to the transmission market.

MISO says it is reviewing the developments but still expects construction will proceed on the congestion-relieving line.

"MISO is committed to delivering the benefits of the Hartburg-Sabine Junction 500-kV transmission project in East Texas in accordance with its regional transmission plan and in compliance with applicable laws and regulations," Director of Strategic Communications Julie Munsell told *RTO Insider*. "MISO is reviewing the applicable Tariff provisions and will determine the appropriate steps."

The RTO emphasized that its studies show the project will "alleviate longstanding energy congestion issues and import limitations, allowing lower-cost generation to serve customers in the area."

MISO representatives declined a request for further interview on the matter.

In 2016, MISO respected Minnesota's existing ROFR when it declined to open the $80.9 million Huntley-Wilmarth 345-kV line project to competitive bidding. At the time, MISO's legal team said the RTO must respect state and local laws. (See *MISO Board Approves MTEP 16's $2.7B in Tx Projects*.) The U.S. District Court for Minnesota last year rejected competitive

| NextEra

developer LS Power's challenge to the state law. (See *Courts Uphold Minn. ROFR, MISO Cost Allocation*.)

Big, Swift Change

In testimony in April, NextEra Energy Transmission President Aundrea Williams said that if the Texas ROFR legislation passed, it would "without question" force customers in East Texas to "pay more for this key transmission project and lose out" on benefits because of the lack of competition. Williams also said the MISO competitive process found that NextEra's proposal would save customers tens of millions of dollars when compared to other proposals. She cautioned that the bill would have "real detrimental" consequences for Hartburg-Sabine.

"This bill is a big change to Texas transmission markets, and a swift change. A change so big it that it will have an impact on every single Texan and so fast that there is insufficient time to have an opportunity to fully evaluate all the possible negative implications that will ripple across the state. The bill will impair a long-standing market fundamental that underpins the overall structure of the Texas electricity market that has served Texans well for many years," Williams said.

Incumbent transmission owner Entergy was one of 12 *developers* to bid on the project under its EasTex TransCo subsidiary. While MISO does not release specific details about losing proposals in competitive solicitations, general data released by the RTO regarding Hartburg-Sabine showed submitted bids ranged from $95.4 million to $133.9 million, while TRRs ranged from $88.2 million to $166.3 million.

Entergy did not respond to an inquiry about its proposal or its intentions regarding the project in light of the ROFR law. NextEra also declined to comment for this story.

In March, FERC granted NextEra an abandoned plant incentive, allowing the company to cover 100% of its investment if the Hartburg-Sabine project is canceled for reasons outside the company's control. (See *NextEra Gains Incentive for Hartburg-Sabine Project*.) ■

Complaint Seeks Bigger Role for Smaller MISO Projects

By Amanda Durish Cook

LS Power filed a complaint Wednesday asking FERC to compel MISO to lower the threshold for competitively bid transmission projects from 345 kV to 100 kV and change its approach to estimating the benefits of smaller projects.

The complaint under Federal Power Act Section 206 requests the commission to order reforms on a 60-day deadline that establish cost allocation for market efficiency projects (MEPs) below 345 kV (*EL19-79*).

Currently, MEPs must meet a voltage threshold of at least 345 kV and cost at least $5 million. However, MISO earlier this year filed a Tariff revision to lower the threshold to 230 kV, a change that RTO staff have said will reflect the reality of a footprint where 230-kV lines are prevalent. (See *MISO MEP Cost Allocation Plan Goes to FERC*.)

FERC has yet to rule on the requested change, and LS Power has also filed its complaint in the docket for the associated proceeding (ER19-1124).

In its complaint, LS Power argues that reducing the voltage threshold to 100 kV would "remedy flaws in MISO's economic planning process" and also expand the number of projects eligible for competition, consistent with FERC Order 1000.

"The commission should require MISO to resolve this issue quickly as it has been aware of this deficiency in its economic planning process for several years and failed to solve it in a just and reasonable manner," LS Power said.

The company contends that MISO's planning process fails to provide a "clear path" for regionally beneficial economic projects at lower voltages, resulting in "unnecessary congestion costs and unjust and unreasonable rates."

Not Far Enough

MISO's filing does seek to address at least some of LS Power's concerns by creating a new category for economic projects below 230 kV and above 100 kV for which 100% of costs would be allocated to a local transmission pricing zone, rather than across multiple zones. Such transmission projects were previously categorized as "other" projects without clear allocation rules.

But the company said the RTO's cost allocation proposal doesn't go far enough and argued that economic projects below 345 kV can relieve congestion in multiple transmission pricing zones.

"There are not clear criteria or procedures for identifying and evaluating economic projects outside of the Market Efficiency category to determine whether they provide regional benefits and thus should be selected in MISO's regional transmission plan. As a result, economically beneficial projects may not be identified or may otherwise stall during the planning process to the detriment of ratepayers," LS Power said.

The company's complaint goes a step beyond the cost allocation issue, asking FERC to find

| *LS Power*

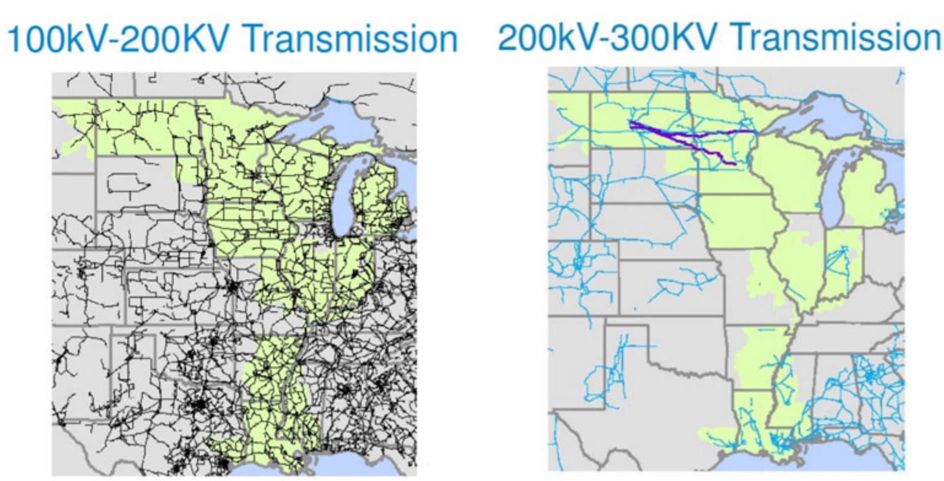
MISO's current MEP planning process unjust and unreasonable because it doesn't outline a path for planning regionally beneficial economic projects that don't meet MEP criteria. The company also pointed to a substantial amount of 100- to 200-kV facilities in the MISO footprint, saying it's likely the RTO has overlooked similar smaller projects that would reduce congestion across the footprint.

LS Power also charged that the MEP voltage threshold undermines Order 1000 because such a strict voltage criteria "effectively grants incumbent transmission owners in MISO a federal right of first refusal to build regionally economic enhancements that do not meet the market efficiency project thresholds."

"It is time for the commission to send a clear message that it will not allow such end runs around Order No. 1000," LS Power said. While it is difficult to gauge the financial harms related to MISO's 345-kV voltage requirement for MEPs, the company said it is making a "good faith effort" to estimate the number of projects it may have lost out on.

The company also said it has already raised its MEP-related concerns with both MISO staff and in the RTO's Regional Expansion Criteria and Benefits Working Group, where cost allocation decisions are made.

LS Power's Republic Transmission is currently in the process of building the Duff-Coleman 345-kV transmission project in Southern Indiana and Western Kentucky, the RTO's first competitive transmission project. (See *LS Power Unit Wins MISO's First Competitive Project*.) MISO's second-ever competitively bid transmission project is now in doubt over a recently passed right of first refusal law in Texas. (See related story, *Texas ROFR Law Clouds Hartburg-Sabine Future*.) ■



Comparison of lower voltage facilities in MISO | © *RTO Insider*

MISO News

MISO Adding Week-ahead Forecasts

By Amanda Durish Cook

CARMEL, Ind. — MISO said it will combine several data sets to create a new and comprehensive multiday operating margin forecast.

The forecast would provide anywhere from a 72-hour to a week-ahead supply-and-demand *forecast*, stakeholders learned at a Market Subcommittee meeting Thursday.

MISO market analyst Chuck Hansen said as the RTO relies more on load-modifying resources and intermittent resources, a multiday, "volumetric" forecast becomes more helpful to identify operating issues days in advance.

The RTO is not proposing to tie financial commitments to the forecast, which would instead be considered purely informational, intended to aid market participants in supply decisions. However, the new effort has parallels to MISO's 2017 talks on the possibility of a multiday energy market, a project currently "in hibernation," according to Hansen. (See *MISO Scales Back Multiday Market Proposal*.)

But the proposed idea is still in its conceptual stage, and MISO hasn't settled on which data will inform the forecast.

MISO so far envisions a three- to seven-day forecast with either system-level or regional data aggregation that would be updated daily. The RTO envisions it will pull together load forecasts, intermittent resource forecasts and known available capacity, allowing for outages, lead times for offline resources, operating reserve requirements and interchange schedules.

"There's a desire in MISO to create best-in-class operating margin forecasts," Hansen said.

He said MISO could also predict flows on the regional settlement path, estimate behind-the-meter contributions and anticipate stranded capacity. The idea is to work in several data streams to create the most sophisticated forecast.

Customized Energy Solutions' David Sapper asked if MISO already compiles all the data it envisions using to inform the forecast.

Hansen replied that it currently calculates some, but not all, of the information.

"It's not a formalized process. There's no report that kicks out this kind of information," Hansen said.

MISO currently publishes a *look-ahead by region* report, which forecasts seven days of hourly load and outage data and separate 48-hour hourly wind *forecasts*.

Chuck Hansen speaks at the June 6 MSC meeting. | © *RTO Insider*

But its existing reports don't contain a quantification of operating uncertainty, Hansen said.

"This information is increasingly becoming more important to market participants," he said.

Hansen said MISO is informally reaching out to stakeholders for suggestions and that he will return to future Market Subcommittee meetings to refine forecast components. ■

FERC Delays Mich. Tx Decision for State Input

By Amanda Durish Cook

FERC last week temporarily suspended ruling on Consumers Energy's complaint over a pending transmission project in southern Michigan until state regulators weigh in on the project's classification.

The commission's move on Friday freezes the April complaint against Michigan Electric Transmission Co. (METC) over the Morenci Interconnection Project until the Public Service Commission decides whether the line qualifies as transmission or distribution (*EL19-59*).

Michigan Public Service Commission | *Google Maps*

Consumers has claimed that the $21 million, 138-kV line near the Michigan-Ohio border has more in common with a distribution project than a transmission project and should be classified as such. The Morenci project was included in MISO's 2018 Transmission Expansion Plan over objections by the utility, which argued the line should be recognized as distribution under *FERC Order 888*'s seven-factor test because it would be radial in nature.

The PSC interceded in the dispute last month to claim jurisdiction over the issue, prompting METC to file a motion for FERC to hold the complaint in abeyance until the state commission renders its own determination. (See *Michigan Regulators Intercede in MTEP Complaint*.)

"We find that a determination of the classification of the Morenci Interconnection Project is central to addressing Consumers' concerns raised in the complaint," FERC said.

FERC said granting the motion won't "unreasonably delay" its decision in the complaint, as Consumers had argued. The federal commission pointed out that the PSC has promised to act "as expeditiously as possible" on the matter. The state commission already held a prehearing conference on June 4 (U-20497).

"While we agree with Consumers that [FERC] is not required to allow a state regulator to weigh in on every asset classification dispute, this proceeding will benefit from the Michigan commission's expertise and familiarity with its seven-factor test framework as applied to the Michigan Joint Pricing Zone," FERC said.

The federal commission also directed METC to file the PSC's decision in the federal docket within 15 days of its release. ■

NYISO Reports Grid Ready for Summer

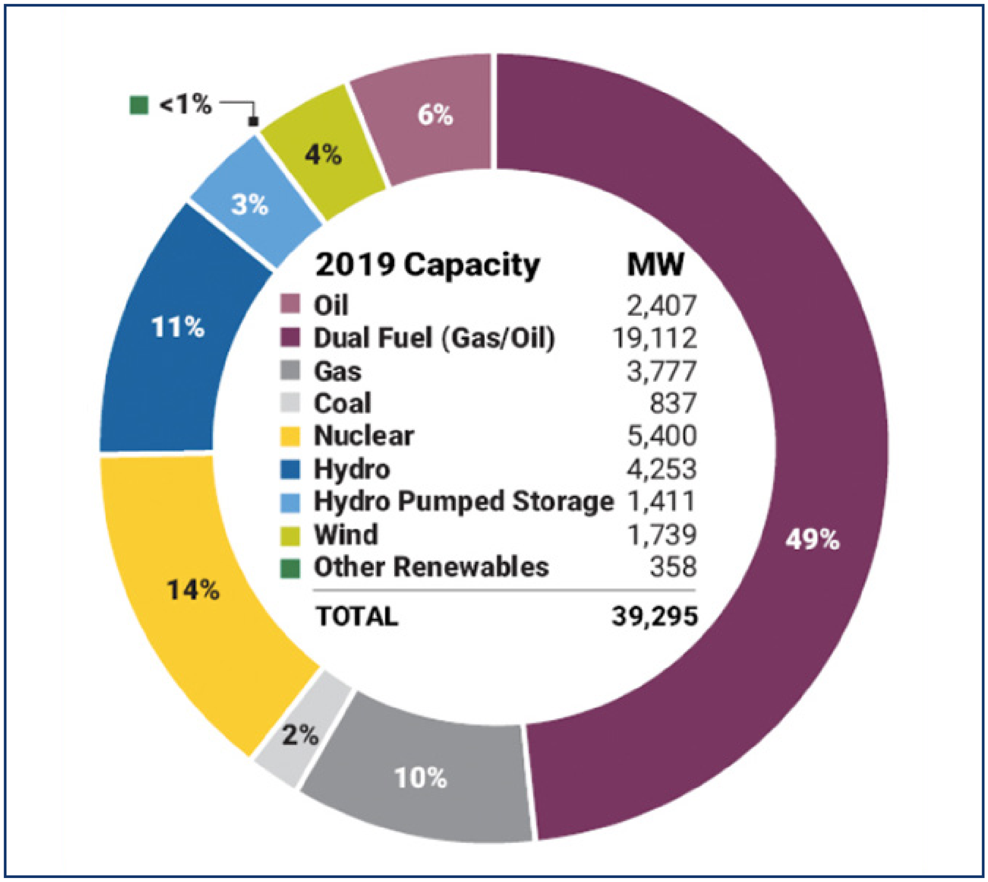
NYISO said Wednesday it expects to have adequate resources on hand to meet slightly above-normal demand this summer, with 42,056 MW of capacity available to meet a forecasted peak of 32,382 MW.

The figures show the ISO will far exceed its capacity requirement of 35,002 MW, which includes an operating reserve requirement of 2,620 MW.

"The state's grid is well-equipped to handle forecasted summer demand," said Wes Yeomans, NYISO vice president of operations, said in a statement. "We have performed on-site visits of key generating stations to discuss maintenance, testing and adequacy of fuel supplies for hot-weather operations."

The ISO's projected summer peak is 1.5% above the 10-year average and outpaces last summer's actual peak of 31,861 MW recorded on Aug. 29 (and the 2017 peak of 29,677 MW) but is down from the 2018 peak forecast 32,904 MW. Demand topped 31,000 MW on six days last summer.

The peak is calculated to reflect normal summer conditions, but under more extreme weather scenarios peak demand could increase to about 34,186 MW, NYISO estimates. The ISO's record peak of 33,956 MW occurred in July 2013 at the end of a heat wave.



New York statewide generating capacity by fuel type | *NYISO*

The total capacity of power resources available to New York this summer include 39,295 MW of generating capacity from in-state power plants, 1,309 MW of demand response resources and 1,452 MW of imports from neighboring regions. The forecast factors in the expected impact of distributed resources and energy efficiency programs.

NYISO staff and the New York Department of Public Service last month informed the state's Public Service Commission on summer electricity preparedness. (See "Grid Prepared for Summer," *NYPSC Modifies Standby Rates for DERs*.)

The department forecasts summer energy prices will be down 1 to 3% compared with last year, depending on load zone and weather conditions. ■

— Michael Kuser

FERC: Settle Disputes Before Hearing on GreenHat Default

By Christen Smith

FERC gave PJM stakeholders just 90 days to settle all disputes about how to best liquidate financial transmission rights left over from the GreenHat Energy default before kicking off a paper hearing on the RTO's request to clarify a previous ruling related to the debacle.

In an order issued June 4, FERC encouraged conflicting parties to hammer out disagreements ahead of the hearing under the guidance of a settlement judge, who will report progress on the discussions to the commission at the 45- and 90-day marks (*ER18-2068*). A one-time extension may be granted for 30 days, FERC said.

The order also granted PJM's motion for clarification on its denied petition to waive its liquidation rules, which has complicated the RTO's efforts to minimize the damage of the default and potentially increases costs to members by $300 million. (See *FERC Orders PJM to Unwind GreenHat Settlements* and *PJM: FERC Order Could Boost GreenHat Default by $300M*.)

In the absence of a rehearing, PJM had requested clarification on six different issues arising from the rejected waiver order that would force the RTO to unwind five months of FTR settlements and rerun the cleared July 2018 auction.

"The issues raised in the PJM motion for clarification and the subsequent answers demonstrate that there are multiple complexities associated with implementing the waiver order directive that should be addressed in a paper hearing where all parties will have an opportunity to present written evidence and argument," the commission wrote.

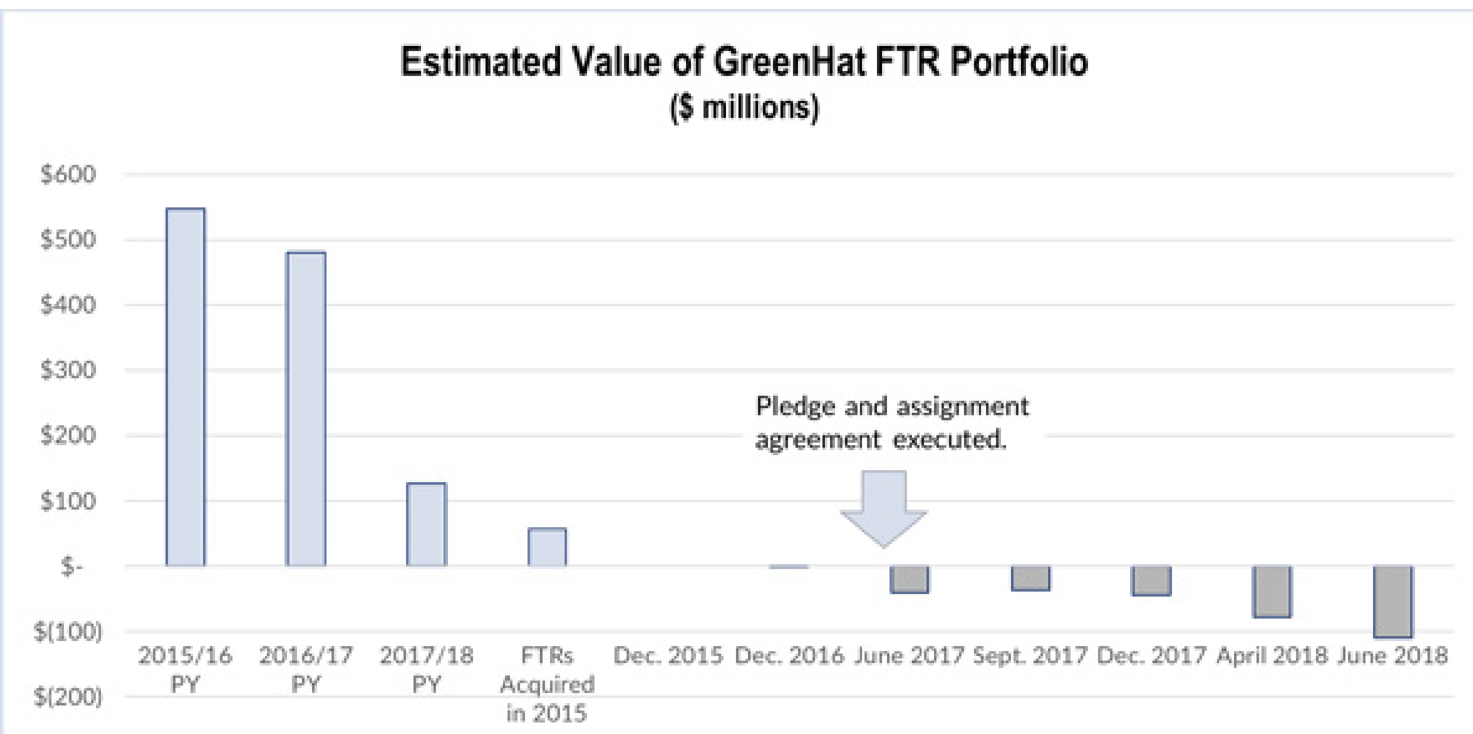
Apogee Energy Trading and Elliot Bay Energy Trading both filed answers to PJM's motion, with the former urging the RTO to follow Tariff provisions as closely as possible when rerunning the July auction using uncleared bids that do not violate the simultaneous feasibility test. The company argued the RTO's motion favors one group of stakeholders over another "in terms of the allocation of the GreenHat default and by misrepresenting and potentially overstating the impact of the GreenHat default on the PJM market."

Elliot Bay likewise complained that PJM's proposed implementation steps would violate the filed rate doctrine and the related rule against retroactive ratemaking. "The PJM motion for clarification raises numerous issues of material fact that should be addressed in a technical conference, hearing or stakeholder process," the company wrote in its March 13 filing.

PJM said, "There's nothing simple about rerunning an auction and settling market positions" and contended that the accusations of discrimination were unsupported.

"While we are setting these matters for a paper hearing, we encourage the parties to make every effort to settle their disputes before the paper hearing commences," FERC wrote, noting the paper hearing will be delayed to give enough time for negotiations. "Although the paper hearing is limited to PJM's motion for clarification, we are not establishing similar limitations on the scope of the settlement discussions, and the parties are encouraged to address all disputes arising out of this proceeding."

"We're pleased that the commission set the matter for settlement," PJM spokesperson Jeff Shields said Wednesday. "And we are hopeful that we will reach a resolution of the issues." ■



PJM analysis shows the continuing downward trajectory of GreenHat's FTR portfolio. | *PJM*

Costco Stays with Dominion, Va. Commission Rules

By Christen Smith

In a ruling that highlights growing rifts in Virginia's electricity sector, the *State Corporation Commission* rejected Costco's bid to buy power from utilities across state lines, saying that keeping the retail giant a customer of Dominion Energy best serves the public interest.

The SCC *ruling* handed down June 1 prevents the company from aggregating its total electricity consumption to take advantage of a 2007 state law that allows large-scale customers with a peak demand of 5 MW or higher to shop around for suppliers The law provides the SCC with broad discretion for how to apply it.

While the commission agreed with Costco's contention that Virginia's regulatory framework supports unjustified rate hikes, it shifted the burden onto the state legislature to solve the issue of rising energy costs.

The SCC noted Dominion's "rate-captive" customers have faced "a decade of rising rates and the likelihood of even higher rates in the future." Allowing Costco to abandon Dominion under existing rules, the commission said, would force other ratepayers to make up the $1.57 million in lost annual revenues.

Although the state law enshrines an "escape valve," the SCC determined it unfair for Costco to save money "at the expense of other customers."

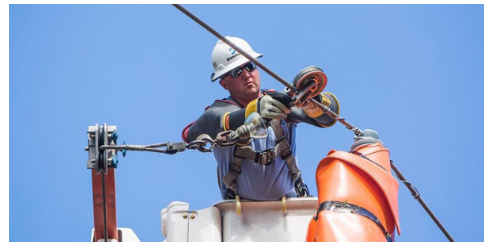
"This commission will not allow small customers who cannot escape this structure, predominantly small businesses and residential customers, to be further burdened by the identified cost-shifting that will occur if larger customers like Costco choose to seek better deals for themselves outside of Dominion's system," the SCC wrote.

Costco argued "a wave of commercial customers leaving the utility through aggregated retail choice" would encourage Dominion to stop hiking prices to fund expensive system upgrades — often incompatible with clean energy goals. The commission denied Walmart's request in February, while petitions from Target, Kroger, Harris Teeter and Cox Communications remain outstanding.

In the filing, a Costco witness accused Dominion of "over-earning on its frozen base rates for a number of years," creating an "enormously frustrating" incentive "to keep what I view as the customer's money."

Costco's comments underscore the rising tension between retail choice advocates and Dominion Energy, Virginia's dominant utility company and most generous corporate campaign donor. Last month, a coalition of unlikely allies launched efforts to bust up the company's monopoly — more than a decade after state lawmakers officially abandoned the deregulated electricity market design — insisting its well-funded lobbying efforts leave ratepayers footing the bill for wasteful infrastructure spending. (See *Va. Group Seeks End to Dominion Monopoly*.)

Dominion contributed more than $452,000 to state candidates and committees last year, according to the Virginia Public Access Project, making it the commonwealth's largest campaign donor within the energy sector. That same year, the utility also advised lawmakers on an overhaul of its regulatory framework



| Dominion Energy

that allowed it to invest a larger share of revenues in new projects, rather than refunding customers for "overpayments" — as the SCC often made the utility do in years past.

Greg Morgan, Dominion's general manager of regulatory affairs, said companies only began using the aggregation clause to pursue retail choice last year, despite its existence since 2007.

The utility also defended its infrastructure investments during an interview June 4, citing plans for six new solar facilities with a combined 350-MW capacity in Virginia and North Carolina, scheduled to come online in 2020. Dominion also supports cutting greenhouse gas emissions in half over the next decade and by 80% by 2050.

When it comes to the SCC's decision, Dominion agreed it best protects customers from the shifting burden of costs while still supporting the diversification of the utility's energy portfolio to include more renewable resources. Le-Ha Anderson, a Dominion spokesperson, said the company offers many different rate structures for customers unhappy with costs — a much more reasonable alternative than leaving the company altogether. ■

PJM News

Legal Scuffle Threatens Virginia Tx Line

By Christen Smith

A three-judge D.C. Circuit Court of Appeals panel *said* May 31 the Surry-Skiffes Creek transmission line in Virginia can remain operational — for now — while the legal battle over the U.S. Army Corps of Engineers' permit for the $400 million project ensues in a lower court, where judges could ultimately force Dominion Energy to tear it down.

In March, the panel said the corps violated the National Environmental Policy Act by not issuing an environmental impact statement (EIS) and vacated the permit for the project, which crosses the James River and passes in close proximity to several historic parks and trails "dating back to the birth of our nation."

In an appeal, the corps and Dominion did not dispute that the permit was illegal, but they requested the court remand the project back to the corps without vacating the permit, saying the court did not "have before it the recent factual developments regarding completion of construction and the disruption that vacating the permit could cause."

"That, of course, is because neither petitioner bothered to advise us that construction on the project had been completed and the transmission lines electrified the week before we issued our opinion," the judges said in their March 31 decision.

The National Parks Conservation Council and National Trust for Historic Preservation had originally appealed the permit in the D.C. District Court. Opponents have contended the line will ruin the view at Jamestown and other nearby historic sites, dismissing as a scare tactic Dominion's warning that failure to build will result in blackouts in Virginia's middle peninsula. (See *Opposition to Va. Tx Line May Trigger Unintended Consequences*.)

The corps and Dominion argued the permit should stand and the 500-kV line should stay in service to maintain reliability and provide power to the 600,000 residents on Virginia's peninsula. PJM first *greenlit* the project in 2012 as the best solution to fill the gap left behind by the retirement of two coal-fired plants in Yorktown deemed incapable of meeting federal emissions standards. Dominion electrified the line in February and wants to keep it operational while the corps conducts the court-ordered EIS, slated to take at least a year to complete.

The D.C. Circuit remanded the case back to the district court to decide whether the request is even feasible. It admonished the utility company and the corps for not notifying it that the project was finished before it made its decision.

"Had the corps and Dominion said all along what they say now, either the district court or this court might have enjoined tower construction, in which case our consideration of 'disruptive consequences' … would focus not on shutting down and removing the towers, but rather on prohibiting their construction — a very different balance indeed," the panel said. "Moreover, having completed construction, petitioners now attempt to use it to place an even heavier thumb on the scale."

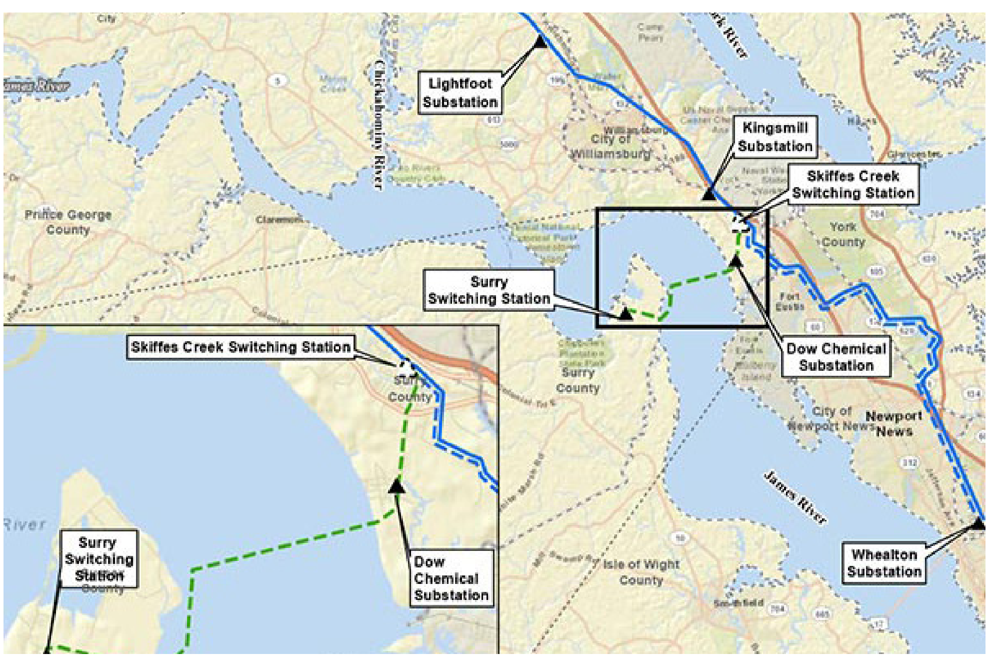
The plaintiffs argued that by not disclosing that the project was operational before the court made its decision, the corps and Dominion had waived their right to argue that vacating the permit would be too disruptive. They noted that to defeat their motion to prevent construction, the corps and Dominion had assured the lower court if it required the corps to issue an EIS, the project could be dismantled without a problem. The circuit court said this was "more than a little troubling."

However, "we nonetheless believe the best course of action is to remand the case to the district court to consider ... whether vacatur remains the appropriate remedy, including whether [the corps and Dominion] have forfeited or are judicially estopped from now opposing vacatur," the D.C. Circuit said. "That court is best positioned to order additional briefing, gather evidence, make factual findings and determine the remedies necessary to protect the purpose and integrity of the EIS process."

Paul Edmondson, interim president and CEO for the Nation Trust for Historic Preservation, applauded the ruling in a statement, noting the decision underlines "the historic significance of the James River."

"There are feasible alternatives to this transmission line, but there's only one Jamestown," he said. "With vast resources at its disposal, Dominion should do the right thing by deconstructing these towers and working to provide reliable power in a way that does not come at the expense of America's birthplace."

Analysts with ClearView Energy Partners believe the lower court — or the results of the EIS — could indeed force Dominion to dismantle the project and reroute it, spawning a cascade of possible service disruptions and reliability concerns. On a broader scale, analysts warn the project's outcome sets a precedent for what happens when federal agencies do not follow statutes and regulations, ultimately increasing the risks for transmission project developers. ■



Map of Surry-Skiffes Creek transmission line | *Dominion Energy*

PJM News

Pa. Dem Leader Pushes Cap-and-Invest Energy Plan

By Christen Smith

Senate Minority Leader Jay Costa | *Jay Costa*

The Pennsylvania State Senate's top Democrat wants other lawmakers to sign onto his *plan* to cap energy sector emissions in a state known for its abundance of fossil fuels — an uphill battle he says matches the ambitions of Gov. Tom Wolf and other zero-carbon crusaders in the Mid-Atlantic.

Senate Minority Leader Jay Costa said Friday his "cap and invest" program instructs the Environmental Quality Board (EQB) to adopt a mechanism that will prioritize the deployment of zero-emission technologies in an effort to reduce carbon pollution from the state's electric power sector by at least 90% over the next 20 years.

"The federal government has abdicated responsibility on climate change — states, local governments, private companies and citizens must take the lead in enacting equitable policies to mitigate the growing impacts of climate change," he said in a press release Friday.

The board would also have the authority to develop a market-based carbon pollution limit that generates revenue for investments in renewable resources that promote energy efficiency and affordability. Rather than imposing a strict charge like a carbon tax, the plan uses an auction system, although both strategies "create a cost for carbon," said Costa spokesperson Brittany Crampsie.

"Pennsylvania has already made important strides towards reducing greenhouse gases, and mayors from Pennsylvania's two largest cities have already committed to reducing carbon emissions," Costa said. "But more work is needed to achieve the emission reductions and to make sure Pennsylvania isn't left behind in the burgeoning growth of clean energy technologies and jobs."

The legislation comes just two months after the EQB sent a controversial petition from the Clean Air Council to the Department of Environmental Protection for review and possible rulemaking. The petition calls for a cap-and-trade program that requires power producers to cut emissions to below an established "cap" that will be reduced by 3% each year until reaching zero. Those unable to stay below the limit must buy credits from producers with room to spare.

The Pennsylvania Manufacturers' Association called the proposal a "regulatory scheme" that unfairly side-steps the legislative process, where such a debate belongs. It's unclear how similar Costa's bill is to the petition, if at all, though PMA President David Taylor said Monday it's likely "more of the same."

Mark Szybist, a senior attorney with the Natural Resources Defense Council, pointed out that while the bill's language has not been released, its co-sponsor memo indicates it will not levy a carbon tax, instead directing the EQB to adopt "cost-effective regulatory mechanisms."

"The board could do that by creating a market-based cap-and-invest program that puts a price on carbon dioxide and could also develop other approaches as a complement or alternative to a cap-and-invest program," Szybist said.

Uphill Battle

Since 2007, the natural gas industry has spent nearly $70 million on state lobbying efforts, including $11.2 million in campaign donations, according to data compiled in the *Marcellus Money* report. Likewise, natural gas drilling in the commonwealth exploded over the last decade, pushing its output second only to Texas and providing for 20% of the national demand — a figure expected to double by 2040.

The boom has lowered residential electricity bills by an average of $102/month, the Pennsylvania Independent Oil and Gas Association said. Federal *data* also show a 14% decline in carbon emissions from the proliferation of gas across the country and 30% in Pennsylvania alone.

Still, Costa's plan would further entrench Pennsylvania in the growing pool of Mid-Atlantic states pursuing ambitious clean energy goals in response to the nation's withdrawal from the *Paris Agreement*, a worldwide initiative to limit the increase in global temperature to below 2 degrees Celsius above pre-industrial levels.

In April, Pennsylvania joined the U.S. Climate Alliance, and Wolf released an update to the state's own action *plan* to achieve a 26% reduction in statewide greenhouse gas emissions by 2025. (See *Pennsylvania Joins the US Climate Alliance*.) He's also called for a severance tax on the natural gas industry to fund infrastructure improvements and joined with the governors

Continued on page 27

PJM: Nukes Keep Energy Costs down, in Theory

By Christen Smith

Three nuclear plants facing early retirements in Pennsylvania and Ohio would keep wholesale energy market net-load payments lower — in most cases — if they stay online, a PJM *analysis* released June 4 concluded.

But there's one caveat: The study's projections don't include the costs of potential subsidies.

That point is an important one for critics of out-of-market payments designed to prop up certain forms of generation. Supporters argue, however, that nuclear power's benefits of reliability and zero-carbon emissions make it stand apart and deserve special consideration.

"The PJM report confirms that consumers and the environment benefit by preserving existing nuclear plants and replacing aging, carbon-intensive coal generation with new renewables and natural gas," said Paul Adams, spokesperson for Exelon, owner of the nation's largest nuclear fleet — including the soon-to-be shuttered Three Mile Island near Harrisburg, Pa. The company's attempt to make the plant profitable through a state-imposed subsidy failed in that state's legislature last month. (See *Exelon to Close Three Mile Island*.)

Adams said the report reaches the same conclusions of multiple other analysts and consultants that found "retaining the nation's existing nuclear plants is the cheapest way to maintain environmental progress and would cost consumers billions less than allowing them to retire."

But it seems lawmakers and regulatory bodies in both Pennsylvania and Ohio have remained unconvinced that extending the lives of nuclear plants overrides the need to maintain a competitive wholesale electricity market. Both the Pennsylvania Public Utility Commission and the Ohio Consumers' Counsel requested the PJM study to better grasp the cost and emissions impacts of retiring reactors at Beaver Valley, Davis-Besse and Perry nuclear plants as proposals to enact subsidies for all three still pend before lawmakers.

"It was counter to logic when FirstEnergy Solutions testified in the Ohio House of Representatives that electric consumers would pay more if its antiquated nuclear plants are shut down," said J.P. Blackwood, spokesperson for the OCC. "PJM's findings for consumer savings from power plant competition confirm that a competitive generation market is better for millions of Ohio consumers than charging them for bailouts and subsidies under House Bill 6."

Category	Item	Scenarios						
Nuclear Units Status	TMI (PA)	Retired	Retired	Retired	Retired	Retired	Retired	Retired
	Beaver Valley 1&2 (PA)	In-Service	In-Service	Retired	In-Service	In-Service	Retired	In-Service
	Perry (OH)	In-Service	Retired	In-Service	In-Service	Retired	In-Service	In-Service
	Davis-Besse (OH)	In-Service	Retired	In-Service	In-Service	Retired	In-Service	In-Service
Nuclear Capacity not Retired (MW)		3,955	1,812	2,143	3,955	1,812	2,143	3,955
Planned Gas Capacity Removed (MW)		10,514	-	-	-	5,896	5,896	5,896
Delta in Effluent Tons	Ohio CO_2 (millions)	(5.4)	(1.5)	(2.3)	(3.7)	(2.2)	(2.8)	(4.0)
	Ohio SO_2 (thousands)	0.8	(0.7)	(2.6)	(3.5)	(0.4)	(1.0)	(1.8)
	Ohio NOx (thousands)	0.1	(0.5)	(1.7)	(2.4)	(0.3)	(0.8)	(1.4)
	Pennsylvania CO_2 (millions)	(3.6)	(2.1)	(2.3)	(4.7)	(2.8)	(3.0)	(5.5)
	Pennsylvania SO_2 (thousands)	8.8	(1.3)	(2.0)	(3.3)	1.4	1.4	(0.3)
	Pennsylvania NOx (thousands)	22.7	(2.1)	(2.0)	(5.0)	3.0	2.7	0.0
	PJM CO_2 (millions)	4.3	(6.6)	(8.1)	(15.1)	(4.1)	(5.2)	(12.5)
	PJM SO_2 (thousands)	18.2	(2.9)	(5.3)	(8.5)	1.7	0.9	(3.0)
	PJM NOx (thousands)	37.9	(3.7)	(4.8)	(9.7)	3.8	2.9	(1.9)
Delta in Load Payments ($millions)	AEP	$244.18	$(37.85)	$(52.48)	$(88.49)	$45.29	$27.98	$(17.17)
	APS	$115.51	$(20.91)	$(21.71)	$(42.19)	$15.67	$14.84	$(7.94)
	FE-ATSI	$118.82	$(39.11)	$(61.93)	$(99.63)	$13.67	$(10.85)	$(54.05)
	DAY	$35.51	$(4.20)	$(6.58)	$(10.55)	$8.20	$5.49	$0.15
	DEOK	$58.44	$(5.69)	$(8.75)	$(14.16)	$13.14	$9.88	$2.22
	DUQ	$31.20	$(11.77)	$(8.33)	$(19.53)	$0.08	$3.67	$(9.02)
	METED	$40	$(2)	$(3)	$(5)	$5	$5	$1
	PECO	$98	$(7)	$(8)	$(15)	$13	$12	$3
	PENELEC	$36	$(6)	$(9)	$(15)	$5	$2	$(5)
	PLGRP	$110	$(6)	$(7)	$(14)	$12	$11	$2
	Ohio	$305	$(62)	$(95)	$(155)	$52	$16	$(56)
	Pennsylvania	$375	$(45)	$(50)	$(95)	$43	$39	$(15)
	PJM	$1,597	$(210)	$(277)	$(474)	$240	$164	$(91)
Delta in Load-Weighted LMP ($/MWh)	AEP	$1.81	$(0.28)	$(0.39)	$(0.66)	$0.34	$0.21	$(0.13)
	APS	$2.17	$(0.41)	$(0.42)	$(0.79)	$0.27	$0.28	$(0.18)
	FE-ATSI	$1.72	$(0.57)	$(0.90)	$(1.45)	$0.20	$(0.16)	$(0.78)
	DAY	$1.99	$(0.24)	$(0.37)	$(0.60)	$0.46	$0.31	$0.00
	DEOK	$2.07	$(0.21)	$(0.33)	$(0.54)	$0.47	$0.34	$0.06
	DUQ	$2.14	$(0.82)	$(0.59)	$(1.37)	$0.00	$0.25	$(0.63)
	METED	$2.43	$(0.16)	$(0.18)	$(0.32)	$0.30	$0.28	$0.07
	PECO	$2.31	$(0.16)	$(0.18)	$(0.35)	$0.31	$0.30	$0.07
	PENELEC	$2.06	$(0.33)	$(0.51)	$(0.84)	$0.27	$0.09	$(0.28)
	PLGRP	$2.60	$(0.15)	$(0.16)	$(0.32)	$0.27	$0.27	$0.06
	Ohio	$1.83	$(0.37)	$(0.57)	$(0.93)	$0.31	$0.10	$(0.33)
	Pennsylvania	$2.32	$(0.28)	$(0.31)	$(0.58)	$0.27	$0.24	$(0.09)
	PJM	$1.96	$(0.26)	$(0.34)	$(0.58)	$0.29	$0.20	$(0.11)

Simulation results summary | *PJM*

PJM Simulations

PJM obliged the requests by creating six scenarios against which to compare what the RTO considers its base case: all three plants retire, and scheduled gas and renewable generators with an in-service date of 2023 come online, reducing net-load payments by $1.6 billion. Carbon dioxide emissions would likewise decrease by 4.3 million tons, while nitrogen oxide and sulfur dioxide emissions would fall by 37,900 tons and 18,200 tons, respectively, the analysis concluded.

Should all three nuclear plants stay operational and new generation enters the market as planned, net-load payments would decrease by an additional $474 million from the base case. In Pennsylvania, emissions of CO_2, NO_x and SO_2 would decrease from the base case by 4.7 million tons, 5,000 tons and 3,300 tons, respectively. In Ohio, the additional emission reductions total 3.7 million tons, 2,400 tons and 3,500 tons, respectively.

The results are similar — net-load savings increase and greenhouse gas emissions decrease — when either just Beaver Valley or the Ohio plants stay online, PJM found.

Tom Becker, a spokesperson for FirstEnergy Solutions, the bankrupt company that owns Davis-Besse and Perry, said Wednesday that the simulations confirm that their plants provide valuable benefits to Ohio, including $30 million in annual state and local tax revenues, a diversified resource mix, 4,300 jobs and 90% of the state's zero-emission energy.

PJM went a step further, however, and modeled the impact of a 50% reduction in new gas-fired generation coming online as a reaction to nuclear subsidies entering the market.

If all three plants remain operational and planned gas projects decline by half, net-load payments would decrease by $91 million from the base case.

"This is because the retention of all the nuclear plants and their associated energy production is sufficient to offset the impact of the reduced new entry," the study noted. "This reduction in customer payments, however, is not netted against the cost of a potential subsidy to consumers in a particular state."

Under that scenario, carbon emissions would likewise plummet from the base case by more than 9.5 million tons in both states combined with smaller decreases in NO_x and SO_2.

If either state retires their plants while the other's stay online, however, net-load payments increase from the base case by between $164 million and $240 million. Emissions would still decrease in Ohio, but Pennsylvania's NOx and SO_2 emissions would both rise, because of the reliance on less efficient coal-fired generation in the absence of new gas units.

Joe Bowring, PJM's independent market monitor, said Thursday the latter scenarios — losing only a few of the plants and at least half of the planned gas generation — are far more likely than the other simulations.

"Those models are a lot more realistic," he said. "I would have discounted the new gas units even more than 50% [to account for impacts of potential subsidies]."

Subsidy Plans Alive in Both States

It's not clear how PJM's analysis will move the needle — if at all — in the state legislatures, where plans to subsidize all the plants still remain active.

Ohio's proposed Clean Air Program was still pending before the Senate as of Wednesday, one week after the lower chamber approved the controversial measure to effectively gut the state's renewable portfolio standards in favor of ratepayer fees for FirstEnergy's nuclear plants. (See *Ohio Plan Subs Nuke, Fossil Fuels for Renewables*.)

Meanwhile, a bill to expand Pennsylvania's Alternative Energy Portfolio Standard to include nuclear power languishes in the House Consumer Affairs Committee while lawmakers tend to the annual budget, due June 30. The delay meant the bill couldn't save TMI, but state officials said that doesn't mean the issue is dead. (See *Nuclear Subsidies Still on the Table in Pennsylvania*.) ■

Pa. Dem Leader Pushes Cap-and-Invest Energy Plan

Continued from page 25

of New Jersey, New York and Delaware in supporting a moratorium on natural gas drilling in the Delaware River Basin — making him a controversial figure within the sector and among the state Republicans the industry supports.

"Pennsylvania has already benefited immensely from the boom in natural gas extraction, and House Republicans are dedicated to building on those gains rather than endangering them," House Speaker Mike Turzai (R) said in a press release Friday that criticized the governor's severance tax proposal and other economic policies. Turzai received $128,000 from natural gas industry donors in the last campaign cycle — 40% more than Wolf and the most of any state candidate running for office.

"It is an age old and long-established maxim that, if you tax something, you will get less of it," Turzai said. "And yet, perhaps that is precisely what our Democratic governor and his allies in the House Democratic Caucus intend with his *proposed* severance tax: to make natural gas more expensive to produce, to deter fracking and to chase it out of Pennsylvania, as New York has done."

It's the fifth time Wolf has proposed replacing the state's impact fee — which gas companies pay for each well they drill — with a severance tax that would be based on the amount of gas each well produces. Democrats argue the impact fee leaves money on the table, while Republicans insist it returns investment right back to the communities where the drilling has the most impact, allowing for localized infrastructure and environmental improvements.

Although Costa's plan doesn't overtly tax natural gas generators, the intention is obvious, critics said.

Taylor, who had not yet seen the co-sponsorship memoranda, argued that further regulating industry in the U.S. does nothing to reduce worldwide pollution levels. He said countries like China, India and Brazil produce far more emissions than U.S.-based companies, where regulations make air quality in cities across the country cleaner than in Paris.

"This is profoundly wrongheaded that we are going to further turn the screws in the place where this is done the cleanest with the least impact on the environment," he said. "This is a global issue, and so you have to take a global perspective."

So far, five Democratic senators have co-signed Costa's bill, and Crampsie said the feedback has been largely positive.

"Capping carbon emissions from Pennsylvania's power sector is absolutely critical in order to reduce a major source of pollution driving climate change," said Tom Schuster, senior campaign representative for the Pennsylvania Sierra Club. "This legislation is a concrete step toward achieving the goals Gov. Wolf has set forth in committing Pennsylvania to the U.S. Climate Alliance and to building a clean and healthy commonwealth now and for future generations."

Jacquelyn Bonomo, CEO of environmental group PennFuture, encouraged support of the "comprehensive" climate change plan, calling it a "tremendous opportunity … to improve the health of our families and drive forward a clean and resilient energy economy that benefits all residents no matter where they may live." ■

SPP News

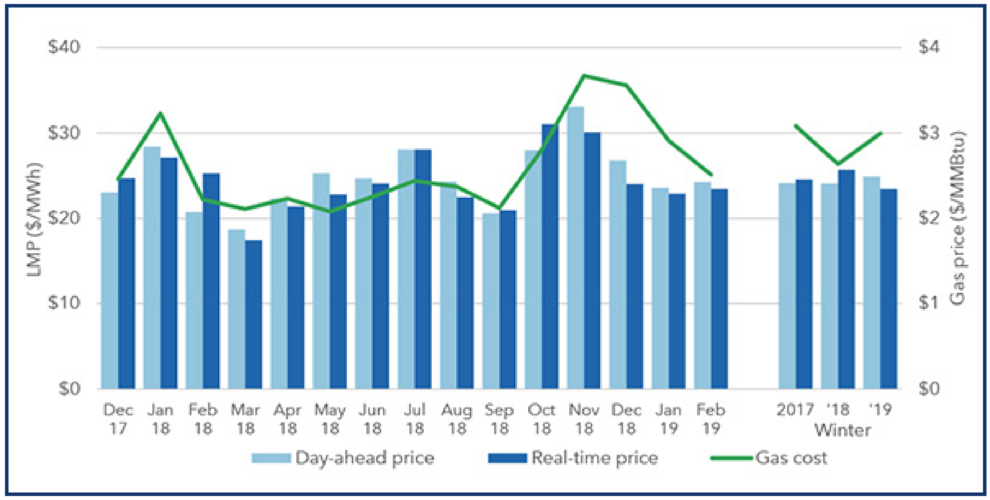
SPP Market Performed Well in Winter, MMU says

The SPP Market Monitoring Unit has released its quarterly State of the Market *report* for the winter, which includes a discussion of several weather events.

The MMU said the market performed well during the winter months, "sending appropriate price signals during times when delivering power reliably was more challenging." It said higher prices during an event indicates "a greater need for energy at a particular location."

The report covers December 2018 through February 2019.

The MMU will host a *webinar* on Wednesday to add further color to the report.

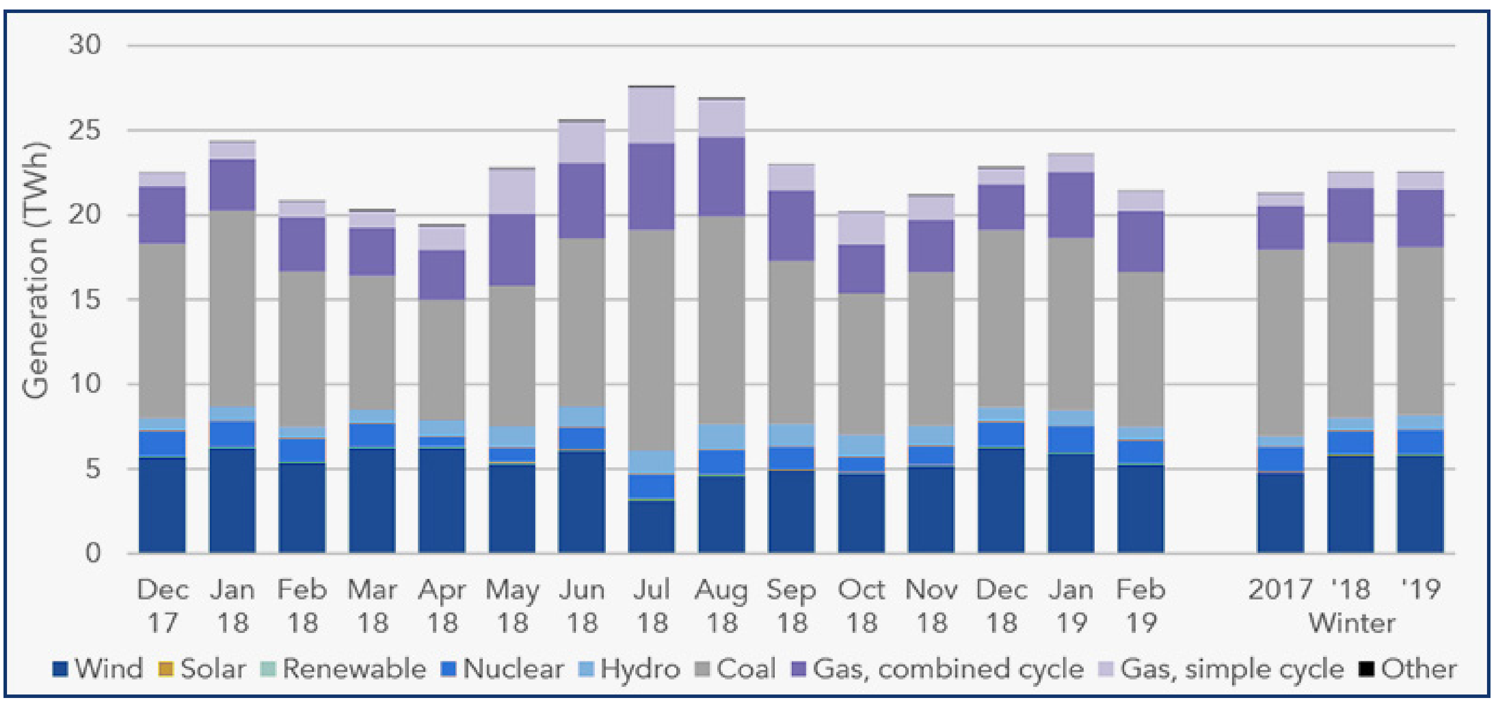


Electricity and gas prices | *SPP*

Highlights for the period include:

- Day-ahead energy prices climbed slightly, while real-time energy prices fell from winter 2018 levels.
- Average hourly load in December and January was in line with the prior years, with only February exceeding previous levels.
- Wind generation capacity continued to climb, increasing to 21.4 GW, a 5.3-GW increase from a year ago.
- Generation by coal resources continued to decline, dropping to 44% of the fuel mix.
- Overall profits from virtual transactions at the resource level nearly doubled from the previous winter, while profits at interfaces shot up from $200,000 to $3 million, which the MMU attributed to day-ahead and real-time price differences stemming from a modeling issue.
- Net market-to-market payments from MISO were about $6.3 million, compared with nearly $16 million the year before. ■

— Tom Kleckner



Generation by technology type | *SPP*

Company Briefs

FirstLight Unveils Fresh Brand Identity with Redesigned Logo, New Website

FirstLight Power Resources, New England's largest provider of energy storage, announced the launch of its new corporate brand identity, redesigned logo and website.

FirstLight operates the Northfield Mountain hydroelectric plant, along with 14 other hydro and solar generating installations in Connecticut and Massachusetts with a total capacity of 200 MW.

More: *FirstLight*

BayWa r.e., Cypress Creek PV Projects to Power Starbucks Stores

More than 3,000 Starbucks locations across the U.S. will be powered by a 142-MW renewable energy portfolio under power purchase agreements the coffee chain giant reached with BayWa r.e. and Cypress Creek Renewables.

Starbucks turned to PPA matchmaking service LevelTen to single out and acquire 46 MW of the 100-MW of solar power set to be generated by Fern Solar, which BayWa wants to build in North Carolina. It also contracted 50 MW of solar that Cypress Creek will deploy in Texas and 46 MW of wind planned for construction in SPP.

Under the agreements, supply from the three assets is scheduled to kick off by 2021. Starbucks will use LevelTen to monitor performance of — and manage contracts for — the three plants.

More: *PV-Tech*

IEEFA: GE Lost Billions by Misjudging Renewables

Investors in General Electric, once one of the world's most valuable companies, lost tens of billions of dollars after the Paris Agreement on global climate change, as it failed to adapt to the pace of the green energy transition, new analysis showed last week.

A report by the Institute for Energy Economics and Financial Analysis said GE had lost a "simply staggering" $193 billion in just three years to 2018 — amounting to almost three-quarters of its market capitalization.

The Cleveland-based research group said GE and its principal shareholders misjudged the falling price of renewables as the world transitions to cleaner energy and suffered from a collapse of the gas turbine and thermal power construction markets. "GE assumed wrongly that demand for natural gas and coal would continue to track global economic growth," IEEFA said, accusing the company of "an epic failure of corporate governance."

More: *Agence France-Presse*

Federal Briefs

White House Blocks Agency's Climate Change Testimony

White House officials barred a State Department intelligence agency from submitting written testimony last week to the House Intelligence Committee warning that human-caused climate change is "possibly catastrophic." The move came after State officials refused to excise the document's references to federal scientific findings on climate change.

The effort to edit, and ultimately suppress, the prepared testimony by the State Department's Bureau of Intelligence and Research comes as the Trump administration is debating how best to challenge the fact that burning fossil fuels is warming the planet and could pose serious risks unless the world makes deep cuts in greenhouse gas emissions over the next decade. Senior military and intelligence officials have continued to warn climate change could undermine U.S. national security — a position President Trump rejects.

Officials from the White House's Office of Legislative Affairs, Office of Management and Budget, and National Security Council all raised objections to parts of the testimony that **Rod Schoonover**, who works in the Office of the Geographer and Global Issues, prepared to present on the bureau's behalf for a hearing Wednesday. The document lays out in stark detail the implications of what the administration faces in light of rising carbon emissions that the world has not curbed.

More: *The Washington Post*

E&E Source: Danly Leading Candidate for Open FERC Seat

FERC General Counsel **James Danly** is a leading candidate to fill the vacancy at FERC created by the death of Commissioner Kevin McIntyre in January, a D.C.-based electricity industry source who asked to remain anonymous told E&E News.

Danly has made no secret of his desire to be a commissioner, according to several sources in and outside of FERC. And he has the support of Chatterjee as well as a number of D.C. attorneys close to the Trump White House, sources said. But they stressed that a nomination is still months away.

E&E also reported that Danly led the commission last year to abandon the approach it had employed toward evaluating the effects of downstream greenhouse gas emissions from natural gas projects, using authority found in the National Environmental Policy Act.

More: *E&E News*

DOE Invests $39M to Improve Existing Coal-fired Fleet

The Department of Energy on Monday announced that its Office of Fossil Energy has selected 17 projects to receive approximately $39 million in federal funding to develop advanced technologies that improve the overall performance, reliability and flexibility of the existing U.S. coal-fired power fleet.

The department said the research will support its goal of improving the average heat rate of a typical plant in the existing fleet by 5% from the 2017 baseline of 31% by the end of fiscal year 2020.

"Coal-fired power plants represent the second-largest energy source for electricity generation in the United States," Assistant Secretary for Fossil Energy Steven Winberg said. "The Trump administration remains committed to ensuring a coal-fueled power plant fleet that provides stable energy to the power grid."

More: *Department of Energy*

State Briefs

CALIFORNIA

Effort to Allow Dams to Count as Renewable Energy Fails to Pass

An effort to broaden the state's definition of renewable energy failed to pass the State Senate, as electricity from a large dam in Central Valley will not count toward the state's renewable portfolio standard.

SB 386 was introduced earlier this year in the hopes of allowing the Modesto and Turlock irrigation districts to count the electricity generated by turbines at Don Pedro Reservoir toward the 60% RPS.

The bill passed an early vote in committee but failed to gain enough support to be brought to a vote in the full Senate, where it needed 21 of 40 votes. Instead, the bill was reassigned to the rules committee and branded as a two-year bill, which gives Democratic lawmakers the option of bringing it up again next year.

More: *The Mercury News*

PG&E to Plan $11 Billion Fund to Settle Wildfire Claims

PG&E Corp. has spoken to lawmakers about putting together a pool worth about $11 billion to settle claims related to wildfires blamed on the bankrupt utility. It has considered the plan in consultation with Jones Day and PJT Partners, which are advising a group of equity holders that recently helped overhaul its board and appoint Bill Johnson as CEO.

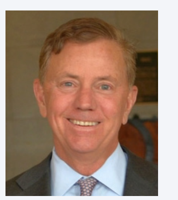
The plan calls for PG&E to set up a special purpose vehicle into which it would redirect about $400 million a year in earnings. The fund would help finance about $8 billion to settle wildfire claims from 2017 and 2018. At least another $3 billion would be earmarked for future claims.

The proposal wouldn't require assistance from the state, taxpayers or customers. It also wouldn't address any claims from the 2017 Tubbs fire or others that regulators determined PG&E wasn't responsible for. Still, details of the plan have yet to be finalized and terms may change.

More: *Bloomberg*

CONNECTICUT

Lamont OKs 2-GW Offshore Wind Bill



Gov. **Ned Lamont** last week signed a bill authorizing the state to purchase up to 2 GW of offshore wind — the equivalent of 30% of the state's load — by the end of 2030.

The state's Department of Energy and Environmental Protection is required to initiate a request for proposals within 14 days of the passage of the bill. The department must then set up a future schedule for procurements.

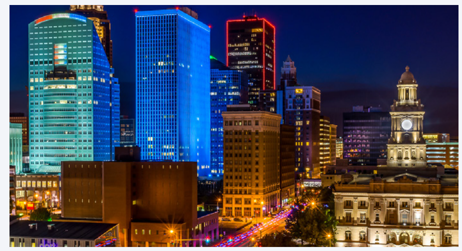
"Connecticut should be the central hub of the offshore wind industry in New England," Lamont said. "This emerging industry has the potential to create hundreds of good-paying jobs for the residents of our state and drive economic growth in towns along our shoreline."

More: *North American Windpower*

IOWA

Des Moines Buildings Required to Report Energy, Water Efficiency

The Des Moines City Council hopes to re-



duce greenhouse gas emissions and become more energy efficient by requiring 800 buildings to report their energy and water usage to the city.

The council's mandatory ordinance, passed last week 5-2, will require all city buildings, commercial buildings and multifamily buildings over 25,000 square feet to participate or face an annual fee of up to $500.

"The reason we started down this path is that the city did a greenhouse gas inventory. We know that commercial energy use accounts for 35% of the city's gas emissions," Councilor Josh Mandelbaum said.

More: *WHO-DT*

MAINE

Bills Would Give Communities More Say in NECEC

The House of Representatives has given early approval to a pair of bills that could affect the construction of Central Maine Power's controversial New England Clean Energy Connect transmission project.

Supporters of the proposals said they will ensure communities acting as pass-throughs for the project have a say in the permitting and receive tax benefits. However, opponents worry that one of the bills could give a single town veto authority over a project designed to deliver hydropower from Quebec to ISO-NE. Both parties approved measures that could expand the battle over permitting to the localities through which the transmission line would pass.

More: *Maine Public Radio*

MICHIGAN

Consumers Energy to Consider Retiring Coal Units Sooner

The Public Service Commission has approved Consumers Energy's integrated resource plan outlining its measures for the next five, 10 and 15 years to ensure reliable energy services to its customers in the Lower Peninsula. It will file its next resource plan in June 2021.

The approved IRP requires the company to conduct an analysis assessing the closure of two coal-burning units in West Olive with an eye toward retiring them as early as 2025. A year ago, Consumers said it planned to stop running the generators in 2031.

Consumers' approved plan keeps the timeline to retire two units near Bay City in 2023. Two remaining units at Karn would close in 2031, and a third at Campbell would operate until 2040. Their retirements follow the closure of seven coal units in 2016. The utility has promised to end its use of coal and reduce carbon emissions by more than 90% by 2040.

More: *The Detroit News*

MISSOURI

PSC Approves Grain Belt Express Sale

The Public Service Commission last week unanimously approved Invenergy's acquisition of the Grain Belt Express transmission line from Clean Line Energy Partners.

The project still needs regulatory approval in Illinois, where an appeals court overturned the state's previous approval last year.

More: *St. Louis Post-Dispatch*

NEVADA

New Law Opens Door to Solar Energy for more Residents

Gov. Steve Sisolak last week signed a bill that directs NV Energy to develop between three and 10 solar access programs.

A quarter of NV Energy's access programs will be reserved for low-income customers; half will be reserved for residential customers who can't install rooftop solar; and another quarter will be for disadvantaged businesses and nonprofit organizations.

The bill is not without its critics, who cited a lack of clarity in certain parts, such as the utilities that will take part in the program.

More: *Las Vegas Review-Journal*

NORTH DAKOTA

PSC to Take Public Input on Proposed Wind Farm

The Public Service Commission will hold a public hearing later this month on the proposed Ruso Wind Project and accompanying 10-mile transmission line. The $250 million to $280 million project would have up to 63 turbines with a capacity up to 205 MW.

The project would cover roughly 16,200 acres about 6 miles northwest of Ruso. The transmission line would connect to a planned substation to be built in McHenry County and interconnect to a grid through the Ruso Wind Switching Station.

Ruso Wind Partners, a subsidiary of Southern Power, has applied for permitting. The PSC's hearing is set for June 17.

More: *Bismarck Tribune*