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ISSN 2377-8016 : Volume 2019/Issue 33 — August 20, 2019

Only PG&E Can File Bankruptcy Plan, Judge Says

Tubbs Fire Lawsuits Allowed to Proceed; Vesey Named as Utility's New CEO

By Hudson Sangree

The federal judge overseeing PG&E Corp.'s bankruptcy ruled Friday against bondholders and insurers that wanted to offer their own reorganization plans for the embattled utility, but he allowed fire victims to proceed with a lawsuit blaming it for one of the most destructive blazes in state history.

Judge Dennis Montali | *Commercial Law League of America*

Judge Dennis Montali, of the U.S. Bankruptcy Court for the Northern District of California in San Francisco, said it wouldn't be in the interest of fire victims to let competing Chapter 11 plans confuse the proceedings. He gave PG&E until Sept. 26 to offer its own plan without interference, in keeping with a so-called exclusivity period he had earlier granted the utility.

PG&E's unsecured bondholders had offered it an injection of $30 billion, including $18.4 billion for fire victims, in exchange for guaranteed payment of more than $10 billion in notes, which otherwise could go unpaid in bankruptcy. PG&E's lawyers argued the deal would give the bondholders — a group of banks, mutual funds and other investors — control of the company at a heavily discounted price and could lead to chaos in the Chapter 11 proceedings.

Montali agreed the plans would likely lead to

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Lawyers Argue over PG&E Wildfire Liability (p.7)

MISO, SPP Empty-handed After 3rd Interregional Project Study

By Amanda Durish Cook

The possibility of a MISO-SPP transmission expansion must wait another year, as the RTOs have concluded their third coordinated system plan without recommending a single interregional project.

However, MISO and SPP staff promised they will seek to improve the coordination of their models and make another try in 2020.

The RTOs found no projects for which both would receive at least 5% of the total project benefit, MISO economic planner Gavin Christenson told stakeholders on an Interregional Planning Stakeholder Advisory Committee (IPSAC) conference call Monday.

The RTOs said they were able to "efficiently and effectively" *evaluate* more than 40 interregional project ideas through each of their regional processes. SPP used two future scenarios, while MISO employed the four future scenarios from its annual Transmission Expansion Plan. SPP requires project candidates demonstrate a 1:1 benefit-to-cost ratio for recommendation, while MISO requires a 1.25:1 ratio.

"While we don't have a project to approve out of this CSP, it was not because of any process

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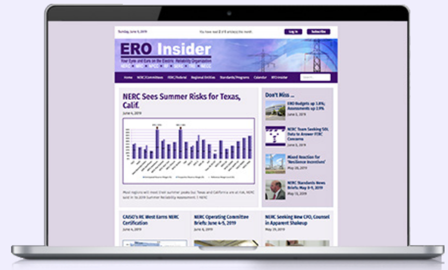

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MARC lightning round underway | © *RTO Insider*

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In this week's issue

MISO-SPP Interregional Process Scrutinized at MARC

By Amanda Durish Cook

DES MOINES, Iowa — MISO and SPP are making earnest efforts to coordinate transmission development along their shared seam, but much more remains to be done to manage an impending influx of renewable resources, regulators and industry participants said on Aug. 12.

And time is of the essence for making needed changes, according to some of the experts participating on a panel devoted to addressing shortcomings in the MISO-SPP interregional process at this year's Mid-America Regulatory Conference (MARC).

The panel marked the first time that MISO and SPP representatives appeared together on a stage to express support the creation of a smaller, interregional project category such as the MISO-PJM targeted market efficiency project (TMEP). (See *MISO, SPP Mulling Small Interregional Project Type* and *MISO, PJM Endorsing 2 TMEPs for Year-end Approval*.)

MISO Director of Seams Coordination Jeremiah Doner said that MISO-SPP interregional projects — currently elusive — will become essential as more variable generation comes online. A larger transmission network is more beneficial because it can draw on more types of resources to firm up supply, he said.

"The bigger region you have to manage, that need for flexibility is going to be key," Doner said.

MISO is eager to begin working with SPP to create a TMEP project template, he said.

"We don't just want to take [the] PJM [TMEP model] and copy and paste it," Doner said, although he added MISO has gained valuable experience through two rounds of TMEPs with its eastern neighbor.

SPP Director of Seams and Market Design David Kelley said his RTO would also like to develop something akin to TMEPs with MISO.

"We've seen the success between PJM and MISO. We're very interested in getting a process like that in place," Kelley said, adding that the idea must still be advanced through MISO's and SPP's separate stakeholder processes.

Daniel Hall, Missouri PSC | © *RTO Insider*

Missouri Public Service Commissioner Daniel Hall spoke about the recent endorsement by the Organization of MISO States and the SPP Regional State Committee to engage the RTOs' monitors to conduct joint studies on seams issues. (See *RSC, OMS Approve Monitors' Seams Study*.)

"There was a growing problem, and the problem is two RTOs run their grids independent of one another," Hall said in explaining the need for the effort. "There are fundamental differences between MISO's and SPP's management styles: On the MISO side it's, 'If it's built, use it.' On the SPP side, it's, 'If it's ours, you pay us.'"

Hall also noted that the RTOs' executives don't always agree: "I think those philosophical differences get overplayed, but they still exist."

Neither OMS nor the RSC are under any illusion that they can force the RTOs to adopt new interregional planning processes, he said.

"We certainly feel that we have some ability to move the ball forward," Hall said. He also pointed out that outgoing FERC Commissioner Cheryl LaFleur, who has been following the cooperation effort, will be replaced by Commissioner Richard Glick. (See *MISO, SPP States Ponder Look at Interregional Planning*.)

SPP's David Kelly (left) and MISO's Jeremiah Doner | © *RTO Insider*

No Time for Perfection

Invenergy Director of Regulatory Affairs Nicole Luckey said the RTOs' current process is encumbered by voltage and cost thresholds that are no longer appropriate and an interregional planning approach that has "too many cooks in the kitchen," preventing cross-border transmission projects that could deliver low-cost wind energy.

"We have a [joint operating agreement] that's way too prescriptive," she said. "If I were a regulator, I would be pissed that my custom-

2019 Mid-America Regulatory Conference

ers weren't getting access to the lowest-cost generation in the country."

However, Luckey also acknowledged MISO's recent failed proposal to lower voltages on interregional projects to 230 kV for regional cost allocation, calling the filing a good start. (See *MISO Allocation Plan Fails on Local Project Treatment*.)

"I do think we're much too prescriptive in what we look at" for projects, Kelley allowed. He said simply sizing up projects based on adjusted production costs makes less sense as the marginal cost of renewable energy approaches zero.

Kelley expressed hope about changes, saying SPP would work to identify and remove barriers. But he also contended the two RTOs were unlikely to reach total transmission planning consensus without a national energy policy and "leadership on a national scale."

"And I would argue we'd all be dead before we get federal energy policy," Luckey said.

Hall said it's not well understood that the cost of congestion on RTO seams is socialized among ratepayers situated far from those seams.

"Even if you're not on a seam, your ratepayers are paying for congestion. … That has to be acknowledged," Hall told attendees. "The more [efficiently] the entire grid works, it serves as a benefit. It's not just a function of bringing cheap energy to market; it's moving it around in the most efficient way."

"You can't look at just whether your state is going to benefit," Luckey told regulators.

Hall said the dearth of interregional projects is best illustrated by Ameren Missouri's proposed northwest Missouri wind farm, which originally had a $10 million interconnection price tag that later escalated to $40 million because of needed transmission upgrades. Ameren recently *scrapped* plans for the 157-MW project because of sticker shock.

"And the reason was all of the congestion in the area," Hall said. He said the Ameren wind farm was a "poster child" for the lack of interregional transmission planning.

"We cannot build transmission plans interconnection upgrade by interconnection upgrade," Hall said.

MISO and SPP have so far undertaken three 18-month coordinated system plan (CSP) studies — in 2014, 2016 and 2019. The first two CSPs failed to identify a worthwhile interregional seams project, and early indications are that the most recent hasn't identified a contender either. The 2019 CSP relied on only the RTOs' respective regional models, removing the additional joint model.

"I'm going to take a little shot at MISO, but I warned Jeremiah [Doner], so he knows it's coming," Luckey said before criticizing what she called the RTO's "old, stale" planning assumptions in its annual Transmission Expansion Plan (MTEP). MISO is dramatically underestimating the amount of renewable penetration in its four future scenarios used to inform MTEP, she contended, especially considering carbon-reduction pledges by Midwestern utilities.

"No comment," Doner joked, although he addressed the criticism by noting MISO is seeking to rework its futures for the 2021 MTEP cycle.

Luckey said "massive" energy infrastructure upgrades are needed, and they can't wait until MISO can "perfectly forecast" renewable penetration. ■

"If I were a regulator, I would be pissed that my customers weren't getting access to the lowest-cost generation in the country."

— Invenergy Director of Regulatory Affairs Nicole Luckey

2019 Mid-America Regulatory Conference

MARC Opens with Iowa Political Flavor, Speed Round

By Amanda Durish Cook

DES MOINES, Iowa — The Mid-America Regulatory Conference (MARC) opened Aug. 12 with a study in local Iowa flavor and a grab bag of industry opinions gleaned from a round of questions styled after political interrogations in the spirit of state's caucus activity.

Katie Greenstein, Des Moines Water Works | © *RTO Insider*

Katie Greenstein, a chemist with Des Moines Water Works, opened the conference with a trumpet rendition of the national anthem.

"Fun fact about Iowa: We have more pigs than people," Iowa Utilities Board Member Nick Wagner said in a welcome speech.

In lieu of speaker gifts, the event boasted corn kernel voting for four Iowa charities, similar to the Iowa State Fair's famous polling for primary candidates. Wagner said all the charities would receive some level of donation.

Des Moines Mayor Frank Cownie regaled attendees with scenes from the fair Aug. 10, which not only boasted several presidential candidates but also Des Moines heavy-metal band ***Slipknot***, along with their fan base, dubbed the "maggots."

MARC also named Michigan Public Service Commissioner Dan Scripps its new president during the opening.

Lightning Round

With thunderstorms passing over the State Capitol, the first ***session*** of the conference was — aptly enough — a "lightning round," in which Arkansas Public Service Commission Chairman Ted Thomas fired rapid questions at 14 industry players.

SPP General Counsel Paul Suskie fielded the first question, responding that, yes, the U.S. needs a singular energy policy, instead of a patchwork of subsidies. Suskie, a veteran of the wars in both Iraq and Afghanistan, also said national energy policy should consider the effects on other countries, referring specifically to oil impacts in the Middle East.

"I don't know where those numbers are coming from," Susan Williams Sloan, vice president of state affairs for the American Wind Energy Association, said in challenging an assertion by American Coalition for Clean Coal Electricity CEO Michelle Bloodworth that coal generation remains cheaper than bringing new wind resources online.

After that, Thomas jokingly asked panelists to cite research, if they could, within the time constraints.

Former FERC Commissioner Colette Honorable, now a partner with law firm Reed Smith, used her brief time to praise co-located resources — combinations of electric storage with either solar or wind generation — for its job-creating potential. However, she later noted she thought the industry was taking nuclear generation for granted for its reliability and zero-carbon attributes.

MidAmerican Energy CEO Adam Wright pointed out that his company raised rates one time in Iowa in 1999 and didn't plan to raise rates again until about 2030, owing to steady coal and natural gas generation.

Wright also stressed the pressing need for cybersecurity, saying much of the onus was on employee vigilance because humans remain "surprisingly fallible."

"We have employees pull an email out of the quarantine [folder] — and it's got a warning on it — open it, say 'OK' to giving their passwords … and then they call the security desk to ask about [the email]. And they're told, no, don't do that, and the employee hangs up," Wright said. "It's insanity."

He added that while it would be great if regulators greenlit cost recovery for utility cybersecurity, it remains a company responsibility to keep systems safe.

Thomas pivoted: "How about Order 1000? Is it working?"

"No," ITC Senior Vice President Krista Tanner replied. "It's created another level of bureaucracy and created hinderances where none existed before."

Suskie also thought the promises of Order 1000 remain largely unfulfilled.

"We had one competitive project. … It went to the incumbent. The competitive component of competition is not working," he said, also pointing to the litigation surrounding Texas' recently passed right-of-first-refusal law and MISO's Hartburg-Sabine project in that state. (See *SPP Cancels First Competitive Tx Project, Citing Falling Demand Projections* and *NextEra Takes Texas to Court over ROFR Law*.)

MARC lightning round underway | © *RTO Insider*

When talk turned to China's ever-increasing coal ***production***, Honorable said the U.S. shouldn't take that as permission to continue its own coal use.

"We can't just say, 'Oh they're horrible, so we can be a little bad,'" Honorable said, adding that she was glad to see stepped-up carbon-reduction pledges from companies following the Trump administration's withdrawal from the Paris Agreement on climate change.

Thomas wrapped up by asking panelists to make one "bold prediction" on the future.

"Bold prediction: I think utilities will be around in another 100 years," Wright joked.

"Wind, solar and storage will assume more market share, but especially here," Sloan said.

"Bold prediction: FERC will issue an order on PJM's capacity market," Asim Haque, the RTO's executive director of strategic policy and external affairs, quipped to audience laughter. (See *FERC Halts PJM Capacity Auction*.)

"Bold prediction: I think we'll get an announcement on a new FERC commissioner by October," Honorable said. (See *FERC Could Face Months with 3 Commissioners*.)

Bloodworth predicted that after 19 months with no action, FERC will finally define resilience and fuel security.

And Suskie predicted that "American ingenuity" will make the dominance of renewable generation workable. ■

2019 Mid-America Regulatory Conference

Experts Advise Respect to Counter Project Opposition

By Amanda Durish Cook

DES MOINES, Iowa — Respect is the key to tempering landowner and community push-back on energy infrastructure projects, six industry experts told the Mid-America Regulatory Conference (MARC) last week.

The Aug. 13 panel agreed that in-person communication and avoiding a dismissive tone are needed to gain more traction in communities where contested projects are proposed.

"Land issues are just so critical. We talk about RTOs, FERC and seams, but this is really where it happens," ITC Midwest Director of Public Affairs Tom Petersen said.

"Some of it has happened very easily, and some of it is quite painful," moderator and North Dakota Public Service Commissioner Julie Fedorchak said of her state's permitting of billions of dollars in projects.

Apex Clean Energy Vice President of Public Affairs Dahvi Wilson said it's no longer simply a matter of getting landowners to sign off on projects. Now, Wilson said, utilities need to secure public support.

"We're increasingly before state [and] local governments, and we're facing opponents that are very sincerely concerned about what's coming to their communities but also misguided," Wilson said.

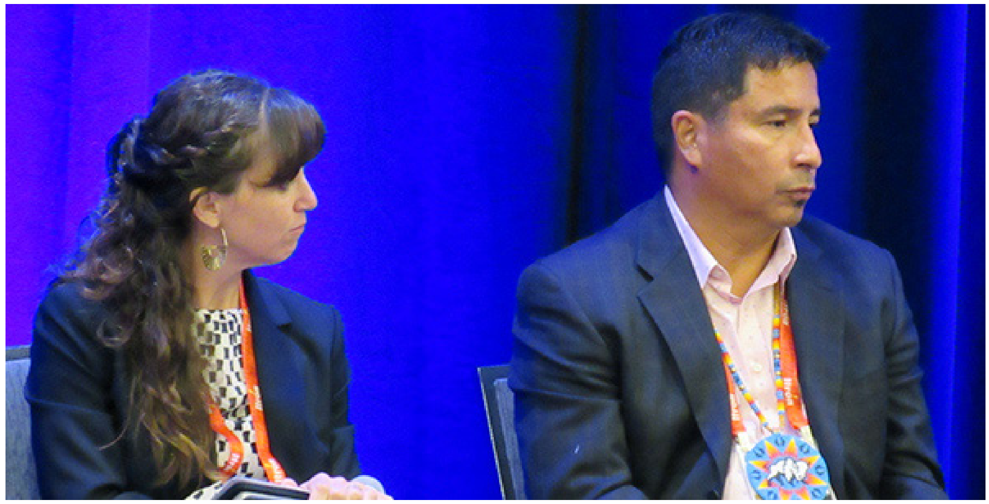
Utilities are increasingly facing the deliberate spread of misinformation online about proposed projects, she said. "We're in a lot of debate right now over what's true."

Wilson said regulators must now ascertain whether data are scientifically rigorous or simply pulled from a questionable webpage.

North Dakota Indian Affairs Commissioner Scott Davis, a member of the Standing Rock Sioux tribe, led negotiations with the Dakota Access Pipeline over a two-year period. He described how he was constantly afraid of a protester's death and listening to helicopters conducting crowd control near his home.

"Don't underestimate the power of my people. You can tell them not to do it, and they're going to do it," Davis said. "Quite honestly, government hasn't treated us very well in the decades of our existence."

Davis said "old-fashioned" face-to-face discussions with tribal or community leaders is the best approach to introducing projects with



Apex Clean Energy's Dahvi Wilson and North Dakota Indian Affairs Commissioner Scott Davis | © *RTO Insider*

communities, native or not. Davis also warned that treaties protect tribal land.

"[For] a lot of you that have tribes in your states, treaties are the law of the land. They're in the Constitution. … Understanding tribes, where they're coming from, is so important," Davis said. "I think in this world of progress, progress, progress, what drives us — what pushes the gas pedal of progress — is trust. If you're just rubber-stamping [projects], you will have an issue."

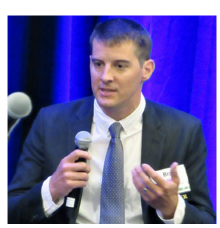
Wilson said the wind industry, which previously tended to submit projects quietly, hoping for little public notice, is now more transparent. She also agreed that it's imperative for utilities to spend face-to-face time in a community.

"If the people that are fighting our projects are much more liked in the community, the community is going to believe them over us," Wilson advised.

However, she said, it's still a "hard sell" to convince many utilities to spend money to embed company representatives in a community to foster trust.

Considering Alternatives

Environmental Law & Policy Center Senior Attorney Brad Klein said it's generally good practice for a utility to perform a full environmental impact analysis early in the process and thoroughly investigate alternatives to a large infrastructure project.



Brad Klein, ELPC | © *RTO Insider*

"I don't think alternatives are appropriate in all cases, but they should be fully considered up front," Klein said. Decisions should be made based on "full and fair information," he said, which should contemplate new technologies, battery storage and collections of distributed resources.

Kevala Analytics CEO Aram Shumavon urged those thinking about project alternatives "to think about the amount of change we have been through in the prior 10 years versus the century before that."

Kevala Analytics CEO Aram Shumavon | © *RTO Insider*

No NIMBY Name Calling

Klein also acknowledged that there will be environmental trade-offs with any large infrastructure project. But utilities and regulators shouldn't insult groups of concerned citizens, he said.

"Don't dismiss local communities as NIMBYs ['not in my backyard']. That's insulting," Klein said. "When we lose the public's trust, you lose the larger fight."

Petersen said he was in "violent agreement" that utilities shouldn't reduce protesters to NIMBYs.

"Before you even propose a project, spend two months in the community. … You'll decide whether that project is appropriate for that area. … And you'll have a whole lot more respect," Petersen said. ■

CAISO/West News

Lawyers Argue over PG&E Wildfire Liability

Debate Becomes a Sticking Point in Bankruptcy Proceedings

By Hudson Sangree

Attorneys last week battled over the matter at the heart of Pacific Gas and Electric's bankruptcy — the billions of dollars it's likely to owe victims of the massive blazes of 2017 and 2018 that wiped out a Northern California town and part of a midsized city.

In the U.S. Bankruptcy Court for the Northern District of California in San Francisco on Wednesday, lawyers representing the utility and fire victims argued over how to estimate the potential liability.

The estimation of liability is something Judge Dennis Montali must deal with as he oversees PG&E's Chapter 11 reorganization. Estimation of potential claims is "a fairly unique process in the bankruptcy world," Montali said in a hearing Wednesday.

The federal bankruptcy code requires judges to estimate contingent or unliquidated claims that could otherwise "unduly delay the administration of the case."

Litigating wildfire claims in state court could cause long delays, when PG&E is under the gun to reorganize by next spring. A new state law, AB 1054, requires the company to exit bankruptcy by June 2020 if it wants to take advantage of the law's $21 billion fund to pay wildfire damages. (See *Calif. Wildfire Relief Bill Signed After Quick Passage*.)

PG&E Corp. and its utility subsidiary, the debtors in the case, are pressing Montali to conduct an estimation proceeding and settle on a figure soon.

"There is no dispute by any stakeholder on the core issue presented by this motion: Estimation proceedings are required in these Chapter 11 cases absent a consensual resolution," PG&E's lawyers wrote in an Aug. 11 *motion*. "Equally inescapable is the conclusion that estimation has to begin now."

The California Public Utilities Commission also must approve PG&E's reorganization and needs a workable plan by January to meet the new law's June deadline, PG&E attorneys told Montali in their brief.

"All parties acknowledge the importance of meeting that legislative deadline," they wrote. "Failure to do so would materially reduce the value of the estate by precluding the reorganized debtors from participating in the newly created wildfire fund."

Tort Lawyers Reject 'Fixed Pool'

For many of the 2017-18 fires, state investigators have already determined PG&E's equipment was at fault. As a consequence, the utility could be held responsible for all resulting damages under California's strict liability law. That includes damages in November's Camp Fire, which burned down most of the town of Paradise and killed 85 people. It was the deadliest and most destructive blaze in the state's recorded history.

A major sticking point, however, is the Tubbs Fire, a blaze that tore through Northern California wine country in October 2017 and razed sections of Santa Rosa, a city with 175,000 residents in Sonoma County.

Investigators with the California Department of Forestry and Fire Protection determined a private landowners' faulty wiring, not PG&E equipment, started the fire. (See *PG&E Cleared in Fire that Burned Santa Rosa*.) Plaintiffs' lawyers still hope to convince a jury that PG&E was responsible for the blaze because of the huge amount of damages involved. The fire killed 22 residents and leveled more than 5,600 structures.

"The state court should make determinations as to debtors' liability on the Tubbs Fire," two law firms representing about 5,200 fire victims wrote in their *brief*. "Once the state court determines liability relating to the Tubbs Fire (or once the issues are settled), then the parties can get together and create estimations of all fire claims within an acceptable range.

"Estimation was not created for the purposes for which it is being used — i.e. to cap the funds available for all claimants regardless of individualized damages and with disregard to due process," the lawyers wrote.

Other plaintiffs' attorneys urged Montali to reject a fixed pool of money to pay fire victims.

"The debtors would like to cram down a plan that pays contract creditors in full, permits shareholders to retain their equity in the utility, channels tort claims to a trust that has a limited fund to pay tort claimants and discharges the debtors from liability on the claims," lawyers representing the Official Committee of Tort Claimants victims wrote in a *court filing*.

"There can be no assurance the trust would have enough funding to pay the claimants in full when they liquidate their claims via settlements or jury trials. If the capitalization of the trust fund is insufficient to pay the tort claims in full, the result would be contract creditors and shareholders will have been paid in full and retain their interests, and the victims lose; the only question is by how much."

On Friday, Montali granted a request by the tort claimants committee to lift an automatic stay on lawsuits against PG&E, allowing a Tubbs Fire trial to proceed in state court on an expedited basis. (See related story, *Only PG&E Can File Bankruptcy Plan, Judge Says*.)

Montali said he would try to rule on the estimation issue and the lifting of the automatic stay by a hearing on Aug. 27. ■

The Tubbs Fire swept into Santa Rosa, Calif., in October 2017, destroying a large swath of the city.

CAISO/West News

Only PG&E Can File Bankruptcy Plan, Judge Says

Tubbs Fire Lawsuits Allowed to Proceed; Vesey Named as Utility's New CEO

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unnecessary confusion and delay.

"Competing plans are tempting, and no doubt produce a feast for lawyers, accountants, investment bankers and others, not to mention the intellectual challenges to the court," Montali wrote in his ***decision***. "But the inescapable fact is that the fire victims and their insurers should not need to wait for conclusion of expensive, lengthy and uncertain disputes that only indirectly concern them."

PG&E has said it will file its own plan by Sept. 9. A recent outline says the utility will pay its debts and compensate fire victims by raising money through stock offerings. In ***documents*** filed with the U.S. Securities and Exchange Commission earlier this month, two hedge funds — Abrams Capital Management and Knighthead Capital Management — pledged to backstop PG&E's plan with $15 billion in equity financing to provide "a foundation upon which a more fully developed capital plan and plan of reorganization can be built."

The company also said it would honor all its pre-bankruptcy power purchase agreements. Its bankruptcy raised concerns that it would try to reject many of its 387 PPAs worth about $42 billion, especially contracts for solar and wind power. That led to a dispute with FERC about who had authority over the agreements. (See ***Judge Sides with PG&E over FERC in PPA Dispute***.)

PG&E has "placed before all a proposal that, if coaxed and guided to maturity, should result in a proper outcome for all creditors without needing to deal with all of these other issues," the judge wrote.

Continuing his focus on fire victims, Montali decided that two cases could move forward in state court that allege PG&E caused the Tubbs Fire, which ravaged California wine country in October 2017 and burned down part of the city of Santa Rosa.

Investigators with the California Department of Forestry and Fire Protection determined a private landowner's faulty wiring started the Tubbs Fire, but plaintiffs' lawyers hope to convince a jury otherwise. The massive blaze killed 22 people and destroyed more than 5,600 structures in Sonoma, Napa and Lake counties. (See related story, ***Lawyers Argue over PG&E Wildfire Liability***.)

Montali cited the plaintiffs' estimates that the Tubbs Fire could account for two-thirds of PG&E's liability for the 2017 and 2018 fires in Northern California that led to it declaring bankruptcy in January. Those fires include the Camp Fire, the deadliest in state history, which leveled much of the town of Paradise and killed 85 people.

Resolving liability for the Tubbs Fire will help the bankruptcy court determine PG&E's estimated liability for those fires so that victims can be compensated appropriately, he said. Montali said that, despite PG&E's objections, he didn't think the lawsuits would interfere with the bankruptcy proceedings.

"The state court trial may proceed on a parallel track to the proceedings in this court," the judge wrote in a separate ***ruling*** Friday.

Montali heard the bondholders' and insurers' lengthy arguments for ending PG&E exclusivity on Aug. 13.

The judge, however, opened the hearing with a reminder of the thousands of victims of fires sparked by PG&E equipment in the past four years. San Francisco Bay Area residents remember the smoke that filled the air last fall and the television images of the devastation in Paradise, but "that's really not much," Montali said.

The U.S. Bankruptcy Court for the Northern District of California occupies part of a federal courthouse in San Francisco. | © *RTO Insider*

"It's nothing like the nightmares and the horrors that were experienced by all of the victims and their families and their loved ones, and that they are no doubt reliving endlessly," he said. "And that's why we're here. That's why we're working in this community, in the bankruptcy world, to deal with one aspect of that tragedy."

Efforts by the California Public Utilities Commission to broker talks among the competing parties broke down, a CPUC lawyer told Montali on Aug. 9. (See ***Bankruptcy Judge Questions PG&E Exec Compensation***.)

The bondholders' lawyer, Michael Stamer, and others argued for expediency because of recent legislative action. Under Assembly Bill 1054, passed last month, the PUC must approve a bankruptcy plan by June 30, 2020, for PG&E to be able to access a $21 billion fund to pay wildfire claims. (See ***California PUC Jumps into PG&E Bankruptcy Fray***.)

New CEO

Also on Aug. 13, PG&E announced its board of directors had appointed Andrew Vesey as president and CEO of its primary subsidiary, utility Pacific Gas and Electric.

Vesey was employed as CEO of AGL Energy, a company based in Sydney, Australia, from 2015 to 2018. AGL has about 3.7 million gas and electric customers and controls around 20% of Australia's generating capacity, PG&E said in a news release.

Before AGL, Vesey was a longtime executive, including serving as COO for AES.

Vesey started Monday. His compensation includes a $1 million annual salary and a $1 million "transition payment," according to a Securities and Exchange Commission filing. He may also be eligible for roughly $2 million a year in incentive bonuses if Montali approves PG&E's Key Employee Incentive Plan.

"Andy is a focused and talented leader with the demonstrated experience to help PG&E improve our safety and operational performance, while also being a strong advocate for clean energy solutions," PG&E Corp. CEO Bill Johnson said in a statement. "We have full confidence in Andy to lead change and deliver results across our safety and operational areas, including electric, gas, generation and customer teams." ■

ERCOT News

ERCOT Calls 2 Emergency Energy Alerts in 3 Days

By Tom Kleckner

Faced with an increase in demand and generation outages, ERCOT declared another energy emergency alert Thursday afternoon, its second in three days after five years without calling one.

The Texas grid operator issued the Level 1 EEA when power reserves dropped below their 2.3-GW threshold just after 3 p.m. System load was 69.7 GW at the time, below that of the record peak demands Aug. 12 and 13.

Prices again hit the $9,000/MWh maximum for several 15-minute intervals during the late afternoon.

ERCOT Senior Director of System Operations Dan Woodfin said reserves were "tighter than expected" because the grid operator was without 5.2 GW of capacity that was available earlier in the week.

"Almost all the generation in the system has been online every day this week," he said. "We knew we were going to be tight, but I think we're tighter than expected."

The EEA allows ERCOT to "take advantage of certain resources that are used for just this type of situation," Woodfin said. The grid operator called on all available resources, deployed operating reserves and its 30-minute emergency response service, and requested energy imports over its ties with neighboring RTOs.

Woodfin also said the system's wind production was lower than seen in previous days, contributing to the tight conditions.

Earlier last week, ERCOT CEO Bill Magness said the grid operator sees a "trough" of wind generation in the early afternoon before the Gulf Coast wind facilities begin filling in the gap.

"You see higher levels of wind in the evening and into the morning," he said. "So, often, even though we're at peak load, some of our tightest conditions may show up earlier than you might expect, but we recover by the time we get over the peak."

Both ERCOT and the Texas Public Utility Commission called on consumers to reduce their consumption through 7 p.m.

"The hot weather has continued throughout the month of August, and the Texas economy is strong, so two calls for conservation in the same week is not surprising," PUC Chair DeAnn Walker said in a *statement*.

"Occasional calls for conservation are a natural part of running the most efficient electrical system in the world," Commissioner Arthur D'Andrea said.

"Barring any other things that could happen, it doesn't look like we'll need a further [EEA] level today," Woodfin said Thursday. "We don't like to get into these conservation situations, but it's something our operators train on."

ERCOT declares a Level 2 EEA when operating reserves drop under 1.75 GW.

"This is a fluid situation, and can change at any time," ERCOT spokesperson Leslie Sopko said during a media call.

Statewide temperatures were in the upper 90s on Thursday, but *heat indexes* were in triple figures.

Dan Woodfin monitors the ERCOT system. | © *RTO Insider*

1st EEA

ERCOT was forced to call a Level 1 EEA at 3:12 p.m. Aug. 13. It was canceled at 5:02 p.m., but not before demand came close to the 74.5-GW record set the day before, topping out at 74.2 GW during the interval ending 5 p.m. Still, that broke the 2018 record of 73.5 GW, the sixth time in two days ERCOT exceeded that mark. Eight of the system's top 10 highest demand peaks have come since Aug. 12. (See *ERCOT Sets New Demand Mark, Smashes '18 Record*.)

Settlement prices hit quadruple digits during the 15-minute interval that ended at 2 p.m. and reached ERCOT's maximum of $9,000/MWh at 3:45 p.m., staying in that range through the 5 p.m. interval. Prices had peaked at $6,537.45/MWh on Aug. 12.

Day-ahead prices for Aug. 13 were trading in the $2,600 to $2,700/MWh range, said

ERCOT News

Potomac Economics' Beth Garza, director of ERCOT's Independent Market Monitor.

ERCOT's website became sluggish during the afternoon as interested visitors watched the lines in a graph depicting capacity and demand nearly touch.

During his presentation to the board, Magness drew attention to a slide in his deck. It noted "warmer" temperatures during the second half of the summer, as opposed to the first half.

"Our expectations for August have advanced quite a bit in the last week," he said.

Magness exuded confidence in ERCOT's staff, which knew what was coming this summer. The grid operator had projected peak demand of 74.9 GW.

"If you ask any of the men and women working in the control room today, they'll tell you this is what we train for," Magness said. "That circle of support extends beyond the control room … into every part of ERCOT. This is what we train for; this is what we do; this is the service we're supposed to provide. So let's have it."

After the meeting, ERCOT *called on* consumers and businesses to reduce their energy use through 7 p.m.

The Texas PUC also issued a *press release* calling for conservation, suggesting consumers make a few "simple choices" by raising their thermostats a couple of degrees, reducing lighting and using heavy appliances after sunset.

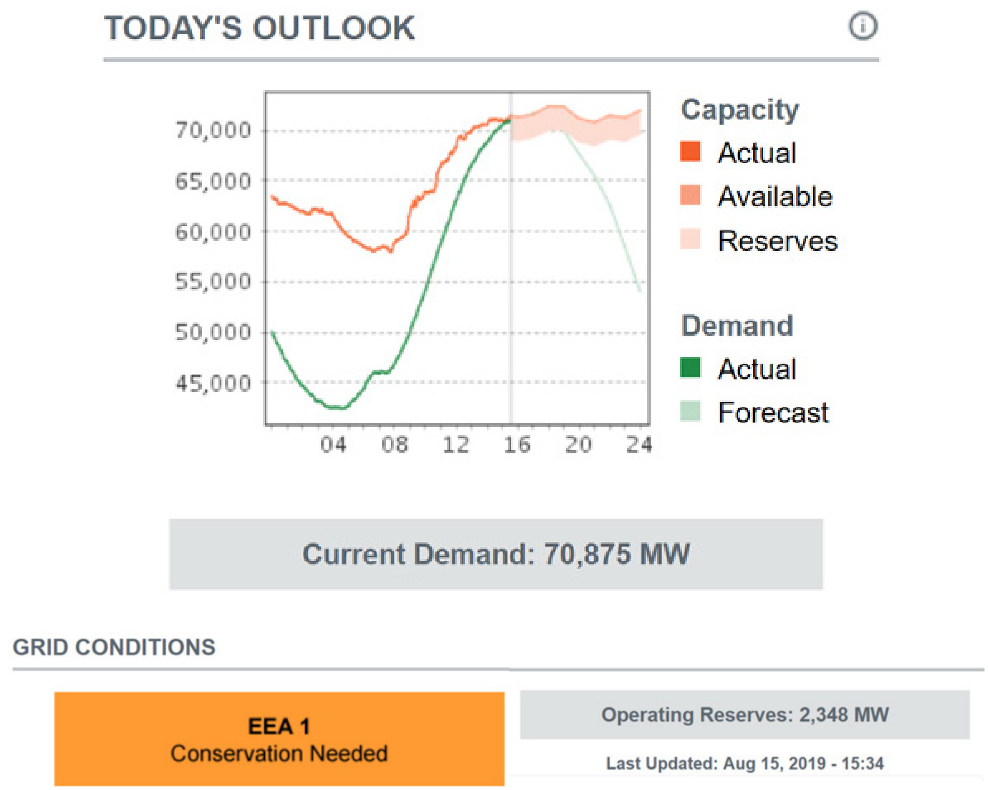
"When the energy demands of our state's steadily growing population and booming economy intersect with hot summer temperatures, the supply of power can get a little tight," Walker said in the release.

ERCOT sent out a market notice in the morning, alerting participants that the Texas Commission on Environmental Quality (TCEQ) will "exercise its enforcement discretion for exceedances of emission and operational limits of power generating facilities" should the generators exceed air-permit limits.

Generating facilities expecting to exceed their limits were directed to notify the TCEQ, and ERCOT said it would notify market participants when the agency's "enforcement discretion" ends.

John Hall, the Environmental Defense Fund's state director of regulatory and legislative affairs, suggested other alternatives to increased generation.

"While this may look like a zero-sum game, it doesn't have to be," Hall told *RTO Insider*. "Policymakers have a suite of tools — such as energy efficiency and demand response — to avoid the false choice between Texans' air quality and a reliable grid." ■



The ERCOT system at 3:34 p.m. Thursday | *ERCOT*

ERCOT News

ERCOT Board of Directors Briefs

Directors Briefed on Real-time Co-optimization Work

ERCOT's Board of Directors last week got its first look at the work being done to implement real-time co-optimization (RTC), which will add ancillary services to the real-time security-constrained economic dispatch engine.

Bob Helton, ENGIE

Matt Mereness, ERCOT

ENGIE's Bob Helton, who chairs the Technical Advisory Committee, and Matt Mereness, ERCOT's compliance director and chair of the Real-Time Co-Optimization Task Force, briefed directors on the intricate design work and approval process during the board's bimonthly meeting.

"We're on our way," Helton said. "We've got a long road to go. It's a very tight schedule, but there are a lot of meetings to try and get this through."

Mereness' task force faces a February deadline to present a final package of RTC principles to the board for approval. Once consensus is reached on the design, the group will begin drafting the protocols, which will set the stage for the 2.5 to 3.5 years of implementation. ERCOT has estimated the project will take four or five years to complete.

The TAC last month approved the task force's first five RTC key principles. (See "TAC Approves First Real-time Co-optimization Principles," *ERCOT Technical Advisory Committee Briefs: July 24, 2019*.)

"We're not focused on the protocols yet," Mereness said. "We're determining the building blocks for real-time co-optimization."

Helton was quick to say the RTC implementation would not follow the same course as ERCOT's nodal market project, which was marred by cost overruns and blown timelines before going live in December 2010.

"Give me some comfort that we're going to design the system, harden that and stop people from hanging their ornaments on the Christmas tree before we start building it," said

ERCOT's July Board of Directors meeting

Director Clifton Karnei, general manager of Brazos Electric Power Cooperative and representative for the Cooperative market segment.

Claiming Karnei had stolen his words, Helton said, "What we're trying to do is real-time co-optimization and not redesign the market. That nodal stuff was painful."

Board Vice Chair Judy Walsh asked Mereness how the task force would respond when it gets stuck on an issue.

"We won't be stuck silently," Mereness responded. "If we get stuck, we're going to let people know."

IMM: Wind not Outpacing Coal — Yet

Responding to a recent spate of media articles noting that wind generation is outpacing coal generation in ERCOT, Independent Market Monitor Beth Garza tapped the brakes on what she said was a "zeitgeist" moment.

"There were a zillion articles over how wind has surpassed coal," she said during her mid-year market review. "That was absolutely true year-to-date through June. It's no longer true through July."

Garza said coal generation reasserted itself over wind generation in July. Coal now accounts for 21.1% of the fuel mix and wind 20.7% through July, she said.

"I do believe at one point, there will be more wind generation than coal generation in ERCOT, because we are very, very close now," Garza said. She noted the switch is more about a decrease in coal generation, than an increase in wind.

Garza said ERCOT's average energy prices are down through the first half of the year when compared with 2018 — $27.81/MWh versus $32.45/MWh — despite similar load conditions. She attributed the decrease to a 13% decrease in gas prices, which averaged $2.62/MMBtu through July, compared to $3.03/MMBtu in the first half of 2018.

Lange Approved as TAC Vice Chair

The board formally approved Clif Lange, South Texas Electric Cooperative's manager of wholesale marketing, as TAC vice chair. Lange replaces Diana Coleman, who stepped down from the TAC when she accepted a position with San Antonio's CPS Energy.

"We appreciate your willingness to serve," board Chair Craven Crowell told Lange.

The directors also approved the Finance and Audit Committee's recommendation to accept Maxwell, Locke & Ritter's audit report of ERCOT's 401(k) savings plan. The auditors said they were unable to obtain "sufficient appropriate audit evidence to provide … an audit opinion," noting they were told not to audit, but did accept the plan's investments and notes receivable. That information was certified by Fidelity Management Trust Co., the plan's trustee.

Board OKs 14 Changes

The board approved a Nodal Protocol revision request (*NPRR917*) that replaces load zone energy pricing with nodal pricing for settlement-only distribution and transmission generators (SODGs and SOTGs). The NPRR allows SODGs and SOTGs to request ERCOT

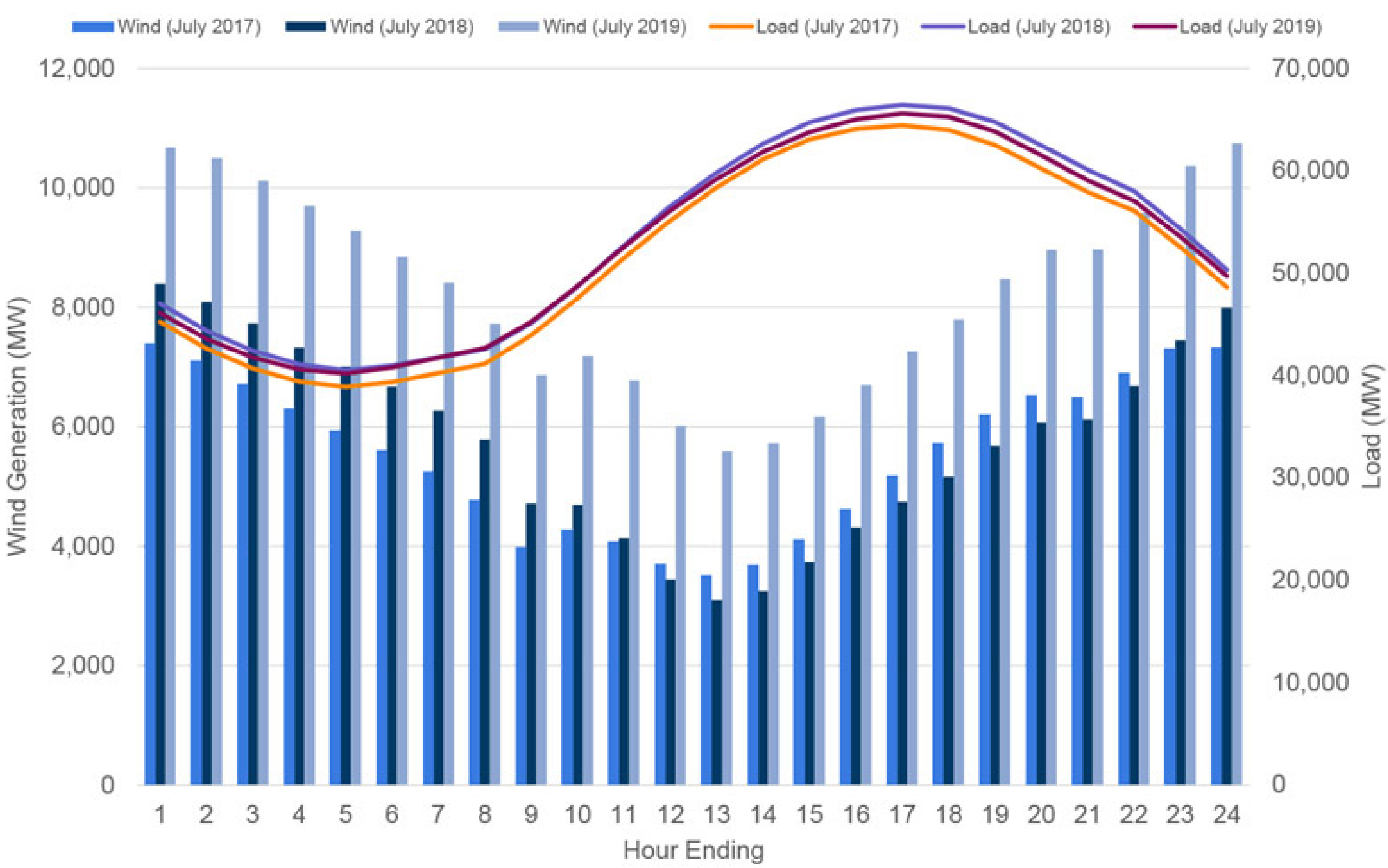
ERCOT News

continue to provide them load zone pricing until they opt in for nodal pricing or until Jan. 1, 2030, whichever comes sooner.

The directors unanimously approved their consent agenda, which included nine other NPRRs, a change to the Nodal Operating Guide (NOGRR), an Other Binding Document (OBDRR) and two system change requests (SCRs):

- *NPRR823*: Synchronizes the protocols' "affiliate" definition with state law to allow exemptions for portfolio affiliates (two or more publicly traded companies in the same industry with common shareholders).
- *NPRR904*: Revises the categories of ERCOT-directed actions that trigger the real-time online reliability deployment price adder (RTRDPA) pricing run to include DC tie-related actions to reflect current system conditions and corrects identified flaws with current RTRDPA design.
- *NPRR931*: Modifies the hub average 345-kV price calculation to reflect the use of aggregated shift factors, as opposed to simple averaging of the component hubs' prices.
- *NPRR932*: Clarifies that new load added to an existing ERCOT system zone (including load from a non-ERCOT control area) can take effect immediately without board approval.
- *NPRR935*: Requires ERCOT to post values for wind and solar forecasts and include an indication of which model is being used for each forecast. Also requires ERCOT to issue a market notice and sponsor an NPRR proposing requirements for any new future forecasts.
- *NPRR942*: Clarifies in the protocols the timing of the posting of the final allocated transaction limit for the congestion revenue rights auction, also known as the second-round limit.
- *NPRR943*: Adds Martin Luther King Jr. Day to the list of ERCOT-observed holidays.
- *NPRR944*: Updates the day-ahead market's energy bid curve criteria language to align with current validation.
- *NPRR949*: Removes the use of standard voice telephone circuits as an option for the grid operator to retrieve ERCOT-polled settlement meter data, effective Jan. 1, 2023.
- *NOGRR187*: Aligns the NOG with *NPRR863*'s revisions to ancillary services.
- *OBDRR009*: Paired with NPRR904, the change revises the online and offline capacity reserves for out-of-market actions related to DC ties, preventing price reversal and price distortion whenever ERCOT makes out-of-market actions.
- *SCR801*: Corrects the global process ID for Texas standard electronic transaction (Texas SET) 867_03 by applying the same data lifecycle cross-reference consistency for all 867-03 usage transactions.
- *SCR802*: Improves system inertia communications by showing the real-time system inertia value under the Real-Time System Conditions display on the ERCOT website. ■

— Tom Kleckner



July wind output 2017-2019 | *ERCOT*

ERCOT News

ERCOT Approves Seasonal Plan for NRG Cogen Units

ERCOT on Friday said it has approved NRG Energy's plans to return its Gregory Power Partners cogeneration plant to mothballs in October. The plant, which returned to service in June for the first time since 2016, will be operated annually from June 1 through Sept. 30.

The Texas grid operator said it conducted a reliability analysis that determined the plant's combined cycle units are not required to support system reliability during the portion of the year when they are mothballed.

Gregory Power Partners, a three-unit, 365-MW facility located outside Corpus Christi, was shut down in late 2016 when its cogeneration partner, Sherwin Alumina, filed for bankruptcy and ceased operations. The plant was built in 2002.

NRG said in May it was returning the plant before the summer months to provide "additional reliability to our customers." (See *NRG to Bring Back Gas Plant for Summer 2019*.) ■

— Tom Kleckner

The Sherwin Alumina plant, Gregory Power Partners' cogeneration partner, shut down in 2016. | *Sherwin Alumina*

ISO-NE News

NEPOOL Markets Committee Briefs

The New England Power Pool Markets Committee met for three days in Meredith, N.H., last week to discuss ISO-NE's proposed energy security improvements (ESI), continuing talks that began in April.

The MC has been adding days to its meeting schedule all summer to discuss the RTO's long-term market proposal to address fuel supply constraints, market impacts of proposed rule changes, as well as various stakeholder concepts to achieve the same. (See "Assessing ESI Impacts," *NEPOOL Markets Committee Briefs: July 8-10, 2019*.)

Options and Constraint Pricing

Ahead of a mandatory Oct. 15 FERC filing on the improvements, ISO-NE Senior Market Designer Andrew Gillespie *reviewed* various aspects of the RTO's market-based design for ESI and *led* a discussion on the role of the forecast energy requirement (FER) and close-out parameters. [Editor's Note: All quotes in this article were drawn from participants' presentations or were approved by the speakers afterward.]

Slide 19 of the presentation answered a stakeholder question on whether the RTO's day-ahead energy call option construct is a purely financial option, as compared to the physical day-ahead sale of energy.

Gillespie said physical DA energy sales and DA energy call options have the same financial and physical elements, and that a physical supply resource can cover its day-ahead position by delivering energy in real time in an amount equal to its day-ahead position.

In the Reserve Adequacy Analysis, the FER constraint is used to meet the expected real-time energy demand, which may result in additional unit commitments.

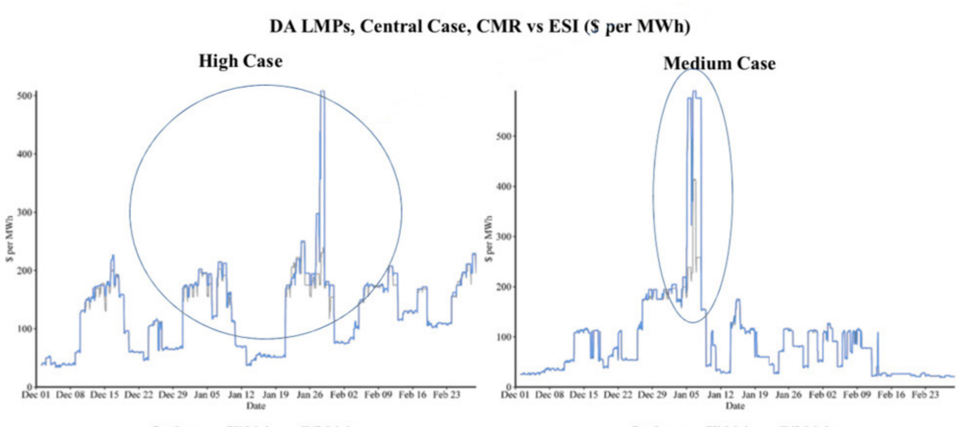
Both day-ahead energy from physical supply resources and energy call options awarded to physical supply resources would contribute to satisfying the FER demand quantity and would be paid the FER shadow price. Virtual supplies (increment offers) are not eligible.

The settlement close-out charge would equal the option award amount times the positive difference between the system real-time LMP and the system energy call option strike price.

"The thing that we set up way in the beginning, on slide 13 of the presentation, is that if you're helping meet a constraint, you get paid the shadow price, and that same principle applies here," Gillespie said, referring to slide 26, which explains that the shadow price is the FER price.

The RTO's presentation described three reasons for including the FER constraint in the day-ahead market:

- Ensuring that the market produces a reliable next-day operating plan that can meet the FER;
- Improving energy security by providing physical supply that does not receive a day-ahead award but is expected to be needed to meet real-time demand; and
- Improving price formation, by preventing the impact on day-ahead market compensation to resources that clear for energy.



LMP reductions from incremental inventoried energy are larger in the medium case (based on winter 2017/18 with one extended cold-snap) than the high case (based on 2013/14, with multiple, shorter cold-snaps) leading to a larger reduction in total costs. | *Analysis Group*

External Market Monitor Feedback

External Market Monitor David Patton, of Potomac Economics, said the proposed day-ahead market option products "are going to have a lot of value." NEPOOL Chair Nancy Chafetz, of Customized Energy Solutions, had requested his feedback on the RTO's energy security proposal.

The RTO's new option "products are going to eliminate what amounts to out-of-market actions being taken both by the models through physical constraints that are imposed in the day-ahead market, and by operators, and result in prices that more reasonably reflect the full set of requirements in the day-ahead," Patton said.

"Ultimately, to the extent that we are recognizing our requirements in the day-ahead timeframe, it provides schedule and revenue certainty to resources that have to arrange fuel, so I think it does help on the fuel security side," he said.

Patton said the other options also will be beneficial. Regarding the forecast energy option, he said "right now, to the extent that the day-ahead is under-scheduled, it puts an increased onus on the [Reserve Adequacy Analysis] process to resolve that by making out-of-market commitments, so this would help resolve that issue."

Patton said he plans to have a fuller discussion on the ESI at the September 3-4 meeting of the MC.

ESI Impacts

Todd Schatzki of Analysis Group *presented* further analysis of impacts of ESI under scenarios reflecting different resource mixes, fuel resources and weather conditions.

Schatzki emphasized that the study is not a forecast or assessment of future market outcomes, but an analysis of impacts.

The impacts reflect the difference between outcomes under current market rules (CMR) and ESI, and some impacts may not be particularly sensitive to assumptions.

Regarding the difference between medium- and high-case scenarios, Schatzki mentioned the impacts they are seeing on the energy and ancillary services markets.

A slide on LMP prices showed what appears to be the major driver of the difference between these cases, he said.

ISO-NE News

"If one looks at the high case, there are periods of particularly high prices, but in general what we see in terms of reductions in LMPs, with ESI as compared with CMR, those tend to be relatively smaller impacts that occur erratically across the winter given different substitutions or different availability of inventory," Schatzki said.

"By contrast, in the medium case, where we see particularly high prices in certain hours under the current market rules, and those prices are really tamped down under ESI — and what exactly are the drivers of that we have not quite dove into ... but we're going to see different impacts across different cases and that impacts are really going to depend on the particulars of the market clearing in different hours," he said.

Market Concepts

Michelle Gardner of NextEra Energy Resources *presented* proposed replacement energy reserve (RER) and generation contingency reserve (GCR) products, saying the core design was complete, but the company was still open to feedback.

"The real value in our mind is that this product is creating price signals in the real-time market, because it's when we're deploying SOR [strategic operating reserves] and using SOR that we then create a shortage, and that's when we start to see higher prices translated in the real-time market," Gardner said.

"Because we are re-optimizing in the real-time market and deploying SOR if needed to meet that higher value energy and operating reserve ... that's where we see the value in the pricing, because it is showing when those resources are needed," she said.

Rebecca Hunter *presented* Calpine's forward enhanced reserves market (FERM) proposal, which she said would properly value existing fuel-secure resources in the region and provide a forward price signal that incentivizes fuel supply arrangements or investments.

FERM would procure fuel-secure megawatt-hours from Dec. 1 through March 15, three years prior to the obligation year, which "aligns it with the capacity market and the decision for when a resource would be leaving the market," Hunter said.

The RTO would then need to procure a set amount of firm supply to back up the loss of that resource, she said.

There would be two auctions under the proposal: the first one year prior to the obligation start, and the second after the contract verification period of Oct. 1 in the prompt delivery year.

"So, there's also an auction one year prior, recognizing the fact that the risk might have actually decreased for an uncleared FERM resource, and they're now eligible to try and take on that [capacity supply] obligation," Hunter said.

FERM would procure a diverse pool of megawatt-hours and tie the obligation to offering the stored energy under Operating Procedure 21 (subject to penalty), which is activated when the RTO declares an energy emergency event.

Hunter said that FERM tries to bridge a gap in today's existing products by providing the RTO's operations group with appropriate in-market tools to manage the grid reliably around forecasted fuel system constraints.

Jeffrey Bentz, New England States Committee on Electricity (NESCOE) director of analysis, *reiterated* the group's doubts about the RTO trying to do "too much, too fast" on the fuel security issue.

One issue for NESCOE is that an option will get exercised at times when energy security is not an issue, which they say creates option risk for providers.

A potential solution, but not a NESCOE position at this time, would be to increase the strike price by 20%. "We think at this 20% level, there's really minor, if any, decrease in incentive for resources to invest if they get the option," Bentz said.

A higher strike price would shrink the option close-out value, and because offers reflect this settlement, a higher strike price would reduce offer prices and clearing prices. Furthermore, it would reduce the number of market participants whose marginal cost is greater than the strike price, which may make participation somewhat more attractive to these market participants, NESCOE said.

End Notes

The RTO's director of NEPOOL relations, Allison DiGrande, and its assistant general counsel, Christopher Hamlen, repeated a presentation on proposed Tariff changes to clarify that a resource retained for fuel security will only be retained until the end of the fuel security need, and no longer than the two-year period allowed by FERC. (See "Time Limit on Fuel-security Resources," *NEPOOL Markets Committee Briefs: July 30, 2019*.)

The MC will vote on the issue at its Sept. 3-4 meeting.

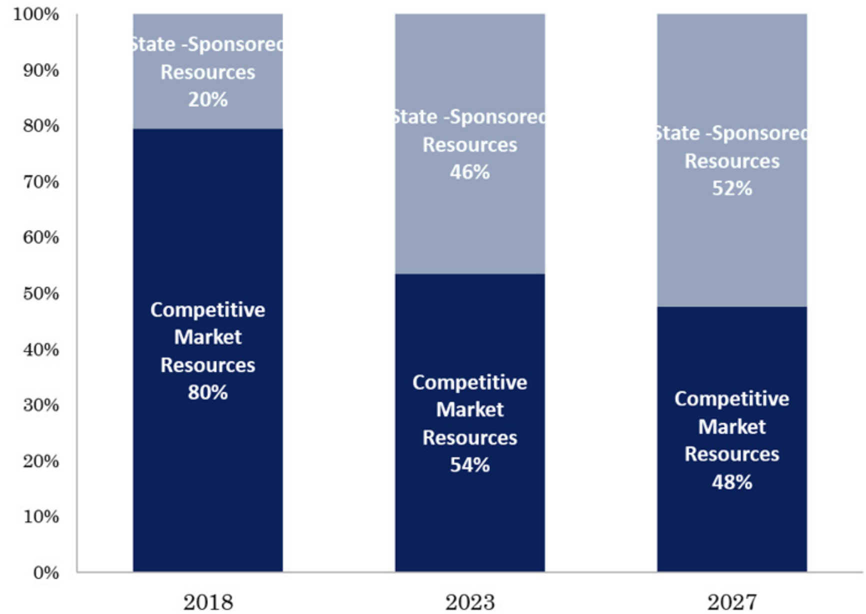
In addition, the committee referred a request to add search and sort functionality to public reports produced in the Generation Information System (GIS) to the GIS Operating Rules Working Group. ■

— Michael Kuser

ISO-NE News

NEPGA Supports Re-think of New England Markets

By Robert Mullin



State-sponsored resources are expected to represent more than half the generation participating in the ISO-NE market by 2027. | *NEPGA*

New England utility regulators have gained a key ally in their call for an initiative to explore how the region's wholesale energy market could be reshaped to accommodate the growth of state-sponsored resources.

The New England States Committee on Electricity (NESCOE) last month *asked* ISO-NE to "dedicate market development and planning resources" next year to support states and stakeholders "in analyzing and discussing potential future market frameworks" compatible with the state energy and environmental laws that could alter the region's resource mix.

The New England Power Generators Association (NEPGA) wholeheartedly agrees. In a *letter* to ISO-NE on Aug. 13, President Dan Dolan said his group "strongly supports" NESCOE's request to kick off the discussion and emphasized "the need to ensure that the future wholesale electricity market design preserves electric reliability, resource adequacy and other needed services in a robust competitive, market-based manner."

NESCOE's July memo noted that New England adopted a wholesale market in the 1990s to ensure "market dynamics rather than regulatory orders" set electricity prices and to shift the risks of generation investment decisions from ratepayers to investors.

But the energy landscape has shifted drastically since then, with New England states boosting their renewable portfolio standards and mandating large solicitations of offshore wind. As a result, state-sponsored resources are expected to comprise more than half the generation participating in the ISO-NE market by 2027.

NESCOE said the increasing reliance on resource procurements outside the ISO-NE market "make a conversation about the objectives of the wholesale markets, and what we are collectively asking it to do, sensible."

NEPGA's letter says NESCOE's request is similar to one the association made last December, when it *warned* ISO-NE's Board of Directors the region is "fast approaching a tipping point" as an increasing volume of state policy resources participating in the wholesale market leave competitive generators unable to recover their costs, putting them at risk of early retirement and forcing the RTO to rely on out-of-market mechanisms to keep vital resources online. (See *FERC Approves Mystic Cost-of-Service Agreement*.)

NEPGA said it was "unconvinced" by the board's response to its letter: that ISO-NE would address the group's concerns through its ongoing "energy security improvements" effort. (See *ISO-NE Filing, Whitepaper Address Energy Security*.)

"With the benefit of several months review of the ISO proposals and in light of the intention that such revenues would be considered a reduction to delist bid offers, NEPGA remains unconvinced that [the energy security efforts] address the fundamental concerns of a lack of future competitive revenue opportunities for resources that provide reliability services," Dolan said in the letter.

NEPGA suggested any discussions on market changes take place within the New England Power Pool committee process, which "would provide an important measure of structure and diligence to these efforts which, given their likely complexity, will require deliberate and long-term discussions and consideration in order to be fruitful."

Dolan said the NEPOOL process would also foster "meaningful engagement on the paramount question of how to preserve and reinforce competitively produced reliability services in the region."

The group said it agrees with NESCOE that initial meetings should be devoted to "certain threshold questions," including "an agreement as to the scope of future efforts related to potential improvement to existing markets or even consideration of new competitive market designs." NEPGA said it believes any problem statement should focus on maintaining ISO-NE's "core function" of using competitive markets to ensure reliability and resource adequacy.

"Articulation of this 'problem statement' is critical to the commitment to priority use of ISO-NE and stakeholder resources for these purposes," Dolan said. "NEPGA offers that this should be completed prior to embarking on the deliberative process to analyze and discuss potential market design enhancements."

NEPGA asked that ISO-NE work with NEPOOL and NESCOE to schedule a power pool committee meeting in early 2020, adding that stakeholder sectors and states should come equipped with their own problem statements.

"This is a critical moment for the ISO, states and all invested stakeholders in New England to chart the path forward in a dramatically changing market. Just as NEPGA said nearly a year ago, if we're going to have agency in our future, we must act — quickly!" NEPGA tweeted Wednesday. ■

MISO News

MISO Halts Futures Work for 2020, Plans 2021 Rebuild

By Amanda Durish Cook

CARMEL, Ind. — MISO has terminated work on a new set of futures scenarios for the 2020 Transmission Expansion Plan (MTEP 20), opting to take the extra year to resolve its lagging renewable growth and retirement projections.

The RTO *announced* last week that it will recycle its MTEP 19 futures so it can finish MTEP 20 work early to allow time to completely retool the 20-year scenarios for the 2021 cycle. It introduced the idea to stakeholders in June. (See *MISO Floats MTEP Time Trade-off*.)

At a special workshop Thursday, MISO presented more evidence to back up its claim that a futures overhaul will be both necessary and time-consuming. The RTO said its members' public announcements and stakeholder feedback indicate that fleet change in the footprint is occurring more rapidly than staff originally thought.

"We've seen on the ground [that] in the last three to five years, our members are taking actions that are outpacing even what we bookended. So, our planning is not managing that uncertainty," MISO Director of System Planning Jesse Moser told stakeholders. "It's time for a more full-fledged redo."

Developing futures takes time that the annual MTEP cycles don't allow, Moser said. "We feel rushed in this current process."

Moser said utilities' publicly available integrated resource plans alone indicate that the tempo of new wind and solar generation and coal plant retirements are already set to track above MISO's highest *predictions* from MTEP 16, 17, 18 and 19.

In contrast with coal dominating in 2005, wind and natural gas generation have overtaken the interconnection queue, with a "huge" recent influx of solar in MISO South, Moser said.

"We're seeing new resources that will have infrastructure in new locations and will have different operating characteristics. So, change is happening, and it's happening faster than our scenarios have outlined," he said.

MISO said the number of man-hours it spends developing futures jumped from about 1,000 hours annually in 2011-2014 to nearly 6,000 hours in 2018.

The Union of Concerned Scientists' Sam Gomberg asked if MISO is considering ways for members to inform it of confidential retirement and generation plans to inform the futures.

Moser said the RTO is open to working more member communication into the process. He also said it will do more to incorporate state policies, carbon commitments and IRPs.

Clean Grid Alliance's Natalie McIntire said MISO might consider looking beyond the next 20 years in planning, arguing that its recent transmission projects are not large enough to meet future needs. But consultant Roberto Paliza said the 20-year futures are too far in the future to be accurate, urging 10 or 15 years instead.

MISO is collecting sector opinions through the end of the month on how it should restructure the futures.

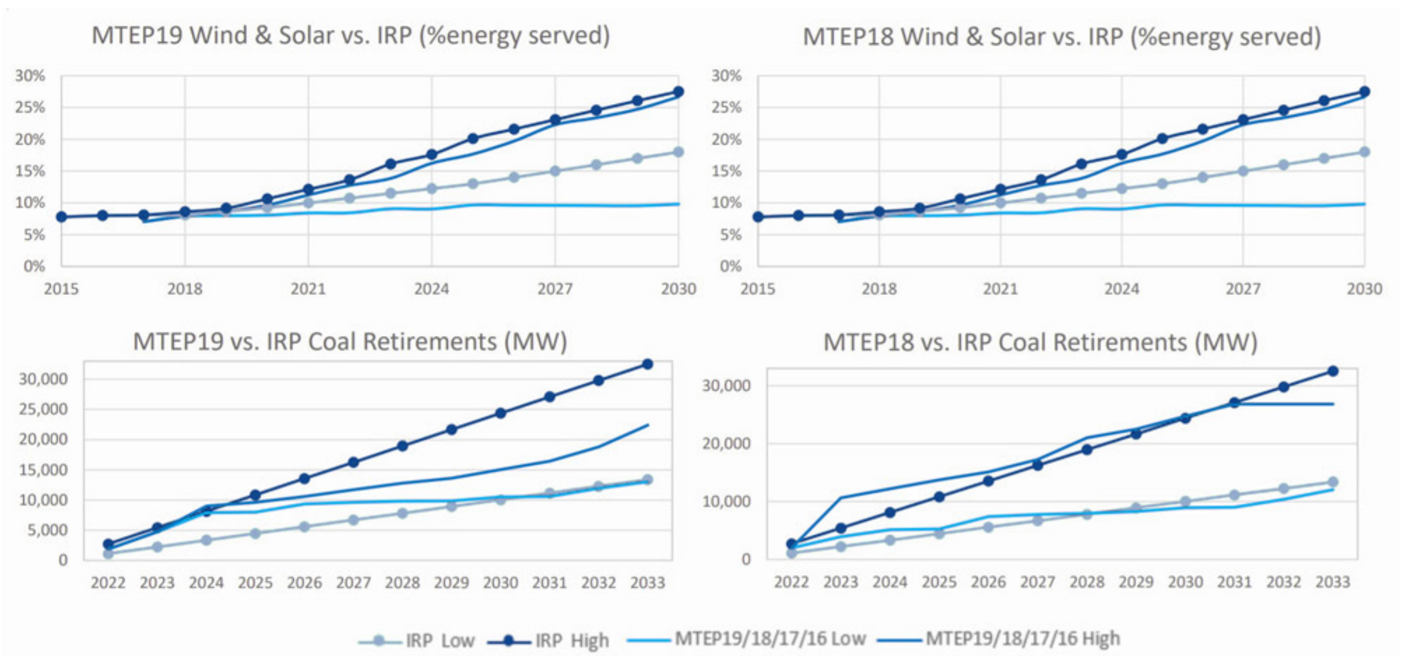
Stakeholders Split

Stakeholders offered differing opinions on the decision to reuse the MTEP 19 futures.

Entergy's Yarrow Etheredge said a majority of MISO transmission owners *support* the cessation, provided "stakeholders are afforded an opportunity to recommend targeted economic planning studies in MTEP 20." The Organization of MISO States also expressed support for the decision.

However, MISO's Environmental sector disagreed, arguing that staff and stakeholders have already put work into the MTEP 20 futures. Invenergy's Ann Coultas said stakeholders shouldn't "be forced to choose between accurate MTEP 2020 assumptions and general improvements to the MTEP process."

Northern Indiana Public Service Co., NextEra Energy and WPPI Energy also said MISO should develop MTEP 20 futures. ■



Utility integrated resource plans versus MTEP futures predictions | *MISO*

MISO News

MISO, SPP Empty-handed After 3rd Interregional Project Study

Continued from page 1

barriers. We still have model differences — this process was designed to take those into account," SPP's Adam Bell said.

MISO and SPP reported a smooth changeover to new joint operating agreement rules rolled out this year. The RTOs removed their joint modeling requirement and $5 million cost minimum in addition to calculating the benefits of adjusted production costs (APC) and the avoided cost of other upgrades. Bell said he didn't notice any "barriers" to the study of potential interregional projects and reported that the RTOs engaged in regular communication throughout.

"We're comfortable with each set of results. I don't think these results are any indication that we'll never have an interregional project," Bell said. "That's at least my perspective."

The lack of interregional projects has long been a topic of debate. The RTOs' CSP studies in 2014 and 2016 also failed to result in projects. At this month's Mid-America Regulatory Conference, officials expressed interest in creating a small, interregional project type styled after MISO and PJM's targeted market efficiency project. (See *MISO-SPP Interregional Process Scrutinized at MARC*.)

Neosho-Riverton

Christenson promised a "closer look" at seven project proposals that initially showed potential benefits to both SPP and MISO. (See *MISO SPP Recommending 2019 CSP, Could Result in 1st Interregional Tx Project*.)

Bell thanked MISO for studying so many projects, especially on SPP's Riverton-Neosho flowgate on the Kansas-Missouri border, where MISO studied nearly two dozen potential solutions. A new 345-kV line to ease the burden on the congested flowgate was one of the seven initially promising proposals.

"Obviously this area has been on our radar, and we wanted to do our due diligence on it," MISO Interregional Planning Adviser Ben Stearney said of the RTOs' most expensive flowgate. (See *SPP Briefs: M2M Payments from MISO to SPP Eclipse $32M*.)

M2M Payment Consideration

Stearney said MISO's high market-to-market (M2M) payments on the Neosho-Riverton flowgate aren't captured in APC savings in its model because generation is not redispatched to ease congestion on the line.

Adam Bell, SPP | © *RTO Insider*

"It's no secret that our APC methodologies have differences," Stearney said.

Several stakeholders said M2M payments should factor into benefit analyses.

"I don't understand why the MISO process hasn't gotten in front of that Neosho-Riverton issue at all," Missouri Public Service Commission economist Adam McKinnie said.

"This is leaving me concerned that this is not … properly capturing MISO's cost" to use the flowgate above its firm service, WPPI Energy's Steve Leovy said. "Unless I'm misunderstanding things, this looks like an appropriate thing to focus on."

MISO staff promised a closer look at the impact of M2M payments in future interregional studies.

Models, Futures Coordination

Stearney also said the RTOs will pursue better model coordination but cautioned that their separate future scenarios will remain different, "driven by separate stakeholder processes."

But later in the meeting, RTO staffs *said* they might consider creating interregional futures to use in the two separate regional reviews.

"Hopefully this thing will build on itself, and each year we'll have more and more compatible models," Bell said. "We do think that since we're doing this annually, we're going to get a lot better at incorporating everything we can feasibly. … That's the hope in what this annual process will allow us to do.

"But there's always going to be a disconnect," he added.

He said this year, SPP and MISO made sure that the models, although different, "at least made sense."

Steve Gaw, Advanced Power Alliance | © *RTO Insider*

"The reasons we're pointing this out is a sanity check. The [models] do show different benefits. That wasn't unexpected," Bell said.

Joint Model Nostalgia?

Advanced Power Alliance's Steve Gaw asked if some of the modeling mismatch might have been resolved had the RTOs retained their joint model.

Bell said he thought there would be no difference in results with or without a joint model requirement.

"The joint model could have yielded a different result, but the analysis that we just went through would have been exactly the same in the regional review," Bell said. "We were going to end up right back where we are."

"You still have the rejection in the regional review. That's where these projects get thrown out," Gaw observed, saying he believed the interregional study process may be "broken."

Bell said there simply wasn't a project this year that could stand up to all the criteria.

Stearney added that MISO didn't want to "compromise itself" by lowering the standards in its regional planning process. "We want to make sure projects stand up to criteria established on both sides of the fence," he said.

MISO and SPP still must create a final, detailed CSP report to present to the IPSAC. The RTO staffs also said they're taking early steps to begin the 2020 CSP. Representatives from both RTOs asked for stakeholders to submit additional written feedback on suggested improvements to the process.

"This was going to be a takeaway whether we had 10 projects [to recommend] or none — we're going to improve the process," Bell said. ■

Ohio Activist Unfazed by Denial of Nuke Petition

By Christen Smith

Ohio Attorney General Dave Yost *rejected* a draft *petition* last week to repeal the state's nuclear subsidy program via ballot referendum, but the disgruntled parties behind the measure say they aren't discouraged.

Gene Pierce, spokesperson for Ohioans Against Corporate Bailouts, told *RTO Insider* the development doesn't change the group's ultimate goal: overturning House Bill 6 in the November 2020 election.

"We have a plan to get the signatures that we need, and we've been lining up the resources that we need to make this happen," he said. "We are confident that we can make the deadlines to get on the ballot next year."

The 90-day countdown to get the ballot petition approved began July 23, when Gov. Mike DeWine signed the Ohio Clean Air Act into law. The act replaces the state's renewable energy mandates with ratepayer surcharges to support FirstEnergy Solutions' Davis-Besse and Perry nuclear plants and two Ohio Valley Electric Corp. (OVEC) coal plants. (See *Ohio Approves Nuke Subsidy*.)

The controversial law makes Ohio the third state in PJM to provide subsidies for its nuclear plants as cheap natural gas floods the wholesale power market and drives energy prices down to record low levels. (See *Monitor: PJM Markets Remain 'Under Attack'*.) Supporters say keeping the reactors operating will reduce carbon emissions — a primary target of clean energy bills across the country — and provide around-the-clock reliability to support the intermittency of solar and wind power.

Pierce's group argues the law amounts to a "corporate bailout" that wastes money on less efficient resources at the expense of continuing to expand Ohio's renewable energy portfolio. And they've got some powerful, if not unlikely, allies on their side: the natural gas industry, independent power producers, environmental activists and clean energy groups.

"The bottom line is we will take the attorney general's suggestions and critiques and work very quickly to provide another draft as soon as possible and hope that we can solve these issues very quickly," Pierce said.

Yost highlighted 21 *errors* in the petition summary that prevented him from certifying the document as "a fair and truthful statement of the measure to be referred." The inaccuracies relate to misstated definitions for "electric distribution utility" and "renewable credits," among other terms, as well as missteps in the way petitioners described the responsibilities, calculations and procedures detailed in the law itself.

Ohio Attorney General Dave Yost | *Dave Yost*

"It's not atypical for a first draft of a petition on a complicated bill like this one was to need some corrections," Pierce said. "We are still on plan. We know how many signatures we have to get and we know how much time it takes to get them."

ClearView Energy Partners agrees with Pierce's cautious optimism, noting that while the 21 errors seem a bit excessive, Yost has rejected four of the last 10 petition drafts submitted to his office. Three of those drafts were subsequently approved upon resubmission — an outcome the analysts believe is likely in this case too, given that Yost expressed no opposition to the petition's merits.

Timing also appears key for the group, the analysts said. With a broad coalition of allies, the "corporate bailout" narrative and the act's structure itself — ratepayers won't see those monthly surcharges until 2021 — ClearView suggests that a ballot referendum could succeed, overturning the subsidies before FirstEnergy and OVEC collect a single penny.

Pierce told *RTO Insider* that his group will disclose its financial supporters as required by Ohio campaign finance law.

"Until then, I can say that you will find that they are many of the same groups and individuals who testified against the bill in the legislative debate over the bill," he said.

If the revised petition is approved, Pierce's group will then begin collecting the roughly 265,000 signatures ahead of the Oct. 21 deadline for inclusion on the ballot next year. ■

PJM MRC/MC Preview

PJM will present the Members Committee on Thursday with a first read of manual *changes* developed from the Stakeholder Process Super Forum in an effort to streamline how the RTO prioritizes issues. The D.C. Office of the People's Counsel will also present a friendly *amendment* that creates an alternative pathway for contentious issues that must be handled quickly. (See *Poll: PJM Stakeholder Process Imperfect, Necessary*.)

Markets and Reliability Committee

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

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

Consent Agenda (9:10-9:15)

The MRC will be asked to endorse proposed revisions to:

B. *PJM Manual 10: Pre-Scheduling Operations*, regarding generator outage reporting. The changes include clarifications for outage ticket end dates for deactivations and outage ticket requirements for black start service.

C. *Manual 11*: Energy & Ancillary Services Market Operations and *Manual 18:* PJM Capacity Market, to bring the RTO into compliance with FERC Order 841. The revisions will clarify that storage resources can participate in the RTO's markets and can dispatch and set price as seller and buyer. They also note that stored megawatt-hours are billed at LMPs as wholesale transactions. The committee also will consider changes to *Manual 15:* Cost Development Guidelines, detailing business rules for developing cost offers for hydroelectric resources, batteries and flywheels. Staff also added definitions for efficiency factor, fuel cost, variable operations and maintenance, and ancillary service costs. (See "Order 841 Manual Revisions Endorsed," *PJM MIC Briefs: July 10, 2019*.)

D. *Manual 13*: Emergency Operations and Manual 14D: Generator Operational Requirements, as part of the clarifications to the non-retail behind-the-meter generation business rules. The changes will clarify the reporting, netting and operational requirements of NRBTMG and PJM's responsibilities, processes and procedures. (See "BTM Generation Clarifications," *PJM OC Briefs: Aug. 6, 2019*.)

E. *Manual 18B*: Energy Efficiency Measurement & Verification, resulting from a periodic review.

1. PJM Manual 14B Amendments (9:15-10:15)

After eight months of discussion, PJM will present "compromise" *revisions* to Manual 14B that expand upon how the RTO prioritizes projects in the Regional Transmission Expansion Plan. The RTO said that it "commits to implement" the manual changes if they are approved by the MRC.

In its *presentation*, PJM said the language doesn't address all of the concerns raised by LS Power and other stakeholders at the special Planning Committee meetings held since January about how and when supplemental projects move in and out of the RTEP.

The revisions are intended "to ensure that the manual faithfully documents its existing planning processes, integrates new processes or procedures consistent with recent regulatory orders/compliance directives, and provides a platform for the future that incorporates stakeholder desires, duties and future direction," according to PJM's presentation, posted online last week.

LS Power will also review its original main *motion* that's been the center of PC discussions. The company intends to accept language presented at the special Planning Committee session Wednesday as a friendly *amendment*.

American Municipal Power will also propose friendly *amendments* to the Wednesday proposal.

2. RTEP Operating Agreement Revisions (10:15-10:30)

Greg Poulos, executive director of the Consumer Advocates of PJM States (CAPS), will review OA revisions proposed by the D.C. OPC concerning updates to the RTEP.

The language would prevent PJM from unilaterally shelving endorsed rule changes without any recourse for disgruntled members, as it did in January with stakeholder-endorsed transparency language that PJM found inconsistent with FERC rulings. (See *Tensions Boil over on PJM's Supplemental Projects*.)

The committee may be asked to endorse the proposed changes. ■

— Christen Smith

SPP News

FERC Denies Springfield Utilities' Complaint vs. SPP

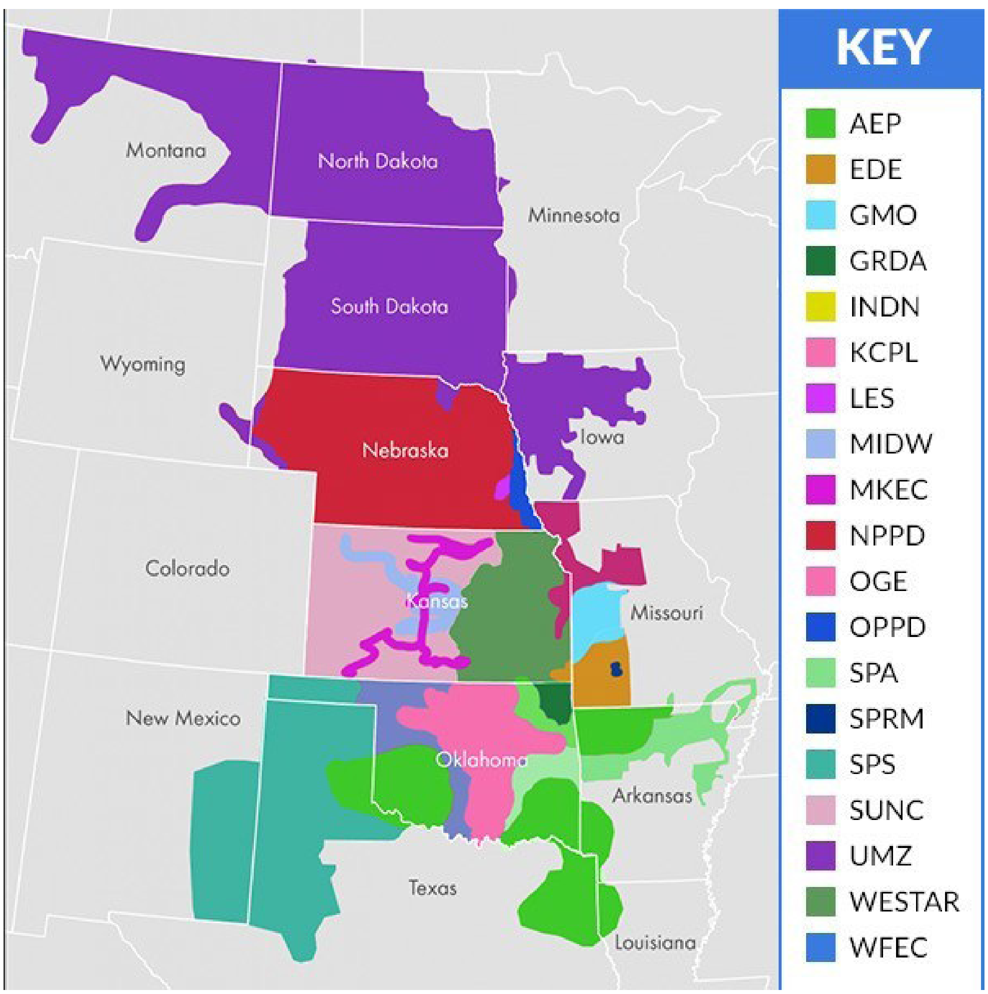
By Tom Kleckner

City Utilities of Springfield HQ | *City Utilities of Springfield*

FERC last week denied City Utilities of Springfield's (Mo.) complaint against SPP's regional cost allocation reviews (RCARs), saying the utility failed to show the RTO's administration of the process was unjust and unreasonable (*EL19-62*).

Springfield filed the Federal Power Act Section 206 complaint in April, charging that SPP's highway/byway cost allocation methodology has produced unintended consequences in its pricing zone that violated the cost-causation principle and the "roughly commensurate" standard.

In asking for retroactive relief from its pricing zone's costs, Springfield cited a 1982 D.C. Circuit Court of Appeals ruling that asserted that "properly designed rates should produce revenues from each class of customers [that] match, as closely as practicable, the costs to serve each class or individual customer."



SPP's transmission pricing zones | *SPP*

The commission rejected Springfield's relief request, saying it "would be contrary to the filed rate doctrine and rule against retroactive ratemaking."

FERC said SPP provides two avenues for members to dispute alleged "imbalanced cost allocations": when the Regional State Committee makes an adjustment recommendation to the Board of Directors, or when a member asks the Markets and Operations Policy Committee to examine an alleged imbalance.

Springfield said SPP's two RCARs have saddled its transmission zone in southwestern Missouri with the only benefit-cost ratio that does not meet the grid operator's minimum threshold. The utility said the second RCAR allocated its zone $29 million more in costs than benefits, while customers in other pricing zones "will share in billions of dollars of net benefits."

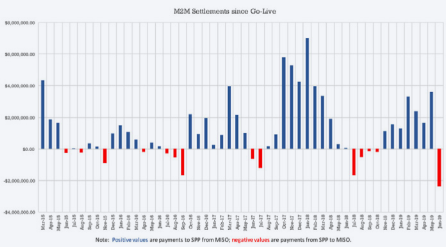
The protest drew numerous intervenors, including nearly two dozen SPP members and four state regulatory bodies. The Missouri Joint Municipal Electric Utility Commission supported Springfield's argument, while Xcel Energy filed comments supporting SPP.

The RTO's stakeholders extended the RCAR cycle to six years in 2017. (See "Cost Allocation Review Cycle Could Extend to 6 Years," *SPP Markets and Operations Policy Committee Briefs: April 11-12, 2017*.)

FERC last year approved a regionally funded project near Springfield that is expected to address some of the city utility's issues. (See "FERC Approves SPP-AECI Morgan Transformer Seams Project," *SPP Briefs: Week of Oct. 8, 2018*.) ■

Company Briefs

MISO Earns Positive M2M Settlement



SPP staff's market-to-market (M2M) settlement report for June, released last week, indicated MISO incurred nearly $2.4 million in payments from its neighbor, its first positive month since last October.

M2M payments typically flow in MISO's favor during the summer months. Still, SPP has racked up $63.7 million in distributions since the two neighbors began the process in March 2015.

Temporary flowgates accounted for most of the M2M settlements, binding for 675 hours. That resulted in $2.3 million in settlements from SPP to MISO.

More: *SPP*

GE Stock Falls After Whistleblower Report

General Electric shares sank Thursday after a whistleblower accused the conglomerate of using accounting tricks to mask the extent of its financial problems and called it "a bigger fraud than Enron."

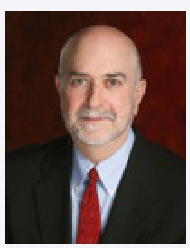
Harry Markopolos, who alerted regulators about Bernie Madoff, published a report Thursday that said GE's accounting irregularities added up to $38 billion. The investigator, who is collaborating with a hedge fund that wasn't named, says GE understated its costs and liabilities and misled investors in its financial statements.

"We operate with absolute integrity and stand behind our financial reporting," Steve Winoker, vice president of GE's investor communications, wrote in a statement posted to GE's website Monday. "Our team remains confident in our company's long-term strengths." CEO Lawrence Culp called the report "market manipulation — pure and simple."

Markopolos said the hedge fund is betting GE's share price will decline. Markopolos' group gave the investor access to the research before publication and will receive a portion of any trading proceeds.

More: *The Washington Post*; *The Wall Street Journal*

NIPPC Mourns Death of Executive Director Kahn



Robert D. Kahn, executive director of the Northwest & Intermountain Power Producers Coalition, died Aug. 8 after a brief battle with cancer.

Kahn had served in the position since 2002. "He was committed to justice and worked daily to improve the world. His influence will be felt for years to come," NIPPC said in a statement.

The organization's annual meeting, to be held Sept. 8-10 at the Alderbrook Resort & Spa in Washington, will be dedicated to his memory.

More: *NIPPC*

Bankrupt Cloud Peak Sells Mines to Navajo

Bankrupt coal mine operator Cloud Peak Energy selected Navajo Transitional Energy Co. as the successful bidder to assume ownership of its three mines in the Powder River Basin, the company said Friday.

Navajo will take over the Cordero Rojo and Antelope mines in Wyoming and the Spring Creek mine in Montana. The mines shipped a combined 50 million tons of coal last year. The deal includes a $15.7 million immediate cash payment, a $40 million second lien promissory note and payment of royalties for coal produced over the next five years.

The Navajo Nation-owned company operates a tribe-owned mine in New Mexico. It will assume responsibility for outstanding tax liabilities and royalties, since before and after Cloud Peak's bankruptcy.

More: *Casper Star-Tribune*

Federal Briefs

BOEM Orders Enviro Review of Offshore Wind Industry

The Bureau of Ocean Energy Management is ordering a study of the cumulative impact of a string of offshore wind projects along the East Coast. The review comes in response to concerns from fishermen about the impact of offshore wind development on fisheries.

According to an agency spokeswoman, the review would focus on projects with signed power purchase agreements. Nine projects in seven states with a combined capacity of 4.8 GW are planned to come online in the coming years. The study will also consider the environmental implications of an even larger build-out of the industry, based on states' development targets for offshore wind.

The analysis throws the future of Vineyard Wind, an 84-turbine, 800-MW project sited 15 miles south of Martha's Vineyard in Massachusetts, into doubt. According to sources speaking to WNPR, BOEM will not issue a final decision on the project until December 2020.

More: *E&E News*; *WNPR*

States, Cities Sue Trump Admin over ACE Rule

A coalition of 29 states and cities last week sued to block the Trump administration from easing restrictions on coal-burning power plants.

The court challenge, led by New York Attorney General Letitia James, argues that EPA had no basis for weakening the Clean Power Plan, which required states to implement plans to reduce CO2 emissions by 2022 and encouraged that by closing heavily polluting plants and generating electricity using natural gas or renewable energy. Unlike the CPP, the Affordable Clean Energy rule does not cap greenhouse gas emissions. Instead, it leaves it up to states to decide whether to scale back emissions.

The lawsuit, filed in the D.C. Circuit Court of Appeals, argues that the ACE rule ignores EPA's responsibility under the law to set limits on greenhouse gases. It also says that the new rule would actually extend the life of dirty and aging coal-burning plants, promoting an increase in pollution instead of curbing it.

More: *The New York Times*

Heat Pushes TVA Power Peak to Highest Aug. in 7 years

The Tennessee Valley Authority said Aug. 13's peak demand for power reached 29,568 MW at 4 p.m., when the heat index across much of its seven-state region topped 100 degrees Fahrenheit. It was the company's highest August power demand since Aug. 1, 2012.

TVA spokeswoman Malinda Hunter said the utility met the peak without any request or implementation of conservation measures other than a 24-hour suspension of maintenance work on its power plants beginning at 8 p.m. to limit the chances of outages.

The demand was still far below the utility's record power peak of 33,482 MW, which happened in the summer of 2007 when temperatures across the Tennessee Valley averaged 102 F.

More: *Times Free Press*

9th Circuit Rules for US in Fight over Nev. Plutonium Shipment

The 9th U.S. Circuit Court of Appeals last week ruled against Nevada in a battle with the U.S. government over its secret shipment of weapons-grade plutonium to a site near Las Vegas from South Carolina last year, but the state's attorney general says the fight isn't over yet.

The court said the matter is moot because the U.S. Energy Department already sent

the radioactive material and has "promised" not to send any more. Nevada also wanted the court to order the government to remove the plutonium, but the court said that issue is also moot because the state failed to include that request in its original motion seeking to block future shipments.

On Thursday, Nevada Attorney General Aaron Ford told the court that he will alter the state's November lawsuit to include that request. "Because DOE concealed the fact that the shipments had already occurred before Nevada filed its complaint, Nevada did not expressly request removal of the plutonium," Ford wrote.

More: *The Associated Press*; *The Associated Press*

State Briefs

CALIFORNIA

SDG&E Proposes Quadrupling Min Fee

San Diego Gas & Electric wants to nearly quadruple the minimum bill it charges customers, with the minimum bill rising from $10/month to $38, according to a company spokesperson.

"A solar household may not pay their full cost of service in terms of us giving them electricity, and that cost is then shifted to a non-solar household for the grid to be maintained and operated," SDG&E's Wes Jones said.

Critics say the proposal is a tactic by SDG&E to keep people from going solar, but Jones said it is "about making sure that regardless of the customer type, everyone is paying their fair share to access the grid."

More: *KPBS*

SDG&E to Build 3K EV Charging Stations

San Diego Gas & Electric received approval from the Public Utilities Commission to build at least 3,000 plug-in chargers for medium- and heavy-duty electric vehicles with the goal of reducing greenhouse gas emissions. Roughly 30% of those would be installed in areas facing higher pollution levels or economic and health challenges.

According to SDG&E, its service areas have more than 103,000 Class 2-8 commercial vehicles. Those heavy-duty vehicles emit more carbon than all of the state's power plants combined.

SDG&E also recently asked the PUC for permission to add a new electricity pricing option that would make pricing more competitive with gas prices for businesses that switch to using EVs.

More: *KSWB-TV*

INDIANA

Environmental Rules Board Votes to Increase Air Pollution Permit Fees

The Environmental Rules Board voted to increase air permit fees by 27% in the hopes of generating more money for the state's Department of Environmental Management's Office of Air Quality.

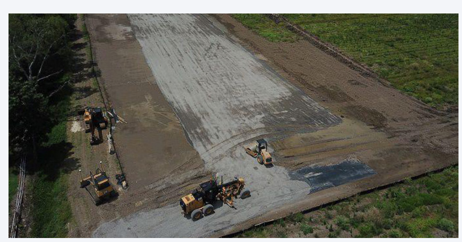
As coal plants shut down, the state receives less money from permit fees. That means fewer dollars are going to the people and equipment needed to run the air permitting program. Since 2012, the agency hasn't filled more than 100 open positions.

IDEM plans to increase permit fees under its water and land programs as well.

More: *Indiana Public Media*

LOUISIANA

West Baton Rouge Solar Plant Begins Construction



Capital Region Solar has begun construction on a 197,000-panel solar project that Entergy Louisiana will purchase power from for 20 years after it is completed in the second quarter of 2020.

Construction costs have not been disclosed, but a planned solar farm of similar size in the northwest part of the state is projected to cost roughly $78 million. The company said the farm is expected to save Entergy customers $29 million over 20 years.

More: *The Advocate*

MINNESOTA

Regulators Rip Xcel's Proposed $650M Deal for Mankato Plant

Xcel Energy's proposed $650 million purchase of the gas-fired Mankato Energy Center from Southern Power has run into strong opposition from two state agencies concerned about its potential impact on ratepayers.

The state Department of Commerce concluded that Xcel's proposed ownership of the Mankato plant "is unlikely to create substantial savings," according to a recent regulatory filing. "Overall, Xcel has not shown need or any net benefits to ratepayers for Xcel's proposed purchase."

Meanwhile, the attorney general's office slammed the deal in a recent regulatory filing, saying Xcel "structured the proposed acquisition in an opaque backroom deal and in the absence of any competition, transparency or meaningful need for alternative analysis."

More: *Star Tribune*

NEW MEXICO

Senator Pushing for Impeachment of PRC Commissioners

State Sen. **Jacob Candelaria** (D) last week *tweeted* that he had asked legislative attorneys to begin exploring impeachment of three of the Public Regulation Commission's members over their votes to table a decision on Public Service Company of New Mexico's plan to shut down the San Juan Generating Station.

The commissioners — Democrats Valerie Espinoza and Theresa Becenti-Aguilar and Republican Jefferson Byrd — have expressed misgivings about a provision in the new Energy Transition Act that authorizes PNM to issue bonds that customers would pay off through a surcharge on their bills. Those bonds would raise about $360 million to pay for all costs related to the shutdown of the San Juan Generating Station, including $40 million for laid-off workers and local aid programs.

House Speaker Brian Egolf (D), however, said Thursday that no formal steps have been taken toward launching impeachment proceedings. He said he shares Candelaria's frustration over the commission's failure to implement the law but that he's not sure their actions rise to the level of impeachment.

More: *Santa Fe New Mexican*; *Albuquerque Journal*

NORTH CAROLINA

Cooper Energy Plan Contemplates Carbon Cap

Under a draft plan released by Gov. **Roy Cooper** last week, the state would cap carbon dioxide emissions from power plants and accelerate the closure of coal-fired power plants.

The plan's goal is to reduce greenhouse gas emissions between 60 and 70% below 2005 levels by 2030 and work toward zero emissions by 2050. The proposal requires General Assembly approval and suggests the legislature enact a new law either capping CO_2 emissions in the electric power sector or requiring a percentage reduction; require a new analysis when companies want to build new fossil fuel plants that considers carbon impacts; and set a date by which "uneconomical" coal power plants must close.

The plan builds on a previous executive order from the governor, which called for a 40% reduction in GHG from all economic sectors by 2025. The new draft plan says the state's energy sector has already reduced CO_2 emissions by 34% since 2005.

More: *WRAL*

NORTH DAKOTA

Commissioners Pause Tax Break Vote on $500M Wind Farm

The Rosebud County Commissioners last week tabled a proposal to lower taxes on the Clearwater Wind farm and will decide later whether the $500 million facility warrants a 50% tax abatement.

The vote to table the issue until more impact fee information could be determined passed 2-0. The abatement would be 50% for five years before tapering off for another five and disappearing altogether.

With a tax abatement of 50%, Clearwater would pay $2.93 million a year, Commissioner **Robert E. Lee** said. The sticking point for commissioners was impact fees — money assessed to cover the project's wear on roads and other services — which Lee said would be extensive as developers delivered concrete and parts to the project.

More: *Billings Gazette*

WISCONSIN

Evers Signs Order Calling Again for Carbon-free Electricity by 2050

Gov. **Tony Evers** signed an executive order for the Department of Administration to create the Office of Sustainability and Clean Energy. The office will be charged with working with other state agencies and utilities to achieve carbon-free electricity within the state by 2050.

The executive order is not a mandate, but Evers is confident the office will work with utilities to achieve its goal. There were no specifics on the number of staffers or cost associated with the new office, but resources will be reallocated, primarily from the DOA office.

"For far too long, clean energy has not been a priority in our state, and we're going to change that," Evers said. "The bottom line is this: Economic development and protecting our environment are not mutually exclusive. They should be working in tandem."

More: *Wisconsin State Journal*