RTO Insider
Your Eyes and Ears on the Organized Electric Markets
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PJM: Capacity Auction Unlikely in 2020

RTO Wants Compliance Ruling on MOPR

By Christen Smith and Rich Heidorn Jr.

VALLEY FORGE, Pa. — PJM officials said Wednesday that they won't run a capacity auction until FERC approves the RTO's compliance filing implementing the expansion of its minimum offer price rule (MOPR), making it unlikely the delayed 2019 auction will occur this year.

PJM must make a compliance filing by March 18 in response to FERC's 2-1 ruling expanding the MOPR to all new state-subsidized resources.

"We do not plan to run a [Base Residual Auction] until we have an approval of that compliance filing. There's so much at stake. … It is extremely risky for us to do that, and it's a little bit too much risk for us to take on," Adam Keech, vice president of market services, told the Market Implementation Committee during the first stakeholder meeting on MOPR since FERC's Dec. 19 order. (See *FERC Extends PJM MOPR to State Subsidies*.)


PJM CEO Manu Asthana made his first public appearance Wednesday since joining the RTO. | © *RTO Insider*

PJM's Pat Bruno indicated later that an auction before year-end was unlikely although it was "technically possible."

Noting that FERC rejected most of PJM's proposals, Keech also said the RTO is likely to file a request for rehearing or clarification of the order for its "procedural value." Rehearing requests are due Jan. 21.

"We want to make sure we're not marginalized in ongoing proceedings," General Counsel Christopher O'Hara explained, highlighting the possibility that the order will be the subject of a federal appellate court proceeding.

Continued on page 22

NYISO Focus Turns to Grid 'Transition'

By Michael Kuser

RENSSELAER, N.Y. — NYISO on Wednesday unveiled a plan to devote about one day a month in 2020 for stakeholders to discuss reliability and market issues related to the challenge of integrating a slew of clean energy resources into the grid over the next few years, a transition driven primarily by state policy.

"Until the markets reflect the cost of the environmental attributes that we're trying to maximize, it is difficult to get renewable energy from upstate to the load centers downstate," Mike DeSocio, the ISO's director of market design, told the Installed Capacity/Market Issues Working Group (ICAP-MIWG).

NYISO last month published a 122-page "Grid in Transition" *report*, which will serve as the starting point for stakeholder discussion.

Organized wholesale electricity markets have brought improved resource efficiency, "but there is more work to be done to deliver additional clean energy into New York City," DeSocio said.

"New York's electricity industry is transforming from a grid that is powered by traditional central-station, controllable fossil fuel generation to non-emitting, weather-dependent intermittent resources and distributed generation," the report said.

Last year's Climate Leadership and Community Protection Act (*A8429*) mandates the state to get 70% of electricity from renewable energy resources by 2030, develop 9 GW of offshore wind energy by 2035 and reach 100% carbon-free electricity by 2040.

Continued on page 19

Newsom Budget Reiterates PG&E Takeover Threat

By Hudson Sangree


California Gov. Gavin Newsom presents his annual budget proposal at the State Capitol on Friday. | © *RTO Insider*

SACRAMENTO, Calif. — Gov. Gavin Newsom released an outline of his proposed 2020-2021 budget Friday that included language reiterating his threat to take over Pacific Gas and Electric should the utility fall short of the requirements of Assembly Bill 1054, a landmark measure he signed in July.

"We've decided to put it in the budget so there's no ambiguity," Newsom told a packed briefing room of reporters at the State Capitol. "We have a break-the-glass scenario. If we have a utility — an investor-owned utility, in this case PG&E — that does not meet the

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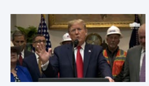

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In this week's issue

Clarification

Last week's newsletter reported that SPP had signed two utilities, Municipal Energy Agency of Nebraska and Wyoming Municipal Power Agency, to join its Western Energy Imbalance Service, which is scheduled to go live in early 2021. The story should have clarified the two were in addition to the five that signed contracts in September to fund WEIS' development: Basin Electric Power Cooperative; Tri-State Generation and Transmission Association; and three Western Area Power Administration entities, Colorado River Storage Project, Rocky Mountain Region and Upper Great Plains.

Stakeholder Soapbox

Consumers Win in Competitive Markets

LS Power Explains FERC's Minimum Offer Price Rule Expansion

By Marji Philips

In December 2019, FERC issued an order addressing the participation of subsidized resources in the electric capacity market. The order has been met with a highly politicized reaction from those who believe — wrongly — that the order is an attack on renewables and unfairly advantages fossil fuels like coal. The facts do not support that position.

Rather, the FERC order protects consumers from subsidies that would interfere with the electric capacity market's essential goal of ensuring a reliable supply of electricity to meet future demands. For ratepayers, the capacity market ensures reliable power to their homes and businesses even when demand peaks. If the market stops operating the way it is intended — for example, when suppliers can underbid prices because of subsidies — the result will be less reliable energy supply and extraordinary increases to utility bills. The FERC order protects against that possibility.

PJM/Capacity Market Background

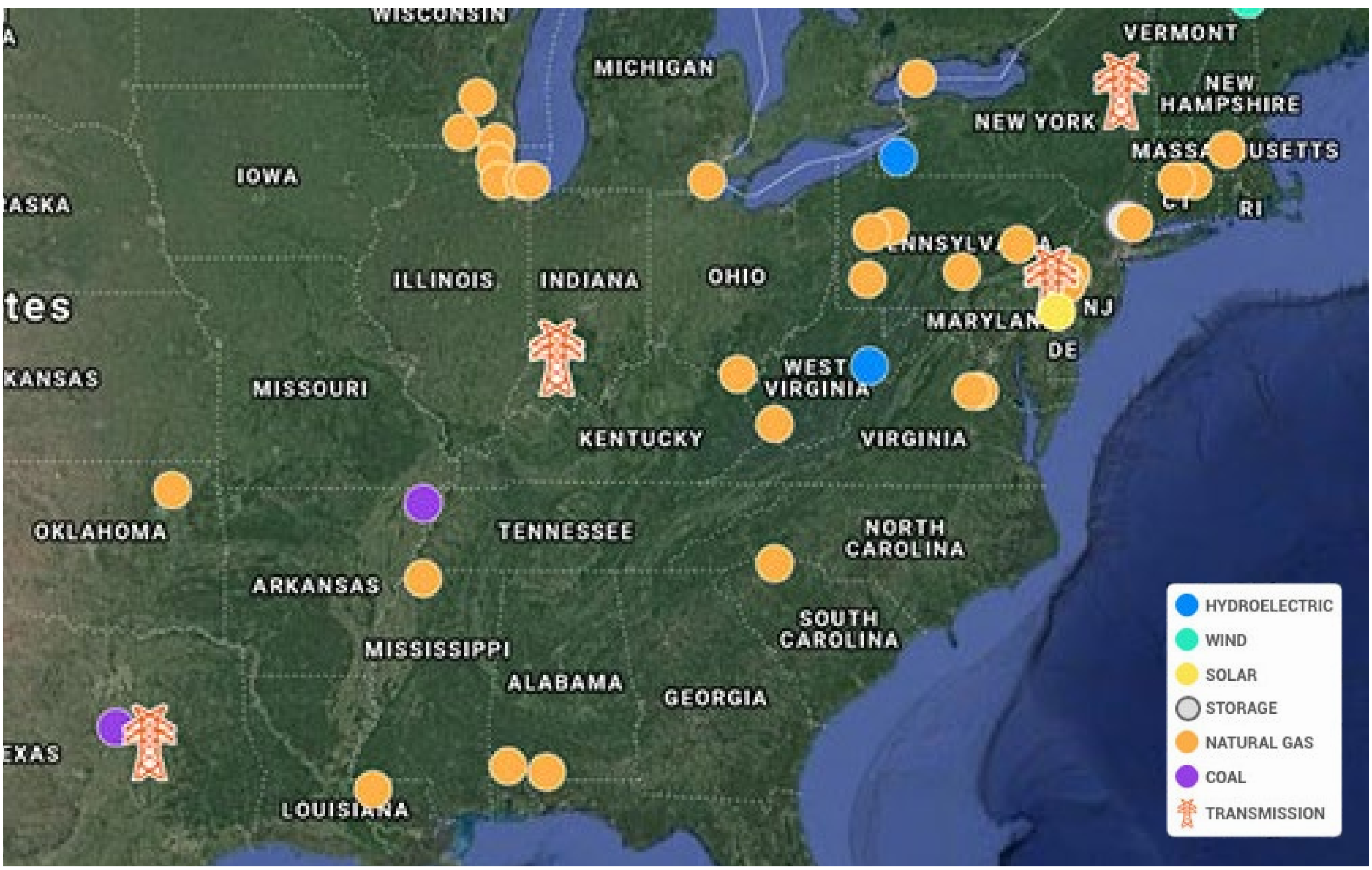
PJM operates competitive wholesale electricity markets and manages the high-voltage electricity grid with a mandate to ensure reliability for more than 65 million people. To achieve this, an important tool for PJM is the capacity market. The PJM capacity market ensures long-term grid reliability by securing power supply resources that are capable of responding quickly when needed to meet expected energy demand in the future. Using a competitive auction system, PJM ensures reliable energy delivery at the lowest cost. PJM also administers other markets that procure electricity for consumers at the lowest possible cost including the energy market and ancillary services market.

FERC Order Key Points

In review of the FERC order, we highlight the following:

The FERC order supports grid reliability.

The FERC order pertains solely to PJM's capacity market, where it determined that "unjust and unreasonable" subsidies represent a threat to the competitiveness of PJM's capacity market, which is tasked with maintaining reliability. After a lengthy process involving detailed submissions from all interested parties, FERC found that PJM's capacity market is negatively affected by various state policies that provide subsidies to certain specific generators. These payments distort the capacity market and discourage non-subsidized generators from continuing operation or entering the



LS Power projects | *LS Power*

Stakeholder Soapbox

market. Consequently, the subsidies' impact on this market ultimately threatens PJM's ability to maintain system reliability.

The FERC order is fuel neutral.

The order does not favor one fuel type over another. Any type of generation resource that receives a state subsidy will be subject to a minimum bid price in the capacity market auction. This restriction applies equally and across the board, whether it is a solar farm participating in a state renewable portfolio standard program, or a nuclear or coal facility receiving a state-sponsored subsidy.

The FERC order will not affect renewable energy development.

Renewables are among the best generating resources to provide low-cost energy. However, they are not reliable capacity resources. Solar and wind resources are only able to generate energy when the sun is shining or the wind is blowing. The intermittent nature of their operation does not fit well with ensuring the grid is capable of meeting energy demand at all times. While PJM has more than 15,000 MW of installed wind and solar capacity, less than 2,000 MW participate in the capacity market. This is because wind and solar have limited effectiveness as a capacity resource — and there are significant penalties if a generator that sells capacity fails to perform when it is needed.

Importantly, the economics for renewable energy development decisions is not supported by anticipated capacity market revenues. Renewable developers do not make investment decisions based on anticipated capacity payments, which generally comprise less than 10% of the revenue for a typical PJM solar or wind project (before taking into account failure-to-perform penalties that can reduce revenue even further). New Jersey, for example, has attracted more than 3,000 MW of solar projects, but less than 20% of those are eligible for participation in the capacity market. States that have experienced significant renewable development have accomplished this through well-structured RPS programs or competitive procurements. In short, the capacity market has minimal or no effect on the development of renewable energy sources or states' ability to attract renewable generation projects.

The FERC order does not prevent states from subsidizing renewable development or reducing energy demand.

The FERC order has a narrow impact: Subsidies cannot directly reduce clearing prices for capacity in PJM's energy capacity market. But the order does not prevent states from offering subsidies, incentives or other programs to encourage the development of renewable energy (or whatever energy resources a state chooses to prefer). Nor does the order prevent those subsidies from making those sources more attractive than non-subsidized sources in other energy markets — including the markets that are focused more on meeting immediate and short-term demand than the capacity market.

Beyond subsidy and incentive programs, states will of course retain significant tools to address carbon emissions and encourage consumers to transition to renewable resources. The FERC order — and the PJM capacity market — do not affect demand-side restrictions like carbon caps, emission standards, offset programs and other policies that can indirectly affect the cost of non-renewable energy generation or encourage the adoption of renewable energy sources.

Conclusion

We look forward to the day that our grid can be powered by renewable generation backed up by batteries and storage. While we are making great strides in this direction, it is ultimately PJM's responsibility to ensure reliability. The capacity market is its critical tool to carry out this function, for which we expect that this FERC order will have little, if any, impact on renewable growth, and uneconomic coal plants in PJM will continue to retire.

As such, we support the FERC order and PJM in their aims to ensure grid reliability and protect ratepayers. ■

LS Power is a development, investment and operating company that has developed, constructed, managed or acquired more than 41,000 MW of utility scale solar, wind, hydro, natural gas-fired and battery storage projects and 630 miles of transmission in North America. It also invests in businesses and platforms focused on distributed energy resources and energy efficiency.

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Trump Admin Proposes Streamlining NEPA Reviews

By Michael Brooks

President Trump announces CEQ's proposed updates to NEPA implementation in the Roosevelt Room of the White House on Jan. 9. | *The White House*

President Trump's Council on Environmental Quality last week proposed easing environmental regulations on infrastructure projects, calling for tighter deadlines and more formal agency cooperation in the federal government's project reviews.

The Notice of Proposed Rulemaking, ***published*** Friday in the *Federal Register*, is intended to speed up the National Environmental Policy Act review process, which Trump called "outrageously slow and burdensome" and a "regulatory nightmare."

"It takes many, many years to get something built," Trump said Thursday at a White House press conference ***announcing*** the proposal, dubbed the "One Federal Rule."

"The builders are not happy. Nobody is happy. It takes 20 years. It takes 30 years. It takes numbers that nobody would even believe."

NEPA requires that federal agencies, including FERC, prepare environmental assessments (EAs) before taking any "major action," including approving proposed infrastructure projects under their jurisdiction. If an agency finds that a project as proposed would produce significant impacts to the environment, it must then produce an environmental impact statement (EIS), which includes suggested changes that would lessen those impacts. FERC, for example, can call for alternative routes for proposed natural gas and oil pipelines.

CEQ's proposed rules would narrow what classifies as a "major federal action" to "make clear that this term does not include non-federal projects with minimal federal funding or minimal federal involvement such that the agency cannot control the outcome on the project."

The new rules would give agencies one year to complete EAs and two years for EISes.

"The Council on Environmental Quality has ***found*** that the average time for federal agencies to complete environmental impact statements is four and a half years," Chairwoman Mary Neumayr said at the press conference. "Further, for highway projects, it takes over seven years on average, and many projects have taken a decade or more to complete the environmental review process. These delays deprive hardworking Americans of the benefits of modernized roads and bridges that allow them to more safely and quickly get to work and get home to their families."

NEPA stipulates that a "lead agency" is responsible for conducting the environmental review process on projects subject to multiple agencies' approval, but the law and CEQ's regulations are unclear regarding what the responsibilities of the lead agency are. The proposal would clarify "that the lead agency is responsible for determining the purpose and need and alternatives in consultation with any cooperating agencies. ... Cooperating agencies should give deference to the lead agency and identify any substantive concerns early in the process to ensure swift resolution."

"Today's proposal would empower lead agencies to make executive decisions when more than one agency is involved in the process and will streamline the permitting process without compromising environmental protections," EPA Administrator Andrew Wheeler told reporters.

Cumulative Impacts

Disagreements over FERC's responsibilities under NEPA have been a source of partisan tension between commissioners, which former Commissioner Cheryl LaFleur said affected their work on other dockets. (See ***FERC's 'Rifts' Only Widened in 2019***.) The disagreement stems from the Republican commissioners' May 2018 decision to no longer include estimates of greenhouse gas emissions in the commission's NEPA assessments.

CEQ's proposal, if upheld, would negate this debate. "CEQ proposes to strike the definition of cumulative impacts and strike the terms 'direct' and 'indirect' in order to focus agency time and resources on considering whether an effect is caused by the proposed action rather than on categorizing the type of effect," according to the proposal. "CEQ's proposed revisions to simplify the definition are intended to focus agencies on consideration of effects that are reasonably foreseeable and have a reasonably close causal relationship to the proposed action. In practice, substantial resources have been devoted to categorizing effects as direct, indirect and cumulative, which ... are not terms referenced in the NEPA statute."

The proposal does not give any specific guidance on how agencies should consider emissions in their reviews. That's because, according to CEQ, it "does not consider it appropriate to address a single category of impacts in the regulations."

Environmentalists have argued that "indirect effects" include a project's effect on climate change, leading to courts ruling that projects' GHG emissions, including carbon dioxide, be considered in agencies' NEPA reviews. But the proposal says that "effects should not be considered significant if they are remote in time, geographically remote or the product of a lengthy causal chain. Effects do not include ef-

FERC/Federal News

fects that the agency has no ability to prevent due to its limited statutory authority or would occur regardless of the proposed action."

CEQ also noted that it issued a *draft* rule in June that would guide agencies in their consideration of emissions. It's unclear, however, how this new rule would affect the June draft, which contains references to the "direct" and "indirect" impacts of emissions.

Comments are due March 10. CEQ will hold public hearings on the proposal at EPA Region 8 headquarters in Denver on Feb. 11 and at the Interior Department in D.C. on Feb. 25.

Reaction

Predictably, Democrats and environmentalists blasted the NEPA proposal, while Republicans and industry celebrated it.

"The lack of clarity in the existing NEPA regulations has led courts to fill the gaps, spurring costly litigation, and has led to unclear expectations, which has caused significant and unnecessary delays for infrastructure projects across the country," *said* Don Santa, CEO of the Interstate Natural Gas Association of America. "The Council on Environmental Quality's proposed rule is an important step in restoring the intent of NEPA by ensuring that federal agencies focus their attention on significant impacts to the environment that are relevant to their decision-making authorities."

"For the past 50 years, NEPA has been an essential part of the public process, providing critical oversight that the federal government relies on to fully understand the potential implications of projects that can harm people's health and the environment," *said* Gina McCarthy, CEO of the Natural Resources Defense Council and former EPA administrator. "We will use every tool in our toolbox to stop this dangerous move and safeguard our children's future."

"While I am still reviewing the details of this proposal, antiquated federal regulations often stand in the way of critical infrastructure and other important projects that can create jobs, improve our standard of living and energy security, and yet still fully protect the environment," said Sen. Lisa Murkowski (R-Alaska), chair of the Senate Energy and Natural Resources Committee. "The president and his advisers deserve credit for leading the charge to bring our 1970s-era permitting processes into the 21st century."

"Much, though not all, of what is being proposed is positive," the Bipartisan Policy Center said in a statement. "Efforts to increase the clarity of process, curtail uncertainty and diminish conflicts among agencies that contribute to delays are welcome improvements.

"The rule also contains some overreaches that are unnecessary and will extend the very litigation the rule is designed to diminish," the BPC added. "Unfortunately, the administration's constructive proposals are being colored by its irresponsible position on climate change."

During the 2016 presidential election, Trump called climate change a hoax perpetrated by China. On Thursday, however, when asked by a reporter if he still thought that, he backed away.

"No, no, not at all. Nothing is a hoax. Nothing is a hoax about that," the president said. "It's a very serious subject. I want clean air. I want clear water. I want the cleanest air with the cleanest water." He then noted a 2016 *book* that heralded him as an "environmental hero." ■

CAISO/West News

CAISO Announces Leadership Changes

Retirements Lead to New Roles for ISO Executives

By Hudson Sangree

Keith Casey | *© RTO Insider*

The retirement this month of two key leaders at CAISO has created new and expanded roles for others in the ISO's executive wing.

Keith Casey, vice president of market and infrastructure development, retires this month after 22 years. Nancy Traweek, executive director of system operations, also departs in January after more than two decades with CAISO.

Casey was part of the ISO's start-up team in 1997. He headed the Department of Market Monitoring from 2005 to 2009.

Traweek started at CAISO in 1997 and became the manager of market operations two years later. She took over system operations in 2012 and helped establish the Western Energy Imbalance Market.

Neil Millar, CAISO | *© RTO Insider*

Industry representatives and CAISO staff heaped praised on Casey and Traweek during the final Board of Governors meeting of 2019.

"Nancy has been a bedrock of the reliability function for 20 years here at the ISO," Mark Smith, vice president of government and regulatory affairs at Calpine, said at the Dec. 19 meeting. "She has been a pioneer as a woman in this role, as a leader in reliability functions, certainly 20 years ago and even today.

"Keith has been a coach, a mentor, an antagonist, sometimes an advocate, but always a friend," Smith said of Casey.

CAISO CEO Steve Berberich echoed the sentiments.

"Nancy has just been a tremendous asset at the ISO, a great part of our family," Berberich said.

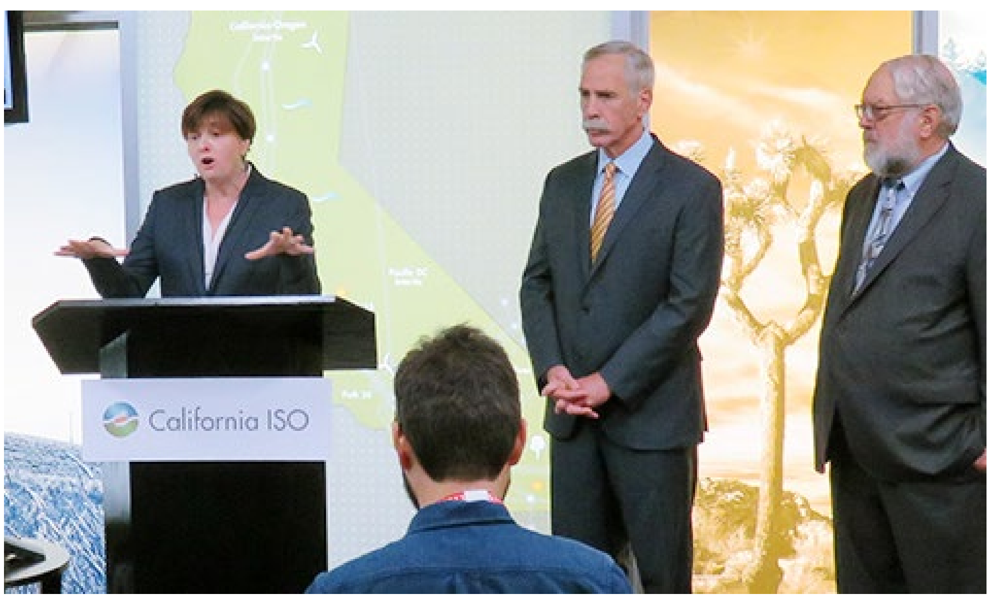
A woman "running the grid operation is something truly unique in our industry," he said. "She blazed some great trails that I know people can look up to."

Casey had "tremendous responsibilities here at the ISO principally around policy and market design and transmission planning," Berberich said. His policy and transmission planning roles will be split between two current CAISO executives, Mark Rothleder and Neil Millar, the CEO said.

Mark Rothleder, CAISO | *© RTO Insider*

Millar, who had been serving as executive director of infrastructure development, was appointed vice president of transmission planning and infrastructure development, effective Jan. 1, according to CAISO.

Rothleder, vice president of market quality and California regulatory affairs, will oversee the ISO's market and infrastructure policy team, previously part of Casey's group. He also assumed his expanded role Jan. 1. ■



CAISO Executive Director of Operations Nancy Traweek briefs reporters after a solar eclipse in August 2017. | *© RTO Insider*

Newsom Budget Reiterates PG&E Takeover Threat

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mandates set forth in 1054 … then the state will have no choice but to be in a position to take over that utility in order create a framework for safe, affordable, reliable service for the state of California."

The governor's January budget proposal is an outline that will get fleshed out in the coming months, prior to the traditional "May revise" that the State Legislature acts upon. It did not include specific figures for any PG&E takeover, though the potential amount would likely be tens of billions of dollars. The company's market capitalization now is approximately $5 billion, at $10/share, but that doesn't account for its assets, including 106,681 circuit miles of electric distribution line and 18,466 circuit miles of transmission lines. PG&E's territory encompasses 70,000 square miles of Northern and Central California.

Whether the state would truly want to assume the responsibility for PG&E's aging transmission and distribution systems remains in doubt. The legislature would need to appropriate the money for any takeover and, under AB 1054, the Public Utilities Commission would need to approve the transfer of utility assets. And some critics have questioned whether Newsom would seek to follow through on his threat or is merely seeking to score political points now that the utility has become so unpopular.

PG&E: On Track to Exit Bankruptcy

A Washington Post *investigation* in November found Newsom and his wife had accepted more than $700,000 from PG&E, its foundation and employees during his political career as mayor of San Francisco, lieutenant governor and governor. The utility and its employees helped fund Newsom's political campaigns, ballot initiatives and inauguration festivities while also supporting his wife's foundation and film projects.

Newsom told reporters Friday he wasn't grandstanding.

"Make no mistake that I included it in the budget because I'm serious about it," the governor said Friday. "And if you think it was just words on paper, I can assure you … my time off during the holidays was time [spent] on this issue, focused on what that [takeover] would look like [and] what it would not look like, including a potential legislative play in the short term."

$700,000 in Support

PG&E had no immediate reply Friday to Newsom's comments. But the company assured a gathering of investors late last week that it was on track to exit Chapter 11 bankruptcy by the end of June, as AB 1054 requires, allowing PG&E to participate in a $21 billion wildfire insurance fund established by the state.

In a presentation to the Evercore ISI Utility Conference on Thursday and Friday, PG&E said it was on the "path to [an] expeditious Chapter 11 exit through the fair settlement of wildfire claims and pending regulatory proceedings, progress with legislative initiatives, and establishment of a multiyear investment and rate roadmap."

In particular, the utility noted it had settled with three core groups that filed claims from the massive wildfires of 2017 and 2018 ignited by PG&E equipment. Fire victims have agreed to accept $13.5 billion in cash and stock, while insurers and other holders of subrogation claims had agreed to an $11 million all-cash settlement. Counties, cities and other local government entities had accepted a $1 billion settlement. (See *Judge OKs PG&E Deals with Fire Victims, Insurers*.)

PG&E's restructuring plan must still be confirmed by the U.S. Bankruptcy Court in San Francisco and approved by the CPUC. AB 1054 requires the commission to find that the plan and the "electrical corporation's resulting governance structure … [is] acceptable in light of the electrical corporation's safety history, criminal probation, recent financial condition and other factors deemed relevant by the commission."

PG&E is on criminal probation after being convicted in federal court of six felonies stemming from the September 2010 San Bruno gas pipeline explosion, which killed eight people in a suburban neighborhood. State fire investigators found its equipment failures responsible for a series of fires in Northern California wine country in October 2017 and for the Camp Fire, the state's deadliest and most destructive wildfire, which killed 86 people and leveled the town of Paradise in October 2018.

Calls for a public takeover of all or part of PG&E's system have escalated. San Francisco offered PG&E $2.5 billion for its assets there. The utility rejected the offer, but San Francisco leaders say they haven't given up. An effort led by San Jose Mayor Sam Liccardo continues to gain supporters among cities and counties. (See *Pressure Grows for Public Takeover of PG&E*.)

The governor said Friday he has remained in personal contact with Liccardo and others regarding their efforts.

'Escalating Enforcement Process'

Newsom's *budget summary* said that "after PG&E's decades of mismanagement and neglect of its critical infrastructure, failed efforts to improve its safety culture, and its disruptive implementation of public safety power shutoffs, the company that emerges from bankruptcy must be poised for transformation as required by AB 1054. The budget reflects necessary support for the administration's efforts to achieve the required transformation of PG&E within the bankruptcy process."

"However, if protecting Californians' interests and ensuring the necessary transformation requires further intervention, including a state takeover of the utility, the administration will work with the legislature to secure necessary statutory changes, appropriations to support transactional and planning costs, and liquidity measures. Consistent with the administration's commitment to maintain a balanced budget and strong fiscal resiliency, any such action would be carefully structured in a manner that safeguards the state's general fund."

Newsom's statements built on his discussion of a possible public restructuring of the state's largest utility in November, when the governor said his backup plan for PG&E's future consisted of reorganizing it, possibly with an "ISO-like structure" akin to CAISO, a public-benefit corporation with leaders appointed by the governor and confirmed by the State Senate. (See *California Could Restructure PG&E, Governor Says*.)

In December, Newsom wrote a letter to CEO Bill Johnson, saying PG&E's restructuring plan fell short of his expectations. He called for PG&E Corp. and its utility subsidiary to have more directors from California and for its reorganization plan to provide for an easier means to a state takeover, should it become necessary.

The letter, which Newsom filed with U.S. Bankruptcy Judge Dennis Montali, also called for "strict, clearly defined operational and safety metrics to which the reorganized company will be held accountable" and an "escalating enforcement process that provides for greater oversight of the reorganized company." ■

West Coast Pushes for Building Electrification

Decarbonization Will Require End to Natural Gas, Proponents Say

By Hudson Sangree

The electrification of residential and commercial structures is receiving increased attention at the start of 2020.

The City Council of Bellingham, Wash., is weighing a proposal banning gas heat from all buildings, including existing structures. If it adopts the measure, the city of 90,000 would go a step further than Berkeley, Calif., which last year became the first city to ban natural gas in new construction.

California lawmakers announced a "green new deal" *proposal* Jan. 6 that calls for the state to accelerate its goals to reduce greenhouse gas emissions. Though still sketchy, the plan eventually could include building electrification mandates similar to those in proposals at the national, state and local levels in 2019. Los Angeles, for instance, adopted a plan last year that required city-owned buildings to become all-electric.

The city of Bellingham, Wash., is considering banning natural gas heating in all buildings.

The Rocky Mountain Institute, a nonprofit that advocates for clean energy, released a *report* Jan. 6 showing that two states — California and New York — are responsible for 18% of building emissions nationally. The report cited U.S. Energy Information Administration data.

Both California and New York have pledged to become carbon neutral by 2050, but reaching such ambitious goals is proving problematic. In stakeholder meetings and conferences over the past year, industry experts have expressed confidence that they can reduce carbon emissions by 80% in the next decade but eliminating the remaining 20% remains elusive.

Electrifying buildings is seen by many as a key to achieving at least a portion of those reductions, along with the electrification of the transportation sector and phasing out natural gas plants in favor of renewable resources.

"Across the U.S. economy, gas has now surpassed coal in its overall contribution to climate change," the RMI report said. "With coal's decline, electric-power sector emissions have fallen by a quarter in the past decade, but emissions from fuels burned in buildings has not budged."

The bulk of those emissions, about 450 million tons of carbon dioxide annually, come from gas burned in buildings for heating and cooking, the report said.

"There is precedent for rapid change in this sector: In the 1940s, coal was the dominant heating fuel in U.S. homes, but by the 1970s, its share had fallen to below 5% of households, and it was virtually eliminated by the 1980s," it said.

"Although gas was the primary replacement, electricity has gradually eroded gas's share over the past several decades. The most recent data shows that 25% of U.S. households and 29% of commercial buildings are all-electric, up from 21% each over roughly a decade ago."

Utilities, Environmentalists Aligned

Electrification of buildings is controversial for home and business owners, who don't want to give up their gas cooktops or to make expensive upgrades. (Some cities, including Seattle, have begun offering financial incentives to switch to electric heat pumps.)

CAISO/West News

But it's popular with utilities that see electrification as a major source of demand and revenue going forward. The Electric Power Research Institute estimated in mid-2018 that electrification of transportation and buildings could boost U.S. electric load growth by as much as 52% by 2050. (See *State Regulators Hear Challenges, Promise of Electrification*.)

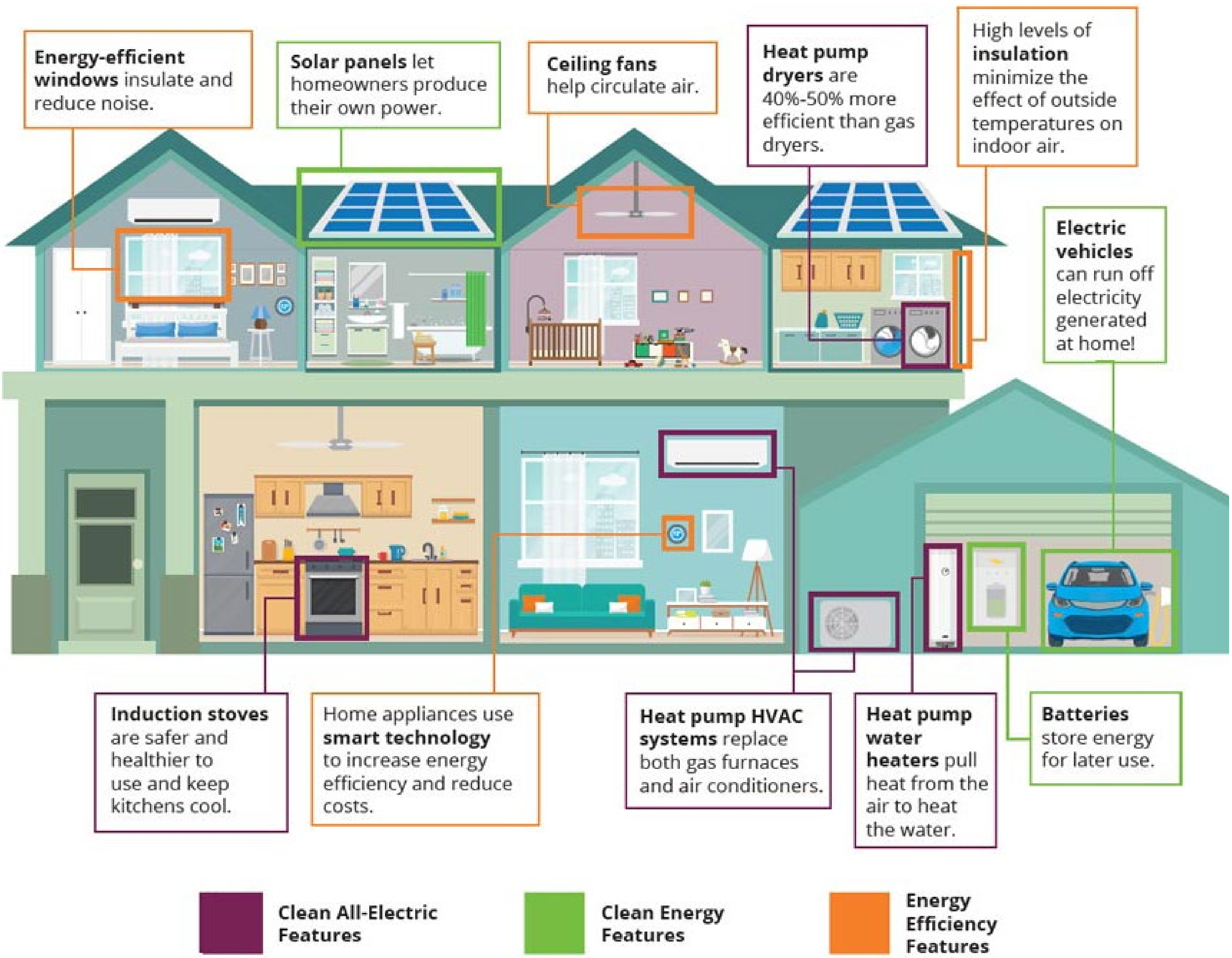
Edison International, which owns Southern California Edison, released a report in April touting the benefits of building electrification.

"We confirm that the electrification of buildings represents an important opportunity to reduce greenhouse gas emissions from buildings both in the near term and long term, and can lead to consumer capital cost savings, bills savings and lifecycle savings in many circumstances," the utility said.

The utilities views are in line with environmentalists, who laud the efforts of Berkeley and like-minded cities that want to do away with gas heating and cooking appliances.

"Climate-aware consumers and policymakers know too much is at stake to keep constructing new buildings that depend on an antiquated and polluting energy source, locking them into decades of higher costs and pollution," Pierre Delforge and Merrian Borgeson, senior scientists with the Natural Resources Defense Council, wrote in a *blog post* Jan. 5.

"New buildings are the obvious place to start," they said. "All-electric homes cost less and are faster to build than those heated with gas." ■



Replacing traditional gas appliances such as water heaters with electric units is a key goal of electrification. | *Edison International*

ERCOT News

Texas PUC Waits to Rule on El Paso Electric Purchase

By Tom Kleckner

Faced with a Feb. 9 deadline to rule on J.P. Morgan's proposed $4.3 billion purchase of El Paso Electric, the Texas Public Utility Commission said last week it will take the matter up for consideration during its next two open meetings (*49849*).

Should the PUC not meet the deadline, set in motion in August when EPE and J.P. Morgan's Infrastructure Investments Fund (IIF) and Sun Jupiter Holdings holding company *filed* a merger application with the commission, it would then have to file an extension.

The PUC is required to rule on acquisitions, mergers and other transactions within 180 days. It will meet twice in open session before the deadline — on Jan. 16 and 31.

"I don't particularly want to [extend the proceeding]," PUC Chair DeAnn Walker said at the conclusion of a Jan. 7 hearing on the transaction.

To that end, Walker asked staff to spend more time with the documents and ensure "everything is tied down" and that the applicants are prepared to answer the commission's questions during the next open meeting.

"One thing that's certain is the commission has a very robust process to vet these types of transactions," said attorney Lino Mendiola, representing IIF. "I can testify this process has been robust, with copious amounts of testimony and numerous discussions, emails and everything else."

That process has a resulted in a stipulated settlement agreement between the applicants and PUC staff, the Office of Public Utility Counsel, the city of El Paso, and various consumer and labor groups. (See *Parties to EPE Acquisition Reach Settlement Agreement*.)

Richard Bonart (right) questions the PUC's Darryl Tietjen.

The Rate 41 Group, a coalition of school districts and other public entities, *withdrew* an earlier motion for continuance on Jan. 3 and indicated it wouldn't oppose the settlement after having made "significant" progress on its issues.

"We are pleased to be a part of a very comprehensive settlement that addressed virtually every concern someone could raise," Mendiola said.

Last Opponent

The lone holdout to the settlement is retired veterinarian Richard Bonart, who once *served* on El Paso's Public Service Board. Bonart raised concerns over the stipulated agreement's revision of the applicants' commitment to a $100 million economic development fund, saying the loss of the words "sustainability" and "community" provided an "inferior product." He argued that the new language would place the poorer communities around El Paso at a disadvantage.

"Those people should reap the benefits from this fund," he said. "What you're creating with this fund is a black box, a leap of faith. 'Just let us do it, and we'll take care of everything.' I don't think the way this is set up will guarantee … good performance."

Bonart was given the opportunity to question the hearing's only two witnesses: Darryl Tietjen, director of the PUC's Rate Regulation Division, and EPE CFO Nathan Hirschi.

Tietjen reiterated earlier *testimony* supporting the stipulated agreement, saying the agreement "reflects an appropriate and reasonable balancing of the interests of EPE, its customers and other participants in the Texas electricity market."

"Any changes to the stipulation could undermine its purpose, result in the withdrawal from the stipulation by signatories negatively affected by the changes, and create additional litigation and costs," Tietjen said, reading his testimony aloud. He said he felt "absolutely confident" that El Paso ratepayers would not bear the burden funding the economic commitments, pointing to his role in annually gathering utility earnings reports.

Hirschi told Bonart that the fund, to be allocated 80-20 between El Paso and the state of New Mexico, was an "effective way to distribute the resources."

IIF has also *reached an agreement* with government agencies, organizations and a lone intervenor in New Mexico. The state's Public Regulation Commission, which also must approve EPE's purchase, has scheduled a hearing on Jan. 16. ■

PUC Chair DeAnn Walker leads the commission's discussion of the El Paso Electric purchase.

Wind Poised to Overtake Coal in ERCOT Output

ERCOT wind farms produced almost as much energy in 2019 as coal-fired plants, according to the grid operator's latest demand and energy *report*, continuing a recent trend.

Wind was responsible for 76.71 TWh of energy last year, or 19.97% of the total, ERCOT said last week. Coal, meanwhile, produced 77.86 TWh of energy in 2019, or 20.27%. Coal's generation share dropped from almost 25% in 2018, while wind was up from 18.5%.

When including the 5.35 TWh of energy produced by solar and hydro resources, renewables generated more energy than coal last year.

Gas generation produced 154.39 TWh of energy in 2019, almost as much as wind and coal combined.

Wind is expected to pass coal as a primary energy source this year. The Norwegian research firm Rystad Energy has *predicted* that Texas wind farms will generate about 87 TWh of electricity in 2020, compared to 84.4 TWh from coal.

ERCOT began 2020 with 23.9 GW of *installed wind capacity*. Market participants have signed interconnection agreements for another 9.5 GW of capacity.

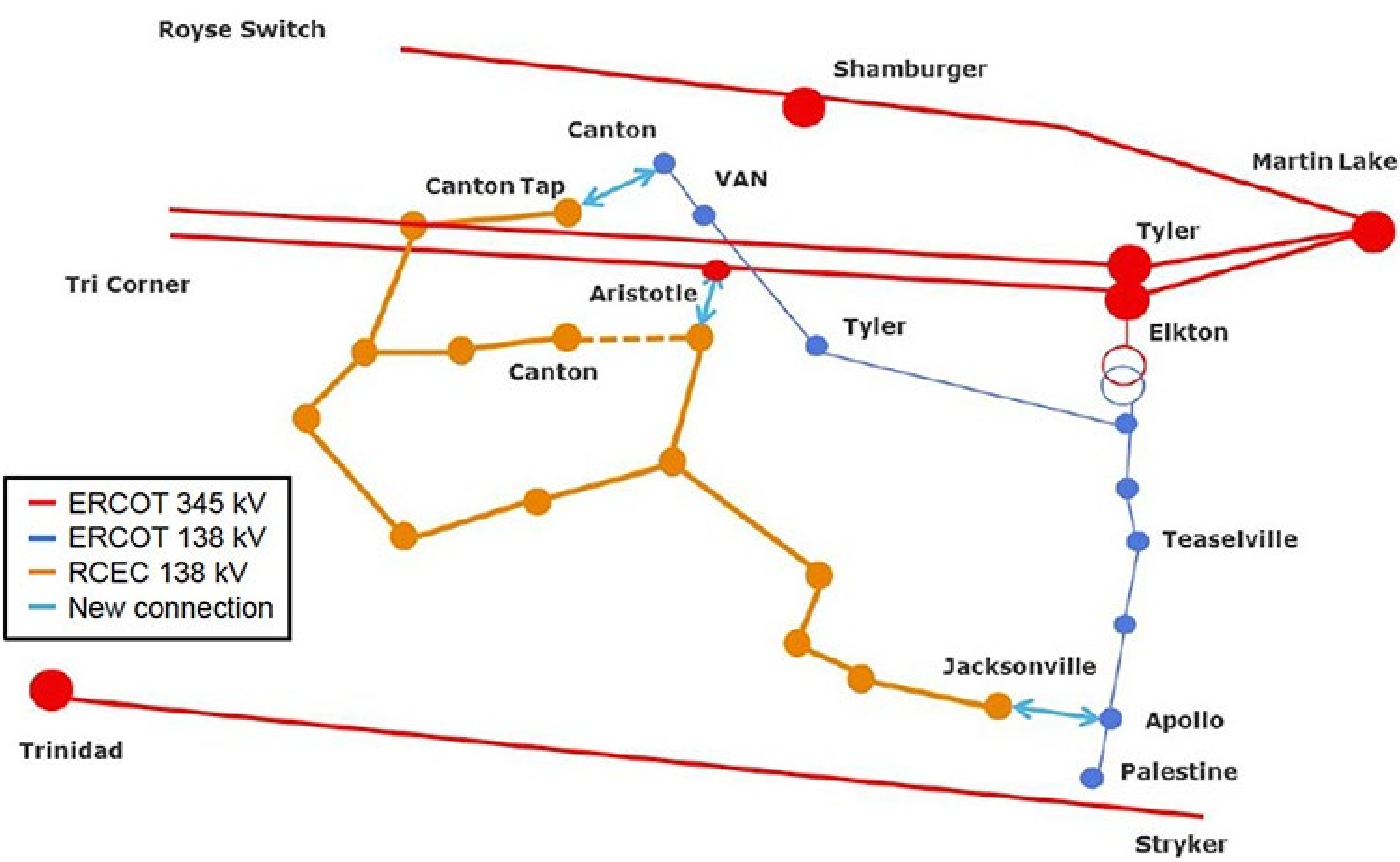
Rayburn Country Load Moving into ERCOT

ERCOT has begun the integration of 96 MW of Rayburn Country Electric Cooperative's load and associated transmission facilities that were once in SPP's grid. That changed Jan. 6 and 7, when radial connections were established from Rayburn's load to the ERCOT system.

Some transmission work remains to be done but is on track to be completed by Jan. 21. The work will result in 130 miles of 138-kV transmission lines becoming part of the ERCOT system.

The Texas Public Utility Commission last year approved Rayburn's request to add the load to the 710 MW already within the ISO's grid. (See "Rayburn Country's Move to ERCOT Approved," *Texas Public Utility Commission Briefs: March 13, 2019*.) ■

— Tom Kleckner



Rayburn Country's integration into ERCOT | *ERCOT*

ISO-NE News

FERC Rejects Mystic Cost-of-service Amendment

Exelon to Pay $149,000 on Fuel Cost Violation

By Michael Kuser

FERC on Thursday rejected Constellation Mystic Power's request to allow it or ISO-NE the option to terminate the second year of its two-year cost-of-service agreement to keep Mystic Units 8 and 9 in operation until May 31, 2024 (*ER19-1164*).

The commission in December 2018 approved the agreement, which ISO-NE sought to prevent plant owner Exelon from retiring the 2,274-MW plant when its capacity supply obligations expire in May 2022. (See *FERC Approves Mystic Cost-of-service Agreement*.)

Mystic said it sought to amend the agreement because matters pending before FERC left it uncertain about recovering its investment in assets related to the operations of its on-site Everett LNG terminal — formerly known as Distrigas — during the term of the agreement.

The proposed amendment would have allowed ISO-NE to terminate the agreement on May 31, 2023 — after the first year of the agreement — while permitting Mystic to end the agreement on the same date after giving the RTO notice by Friday.

Protesters argued the termination provision would give Mystic the unilateral right to end the agreement even if ISO-NE determined that the units are still needed for fuel security purposes for Forward Capacity Auction 14, which covers the second year. They contended that termination would allow Mystic to renegotiate the terms of a commission-accepted agreement and exert market power by threatening to withdraw the units from service.

Mystic countered that those concerns would be addressed by ISO-NE's future fuel security market mechanisms and a clawback provision in the agreement.

In rejecting the amendment, FERC recounted that it had pushed back the deadline for Exelon to submit its retirement decision for Units 8 and 9 for FCA 13 from July 6, 2018, to Jan. 4, 2019 — one month before the auction. In response to Mystic's early delist bids in 2018, ISO-NE had studied the impact of retiring the units and determined that their loss would present an unacceptable fuel security risk, it said.

The commission noted ISO-NE sought to avoid potential load shedding and violation of NERC reliability standards that the RTO's modeling showed would occur if Units 8 and 9 were to retire. Based on this modeling, the commission opened an investigation under Federal Power Act Section 206 that pushed ISO-NE to begin to address the reliability threat posed by the region's fuel security challenges. Because the RTO's modeling showed a need to retain Units 8 and 9 for a two-year period, it proposed Tariff provisions for a two-year term.

Exelon's Mystic Generating Station, on the Mystic River in Everett, Mass. A wind turbine owned by the local water authority to power a pumping station is on the right.

The commission said that although several components of the agreement have yet to be finalized, "we find that this uncertainty has not changed substantially from the time that Mystic executed the [agreement] for a two-year term."

Commissioner Richard Glick concurred in part and dissented in part.

"As protesters explained, granting Mystic's request to add a unilateral termination provision to its cost-of-service agreement would give Mystic another opportunity to extract every last penny from the region's customers without any countervailing benefit," Glick said. "Given that customers are already on the hook for Mystic's full cost-of-service, I do not see how adding a 'heads I win, tails you lose' provision to the agreement would be a just and reasonable result."

Glick agreed with the commission's conclusion but said it mistakenly repeats its belief that Mystic is needed for fuel security and, therefore, cannot be allowed to back out of its cost-of-service agreement.

"Because I do not share that belief, I dissent from the portions of today's order that rely on that rationale to support the outcome," Glick said. "Instead, I would reject Mystic's proposed amendment on the basis of its potential to further harm the region's customers."

Fuel Cost Violation

In a separate order Friday, the commission approved a consent agreement requiring Exelon to pay a civil penalty of $32,500, disgorgement of $101,156 and interest of $15,324 for an error that resulted in Mystic Unit 7 being overcompensated in some cases (*IN20-3*).

The unit can run on either natural gas or No. 6 fuel oil and requires a blend of both to start up. But beginning in December 2014, Unit 7's supply offers said the generator used fuel oil only to start up, the result of an error in an internal spreadsheet, FERC said.

As a result, the unit was overcompensated when it was not dispatched economically but then was called on by ISO-NE to operate for reliability, FERC said.

The error was not recognized until August 2016, when the ISO-NE Internal Market Monitor began an investigation of the unit's fuel use.

FERC said Exelon corrected the problem after the Monitor's inquiry and cooperated with the subsequent investigation by the commission's Office of Enforcement. ■

ISO-NE News

ISO-NE Requests Delist Bid Flexibility for FCA 15


The 680-MW Pilgrim nuclear plant in Plymouth, Mass. | *NRC*

ISO-NE on Wednesday *asked* FERC to approve a limited Tariff waiver that would allow market participants to adjust or withdraw their retirement or permanent delist bids for Forward Capacity Auction 15, which are due March 13.

In seeking the flexibility for its participants, the RTO noted the potential for its Energy Security Improvements (ESI) market design to change after the submission deadline.

FCA 15 covers the capacity commitment period beginning June 1, 2024, when the grid operator now intends to implement ESI.

The New England Power Pool's Markets Committee is meeting three days a month this winter to complete the ESI work before FERC's April 15 deadline for a filing (*EL18-182*). (See *FERC Extends ISO-NE Fuel Security Filing Deadline*.)

ISO-NE said that if FERC grants the waiver, retirement bids will remain due March 13 and that the waiver would apply in the event the RTO makes a non-clerical change to the ESI market rules, in which case a participant could either update or withdraw its delist bid.

"It is very possible" that the RTO will not have completed the market design and Tariff revisions for ESI by the existing capacity retirement deadline, it said in its request.

The Markets Committee will likely take an initial vote on ESI before March 13, but the design may evolve further before a final vote by the full NEPOOL Participants Committee is taken on or around April 2, 2020, the RTO said.

"Should this occur, the delist bids might not accurately reflect the impacts of the ESI market rules, in the form in which the rules are filed with the commission on April 15, 2020," it said. ■

— Michael Kuser

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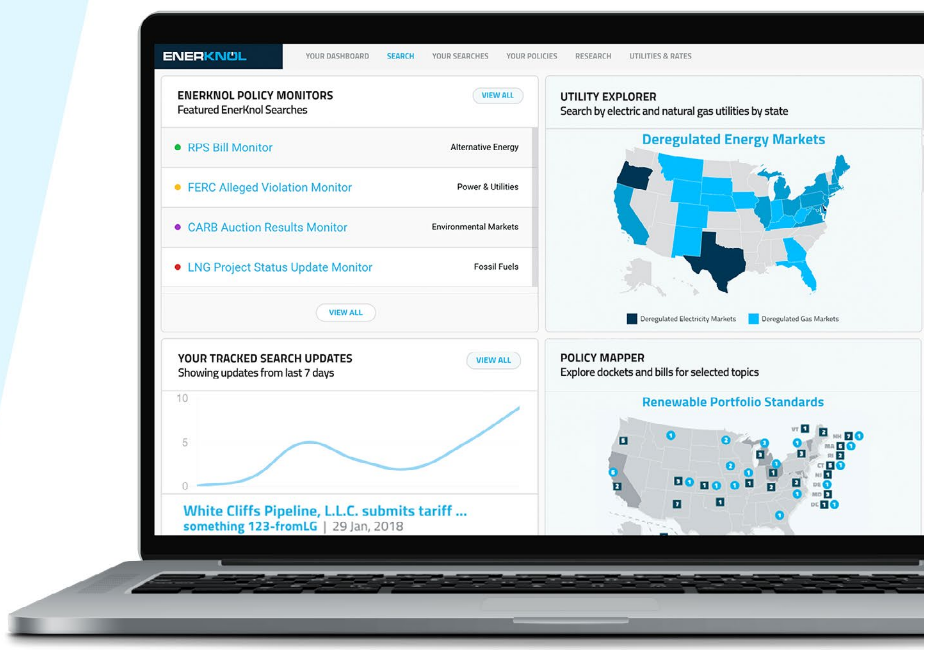

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MISO Eyes Cuts to LMR Capacity Credit

By Amanda Durish Cook

CARMEL, Ind. — MISO says it may reduce the capacity accreditation of some of its load-modifying resources in an effort to improve resource availability in its footprint.

Speaking at a Resource Adequacy Subcommittee meeting Wednesday, MISO planning adviser Davey Lopez said the RTO is considering basing an LMR's accreditation on the smaller of either an average of its actual availability over a three-year period or its tested availability. LMRs that can respond more often and with shorter lead times will receive a larger capacity credit, he said.

Lopez noted that LMRs are currently "receiving capacity credit that's disconnected from what we see in" the MISO Communications System (MCS). He said an LMR with a four-hour lead time that can respond to 20 calls during a planning year currently receives the same capacity credit as an LMR with an eight-hour lead time that can only respond the requisite five times per year. MISO is proposing that better-performing LMRs receive a higher capacity credit while slower LMRs with spottier service receive a percentage based on a still undetermined calculation in a loss-of-load expectation (LOLE) study.

"That's the gap we're trying to close here," Lopez said, reminding stakeholders that the proposal is still a draft.

MISO stakeholders should expect an April filing with FERC to adjust LMR accreditation in some manner, Lopez said.

The changes are proposed as LMRs take an increasing slice of the RTO's capacity supply. MISO has gone from clearing about 9 GW of LMRs in its Planning Resource Auction in 2017 to almost 12 GW in 2019. Lopez said that since the last PRA in April, LMRs' daily availability on average is about 4 GW short of what was cleared, according to MCS self-reporting of availability.

Stakeholders: MCS Still Wanting

Multiple stakeholders asked why MISO would rely on MCS data when the stakeholder community has called navigation of the nonpublic MCS site clunky and confusing. They called for the RTO to reinvigorate a shelved effort to improve the MCS for its users. (See *MISO to Fix Communications System Shortcomings*.)

"This is now the second time you've come before us about LMRs. There was a filing last year on LMRs; now there's going to be a filing this year. If LMRs are such a concern, then this MCS tool needs to get fixed, and the senior management needs to get on board with getting it fixed," Customized Energy Solutions' Ted Kuhn said, prompting nods of agreement from several stakeholders. "I continue to find that using MCS data is problematic."

"I guess my response is that the MCS is our system of record," Lopez said, adding that it's undeniable that LMRs aren't showing up as promised. "We want to give our operators the best information possible during emergencies. And right now, what's clearing in the PRA is nowhere near what's showing up in the MCS. … The accreditation should reflect that." Lopez said LMR availability has become especially important given that MISO now experiences the possibility of an emergency in every month, not just the summer ones.

Lopez said recent analysis shows LMRs' uneven availability contributes to about a 2-GW increase in the planning reserve margin (PRM) requirement. Removing LMRs from the equation reduces the requirement from 136 GW to 134 GW for the 2020/21 planning year.

Kuhn suggested MISO create a separate class of better-performing LMRs for capacity auction purposes. "An LMR-plus, or something," he said.

Independent Market Monitor David Patton has recently criticized MISO's planning studies for still assuming that emergency resources are available to respond even when their long lead times preclude them from doing so. Patton said the problem remains that the RTO must first declare an emergency before calling up LMRs for dispatch.

MISO early last year promised to issue LMRs individualized scheduling instructions before an emergency occurs based on their unique notification times. It has also promised to confirm or withdraw advanced scheduling instructions at least two hours prior to an expected emergency event.

The LMR proposal is part of MISO's resource availability and need *project*, a multistage endeavor divided into resource adequacy and market improvements.

While MISO's Market Subcommittee focuses on possible market changes, including emergency pricing edits and providing market information in advance of the day-ahead market, the RASC is dissecting a possible seasonal PRA and new LOLE modeling and capacity resource accreditation. (See *MISO Weighs Seasonal Capacity, Accreditation Plan*.)

Lopez said the possibility of a seasonal auction is still on the table, though it will be discussed at later RASC meetings.

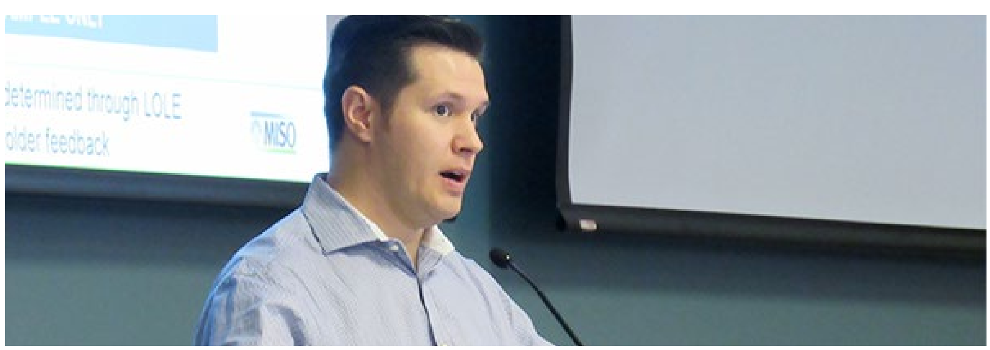
LOLE Refinements

MISO also used Wednesday's meeting to unveil a proposal to model more real-world conditions in its annual LOLE study, encompassing more generation outage risk and intermittent resource behavior.

Lopez said MISO wants to use "more appropriate" wind generation and intermittent resource output levels that are based on unforced capacity values in non-summer months.

MISO is also proposing to combine 30 load shapes to create a more realistic outage pattern for a typical weather year and use the actual availability of its demand response resources to predict the likelihood that they'll respond.

"If we plug these changes into the 2020 PRM model, it's approximately a 1% increase to the PRM," Lopez said. ■



MISO planning adviser Davey Lopez explains a MISO proposal to reduce load-modifying resources' capacity accreditation. | © *RTO Insider*

MISO News

Court Says it Lacks Authority to Decide Entergy Suit

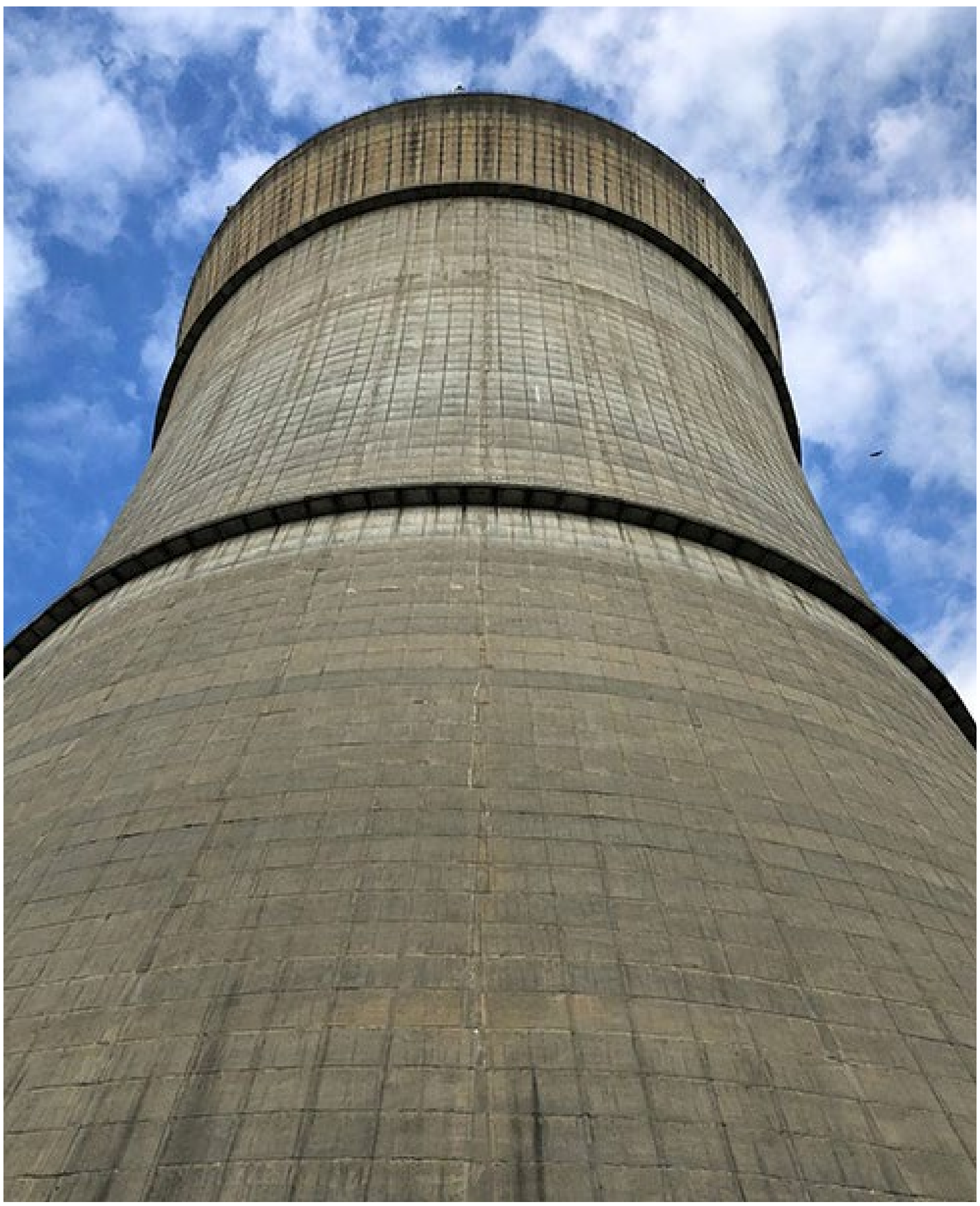
By Amanda Durish Cook

Entergy Mississippi has scored a major victory in an 11-year-old rate battle brought by the state's former attorney general, who claimed the utility overcharged its customers.

Mississippi Chancery Court Judge Dewayne Thomas last month issued a ruling dismissing the case, deciding the court lacked the jurisdiction and expertise to hear the matter (25CH1:08-cv-02086).

Former Mississippi Attorney General Jim Hood filed the lawsuit in 2008, alleging that hundreds of thousands of Entergy customers paid too much because the company ran its own inefficient, older generation instead of purchasing less expensive wholesale power. Hood argued that Entergy owed up to $2 billion in damages from 1998 to 2013 as a result of its self-dealing.

Entergy Mississippi CEO Haley Fisackerly countered that the utility acted in the best interest of its customers. The company has argued that it did purchase power from third parties but also needed to run its own generation for the sake of reliability.



Entergy's Grand Gulf Nuclear Station cooling tower | *Entergy Mississippi*

"Entergy Mississippi has some of the lowest rates in the country. We're proud of our reputation for integrity in our business practices, which decades of clean audits prove," Fisackerly said Thursday in a ***statement***.

He also expressed satisfaction that the court agreed it wasn't equipped to make a decision on utility rates.

"We have consistently maintained that a courtroom is not the proper forum to address issues about utility rates paid by customers and are grateful the Chancery Court carefully considered the issue and ruled in our favor," Fisackerly said. He also pointed out that the company is subject to oversight from FERC and the Mississippi Public Service Commission. Those two agencies are "tasked with ensuring we treat our customers fairly," Fisackerly said. Entergy has long argued that the complaint should be heard before FERC or the PSC if it were to proceed at all.

Current Attorney General Lynn Fitch, who took office a day after the ruling, has until Jan. 29 to appeal the court's decision. Fitch did not respond to a request for comment.

The lawsuit's lengthy history ended where it began — in county court, though the case mostly played out in the U.S. District Court for the Southern District of Mississippi. A four-day trial in April ensued before the district court remanded the case to the Chancery Court for lack of subject matter jurisdiction.

In his decision, Thomas cited FERC's exclusive jurisdiction in filed rates and the Entergy System Agreement (ESA), which steered the Entergy operating companies from 1982 until 2013. Interpretation of the ESA has long been a source of disagreement in FERC proceedings. (See *La. PSC Complaints Denied in Entergy System Disputes*.)

"Because resolving the dispute in this matter involves the consideration and interpretation of the ESA, a FERC-approved tariff, this court must conclude that the matter falls within FERC's exclusive jurisdiction," Thomas wrote.

Hood early in 2019 called Entergy a "poor corporate citizen." his out-of-state counsel also brought a similar $1 billion ***suit*** against Entergy Texas, which was also ***dismissed*** in 2015 on the basis of federal regulatory pre-emption by a Texas appeals court. Hood, a Democrat, was ***defeated*** in November's gubernatorial election. ■

MISO News

MISO Market Subcommittee Briefs

Revisiting Customer Aggregation Rules

CARMEL, Ind. — MISO will revisit its Tariff to better define how aggregators of retail customers (ARCs) participate as demand resources as more aggregators line up for market participation.

FERC in 2012 approved MISO's ARC participation model, which lays out how end-use customer groups can offer demand response into the markets aggregated at the load-serving entity level. Rules found in *Module C* of the Tariff lay out aggregator registration, creation of a commercial pricing node, certification of each retail customer and the RTO's communication of the volume of DR cleared in the day-ahead market.

Mike Robinson, MISO | *© RTO Insider*

"For quite a long time, we didn't have a lot of participation, but in the last few years, we've had significant ramp-up," MISO Principal Adviser of Market Design Mike Robinson told stakeholders at a Market Subcommittee meeting Wednesday.

Robinson said MISO should clarify what information ARCs need for registration and what responsibilities are required of ARCs, LSEs, relevant regulatory authorities, local balancing authorities and MISO. He also said the RTO needs a better process to avoid the double-counting of aggregated DR assets and should make clearer ARCs' requirements around metering and settlement.

MISO also must establish a clearer timeline for ARC notifications approval deadlines, Robinson said, adding that it would reorganize the ARC section in Module C so it describes participation cohesively, from registration to settlement.

Through the edits, MISO will ensure there's no "unfair or artificial barriers to participation" imposed on ARCs, Robinson said. He said it will especially focus on the registration process, which has been criticized as confusing by some members.

MISO is accepting stakeholder opinions on the Tariff edits through Jan. 22. Robinson said he would return to the MSC in February to discuss proposed changes.

Monitor Examining SPP's Fall Transfer Derate

Independent Market Monitor David Patton said he continues to investigate SPP's November request to reduce flows on the contract transmission path between MISO's Midwest and South regions.

During a quarterly market recap, the Monitor repeated concerns about the request that MISO cut its regional dispatch transfer (RDT) limit flows to 1,500 MW on an unusually cold Nov. 13 — a move that cost the RTO an additional $876,383 in congestion that day. (See "Tricky Mid-November," *MISO Avoids Fall Emergencies*.)

"It was relatively expensive for MISO to derate the [RDT limit], and we don't have all the answers yet," Patton told stakeholders. "Communications are continuing with SPP on this event."

Patton said SPP should have made some sort of intermediate move, including requesting unit redispatch or transmission loading relief, before calling for a transfer limit derate.

Stakeholders asked if the Monitor was investigating compliance violations on SPP's part.

"I think they are allowed to ask for a [derate]," Patton responded. "I think if there's a compliance issue it may be not providing proper justification for the derate request. But that's a minor point, I think, in comparison to the larger concern that it's an expensive action and there are a number of better options that are less costly."

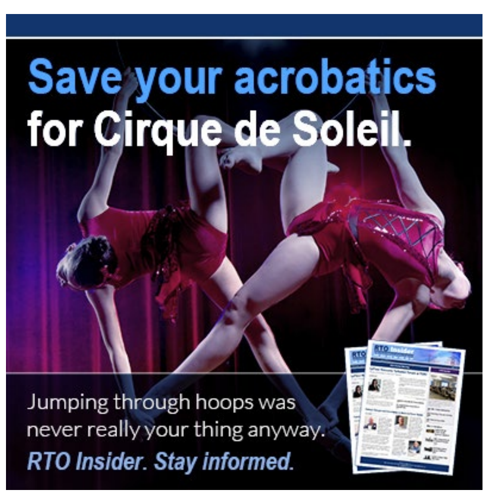
Patton said SPP may lack incentive to provide "more surgical solutions" rather than what he described as the "blunt instrument" and "sledgehammer" of cutting flows on the regional dispatch transfer.

"Clearly SPP isn't going to have to pay this bill to derate the RDT," Patton said.

Stakeholders asked why MISO simply didn't cut its non-firm exports into the Southern Co. territory at the time to avoid straining the transfer limit. Patton said cutting exports pre-emptively could have created a bigger problem for Southern, which was also struggling to furnish adequate supply in the cold.

"This gets into the nebulous area of what you do pre-contingency versus what you do post-contingency," he added. ■

— Amanda Durish Cook



NYISO News

Cuomo Sets New York's Green Goals for 2020

Solicit 1 GW Offshore Wind, Electrify Public Buses and Build EV Chargers

By Michael Kuser

Gov. Andrew Cuomo | *NYDPS*

New York Gov. Andrew Cuomo signaled last week that his state will this year continue to step up efforts to decarbonize its economy with an eye to spreading the benefits.

"We must accelerate our transition to renewable energy, because the clock is ticking," Cuomo said in his State of the State address Wednesday in Albany.

The Climate Leadership and Community Protection Act (*A8429*) signed into law last July calls for 70% of New York's electricity to come from renewable energy resources by 2030, and for electricity to be 100% carbon-free by 2040. It also nearly quadrupled New York's offshore wind energy target to 9 GW by 2035.

The law's clean energy mandates also include doubling distributed solar generation to 6 GW by 2025, deploying 3 GW of energy storage by 2030 and raising energy efficiency savings to 185 trillion BTU by 2025.

Cuomo earlier in the week ***announced*** that the New York State Energy Research and Development Authority (NYSERDA) will solicit at least 1 GW of offshore wind energy this year and that a new $20 million Offshore Wind Training Institute at state college campuses on Long Island would begin training 2,500 workers next year.

The state last July awarded offshore wind contracts to Equinor's 816-MW Empire Wind project and to the 880-MW Sunrise Wind, a joint venture of Ørsted and Eversource Energy. It also plans to commit $200 million to public investments in port infrastructure improvements to serve the new offshore wind industry.

"The creation of the Offshore Wind Training Institute is a critical step in developing the next generation of workers here in New York, who will serve as the backbone for the state's offshore wind industry and clean energy future for decades to come," Boone Davis, CEO of Atlantic Offshore Terminals, a developer of offshore wind supply facilities, said in a statement.

Most participants join in the Pledge of Allegiance before Gov. Andrew Cuomo delivers the State of the State address in Albany on Jan. 8. | *NYDPS*

Think Big

NYSERDA this year also plans to award development funds to 21 large-scale solar, wind and energy storage projects across upstate New York, totaling more than 1,000 MW of renewable capacity and 40 MW of energy storage capacity.

"People say you have to choose between a strong economy and a healthy planet, but nothing could be farther from the truth," Cuomo said. "The economy of tomorrow is the green economy.

"This year, let's go big with an ambitious expansion of electric vehicles and attract the growing industry. It's a win-win for our environment and our economy," he said.

Cuomo announced he had chosen Binghamton University professor Stanley Whittingham, winner of the 2019 Nobel Prize in chemistry for his work with lithium-ion batteries, to lead a task force to provide the state with "the most aggressive road map to the e-vehicle future."

Spectrum News ***quoted*** Whittingham on Friday: "The easiest vehicles to convert from internal combustion to electric are fleet vehicles, whether the state can take initiative to start converting hundreds of vehicles to electric, convert all the buses to electric."

Cuomo said the New York Power Authority (NYPA) should plan and build a statewide functional network of charging stations.

The agencies will work with private industry to ensure that one or more fast-charging locations are available in each of the state's 10 Regional Economic Development Council regions by the end of 2022, that every travel plaza on the New York State Thruway has charging stations by the end of 2024 and that a total of at least 800 new chargers are installed statewide over the next five years.

"Let's use our collective government purchasing power and make sure that 25% of public transit bus fleets are electrified by 2025 and 100% by 2035," Cuomo said. "Let's make $100 million in Green Bank financing available to locate or expand EV manufacturers and suppliers in the state."

The Green Bank of New York is a state-sponsored investment fund that helps leverage private financing for clean energy industry companies.

NYSERDA and NYPA will provide additional incentives to build more renewable projects and build them faster, focusing on opportunities upstate, and they will build new transmission lines to get the power to consumers who need it downstate, the governor said.

New York also will work this year to reduce fossil fuel consumption in buildings, with NYSERDA launching a $30 million retrofit program to demonstrate solutions for high-profile commercial and multifamily buildings.

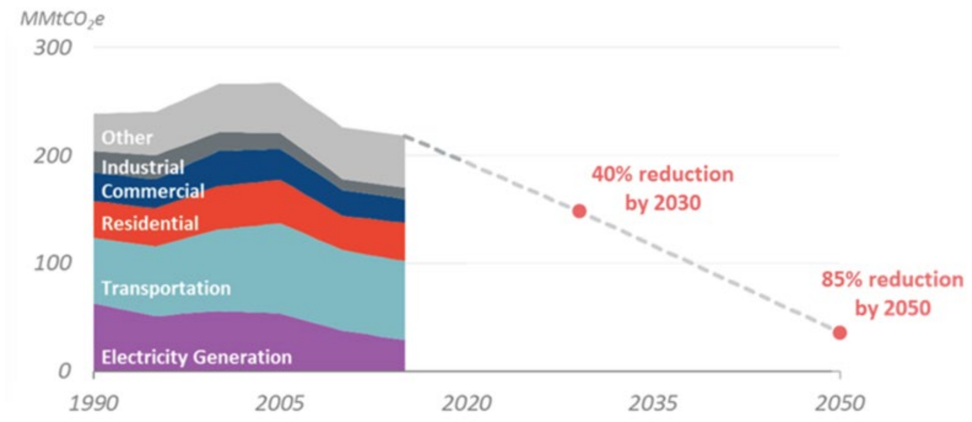
NYSERDA will ask property owners, developers, equipment manufacturers and energy efficiency providers to propose ways to cut energy consumption and greenhouse gas emissions from buildings. ■

NYISO News

NYISO Focus Turns to Grid 'Transition'

Continued from page 1

The state's clean energy goals also include doubling distributed solar generation to 6 GW by 2025, deploying 3 GW of energy storage by 2030, and upping its energy efficiency savings to 185 trillion BTU by 2025.



New York state economy-wide GHG emissions history and future reduction goals | *NYISO*

Reliability vs. Resilience

DeSocio said that reliability and resilience were much the same thing, with reliability the desired outcome, and resilience the means of achieving it.

Couch White attorney Kevin Lang, representing New York City, disagreed, saying that the two terms mean different things.

"In the city's view, when it comes to resilience, the concern is the weakest link in the line or system," Lang said. "At present, no reliability metric measures this factor."

With respect to the grid transition discussion, Lang commented that the market provides signals for generation but not for transmission, adding that it is not clear that transmission is wholly a market responsibility.

Lang agreed with DeSocio's response that the markets may not be the sole source of signals regarding the need for new transmission.

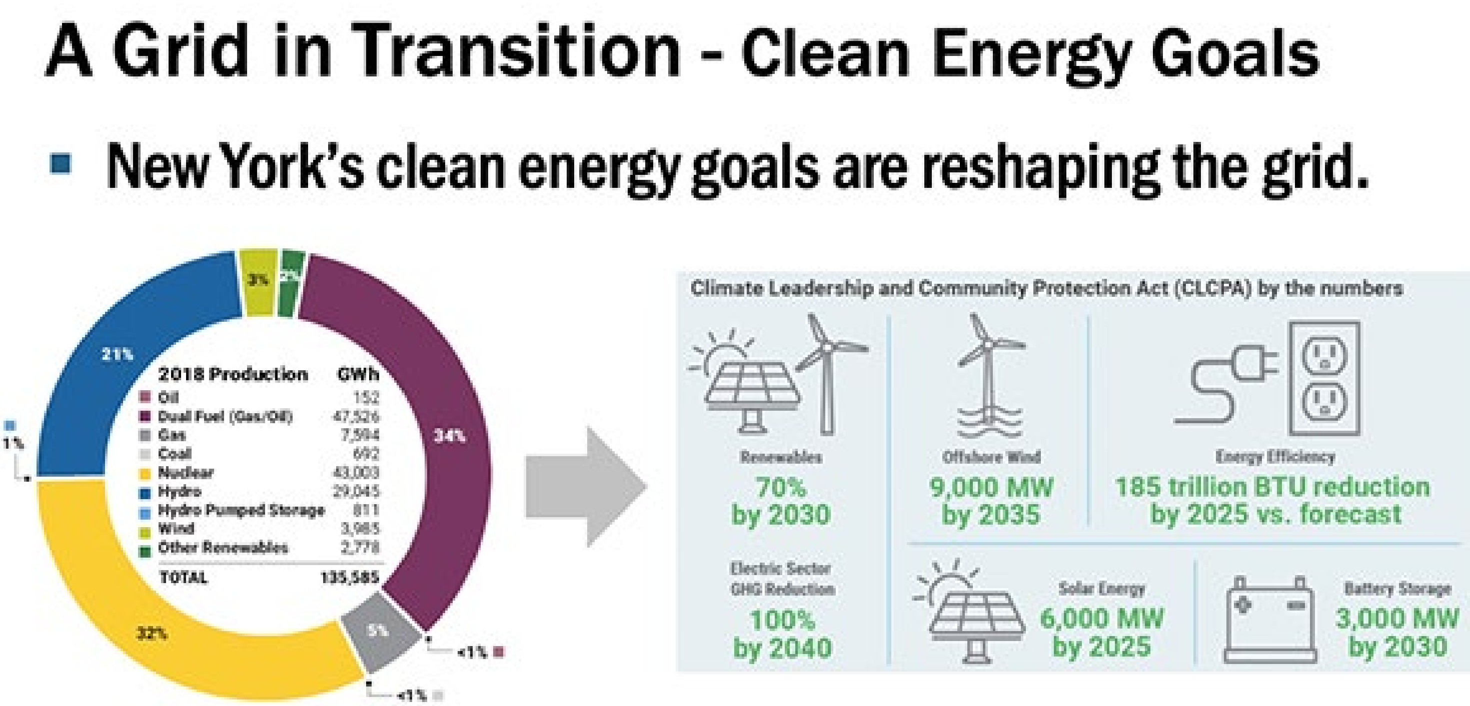
The grid paper did a good job of emphasizing the market, "but the afternoon will come when you need reserves, but also need energy prices not to be in scarcity pricing," said Mark Reeder, representing the Alliance for Clean Energy New York (ACE NY).

"If you squeeze the high prices into a narrow band of hours, I wonder whether the ISO has thought about scarcity pricing," Reeder said. "I worry about the exercise of market power."

DeSocio replied that the ISO has thought about the topic, which it refers to as shortage pricing.

"The shortage pricing construct can be the right kind of signal for resources able to respond very quickly, from off to on in a very short period of time," DeSocio said.

On carbon pricing, DeSocio said the ISO has done its job and that it's up to the state to now



New York's clean energy goals are reshaping the grid. | *NYISO* act on the issue.

"We hope for a carbon pricing signal within the next six months, whether carbon pricing is a good idea or to stop talking about it," he said. "We are not abandoning carbon pricing, but at the same time, we're not talking about it much because it's in the state's hands to indicate where to go."

The MIWG took over last January from the Integrated Public Policy Task Force (IPPTF), a joint effort between the ISO and the state's Public Service Commission that spent a year-and-a-half developing the carbon pricing *proposal* released in December 2018.

The state must put a price on carbon in its electricity market if it hopes to meet the aggressive timelines of the decarbonization goals set out in the new law, the co-author of NYISO's carbon pricing study, Analysis Group's Sue Tierney, said in October. (See *Carbon Pricing Vital to NY Goals, Study Author says*.)

In addition, NYISO has *registered* support for carbon pricing in New York from many organizations, the latest of which is the New York League of Conservation Voters, which included support for carbon pricing in its 2020 Legislative *Agenda*.

"Putting a price on carbon is the only way New York can even come close to meeting its emissions goals," Mark Younger of Hudson Energy Economics said Wednesday.

Howard Fromer, director of market policy for PSEG Power New York, said the state government acted to meet an environmental challenge, and that "markets have been successful at addressing environmental concerns, the most dramatic evidence being the reductions in nitrogen oxides and sulfur oxides over the past couple decades."

Discussion Process

Energy market design specialist Ashley Ferrer *presented* a rough outline of the process for the grid transition discussions this winter and spring.

Associate capacity market design specialist Emily Conway laid out the timeline through May, with ICAP/MIWG meetings on grid transition reliability and market issues scheduled for Feb. 4, March 6 and 26, and May 11.

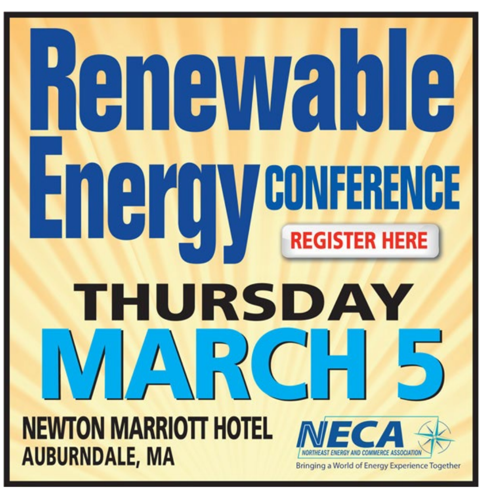
The outline referred stakeholders to potential questions in a project planning and market product *file* from last September, which included the following under reliability and market considerations:

- What are appropriate market structures for assuring reliability in the 2030 and 2040 cases?
- How to set reliability requirements and measure reliability with a system made of renewables and storage of different durations?
- How to accommodate potentially reduced [uninstalled capacity] contribution arising from correlated renewable outages?
- What role should real-time retail pricing play to assure customer load reductions when correlated outage events occur?
- Where should the cost of loss of load be considered?

NYISO will kick off the discussion of each specific topic, followed by stakeholder presentations. Stakeholders need to submit materials for ISO review six business days before the meeting. Materials will be posted three business days prior to the working group meeting, consistent with current procedures. ■

Topic	Working Group Date	Stakeholders Notify NYISO of Request to Present	Materials Due to NYISO	Materials Posted
Energy Market Enhancements	2/4/2020	1/21/2020	1/27/2020	1/30/2020
Capacity Market Enhancements	3/6/2020	2/21/2020	2/27/2020	3/3/2020
Reliability and Market Considerations	3/26/2020	3/12/2020	3/18/2020	3/23/2020
Interregional Coordination	5/11/2020	4/27/2020	5/1/2020	5/6/2020
Future of Fossil Generation, Implications of a Carbon Neutral Grid	June 2020	TBD	TBD	TBD

NYISO has scheduled stakeholder meetings from January to June 2020 to discuss topics related to the transformation of the grid. | *NYISO*



PJM News

Denise Foster Joins East Kentucky Power Cooperative

By Christen Smith

Denise Foster | © RTO Insider

Denise Foster quietly joined East Kentucky Power Cooperative earlier this month as vice president of federal and RTO regulatory affairs.

Foster resigned from PJM on Oct. 31 as former interim CEO Susan Riley reorganized the state and member services division that she led. Her departure stunned and saddened stakeholders across the board, who all described her as collaborative, sharp and communicative and a key voice for states on the RTO's executive team. (See *Stakeholders, States in the Dark over PJM Personnel Moves*.)

Foster told *RTO Insider* on Monday that she is "excited to work for such a wonderful company." She will oversee federal regulatory filings related to generation and transmission "and engage in matters related to RTO operations impacting EKPC."

A graduate of Dickinson Law School, Foster worked three years as an assistant consumer advocate for Pennsylvania before joining PJM as senior counsel in 2000. After four years in that post, she moved to Exelon, where she rose to become director of policy development. She returned to PJM, taking her former post, in 2009.

"I believe my background and experience working at PJM, Exelon and the Pennsylvania Consumer Advocate's Office position me well for this incredible opportunity," Foster said. "I look forward to the continued engagement with my former colleagues at PJM, in government and across industry."

EKPC represents 16 member-owners that serve approximately 1.1 million customers in eastern and central Kentucky. The organization joined PJM in 2013 after increasing transmission constraints with potential counterparties and federal environmental regulations made it expensive to continue operating as an independent balancing authority. (See *East Kentucky Power Cooperative System Joins PJM*.)

CEO Anthony Campbell said Foster's "knowledge, experience and relationships are a tremendous addition."

"Denise comes to EKPC at a time when crucial issues and energy market changes are being considered at PJM and at the federal level," said Don Mosier, EKPC's chief operating officer. "She brings a solid RTO and regulatory background that will bolster EKPC's position and influence in these areas and help ensure that our owner-members' interests are represented. Denise's leadership and guidance will be invaluable." ■

PJM PC/TEAC Briefs

Manual 14F: Form 715 Revisions

VALLEY FORGE, Pa. — PJM's Planning Committee last week endorsed *revisions* to Manual 14F that would remove the competitive exemption for Form 715 local planning criteria transmission projects.

The change follows a September ruling from FERC that ordered PJM to open the projects to competitive bidding, with regional cost sharing for those projects involving high-voltage lines. (See *FERC Opens Local Tx Projects to Competition, Cost Sharing*.)

The directives came in two orders prompted by the D.C. Circuit Court of Appeals' August 2018 remand that found FERC erred when it assigned all the costs for two Form 715 transmission projects proposed by Dominion Energy to the Dominion zone.

Critical Infrastructure Oversight

The Critical Infrastructure Stakeholder Oversight Task Force will hold its first meeting Jan. 27, PJM's Christina Stotesbury said.

The PC approved the task force's issue charge last month after several delays. The group will consider whether the RTO must develop governing document language to deal with transmission system enhancements designed to reduce the number of critical assets identified under NERC's critical infrastructure protection standard CIP-014. (See "Critical Infrastructure Mitigation," *PJM PC/TEAC Briefs: Dec. 12, 2019*.)

Stotesbury said the task force will recommend governing document changes within six months.

Order 845 Update

PJM's Susan McGill said staff have until Feb. 17 to address several outstanding issues on its compliance with FERC Order 845: identification and definition of contingent facilities; provisional and surplus interconnection service; and incorporation of advanced technologies. The commission on Dec. 19 accepted six of the 10 changes the RTO proposed in its first compliance filing on the order, which is intended to increase the transparency and speed of the generator interconnection process (*ER19-1958*).

McGill said PJM will bring manual changes for the accepted revisions to the PC for a first read in February.

Capacity Import Study

PJM's capacity import *study* completed last month shows the RTO can handle the 3,500 MW of capacity benefit margin (CBM) emergency assistance assumed available in the 2019 Reserve Requirement Study.

PJM's Planning Committee met on Jan. 7 at the Conference and Training Center in Valley Forge, Pa. | © RTO Insider

The anticipated allocation of CBM differs from 2019 because of increased generation dispatch in the Niagara area of NYISO that reduced import capability in the North supply zone from 412 MW to 120 MW. Withdrawn deactivation requests of several large units in PJM also increased import capability from the West 1 zone from 1,104 MW to 1,402 MW. ■

— Christen Smith

PJM News

PJM: BRA Unlikely in 2020

RTO Wants Compliance Ruling on MOPR

Continued from page 1

"It's going to be near impossible for the commission to accept the compliance filing without also planning at least clarification in part, and perhaps some of those clarifications cross over into rehearing," O'Hara added. "I'm not talking major issues; I'm talking about some smaller issues."

Wednesday's meeting also marked the first public appearance by PJM's new CEO, Manu Asthana, who began work this month. Asthana, who spoke briefly at the beginning of the MOPR discussion, said he and other board members want to incorporate stakeholder feedback in the compliance filing.

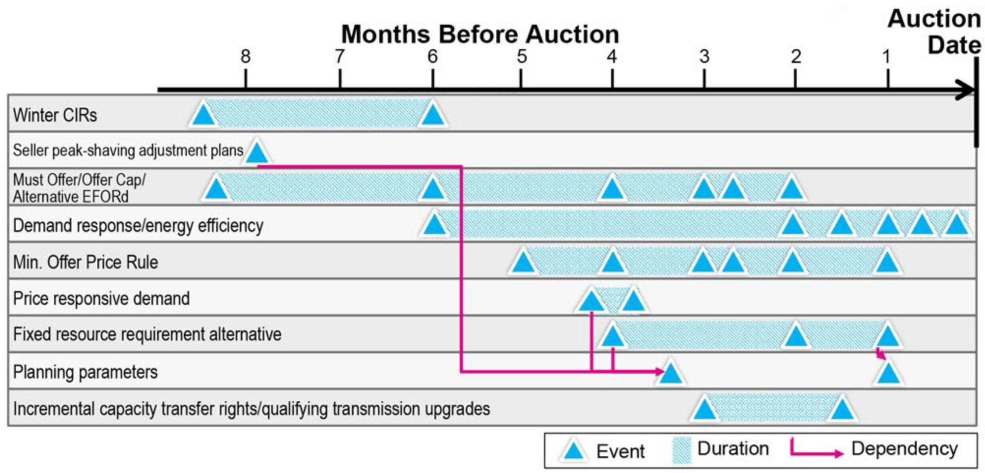
"We want to listen to … your perspective on the order: what it means for your business and what you want us to do about it," he said.

Stakeholders: Resume BRA 'ASAP'

The five-and-a-half-hour MOPR discussion also featured presentations by more than a dozen stakeholders who gave varying interpretations on the impact of the order and how PJM should respond.

Calpine — which filed the complaint that led to the commission's June 2018 order finding the existing MOPR not just and reasonable — called for swift scheduling of the 2019 BRA. (See *FERC Orders PJM Capacity Market Revamp*.)

Adam Keech, PJM | © *RTO Insider*



Condensing or shifting pre-auction activities must consider sequencing dependencies, PJM says. | *PJM*

"There is nothing to debate. FERC issued its order, an order we have been waiting for over a year, and it's time to proceed," Calpine *said*. "Eighteen months have passed, and it is now PJM's responsibility to hold the auction as soon as possible."

The PJM Power Providers group agreed, saying the BRA should be resumed "ASAP." The American Petroleum Institute, which represents both natural gas producers and large energy users, called for "a timely restart" of the BRA "and a clear signal of future regular auctions."

But American Municipal Power, which owns and operates generation, transmission and distribution for municipal utilities in nine states in PJM and MISO, said the RTO should seek an extension of the 90-day compliance filing deadline.

AMP said the additional time would allow PJM to use a "transparent" process to craft a response that could minimize further litigation and uncertainty.

Exelon said PJM should set the 2022/23 BRA about 12 months after the compliance order to allow state regulators and legislators time to make rule changes required if they decide to exit the capacity market and develop fixed resource requirements (FRR) as an alternative method of resource adequacy.

Exelon's Jason Barker said PJM that must "offer a meaningful opportunity for states to consider and pursue alternatives" to the RTO's capacity procurement.

"FERC has provided the states with a binomial choice for shaping the capacity mix to achieve their environmental goals: participate in the PJM capacity market — which does not value environmental attributes — or direct their utilities to establish an FRR."

Jeff Dennis, general counsel for Advanced Energy Economy, whose members include renewable generators and companies providing demand response and energy efficiency aggregation, said it's likely PJM will need to postpone the 2020 auction as it did the 2019 BRA. A former FERC official, Dennis told an AEE webinar on the MOPR ruling Wednesday: "We are likely many, many months away from a capacity auction."

Disagreement over RGGI

The speakers gave differing views on whether the commission's definition of state subsidy would impact the resources of states participating in the Regional Greenhouse Gas Initiative.

Keech said PJM may seek FERC clarification on how RGGI and New Jersey's Basic Generation Service (BGS) Electricity Supply Auction are impacted by the MOPR expansion.

In his dissent on the December order, Commissioner Richard Glick said the commission's subsidy definition was likely to snare the BGS auction, in which electric distribution companies seek offers from resources to serve their load. That would require PJM and its Independent Market Monitor to "look behind the results of every BGS auction to determine

PJM News

which resources are receiving a benefit from this state process," Glick said. "Even state processes that are open, fair, transparent and fuel-neutral may be treated as state subsidies, irrespective of the underlying state goals."

"We're not quite clear how those [programs] fit inside the … definition of a state subsidy," Keech said. "Without more detail, it would seem like it would fall under state subsidy."

Exelon said PJM's compliance filing "should clarify that RGGI does not confer an actionable subsidy to any resources."

Vistra Energy agreed, saying that although FERC's subsidy definition is very broad, "we think it's possible to implement it reasonably without implicating market-driven price outcomes" such as the RGGI carbon auctions.

The Advanced Energy Management Alliance said PJM should not consider DR as state-subsidized, saying "FERC precedent is to not include state peak shaving programs as subsidy."

AMP made a similar pitch for the public power business model, citing what it called the "fallacy that tax-exempt financing constitutes a subsidy." It called for a new stakeholder process to revise the RTO's unit-specific exemption rules, saying PJM and the Monitor lack first-hand experience with the public power business model, "leading to incorrect comparisons of financing related costs for merchant projects and those available to not-for-profit public power organizations."

The American Wind Energy Association and Solar Energy Industries Association said the unit-specific exemption process "must be flexible so all resource types … reflect their actual project costs, operations and projected revenues" and not be based solely on criteria used for setting the net cost of new entry for gas-fired generation.

Impact on Renewables, RECs

There also was discussion on FERC's ruling to not differentiate voluntary renewable energy credits (RECs) from state-mandated RECs and disagreements over the impact the ruling will have on future renewable resources.

FERC said that although it saw no need to apply the MOPR to "voluntary, arm's length bilateral transactions … it is not possible, at this time, to distinguish resources receiving privately funded voluntary RECs from state-funded or state-mandated RECs because resources typically do not know at the time of the auction qualification process how the REC will be eventually used."

Vistra said voluntary RECs should not be considered subsidies. The company said it backs its renewable energy retail products with more RECs than needed to comply with state mandates. "MOPRing these purchases will mean that it is more expensive to offer these 'green' products to our customers, there will be fewer low carbon resources to source from than robust market dynamics alone would support, and there is an efficiency loss."

Lightsource BP, a utility-scale solar developer with more than 1 GW of projects in the PJM interconnection queue, said voluntary RECs should not be considered state subsidies because they are a separate market from mandated RECs and trade at a fraction of solar compliance RECs.

It said vintage 2020 voluntary RECs are currently trading at 50 cents to $1/MWh, while solar RECs in New Jersey are worth about $227.50/MWh, $80/MWh in Maryland and $40/MWh in Pennsylvania. "As such, estimated project revenues from voluntary REC sales pale in comparison to estimated project revenues from state compliance RECs and should not be considered material," Lightsource said, adding that PJM should mandate that capacity sellers use REC tracking systems to provide transparency to address FERC's concerns.

"Forecasted PJM capacity market revenues are an integral component of PJM solar financeability, and a majority of the 1 GW in our PJM portfolio is at risk for being priced out of the capacity market auction," Lightsource said.

But LS Power said the order would not impact its investments in intermittent resources because they don't rely on the capacity market for significant revenues. It noted that wind and solar resources comprise only 1.2% of PJM's capacity requirement. It said a 10-MW solar plant in New Jersey would see 80% of its revenues from RECs ($3 million), with energy market revenues contributing another $500,000 and capacity revenues adding only $250,000 (6.7%), assuming the market clears at $150/MW-day.

"Capacity is not the driving revenue stream for investment the way it is for other units needed for reliability that are dispatchable and flexible," LS Power's Marji Philips said. "PJM's responsibility is making sure that plants that do rely on the competitive market that PJM also relies on for reliability have the appropriate price signals."

Eliminate Capacity Market?

The Natural Resources Defense Council's Sustainable FERC Project said the MOPR ruling "threatens to make PJM irrelevant" to states' efforts to reduce carbon emissions.

It noted that 10 of PJM's 13 states and D.C. have renewable portfolio standards, with D.C., Maryland and New Jersey having set or proposed 100% clean power goals, while three have laws supporting nuclear power.

"PJM should request rehearing and, if denied, seek appellate review of the MOPR order," it said.

It also said PJM's planning parameters should be changed to reflect the reliability value of uncleared capacity and that the RTO should ultimately retire the capacity market and develop an alternative resource adequacy structure.

PJM said it would post answers to stakeholders' questions and hold a second stakeholder discussion on the ruling on Jan. 28. Questions can be submitted to *RPM_Hotline@pjm.com*. ■

PJM's Proposal	FERC Order
Resource-specific carve-out for new and existing resources	NO
Materiality threshold of 20 MW (UCAP)	NO
Materiality threshold of subsidy totaling $\geq$1% of resource's PJM revenue	NO
Retain self-supply short/long test (for public power and vertically integrated utilities)	NO (existing only)
Exclude resources whose primary purpose is not producing electricity	NO
Full energy efficiency exemption	NO (existing only)
Exclude industrial development and local siting support	YES
Exclude federal subsidies (enacted prior to March 21, 2016)	YES
MOPR for new resources based on Net CONE; existing resources based on Net ACR	YES

FERC's Dec. 19 order rejected most of PJM's proposals on some key aspects of the MOPR expansion. | *PJM*

PJM News

Bipartisan Bill Looks to End Va. Electric Monopolies

By Shawn McFarland

Dominion Energy might have finally met a "bill" it does not like.

Virginia delegates last week announced a bipartisan bill that would end the electric market monopoly in the state, allowing consumers to choose their electric provider and requiring distribution utilities to divest their generation. The legislation takes aim at Dominion, which serves two-thirds of the state's consumers, and which the State Corporation Commission says has overcharged customers by $1.3 billion since base rates were frozen in 2015.

The bill was announced at a press conference by Dels. Mark Keam (D) and Lee Ware (R) and endorsed by groups including the conservative R Street Institute and anti-poverty group Virginia Poverty Law Center. It's the latest sign that Dominion will face tougher scrutiny from state lawmakers than it has in the past.

In December, Ware joined another Democrat in introducing a bill to reverse the General Assembly's decision to freeze base rates for seven years, a change Dominion claimed it needed to ensure it could fund carbon emission reductions under the Obama administration's Clean Power Plan. The CPP was canceled by the Trump administration, which has proposed much less stringent regulations. (See *EPA Finalizes CPP Replacement*.)

"Over the past couple of decades, innovation and technological advancements have allowed consumers around the nation to choose when, where and how they obtain affordable and reliable energy. But in Virginia, we are stuck with a century-old business-as-usual model that benefits monopolies while suppressing competition and consumer choice. It's time to reform the rules of the road," Keam said. "We are done and are tired of 'business-as-usual.'"

Dominion Energy headquarters in Richmond, Va. | *Timmons Group*

Under the current system, monopolies such as Dominion and Appalachian Power own and operate all segments of the state's vertically integrated system, including generation, distribution and retail services. The bill announced Jan. 7, which is set to be discussed in the 2020 General Assembly, would:

- establish a competitive market for electricity retailers to allow customers to shop on price or on environmental attributes (e.g., renewable energy);
- establish a nonprofit independent entity that has no financial stake in market outcomes to coordinate operation of the distribution system;
- remove existing interconnection and financing barriers to customer-owned energy resources; and
- add additional consumer protections and education to ensure smart energy choices.

Dominion and American Electric Power, parent of Appalachian Power, did not immediately respond to requests for comment.

"This legislation, which I trust will gain broad bipartisan support, will chart a course toward engendering much-needed competition in the retail sales of vital electricity services," Ware said. "This is a time of new opportunity."

Keam and Ware claim Virginians have the seventh-highest electricity bills in the country. The utility has had its rates frozen since 2015 when the Republican-led General Assembly removed state regulators' ability to review base rates and set profit levels. (See *Virginia Governor Signs Dominion Rate Freeze Bill*.)

"It wasn't until the rate freeze of 2015 that I came to the realization that this is really bad and really wrong. But only a handful of us said, 'Why are we doing it this way?' And the answers weren't adequate," Keam said. "So, from that point on, until last year when we had that big fight over grid modernization, I think that's awoke a lot of peoples' understanding that we don't have to take this."

Dominion has long been one of the biggest political contributors in the state, having donated about $1.8 million in 2018-19 and $7.1 million since 2010, according to Virginia Public Access Project. In the past, most of the donations went to Republicans. In the most recent cycle, however, the utility donated slightly more ($949,000 to $870,000) to Democratic candidates.

Del. Mark Keam | *Virginia Energy Reform Coalition*

But most Democratic legislative candidates agreed last year to reject funds from Dominion and made their opposition to the utility part of their campaigns. Nearly 50 of the 61 candidates that rejected Dominion money won their elections in November. With that, the Democrats took the majority in both the House of Delegates and the Senate. The state's governor also is a Democrat.

The bill is being backed by the *Virginia Energy Reform Coalition*, a group formed last year that includes both environmental organizations (Appalachian Voices, Clean Virginia and Piedmont Environmental Council) and right-leaning free market organizations (R Street Institute, Reason Foundation and Virginia Institute for Public Policy).

Devin Hartman, the director of energy and environmental policy at the R Street Institute, said the time is now for Virginia to embrace innovation.

"Virginia is shackled to a monopoly utility model that stifles innovation, increases costs and puts government in the difficult role of replacing competition," he said. "It's time for Virginia to liberate market forces, empower consumers and shift the role of government to facilitate competition. Competitive markets are the path to an innovative and consumer-friendly clean energy future. It's time for Virginia to make the right choice." ■

PJM MIC Briefs

Synchronized Reserve Calculation Error

VALLEY FORGE, Pa. — PJM's Independent Market Monitor *said* Wednesday that recently approved maintenance adders to the synchronized reserve calculation allow resources to withhold from the reserve market and increase offers above competitive levels.

To remedy this, the IMM's Catherine Tyler told the MIC to set the synchronized reserve operations and maintenance cost included in Manual 15 to zero. Market sellers could still submit alternate O&M cost calculations to PJM and the Monitor for review using an exception procedure outline in Section 1.8 of the manual.

Stakeholders on the Energy Price Formation Senior Task Force agreed last year that O&M costs for synchronized reserve offers should be removed from PJM's market rules. That docket is still pending before FERC (EL19-58).

Tyler said that a specific provision in Manual 15 allows steam unit synchronized reserves to include O&M costs attributable to a heat rate increase in their offers. The incremental energy offer curve and the no-load costs outlined in Schedule 2 of the Operating Agreement and the manual already account for this, Tyler said.

Sharon Midgley, Exelon's director of wholesale market development, questioned why stakeholders would make this change while FERC has yet to rule on the energy price formation filing.

"The intent is to value resources more appropriately than how they are valued today," she said. "This really decreases the value of reserves. … It's doing the exact opposite of what the package's intent was. Really focusing on one tiny component to us doesn't seem right at this point in the process."

"This is overstating costs for reserves, and it's inappropriate and incorrect," Tyler said. "Any other market design changes around reserves that would affect the price are completely separate from this."

Stakeholders will vote on the potential manual *change* at the February MIC meeting.

Order 841 Update

Andrew Levitt, of PJM's Applied Innovation Department, said work continues on the RTO's brief to FERC due March 11 regarding its proposed 10-hour minimum runtime rule for energy storage resources offering into the capacity market.

FERC accepted most of PJM's storage rules in October, but set the RTO's 10-hour proposal for a paper hearing to determine whether it was just and reasonable. PJM requested a 90-day extension for its brief on Nov. 26.

In the filing, PJM said it needed extra time to engage with stakeholders after noting the sheer volume of protests over the proposed rule.

"Such dialogue will allow PJM to explore potential alternative approaches, as well as to ensure that all sides better understand each other's respective positions," the RTO wrote. ■

— Christen Smith

PJM Operating Committee Briefs

December Operations

VALLEY FORGE, Pa. — PJM *experienced* two spinning events last month and shared reserves with the Northeast Power Coordinating Council three times, the RTO said Thursday.

The RTO also recorded 15 post-contingency local load relief warnings, two high system voltages and four shortage cases.

Staff are also considering changing the way it presents some of the information in the monthly systems operations reports. PJM would replace current charts with a plot of its forecast errors — for both all hours and peak hours only — that would be averaged by month, for the last 25 months. Staff would also plot peak errors for each day of the previous months.

Unit-specific Parameters

Capacity sellers have just seven weeks to submit unit-specific parameter adjustment requests for delivery year 2020/21.

PJM also said a related task force that will address the misuse of real-time values in parameter-limited scheduling will assemble in late January. (See "Real-time Values," *PJM MRC Briefs: Dec. 19, 2019*.)

Manual 38

PJM's Operating Committee on Thursday endorsed another round of *revisions* to Manual 38: Operations Planning. This time, it's a periodic review to update NERC standards and procedures, edit Section 1.2 on interregional studies and assessments, and revise both Attachments A and B. The target implementation date is Jan. 31.

NERC Lessons Learned: Current Transformers Prone to Failure

PJM *said* 138-kV current transformers (CTs) can suffer catastrophic failures because of moisture-contaminated kraft paper insulation.

During a presentation of NERC Lessons Learned, PJM's Donnie Bielak said a faulty seal design allows moisture at the rim of two sections of the tank to be pulled in by internal pressure changes caused by the daily cycling of temperature. The issue caused multiple CTs to catch fire, he said.

| © RTO Insider

A redesigned seal with a bolted gasket system solves the issue. Resource owners should also purchase spare parts and store those parts in a climate-controlled, dry, indoor environment to prevent future moisture contamination.

— Christen Smith

SPP News

Tri-State to Retire 2 Coal Plants, Mine

By Tom Kleckner

Tri-State G&T's Craig Station

Tri-State Generation and Transmission Association said Thursday that it will shut down 1,111 MW of coal-fired generation and an associated coal mine, bending to environmental pressures and market economics.

The Colorado-based cooperative announced the retirement of its last New Mexico coal plant by the end of this year and its remaining Colorado coal units and coal mine by 2030.

CEO Duane Highley said during a media conference call that carbon-reduction legislation in Colorado and New Mexico, the "economics of operating a [coal-fired] power plant in a competitive market," and the addition of low-cost renewables led to a push from Tri-State's membership to develop a future plan for the organization.

"The very, very low cost of renewables coming online are coming in well below the variable cost of fossil fuel plants," Highley said. "We're member-owned and -governed. Our members asked us to come up with a plan that is both financially and environmentally viable."

Tri-State, with 43 member electric cooperatives and public power districts in four states, *announced* the development of its *Responsible Energy Plan* in July in an "aggressive" transition to a cleaner energy portfolio and to ensure compliance with state environmental regulations.

That was Step 1. The next step was Thursday's announcement that it would retire New Mexico's Escalante Generating Station at the end of this year and Colorado's three-unit Craig Generating Station by 2030.

The 253-MW Escalante plant began operations in 1984. Tri-State previously retired its share of coal-fired Unit 3 of San Juan Generation Station in New Mexico in 2017.

The 1,285-MW Craig plant's three units went into service between 1979 and 1984. Tri-State is the majority owner of the 410-MW Unit 2 and full owner of the 448-MW Unit 3. The cooperative said it is working with Unit 2's other owners, which include Xcel Energy, PacifiCorp, Platte River Power Authority and Salt River Project, to determine the details of its retirement.

A previously announced 2025 closure date for the 427-MW Unit 1 will remain unchanged.

Tri-State will also close by 2030 its Colowyo Mine, which solely feeds Craig. The plant is also the only buyer of coal from Trapper Mine, which is owned by Tri-State and other utilities. Highley said it will be up to the plant's other owners to decide its fate once Craig closes.

"I anticipate [Trapper] having difficulty remaining open when the [plant] is gone," Highley said. "[The ownership] will have to decide what to do."

The cooperative still has 783 MW of minority ownership stakes in the Laramie River and Springville coal-fired plants in Wyoming and Arizona, respectively. Asked whether Tri-State could simply withdraw from those contracts, Highley, who joined the cooperative less than a year ago, said he was not familiar with the details of any commitments.

Tri-State's announcement drew a shout-out from Colorado Gov. Jared Polis during his *State of the State address* Thursday and praise from environmental organizations.

Polis, who has pushed legislation designed to make Colorado carbon-free by 2040, used Tri-State as an example of the private sector seeing a "profitable future in renewables." (New Mexico last year passed legislation requiring 100% carbon-free electricity by 2045.)

"We're also excited to work with Tri-State to allow its 17 member co-ops across the state to generate more renewable energy locally," Polis said. "We want communities to have the option of reaping the benefits of more clean, low-cost local energy generation. … It is a bold step to protect the future of the planet we all must inhabit."

The Rocky Mountain Institute's Nick Steel noted that a *2018 RMI analysis* of Tri-State's coal fleet had determined the cooperative's members would save $600 million through 2030 by retiring its coal-fired plants and investing in a replacement portfolio of clean energy resources.

The association's "announcement represents a critical step toward achieving those savings for Tri-State's members," Steel said in a statement. "Importantly, due to falling prices for renewable resources in the Western United States since 2018, the cost savings that Tri-State can capture as a result of these announced coal plant retirements will likely be even higher than we estimated in 2018."

Western Resource Advocates' Erin Overturf,

SPP News

deputy director of the nonprofit environmental group's Clean Energy Program, agreed.

"Closing these coal-fired power plants is an important step that will help Tri-State reduce its emissions of carbon dioxide and other harmful air pollutants, while also lowering electricity costs for its members," she said. "Continued operation of coal plants is increasingly more expensive than shifting to cleaner resources like wind and solar."

Both Polis and Highley referenced their working together on "proactive legislation" and ensuring employees affected by the closures are taken care of.

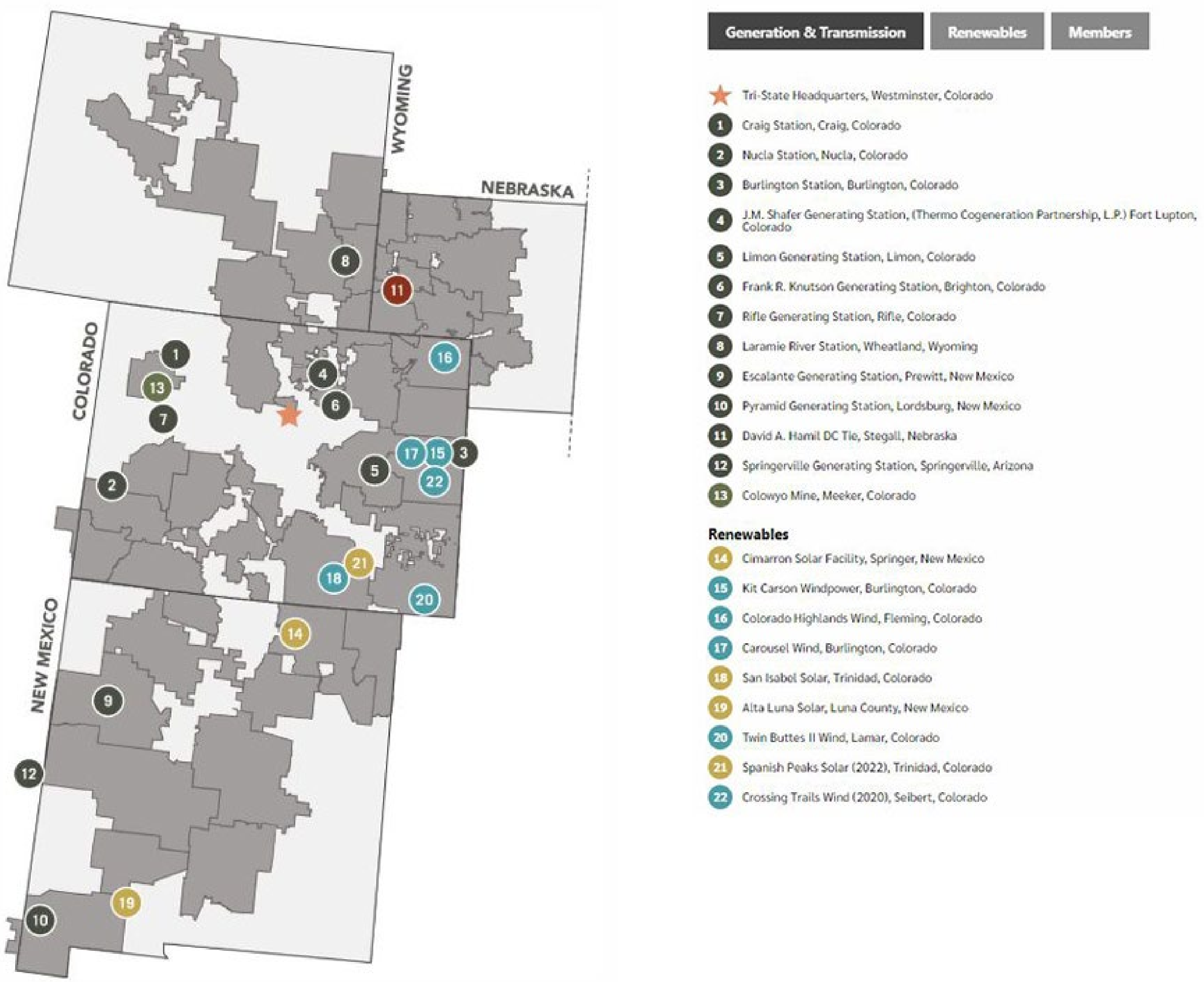
"That's the key for us: maintaining stable rates and reliable power for our members," Highley said. "To provide certainty for our members and employees and communities, wholesale electric rates have to be stable. We're confident we can manage these closures while maintaining stable rates."

Highley put off discussing the Responsible Energy Plan and replacement power until next week, preferring, he said, to stay focused on Tri-State employees and its communities over the next few days. He said the coal closures will mark a "significant downsizing of the company and a significant loss of jobs," touching almost half the employees.

Tri-State has 600 employees directly involved in coal production and another 100 "probably" impacted, Highley said.

Highley did say the Responsible plan will result in a "significant" investment in renewables and rural electrification initiatives.

Tri-State has issued six requests for proposals for renewable energy resources, resulting in power contracts for 656 MW of utility-scale wind and solar resources. The cooperative says nearly a third of the electricity used by its consumers comes from renewable resources. ■



Tri-State's service territory | *Tri-State G&T*

SPP News

SPP Seams Steering Committee Briefs

State Regulators Interested in Regional Reliability Solutions

State regulators from the SPP and MISO footprints continue to discuss opportunities to contribute to the RTOs' transmission planning analysis, Adam McKinnie, chief regulatory economist for the Missouri Public Service Commission, told the Seams Steering Committee on Wednesday.

McKinnie, who also serves as a contact between regulatory staff and the SPP Regional State Committee and Organization of MISO States' Liaison Committee, said commissioners are interested in whether larger projects could resolve reliability issues along the seams.

"They're trying to figure out if there's a role for states to play in encouraging wider solutions, rather than each RTO solving its own reliability problems," McKinnie said.

SPP and MISO have taken three stabs at interregional projects but have failed to agree on a single solution.

The Liaison Committee, composed of regulators from both footprints, commissioned SPP's Market Monitoring Unit and MISO's Independent Market Monitor to analyze seams issues. The MMU produced a *report* on rate pancaking and unreserved transmission use, while the IMM *analyzed* joint dispatch. (See *MISO, SPP Regulators Nibble Away at Seams Issues*.)

The regulators have sought stakeholder feedback to a series of questions on the two studies. McKinnie assured the SSC that the responses are read. "That's why we tried to provide 'kitchen-sinky' questions," he said.

The Liaison Committee held a conference call Monday to discuss responses to the monitors' reports. It will also meet Feb. 9 during the National Association of Regulatory Utility Commissioners' Winter Policy Summit in D.C.

M2M Settlements Reach $68.1M in SPP's Favor

SPP earned more than $870,000 in market-to-market (M2M) payments from MISO during November, cracking $68 million in favorable settlements since the process began in 2015.

Permanent flowgates were binding for 315 hours and more than $878,000 in SPP's favor. Temporary flowgates were binding for 813 hours and more than $7,848 in MISO's favor.

Staff's Will Ragsdale said two permanent flowgates along the Kansas-Missouri border — "our old friend," the 161-kV Neosho-Riverton, and the 161-kV Moberly-Overton — accounted for more than $809,000 in M2M settlements to SPP. The Neosho-Riverton flowgate has racked up more than $30 million in settlements, four times the second-most constrained flowgate.

SPP has realized $68.1 million in M2M settlements since the two RTOs began the process of using the RTO with the most economic dispatch to address market flows. Staff are reviewing flowgates in western North Dakota to determine allocated property rights, or firm-flow entitlements, on M2M constraints and also comparing allocated M2M settlements with LMPs in market settlement areas.

Adam McKinnie, Missouri PSC. | © *RTO Insider*

Committee Reviews 2019, Preps for 2020

Committee members spent much of the meeting discussing the group's organizational effectiveness, based on SPP's annual stakeholder survey results. A suggestion to hold quarterly meetings because of a lack of voting items went nowhere.

Members also reviewed their 2019 accomplishments — including oversight of the MISO-SPP coordinated system plan improvements and study — and major pending issues. The latter includes joint studies with MISO and Associated Electric Cooperative Inc.; identifying the administrative processes that lead to inefficiencies between the SPP and MISO markets; and continued pursuit of coordinated projects to address historical M2M congestion between the RTOs.

Staff are working to set up SPP's annual issues-review meeting with MISO, tentatively scheduled for March 10. ■

— Tom Kleckner

SPP Breaks 18-GW Barrier for Wind Production

SPP last week produced more than 18 GW of wind energy for the first time, less than four months after breaking the 17-GW barrier.

The latest record came at 6:08 p.m. Wednesday, when wind production hit 18,259 MW. That exceeded the previous wind peak of 17,861 MW set on Dec. 11. SPP first cracked 17 GW on Sept. 30, when wind production peaked at 17,107 MW.

ERCOT holds the grid operator record with a 19,672-MW wind peak, set last January.

SPP has more than 22 GW of wind capacity.

— Tom Kleckner

Jan. 20 Wind Mark | *SPP*

Company Briefs

Dairyland Power CEO Retiring

Barbara Nick, the president and CEO of Dairyland Power in Wisconsin, last week said she plans to retire in July.

Nick started at La Crosse-based Dairyland in December 2014 after her role at Wisconsin Public Service Corp. During her tenure, Dairyland doubled the solar generation in the state in 2016.

More: *WXOW*

Duke Energy Renewables' Texas Wind Farm Producing Energy

Duke Energy Renewables announced last week that its 200-MW Mesteño Windpower project in Starr County, Texas, began operation on Dec. 31. It is Duke's fourth wind facility in the county and its 11th in the state.

The energy will be sold into the ERCOT market while the company has entered into a long-term hedge agreement covering most of the expected energy production.

More: *Windpower Engineering & Development*

Ellison's Company in Talks to Buy Electric Grid on Lanai

Hawaiian Electric Co., owned by billionaire Larry Ellison, said last week it is in negotiations to purchase the power plant and electric grid on Lanai, Hawaii.

The company said it has entered discussions with Pulama Lanai for its assets on Hawaii's sixth-largest island. Pulama Lanai is investigating the purchase as a way to transition quickly from oil-based power to 100% renewable energy.

A purchase would be subject to approval from the Public Utilities Commission and would also be analyzed by the consumer advocate.

More: *The New York Times*

First Solar Settles Shareholder Suit

First Solar last week said it will pay $350 million in claims for a class action lawsuit filed in 2012, in which company executives and officers were alleged to have misled shareholders between April 2008 and February 2012 about the extent of financial damage related to a manufacturing glitch. The settlement does not include an admission of liability.

Before the suit, First Solar said it discovered a defect that impacted 4% of panels produced between June 2008 and June 2009. The company agreed to replace any defective panels and logged the impact of the claims in its financials, which hovered in the tens of millions. However, warranty-related expenses rose to roughly $164 million in 2011, which resulted in an 11% drop in share price. The suit claimed First Solar failed to provide a clear picture of its warranty-related costs "or recklessly disregarded them" in financial filings.

More: *GreenTech Media*

OCC Denies OG&E's Request to Dismiss Service Dispute Case

The Oklahoma Corporation Commission on Jan. 2 unanimously denied Oklahoma Gas and Electric's request to dismiss or pause a case in which the People's Electric Cooperative is attempting to stop OG&E from serving a customer in its area.

The cooperative asked the commission to order OG&E to quit providing power to a Tall Oak Midstream natural gas plant within its service area. OG&E asked for a dismissal or pause of the request as it mirrors arguments made in another case that the utility lost and appealed to the state Supreme Court. In that case, CKenergy Cooperative challenged OG&E providing power to a ONEOK-owned pipeline pumping station. Two of the three commissioners agreed that OG&E violated the Retail Electric Supplier Certified Territory Act and ordered it to cease providing power, which the utility appealed and is still awaiting a ruling on.

More: *The Oklahoman*

Pattern Energy Begins Repowering Wind Park in Texas

Pattern Energy last week announced it had secured financing and begun construction on the repowering of the 271-MW Gulf Wind park in Kenedy County, Texas.

The company will replace the existing wind turbines with 118 new SWT-2.3-108 models, as well as improve the park's efficiency and lower its operating costs. It also has a new power purchase agreement with Austin Energy for 20 years.

More: *Renewables Now*

Troutman Sanders and Pepper Hamilton Join Forces

Law firms Troutman Sanders and Pepper Hamilton last week said they have agreed to merge, effective April 1, 2020, to form a new firm entitled Troutman Pepper Hamilton Sanders, or "Troutman Pepper." The firm says it will have 1,100 attorneys in 23 offices across the country.

More: *Troutman Sanders*

Emera Fined for Gas Price Violations

FERC last week approved a consent decree requiring Emera Energy to pay a civil penalty of $5,000, disgorgement of $14,120 and interest of $2,002 for violating ISO-NE's Tariff requiring that evidence supporting fuel price adjustments (FPAs) reflect "an arm's length transaction." The RTO allows market participants to make an FPA request when their expected fuel prices are above those used by the Internal Market Monitor to calculate the reference levels for the supply offer.

Emera was formerly an affiliate of Rumford Power, the operator of a 265-MW combined cycle natural gas plant in Rumford, Maine, which can only obtain gas via the Portland Natural Gas Transmission System, an illiquid trading point that often lacks offers on the Intercontinental Exchange.

Emera self-reported to FERC that it had identified 16 FPA requests for Rumford between August 2015 and November 2016 which were substantiated with ICE screenshots displaying offers to sell natural gas posted by Emera's gas desk when no other offers were available. "We have consistently held that affiliated entities are not capable of engaging in 'arm's length transactions' because there is insufficient assurance that an agreed upon price will genuinely reflect market forces," FERC said. Emera stipulated to the facts cited by FERC but neither admitted nor denied the violations.

More: *IN20-2*

Federal Briefs

2019 Natural Gas Prices Lowest in Last 3 Years

Natural gas spot prices at Louisiana's Henry Hub in 2019 averaged $2.57/MMBtu, roughly 60 cents lower than 2018 and the lowest annual average since 2016, the Energy Information Administration announced last week.

Monthly average prices at most key regional trading hubs reached their highest levels in February but were fairly low and stable from April to December.

As for consumption, both the residential and commercial sectors increased by 2% compared to last year, based on EIA's data through October and estimates for November and December. Natural gas use in the generation sector also increased, especially in July and August when a heat wave in the Midwest and Northeast led to record-high natural gas generation.

More: *EIA*

Atlantic Coast Pipeline Loses Permit Battle

The 4th Circuit Court of Appeals in Richmond, Va., last week unanimously voted to reject a permit for a gas-powered compressor station in Union Hill for Dominion Energy's Atlantic Coast Pipeline. According to the Southern Environmental Law Center, the Union Hill case is the eighth instance since May 2018 in which a federal court or agency has revoked or suspended pipeline permits.

The pipeline is projected to run 600 miles and carry fracked natural gas from West Virginia to North Carolina but has hit numerous legal obstructions. The community argued that the project would lead to poor health conditions. Dominion said it plans to work with Virginia to fix the issues the court identified.

More: *The Hill*

Puerto Rico Power Plant Sustains 'Destruction on a Grand Scale'

The Costa Sur Power Plant, Puerto Rico's largest power plant that provides roughly a quarter of the island's power, experienced "destruction on a grand scale" last week when it was significantly damaged following a 6.4-magnitude earthquake and subsequent aftershocks. José Ortiz, executive director of the Electric Power Authority, said repairing or replacing the plant could take a year or more.

Ortiz said the overall system will remain unstable for weeks until the utility installs a new transformer in one unit of the Aguirre power plant, a job that should be completed in early February.

More: *The Wall Street Journal*

US Greenhouse Gas Emissions Fell Slightly Last Year

U.S. greenhouse gas emissions fell 2.1% last year because of a sharp drop in coal consumption, according to the Rhodium Group.

Coal-fired generation, which had rebounded slightly in 2018, fell by a record 18% to its lowest level since 1975, the study said. However, much of the reduction was offset by rising natural gas emissions. Transportation emissions remained relatively flat while emissions from buildings, industry and other parts of the economy grew.

The 2019 GHG emissions were roughly 12% below 2005 levels, which puts the country at risk of missing the 17% target it agreed to reach by 2020 under the 2009 Copenhagen Accord. The number is also a ways off from the 26 to 28% reduction the U.S. pledged to carry out by 2025 under the 2015 Paris Agreement. The country accounts for 11% of global GHG emissions.

More: *The Washington Post*

Democrats to Target 100% Clean Energy Standard in Bill

House Democrats outlined their vision for sweeping climate legislation Wednesday, offering a first look at a bill that would push the U.S. to reach net-zero carbon emissions by 2050.

Democrats plan to introduce the so-called Climate Leadership and Environmental Action for our Nation's (CLEAN) Future Act, a broad climate bill targeting every major sector of the economy, later this month.

The measure includes a requirement that utilities work toward 100% carbon-free electricity by 2050, a mandate that includes a clean energy credit trading system. It also includes a first-of-its-kind National Climate Bank, intended to boost technological innovation as well as fund projects that bolster against the effects of climate change.

More: *The Hill*

State Briefs

ARIZONA

Cholla to Close One of Three Coal Generators

PacifiCorp said last week that it will close one of the three generators at its Cholla coal-fired power plant by the end of this year. The other two units are scheduled to close in 2025.

The company said it was considering converting the unit to natural gas, or shutting it down, by 2025. However, a company spokesman said it determined it is cheaper to just close the unit this year.

"Both the 2017 and 2019 PacifiCorp [resource plans] showed continued operation of Cholla Unit 4 is no longer economic for PacifiCorp customers beyond 2020 when compared to other energy resource alternatives," spokesman Spencer Hall said.

More: *The Arizona Republic*

ILLINOIS

Springfield Adopts New Solar Rules

The Springfield City Council and utility officials reached an agreement last week on retail net metering that guarantees households with solar panels will continue to get credited the same amount per kilowatt-hour as the utility charges for energy it gets from its coal-fired power plant or the open market. The policy comes after City Water, Light and Power (CWLP) began requiring two meters for new installations last year.

The new rules also allow CWLP to study and propose changes to the net metering rate after solar capacity reaches 3% of the city's peak energy demand (currently less than 1%); allow existing installations less than 100 kW and any installations put in before Feb. 20 to keep retail metering; and keep a two-meter requirement but change how the meters are connected.

More: *WUIS*

IOWA

Alliant Energy Gets Approval to Increase Rates

The Utilities Board last week approved a $127 million rate increase for Alliant Energy that the utility had sought for 10 months. Alliant had asked for $203 million.

The order will raise the fixed monthly residential customer charge from $11.50 to $13, while charges will go from $19 to $20 for general service customers. The changes will take effect after the board approves compliance tariffs Alliant must submit within 20 days, showing the approved revenue increases, by customer class, as a percentage of total revenues and base rate revenues.

More: *The Gazette*

KANSAS

Attorney General Urges ICC to Return Excess Tax Money

Attorney General **Kwame Raoul** last week filed two requests with the Commerce Commission to reconsider its decisions in Commonwealth Edison's and Ameren Illinois' formula rate cases that allow the companies to keep more than $540 million in consumer refunds for more than 35 years.

The federal Tax Cuts and Jobs Act reduced the corporate income tax rate from 35% to 21%, and as a result, the companies have millions of dollars in excess tax money.

Raoul's office is recommending ComEd return $385 million and Ameren return $158 million to consumers over a five-year period instead of the proposed 38- and 35-year periods, respectively. The recommendations would result in a $62 million rate reduction for ComEd consumers and a $20 million reduction for Ameren consumers for each of the next five years. The ICC originally rejected the request in December.

More: *AdVantage News*

Solar Installations Drop Following Added Demand Fee

Evergy, the state's largest utility, acknowledged 2019 solar interconnection requests fell almost a third from 2018 after it instituted a demand fee on residential solar customers in October 2018.

The demand fee makes customers pay an additional charge each month based on their peak electricity use during the billing period. Solar installers say the fee has made the case for residential panels less certain and more complicated, which has led to a significant decrease in sales.

The fee has provoked pushback from the solar industry. Last summer, Evergy agreed to exempt customers who had installed panels before October 2018 even though state regulators initially agreed to let the utility charge customers who had installed arrays after October 2015. Negotiations between Evergy and solar advocates are ongoing, said Dorothy Barnett, director of the state's Climate & Energy Project.

More: *Energy News Network*

MAINE

Storage Commission Recommends Targets

The Commission to Study the Economic, Environmental and Energy Benefits of Energy Storage to the Maine Electricity Industry last week recommended the state establish a goal of reaching 100 MW of storage capacity by the end of 2025 and gave seven suggestions to get there.

The commission's recommendations included establishing state targets for storage development; encouraging storage paired with renewable resources; advancing storage as an efficiency resource; addressing electricity rate design issues relating to time variation in costs; advocating for storage consideration in regional wholesale markets; clarifying utility ownership of energy storage; and conducting an in-depth analysis of storage costs, benefits and opportunities.

The 14-member group was established last year by the Legislature and was tasked with exploring whether certain storage projects would contribute to the state's energy sustainability goals and economy.

More: *Mainebiz*

Land Commission Approves CMP's NE Clean Energy Connect

The Land Use Planning Commission last week granted Central Maine Power certification for its New England Clean Energy Connect project, a transmission line from Canada to Lewiston, saying the project meets the commission's applicable zoning and land-use standards.

The vote means the commission decided that the project is an "allowed use" of the land within the subdistricts it's proposed, and that the project meets all land-use standards that are separate from those already considered by the Department of Environmental Protection.

More: *WCSH*

MISSOURI

Ameren Energizes Mark Twain Tx Project

The Ameren Transmission Company of Illinois last week announced that its 96-mile, 345-kV Mark Twain Transmission line and substation are complete and energized. The $267 million project was placed into service Dec. 19.

The transmission project was approved by MISO in 2011 as part of its multi-value projects package.

More: *Kirksville Daily Express*

NEBRASKA

Omaha Public Power District Commits to Net Zero Carbon

The Omaha Public Power District (OPPD)

approved a goal to reach net zero carbon emissions by 2050 at a meeting in November. The utility generates most of its power from coal, but its renewables portfolio is growing and has jumped from 4% of the company's generation in 2010 to almost 32% in 2018.

An option for the utility is to convert its coal-fired plants to natural gas, which it says it will do with Units 4 and 5 at its North Omaha station by 2023. Still, OPPD said reaching the deadline will involve solutions and technologies not yet available.

"When we look to the future, there are some things that we're paying very close attention to, like battery storage, carbon capture on natural gas or coal-fired units. And those technologies are very immature yet," Director of Environmental and Regulatory Affairs Russ Baker said.

More: *NET News*

NEVADA

Google Inks Corporate Solar-plus-Storage Deal with NV Energy

Google and NV Energy last week agreed on a power purchase agreement to power an under-construction data center outside of Las Vegas. The utility plans to procure 350 MW of solar and between 250 and 280 MW of storage to serve the facility in Henderson. No dollar figures were announced as the agreement must still be approved by regulators.

NV Energy said it will use a new renewable facility, or a small portfolio of facilities consisting of solar and co-located battery energy storage and plans to amend its integrated resource plan to gain the approval for those projects.

More: *GreenTech Media*

NEW HAMPSHIRE

Sununu Backs GOP 'Clean Energy' Package

Gov. **Chris Sununu** last week embraced a package of Republican-led bills to promote clean energy in the state.

Three bills would increase the limit of generators who can participate in net metering to more than 1 MW as long as it's no more than 125% of the customer's average monthly electricity use; create a "municipal host" exemption under net metering that can be a group of customers as long as all are owned or operated by cities or towns; and expand the authority of generators to sell power on the retail market as long as the buyers reside in the state.

Democrats called the package a "stunt," saying Sununu has a record of fossil fuel support and has opposed incentives for renewables, as he vetoed five clean energy bills last session.

More: *New Hampshire Union Leader*

NEW YORK

Poughkeepsie Common Council Opposes Danskammer Plant

The Poughkeepsie Common Council voted 6-1 last week to oppose the construction of a new Danskammer Energy Center in Newburgh and passed a nonbinding memorialization asking the state Board on Electric Generation Siting and the Environment to reject the application and permits needed for the build-out of the plant.

Danskammer is seeking to replace its current generation station, which the company says is outdated, with a modern facility that will use natural gas via fracking. Gov. Andrew Cuomo has prohibited fracking for fossil fuels in the state but has not prohibited new plants from using gas collected from fracking in other states.

More: *Mid Hudson News*

SOUTH CAROLINA

Dominion Energy to Pay in Settlement Tied to Failed Nuclear Project

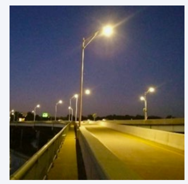
Dominion Energy last week agreed to pay $192.5 million to settle investor lawsuits stemming from the failed V.C. Summer nuclear project. The settlement is thought to be the largest payout in a shareholder lawsuit in the U.S. District Court for South Carolina.

The lawsuits were initially filed following the cancellation of V.C. Summer in Fairfield County. It was there that SCANA and Santee Cooper spent more than $9 billion on two unfinished reactors. The settlement could now require Dominion to pay former SCANA shareholders $160 million in cash payments and offer another $32.5 million in stock. Any SCANA shareholder who owned stock between October 2015 and December 2017 will be eligible for part of the settlement. Dominion acquired SCANA last year.

More: *The Post and Courier*

VIRGINIA

State to Replace Roadside Lights with LEDs



The state last week announced that starting this spring, it will replace roughly 9,600 lights in and on limited-access highways, interchanges, park-and-ride lots, rest areas and weigh stations with efficient LED bulbs. The changeover will reduce energy consumption by at least 50% and cut 8,800 tons of heat-trapping gas emissions, according to the Department of Transportation.

Gov. Ralph Northam's plan to modernize highway lighting aligns with his 2018 energy plan goals as well as an executive order he signed in September, which calls for the state's electric grid to be carbon-free by 2050. The state said it expects net energy and operations and maintenance savings of $4.6 million by 2036.

More: *Energy News Network*

WYOMING

Commission Rejects Wind Farm Applications

The Carbon County Commissioners last week rejected the conditional use permit applications for the Lucky Star and Two Rivers wind farms. The board had been discussing the permits since September when members found that the applications were incomplete, as BluEarth Renewables had not applied with the Bureau of Land Management. However, BluEarth has completed the permit process in Albany County.

The projects, which total roughly $1 billion and would produce roughly 780 MW, were proposed in September 2018 and are designed to be built on private and federal land between Carbon and Albany counties.

More: *Rawlins Times*