RTO Insider

Your Eyes and Ears on the Organized Electric Markets

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How ComEd Got its Way with Ill. Legislature

Company Admits Funding 'Old Time Patronage System'

By Rich Heidorn Jr.

In 2011, Exelon's Commonwealth Edison sought to persuade Illinois lawmakers to allow it to make billions in smart grid investments and switch to a formula ratemaking process to allow it to recover its costs more quickly.

But the utility didn't depend only on its powers of persuasion to get its way. According to a U.S. Justice Department investigation announced Friday, the company also began currying favor with House Speaker Michael Madigan, the chair of the state Democratic Party and the most powerful official in the state.

It began a scheme to pay Madigan's associates through jobs and internships, and appointed a Madigan ally to its board of directors. (See related story, *ComEd to Pay $200 Million in Bribery Scheme*.)

In return, the company won Madigan's support for the 2011 Energy Infrastructure Modernization Act (EIMA) — which approved the formula rate mechanism — and the 2016 Future Energy Jobs Act (FEJA), which authorized subsidies for Exelon's Clinton and Quad Cities nuclear generators. Exelon's return on investment? More than $150 million, according to the Department of Justice.

ComEd's payments to Speaker Madigan's associates, approved by ComEd CEO Anne Pramaggiore (right), were allegedly funneled through third parties, including the firm of ComEd lobbyist Jay Doherty (left).

"Today's filing confirms what we have long suspected and feared: that ComEd and its parent company Exelon's remarkable public policy success since 2011 was made possible through a corrupt and illegal political influence operation," Illinois PIRG Director Abe Scarr said in a *statement*.

Scarr said ComEd "was in crisis" in the decade before the passage of EIMA. "Its distribution system suffered from chronic reliability problems stemming from decades of mismanagement. ComEd was in a financially and politically precarious position, threatening bankruptcy. Former Exelon CEO John Rowe

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ComEd to Pay $200 Million in Bribery Scheme

By Michael Yoder

Exelon's Commonwealth Edison agreed Friday to pay a $200 million fine to settle allegations that it bribed Illinois House Speaker Michael Madigan (D) in return for legislation that increased the company's earnings and bailed out its money-losing nuclear plants.

Illinois House Speaker Michael Madigan | *Illinois General Assembly*

The U.S. Attorney's Office in Chicago filed a one-count *information* alleging that to influence legislation favorable to the company, ComEd arranged no-work jobs for Madigan associates including former Chicago Alderman Michael R. Zalewski, the father-in-law of Illinois Commerce Commission Chair Carrie Zalewski.

ComEd also admitted to appointing a Madi-

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FERC Issues Final Rule to 'Modernize' PURPA

By Michael Brooks

FERC on Thursday revised how it enforces the Public Utility Regulatory Policies Act, giving state regulatory commissions more flexibility in how they establish avoided-cost rates for qualifying facilities and the ability to require those rates to vary over the span of a QF's contract.

States may use fixed energy rates for QFs, but they will also be able to base them on projections of what energy prices will be at the time of delivery.

The commission's final rule adopted most of the proposals in its Notice of Proposed Rulemaking issued in September last year (*Order 872; RM19-15, AD16-6*). (See *FERC to Reshape PURPA Rules*.)

Perhaps most notably, the commission had

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Also in this issue:

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In this week's issue

Stakeholder Soapbox

Thank Our Heroes and Save Our Customers

By Steve Huntoon

Coming out of semi-retirement for two reasons.

First, to thank all our front-line utility folks who have kept electricity and all other vital utility services running through the pandemic. You've received little recognition, but where would we be without you?

Thanking not only everyone on the lines — our front lines — but everyone working at our generating facilities and our distribution and transmission centers to keep electricity flowing continuously 24/7. True heroes.

Second, every utility (and other energy provider) has an obligation to use its standard communications to customers — covering every-

Con Ed workers wearing face masks | *Con Edison*

one in this country — to encourage the use of face masks. This is public-purpose space that costs a utility nothing to contribute to a critical public health good. And that is to encourage everyone to wear face masks.

Let's thank our heroes and save our customers. It's not politics. It's the right thing to do. ■

Southeast Utilities Talking Regional Market

By Rich Heidorn Jr.

Utilities and cooperatives in the Southeast have been meeting for months on a plan to create a regional 15-minute energy market, officials confirmed Wednesday.

The talks, led by Southern Co. and Duke Energy, were largely secret until July 13, when the initiative was mentioned at a meeting of stakeholders working on North Carolina Gov. Roy Cooper's Clean Energy Plan. The *Charlotte Business Journal* was the first to report on the plan July 14, saying as many as 20 companies may be involved.

Officials of Southern, Duke and the Tennessee Valley Authority confirmed the talks Wednesday, saying the Southeast Energy Exchange Market (SEEM) would be a 15-minute energy market designed to lower customer costs, optimize new renewable energy resources and improve reliability.

Dominion Energy South Carolina; Oglethorpe Power; PPL subsidiary LG&E and KU Energy; Santee Cooper (the South Carolina Public Service Authority); the North Carolina Electric Membership Corp.; the North Carolina municipal members of ElectriCities; and several electric cooperatives also are reportedly involved in the talks.

'Exploratory Stage'

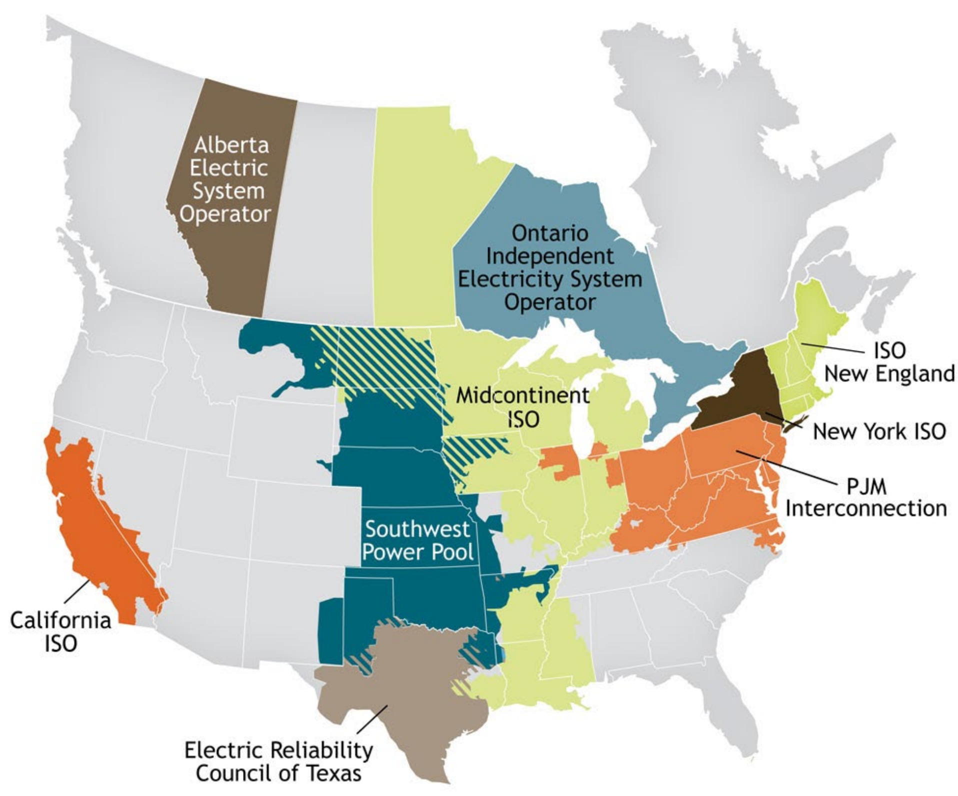
Southern Co. spokesman Schuyler Baehman said talks are in the "exploratory stage."

"If we determine that partnering with our neighbors makes sense, we'll certainly take the appropriate steps to describe that more fully for regulators and stakeholders," he said.

"While we're still early in the learning phase, we're eager to see the kind of benefits a regional energy market might have for our customers, particularly if it helps improve how we can jointly operate growing solar resources on our systems," Duke spokeswoman Erin Culbert said. "This evaluation is a response to stakeholder interest we've been hearing for a few years on a potential energy market so we can advance these concepts and see if they make sense."

"If we determine that partnering with our neighbors makes sense, we'll certainly take the appropriate steps to describe that more fully for the 10 million people we serve," TVA spokesman Jim Hopson said.

The Southeast is the only region of the continental U.S. that has not moved to some form of regional market, continuing to be served by vertically integrated monopoly utilities. Lawmakers in North and South Carolina, however, have been discussing prospects for joining or creating a new regional market for more than a year.



| ISO/RTO Council

Culbert said the SEEM would be limited to energy — not capacity — and build on the existing bilateral market. It would use the "same principles" as the Western Energy Imbalance Market but be less "granular [and] costly to set up," she said.

"It would allow participants to buy and sell power close to the time electricity is consumed and would give system operators real-time visibility across neighboring electric grids," she said, adding that better integration of renewables could mean fewer solar curtailments.

"This isn't a regional transmission organization, nor does it prohibit the ability for any of the companies to form or join an RTO in the future," she added. "No decisions have been made yet. As we learn more details, we'll be sharing those with regulators and stakeholders and, if we proceed, would make the appropriate filings with FERC, etc."

Lack of Transparency?

News of the utility discussions alarmed some stakeholders.

"More competition in the electricity sector is inherently good for ratepayers and the economy, but it's not truly competition if vertically integrated utilities can continue exercising their monopoly power," Katherine Gensler, vice president of regulatory affairs for the Solar Energy Industries Association, said in a statement. "As details emerge, policymakers must ensure that this imbalance market has the proper governance to ensure that ratepayers, generators and participating utilities can all share the benefits.

"While an energy imbalance market may be the best solution for the Southeast, we should take a collaborative approach to discussing utility business model reforms, including robust stakeholder input," Gensler continued. "We cannot be in the situation where utilities ignore stakeholders and state legislators and simply announce their preferred solution. We care deeply about expanding competition, but today's news shows an alarming lack of transparency."

"The South's power sector — dominated by large monopolies with not enough accountability or competition — is in need of significant change," said Frank Rambo, senior attorney for the Southern Environmental Law Center. "A fully open wholesale electricity market could produce the efficiencies and competition that would result in cleaner energy and lower power bills, but a plan hatched in secret by the monopoly utilities that have most benefited from the status quo is not a promising vehicle to deliver that kind of change."

A spokesman for the South Carolina Public Service Commission said he was unaware of the discussions. The North Carolina Utilities Commission did not immediately respond to a request for comment.

RTO Legislation

North Carolina House *Bill 958*, introduced in April 2019, would authorize the NCUC to require the state's investor-owned utilities establish or join a regional transmission entity after determining such a move would be in the public interest. It was referred to the House Committee on Rules, Calendar and Operations of the House.

South Carolina lawmakers introduced legislation (S. 998 and H. 4940) in January 2020 that would establish an Electricity Market Reform Measures Study Committee to study the benefits of electricity market reforms and whether the legislature should adopt them. In February, *H. 4940* crossed over to the Senate.

Prior Studies

In May, law firm Nelson Mullins Riley & Scarborough sponsored a webinar on "How Markets and Reform Can Reduce Electricity Costs in the Carolinas."

Among those who spoke were Jennifer Chen of Duke University's Nicholas Institute for Environmental Policy Solutions and the author of a March 2020 *policy brief* titled "Evaluating Options for Enhancing Wholesale Competition and Implications for the Southeastern United States."

Rachel Wilson of Synapse Energy Economics shared evidence indicating that membership in an RTO would result in savings for Duke customers.

She said the 2012 merger of Duke and Progress Energy, which combined their generation fleets in the Carolinas, "resulted in hundreds of millions of dollars in savings," prompting questions about whether joining an RTO would produce bigger savings.

One study estimated that joining PJM could reduce production costs for Duke's North Carolina customers by up to $600 million annually, a savings of 9 to 11%, Wilson said.

In Duke's 2018 integrated resource plan proceedings, Synapse compared the company's proposed IRP with an alternative scenario for the North Carolina Sustainable Energy Association.

While the Duke IRP called for using new gas resources to meet future demand, the "market scenario" used solar paired with storage, as well as standalone solar and battery resources, to meet projected peak.

Under Duke's IRP, fossil fuels would be 42% of its fuel mix with renewables representing 9%. The market scenario reduced coal to 1% and gas to 8%, with renewables taking a 27% share, imports representing 18% and nuclear making up most of the rest.

By 2033, Synapse said, wholesale costs under the market scenario would be 30% lower than under the IRP. ■

FERC Briefs

FERC issued a flurry of orders Thursday in its last open meeting before September. (The commission does not meet in August.)

The commission:

CAISO

- Ordered additional briefing concerning the calculation of the return on common equity for the DATC Path 15 upgrade to reflect the commission's revised ROE methodology in Opinions 569 and 569-A. The 84-mile, 500-kV transmission line was built to relieve congestion on the existing Path 15 corridor between northern and southern California (*ER17-998-001*).

- Upheld the result of its January 2020 order that denied Pacific Gas and Electric's request to recover 100% of the costs from its abandoned Central Valley Power Connect Project (*ER19-2582-001*).

ISO-NE

- Rejected a complaint by Liberty Power Holdings alleging that ISO-NE inappropriately refused to correct a $200,000 billing error resulting from Eversource Energy's reporting to the RTO load for the Smith & Wesson plant in Western Massachusetts that was mistakenly attributed to Liberty. The commission said Liberty waited too long to seek a correction (*EL20-27*).

- Approved Paper Birch's request to make wholesale sales of electric energy, capacity and ancillary services at market-based rates in the NYISO and ISO-NE markets. The order said the commission intends to release affiliate information for which Paper Birch requested privileged treatment (*ER20-1120*).

MISO

- Approved an uncontested settlement on Entergy Arkansas' tariff revisions to ensure the return of excess accumulated deferred income taxes resulting from the Tax Cuts and Jobs Act of 2017 (*ER18-1247-001*).

- Upheld the result of its November 2019 order denying the Louisiana Public Service Commission's complaint alleging that Entergy Services' off-system sales of energy to third-party power marketers and others for the benefit of Entergy Arkansas violated its generation and transmission pooling arrangement (*EL19-50-001*). (See *La. PSC Complaints Denied in Entergy System Disputes*.)

DATC Path 15 transmission line | *Duke-American Transmission Co.*

NYISO

- Approved in part and denied in part Alcoa Power Generating's requests for waivers of the requirements for the company's Tapoco and Long Sault Divisions to have open-access transmission tariffs, maintain an Open Access Same-Time Information System, and comply with the Standards of Conduct and other regulations (*ER20-1580*).

PJM

- Accepted PJM's Tariff and Operating Agreement revisions to allow market sellers to submit, and update intraday, hourly differentiated segmented ramp rates in both the day-ahead and real-time energy markets (*ER20-1414*). (See "Parameter-limited Scheduling Fix," *PJM MRC Briefs: Dec. 19, 2019*.)

- Upheld its January 2020 ruling allowing Potomac-Appalachian Highline Transmission to recover certain advertising and public advocacy costs incurred during its efforts to win approval for the canceled PATH project (*ER09-1256-006*). (See *FERC Grants Recovery on PATH Project Costs*.)

- Upheld the result of its October 2019 order finding that Dominion Energy Virginia met its burden under Section 205 of the Federal Power Act to show that changing to the 12-coincident-peak transmission cost allocation method is just and reasonable because it is based on Dominion's transmission planning (ER19-1661-002). (See *FERC OKs New Dominion Tx Rate Structure*.) (This order had not been posted to the commission's website as of press time.)

- Ordered hearing and settlement procedures in the North Carolina Eastern Municipal Power Agency's complaint that Duke Energy Progress' 11% ROE in the companies' power supply agreement is excessive. It rejected Duke's request to dismiss the complaint and set a refund effective date of Oct. 11, 2019 (*EL20-4*).

- Ordered a paper hearing to determine a reasonable proxy for determining the capital structure and cost of capital for a merchant generator in response to a petition for a declaratory order seeking guidance on the commission's cost-based methodology for compensating reactive power generators. The petition was filed by Ares EIF Management, Competitive Power Ventures, Invenergy Thermal Development, J-Power USA Development, Panda Power Generation Infrastructure Fund, Tenaska and Vistra Energy (*EL19-70*).

- Accepted PSEG Energy Resources & Trade's tariff revisions to cancel reactive power service tariff records for the Yards Creek Generating Facility. PSEG has proposed selling its 50% interest in the facility, a 420-MW hydro facility in Warren County, N.J. (*ER20-1441*).

- Ordered hearing and settlement procedures on the continued justness and reasonableness of Constellation Power Source Generation's reactive supply and voltage control rates (*ER17-801-006*).

SPP

- Reduced ITC Great Plains' adder for being an independent transmission company from 100 basis points to 25 in response to a complaint by the Kansas Corporation Commission (*EL19-80*). ■

— Rich Heidorn Jr. and Michael Kuser

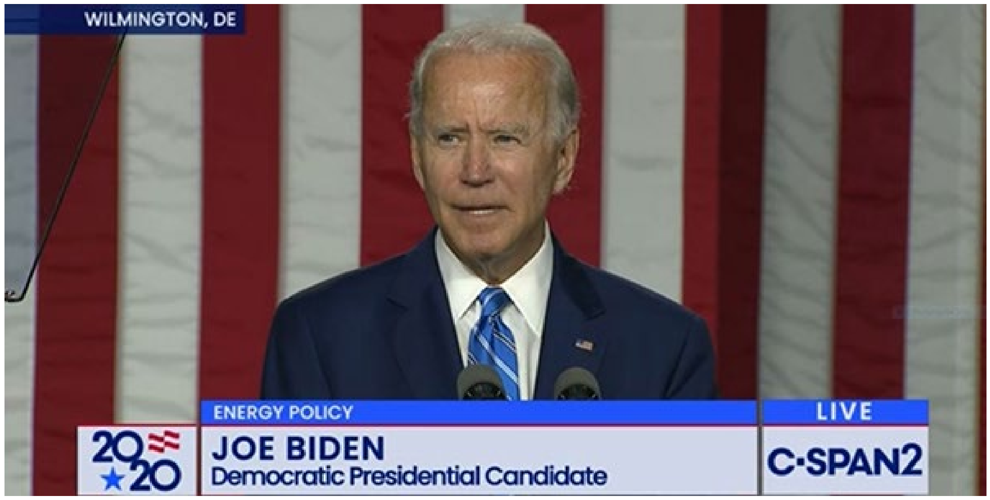
FERC/Federal News

Biden Offers $2 Trillion Climate Plan

Sees 'Once in a Lifetime' Economic Opportunity

By Rich Heidorn Jr.

Presumptive Democratic presidential nominee Joe Biden last week outlined a $2 trillion plan to eliminate power sector carbon emissions by 2035 and make the U.S. the leader in electric vehicle production, calling the climate change challenge a "once-in-a-lifetime opportunity to jolt new life into our economy, strengthen our global leadership [and] protect our planet for future generations."



Presumptive Democratic presidential nominee Joe Biden announced his climate plan in a speech at the Chase Center in Wilmington, Del. | *C-SPAN*

In a 23-minute speech at the Chase Center in Wilmington, Del., on July 14, Biden pledged to build on the billions in clean energy investments of the Obama administration, rejoin the Paris Agreement on climate change and reverse the Trump administration's environmental rollbacks.

Developed with input from former presidential candidates Sen. Bernie Sanders (I-Vt.) and Gov. Jay Inslee (D-Wash.), among others, Biden's plan is markedly more ambitious than the policies he backed during the primaries, when he called for spending $1.7 trillion over 10 years and eliminating CO_2 emissions from power plants by 2050.

The shift reflects both his desire to motivate the liberal wing of the Democratic Party and to provide an economic stimulus to aid recovery from the coronavirus pandemic. How successful he is in implementing the agenda will depend not just on his election but also on Democratic gains in Congress, particularly whether they regain control of the Senate.

"We're not just going to tinker around the edges," he said. "Science tells us we have nine years [to cut emissions] before the damage is irreversible, so my timetable [for] results is my first four years as president."

To reach net-zero emissions economy-wide by 2050, Biden *proposed*:

- Converting the federal vehicle fleet to EVs and adding 500,000 EV charging stations, moves he claimed would create 1 million new jobs in the U.S. auto industry and its supply chains.
- Zero-emission public transit for every city with 100,000 or more residents.
- Improving energy efficiency of 4 million buildings and 2 million homes over his first term through direct cash rebates and low-cost financing.
- Investments to reduce the costs of clean energy technologies, including battery storage, negative emissions technologies, next-generation building materials, renewable hydrogen and advanced nuclear.
- Creating a Civilian Climate Corps to work in "climate-smart" agriculture, resilience and conservation, including 250,000 jobs plugging abandoned oil and natural gas wells and reclaiming abandoned mines, an idea championed by Inslee and modeled after the New Deal Civilian Conservation Corps.

Seeking to head off likely criticism that the plan will harm the economy, Biden framed his proposal as an economic development program, repeatedly referring to creation of "union" jobs. Building on the "Buy American" theme he sounded in his economic plan *released* July 9, Biden also made clear he will contest President Trump's economic nationalism.

"When Donald Trump thinks about climate change, the only word he can muster is 'hoax.' When I think about climate change, the word I think of is 'jobs,' good-paying, union jobs," Biden said.

The Trump campaign accused Biden of a bait-and-switch, saying "his so-called 'Build Back Better' plan and radical proposal to spend $2 trillion in four years on Green New Deal policies make it clear that union jobs related to oil, natural gas, fracking and energy infrastructure will be on the chopping block."

Biden would use the federal government's buying power to raise wages — requiring vendors receiving government contracts to pay at least $15/hour — and provide demand for EVs while also offering rebates for car owners to switch from gasoline-powered autos.

"The United States owns and maintains an enormous fleet of vehicles, and we're going to convert these government fleets to electric vehicles, made and sourced right here in America, with the government providing the demand and the grants to retool factories that are struggling to compete. The U.S. auto industry and its deep bench of suppliers will step up, expanding capacity so that the United States — not China — leads the world in clean vehicle production," Biden said.

"We know how to do this. [The Obama] administration rescued the auto industry and helped it retool; made solar energy the same cost as traditional energy; weatherized more than 1 million homes. And we'll do it again, but this time bigger and faster and smarter," he continued. "These aren't pie-in-the-sky dreams. These are actionable policies that we can work on right away. We can live up to our responsibilities [and] meet the challenge of a world at risk of a climate catastrophe."

Environmental Justice

Biden also pledged to address pollution's impact on poor and minority communities, in part by ordering the attorney general to implement via executive action key parts of Sen.

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FERC/Federal News

FERC Issues Final Rule to 'Modernize' PURPA

Continued from page 1

proposed reducing the threshold for the presumption that QFs in RTO/ISO territories have nondiscriminatory access to the wholesale markets from 20 MW to 1. But in the final rule, FERC adopted a 5-MW threshold.

FERC also gave state regulators more flexibility in administering its "1-mile rule" — the presumption that affiliated QFs located at least 1 mile apart are separate facilities. Regulators will be able to challenge that presumption if the facilities are located more than 1 mile but less than 10 miles apart. Facilities located 10 or miles apart will still automatically be presumed to be separate.

States will also be able to set QF energy rates based on the LMP in wholesale markets. FERC had proposed in the NOPR that the LMP itself represent utilities' "as-available" avoided costs, but it changed that in the final rule to a rebuttable presumption.

"It's been my view from the start that FERC should modernize our regulations in ways that not only meet our statutory obligations, but also protect consumers and preserve competition," FERC Chairman Neil Chatterjee said. "Today's rule accomplishes those goals. We will continue to encourage QF development while addressing concerns about how PURPA works in today's electric markets."

During FERC's open meeting, held via teleconference Thursday, Chatterjee sought to defend the order against critics who said the commission was trying to effectively repeal PURPA or eliminate its protections for QFs. He asked staff member Joshua Kierstein, of the Office of General Counsel, whether the rule would do that.

"This final rule does not seek to repeal or eliminate any aspect of PURPA, which is a federal law that only Congress can modify," Kierstein answered in a scripted response. "Congress has required that the commission from time to time revise its regulations implementing PURPA, and that is what this final rule does. ... The changes in this final rule will enable the commission to continue satisfying the statutory requirements of PURPA, including that the rules encourage QF development. ... The new flexibility the rule gives the states to develop an avoided-cost rate requires that the rate be the avoided-cost rate for the purchasing utility, which is what PURPA requires. ...

"We expect that this increased optionality for accurately determining avoided cost will continue to provide encouragement for the development of small power producers and cogeneration, as required by PURPA," Kierstein said. The rule will also provide more transparency into avoided-cost rate development, "both utilities and their customers, and QFs, are likely to receive more bang for their buck."

Glick Demurs

As he did with the NOPR, Commissioner Richard Glick issued a partial dissent, saying that the rule would discourage QF development.

FERC headquarters | *C-SPAN*

Although it included "some modest improvements" over the NOPR, the final rule "still aims to achieve what Congress has failed to do: gut the heart of PURPA, with very little reasoned decision-making," he said during the meeting.

Glick noted that PURPA requires that utilities can't treat QFs differently than their own resources, "but today's final rule ignores this. QFs will no longer be guaranteed an option for a fixed-term contract that makes it easier to finance certain projects. Utilities when they self-sell certainly aren't subject to such uncertainty."

Commissioner James Danly responded directly to Glick when his turn came to comment on the rule. "It is inapposite to compare QFs and utilities with regard to guaranteed cost recovery," he said. "The two types of facilities are in completely different legal and recovery mechanisms." Congress noted "that QFs are not guaranteed cost recovery and that there's a certain amount of risk that is assumed."

Commissioner Bernard McNamee said the rule would continue to encourage QF development while "also ensuring we fulfill our other statutory duty, which is to protect customers from paying excessive rates by ensuring they are not paying more under PURPA contracts than they would if they obtained their power from a utility or the markets."

In a joint statement, the American Public Power Association, Edison Electric Institute and National Rural Electric Cooperative Association applauded the rule. "FERC's action will benefit electricity customers while further driving growth in renewable energy," they said. "PURPA was enacted more than 40 years ago during a national oil crisis to promote increased energy conservation, efficiency and the growth of renewable energy. The energy mix and marketplace have changed significantly since then."

The Solar Energy Industries Association, however, expressed disappointment. "The overall rule changes approved today will undermine the stated intention of the PURPA statute and stifle competition, allowing utilities to strengthen their monopolies and raise costs for customers," Katherine Gensler, SEIA vice president of regulatory affairs, said in a statement. "We will continue advocating for reforms that strengthen PURPA and allow solar to compete nationwide."

The rule takes effect 120 days after its publication in the *Federal Register*. ■

FERC/Federal News

FERC Rejects Net Metering Challenge

Commission Rules on Procedural Grounds

By Rich Heidorn Jr.

FERC on Thursday rejected a request by a purported ratepayer group that could have ended net metering for rooftop solar generation, prompting relief among state regulators and renewable power advocates (*EL20-42*).

The commission unanimously rejected the New England Ratepayers Association's (NERA) *petition for declaratory order* asking it to essentially outlaw net metering by ruling that FERC has exclusive jurisdiction over sales of rooftop solar power.

NERA asked FERC to assert jurisdiction over energy sales from rooftop solar facilities and other distributed generation located on the customer side of the retail meter whenever their output exceeds the customer's demand or the energy from such generators is designed to bypass the customer's load.

The association said such transactions were wholesale sales in interstate commerce, which should be priced at the utility's avoided cost of energy if the sale is made under the Public Utility Regulatory Policies Act of 1978 or a just and reasonable wholesale rate if the sale is made pursuant to the Federal Power Act. Making such sales subject to the FPA might have required individual homeowner-generators to have a rate on file with FERC, a mandate that critics said would virtually eliminate net metering.

The commission said it was using its discretion in declining to address the issues raised by the petition. "We find that the issues presented in the petition do not warrant a generic statement from the commission at this time," it said, adding that the petition "does not identify a specific controversy or harm that the commission should address in a declaratory order to terminate a controversy or to remove uncertainty."

FERC also said NERA did not meet the requirements for an enforcement action under PURPA because such actions are limited to electric utilities and qualifying small power production and cogeneration facilities.

Widespread Opposition

Thousands of individuals and groups filed comments urging FERC to reject the petition. State officials and others alleged it would upset two decades of legal precedent supporting state

Solar panels line the roof of a turkey barn in Iowa. | *Iowa Farm Bureau*

and local policies used by 2.3 million net metering participants in 49 states. (See *Thousands Oppose Bid to Undo Net Metering*.)

Other commenters complained NERA was a front for investor-owned utilities and the fossil fuel industry and said its funding made it akin to a trade group.

Only a handful of groups — Americans for Tax Reform, Californians for Green Nuclear Power, CAlifornians for Renewable Energy, Citizens Against Government Waste, Competitive Enterprise Institute and the Heartland Institute — supported the petition.

Questions over Net Metering Remain

Although the commission was unanimous in rejecting the petition on procedural grounds, Commissioners Bernard McNamee and James Danly issued concurrences expressing concern over the substantive issues raised.

"The commission's order is not a decision on whether the commission lacks jurisdiction over the energy sales made through net metering; nor is it a decision on the merits of the issues raised by and contained in the petition," McNamee said. "I also note that, as a general proposition, I think it is best to decide important legal and jurisdictional questions, like the ones raised in in the petition, when applying the law to a specific set of facts, such as in a Section 206 complaint, or through a rulemaking proceeding."

Danly said the petition raised "difficult legal questions," including the rate treatment for excess generation and the boundary between federal and state jurisdiction.

"I have yet to reach any conclusion regarding either rate treatment or jurisdictional boundaries, but I am certain that these are questions of profound importance and the commission will eventually have to address them," Danly said. "I am concerned that dismissing the petition on procedural grounds may well result in a patchwork quilt of conflicting decisions if the questions raised in the petition are instead presented to federal district courts across the country. While the federal courts are more than capable of adjudicating pre-emption claims, they are not steeped in the history of the Federal Power Act nor in matters of national energy policy. Confusion, delay and

FERC/Federal News

inconsistent rules — some of which will apply to individual states or parts of states — will be the inevitable result."

NERA President Marc Brown said that while he was disappointed by FERC's decision, he agreed with McNamee's and Danly's comments. "We will review the decision to determine the appropriate course of action we will take in order to ensure that ratepayers are protected from the billions of dollars in cost-shifts unwittingly and unfairly paid by ratepayers to support the rooftop solar industry."

Bidirectional meter

States, Renewable Supporters Rejoice

State officials and solar power backers nonetheless rejoiced at the ruling.

"This decision is a victory for state regulators and for anyone with a vested interest in net metering policy," said Mississippi Public Service Commissioner Brandon Presley, president of the National Association of Regulatory Utility Commissioners. "The timing of this decision is also excellent, as NARUC and our members can prepare for [this] week's National Policy Summit knowing that we have been able to uphold a core principle of state utility regulation."

"FERC made the right call," said Joseph L. Fiordaliso, president of the New Jersey Board of Public Utilities. "New Jersey has relied on FERC precedent for 20 years as we've advanced our net metering programs. As we explained in our pleading, net metering is a retail billing method."

"As the leader of a coalition of conservative groups, solar advocates, state regulators and elected officials from both sides of the aisle in opposition to this petition, [the Solar Energy Industries Association] applauds FERC's unanimous decision to dismiss this flawed petition," said SEIA CEO Abigail Ross Hopper. "We are grateful to the state utility commissions and many other partners who strongly opposed this petition. We will continue working in the states to strengthen net metering policies to generate more jobs and investment, and we will advocate for fair treatment of solar at FERC where it has jurisdiction."

Gregory Wetstone, CEO of the American Council on Renewable Energy, said moving net metering from state to federal jurisdiction "would have severely limited its appeal by lowering participants' compensation rate."

"While we are gratified that today's decision respects the Federal Power Act, we will continue to stay vigilant about protecting forward-looking state energy policies that deliver the pollution-free renewable power Americans want," Wetstone said.

"Had FERC taken up NERA's arguments, it would not only have upended the legal basis for net metering programs but would also have severely hampered ongoing efforts by numerous states to develop programs that value [distributed energy resources] with greater accuracy," the Institute for Policy Integrity at New York University School of Law said. ■

Biden Offers $2 Trillion Climate Plan

Sees 'Once in a Lifetime' Economic Opportunity

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Cory Booker's (D-N.J.) *Environmental Justice Act of 2019*, which would *strengthen* residents' legal protections against polluters.

Drawing from New York state's *Climate Leadership and Community Protection Act*, Biden said he would target 40% of the government's clean energy investments to poor communities, including clean energy and energy efficiency deployment; clean transportation; affordable and sustainable housing; training and workforce development; and the remediation of legacy pollution.

He also would *establish* an Environmental and Climate Justice Division within the Department of Justice. Biden said the Trump administration's EPA has referred the fewest number of criminal antipollution cases to DOJ in 30 years.

Separately, the Government Accountability Office reported July 14 that the Trump administration *low-balled* its estimate on the social cost of carbon to justify repealing or weakening climate change regulations. The report said the administration's estimates were seven times lower than previous federal estimates.

Reaction

Biden took no questions after his speech, and his campaign has not detailed how he would fund the spending program. He has called for additional economic stimulus funding, raising the corporate income tax rate to 28% from 21% and increasing income taxes on the wealthy.

While some climate activists complained Biden would not ban fracking, others praised his agenda as the most ambitious climate plan of any U.S. presidential nominee. "We shaved 15 years off Biden's previous target for 100% clean energy," tweeted Rep. Alexandria Ocasio-Cortez (D-N.Y.), co-author of the Green New Deal, who served as chair of Biden's climate task force.

Republicans said it would bust the budget and be a drag on the economy. "Joe Biden's radical climate agenda would kill 10 million jobs, enrich our enemies and send your taxes through the roof," tweeted Republican National Committee Chairwoman Ronna McDaniel.

The American Petroleum Institute had a muted reaction. "You can't address the risks of climate change without America's natural gas and oil industry, which continues to lead the world in emissions reductions while delivering affordable, reliable and cleaner energy to all Americans," it said in a *statement*. ■

FERC Proposes Tougher Hydro Safety Rules

Responds to 2017 Oroville Dam Spillway Failure

By Rich Heidorn Jr.

Oroville Dam on Feb. 17, 2017 | *California Department of Water Resources*

Responding to the 2017 Oroville Dam incident, FERC on Thursday proposed tougher safety standards for commission-regulated hydropower projects, including a two-tier safety inspection process (*RM20-9*).

The Notice of Proposed Rulemaking would change part 12 of FERC's regulations to codify existing guidance requiring certain licensees to develop dam safety and public safety programs and update regulations regarding incident reporting.

The two-tier inspection structure would include a comprehensive assessment and a periodic inspection.

As under current rules, an inspection by an independent consultant would continue to be required every five years, but the scope would alternate between a "comprehensive" assessment and a "periodic" inspection. These inspections will be in addition to FERC staff's safety inspections.

The alternating two-tier structure is similar to those used by the Bureau of Reclamation and the U.S. Army Corps of Engineers. "The comprehensive assessment would require a more in-depth review than the current part 12 inspection, would formally incorporate the existing potential failure modes analysis process and would require a semiquantitative risk analysis," FERC said. "The periodic inspection would have a narrower scope than the current part 12 inspection and focus primarily on the performance of project works between comprehensive assessments."

FERC also would change how it evaluates the qualifications of the consultants to ensure those conducting inspections have sufficient expertise for site-specific conditions under what is known as the Part 12D Program.

Ultimate damage at the service spillway | *California Department of Water Resources*

The change follows a recommendation by the Federal Emergency Management Administration that "the inspection team should be chosen on a site-specific basis considering the nature and type of dam ... [and] should comprise individuals having appropriate specialized knowledge in structural, mechanical, electrical, hydraulic and embankment design; geology; concrete materials; and construction procedures."

FERC said the change "reflects the reality that, for many of the hydropower projects under the commission's jurisdiction, a single independent consultant will not possess the appropriate degree and diversity of technical proficiency necessary to evaluate all aspects of the project."

The current requirement that an independent consultant be a licensed professional engineer with a minimum of 10 years' experience in "dam design and construction and in the investigation of the safety of existing dams" would remain. "However, as proposed, this requirement would apply only to the designated independent consultants and not to other supporting members of the independent consultant team," FERC said.

Oroville Dam Failure

The commission said the proposed changes are the product of recommendations that resulted from an analysis of the February 2017 incident in which the Oroville Dam in California saw major damage to its primary spillway and the first activation of its auxiliary spillway. About 180,000 people were forced to evacuate the surrounding area.

An independent forensics team concluded there was no single cause of the failure of the dam's spillway. "The incident was caused by a complex interaction of relatively common physical, human, organizational and industry factors, starting with the design of the project and continuing until the incident," the report said. (See *Report: Regulatory Failure Caused Oroville Incident*.)

FERC said the changes were "substantially complete" before the failures of the Edenville and Sanford dams in Michigan in May, which it said remain under investigation. About 10,000 central Michigan residents had to evacuate after the failure of the Edenville Dam after heavy rainfall. FERC revoked the dam owner's license in 2018 over concerns about the facility not being able to handle floods. (See *Michigan Dam with Prolonged Safety Issues Fails*.)

Comments on the NOPR are due 60 days after publication in the Federal Register.

The commission also said it plans to update and add new chapters to its engineering guidelines document. Drafts will be issued in four advisory dockets: AD20-20 (Supporting Technical Information Document); AD20-21 (Part 12D Program); AD20-22 (Potential Failure Modes Analysis); and AD20-23 (Level 2 Risk Analysis). ■

FERC/Federal News

RTOs Move Closer to Full Order 841 Implementation

By Michael Yoder, Robert Mullin and Tom Kleckner

PJM, CAISO and SPP took a step closer Thursday to the full implementation of Order 841 with FERC's partial acceptance of their Tariff revisions.

Order 841, issued in February 2018, directed RTOs and ISOs to remove barriers to the participation of energy storage resources (ESRs) in their wholesale electric markets.

The commission accepted PJM's compliance filing — its third in response to the order — subject to yet another revision, calling for the Tariff to state that the RTO will not charge a distribution-connected ESR for charging energy if the distributor is unwilling or unable to net out any retail energy purchases associated with the ESR's wholesale charging activities from the host customer's retail bill (*ER19-469*).

FERC said PJM did not follow the proposed language in its second order on compliance, instead filing Tariff language specifying that the provision only applies to an ESR that is "co-located with end-use load."

"We are concerned that this language could exclude a distribution-connected energy storage resource that is not directly on the site of end-use load but nonetheless receives a retail bill because it is located behind a distribution utility meter," the commission wrote.

The commission directed PJM to submit a further compliance filing to either clarify how its proposed Tariff provisions prevent all distribution connected ESRs from paying twice for the same charging energy or propose Tariff revisions to ensure the outcome. The RTO has 90 days to make the filing.

FERC did accept PJM's proposal to modify its participation model to more appropriately account for an ESR's state of charge, maximum state of charge and minimum state of charge by using bidding parameters incorporated into its day-ahead and real-time market clearing engines. It also accepted the RTO's proposal to add Tariff definitions of bidding parameters that include: minimum and maximum charge limit; minimum and maximum discharge limit; and charge and discharge ramp rate.

The provisions in the compliance filing are effective retroactively to Dec. 3, 2019, with a limited number of revisions to become effective March 31, 2024, subject to the further compliance filing.

Invenergy's Grand Ridge Battery Storage Facility in Illinois | *BYD*

CAISO Compliance

CAISO also edged closer to full acceptance of its energy storage market participation rules when FERC approved nearly all the provisions included in the ISO's second Order 841 compliance filing (*ER19-468*).

The commission *approved* CAISO's energy storage participation model last November (becoming effective Dec. 3, 2019) but directed the ISO to:

- revise its Tariff to include a "basic description" of its metering methodology and accounting practices for storage resources;
- explain how the metering and accounting practices allow storage resources to participate in both wholesale and retail markets, or revise its Tariff to allow storage resources that provide retail services to also participate in CAISO's wholesale market; and
- revise its Tariff to explain that if an ESR's host utility is unwilling or unable to net out any energy purchases associated with the resource's wholesale charging activities from the resource's retail bill, then CAISO would be prevented from charging wholesale rates for charging energy for which the resource is already paying retail rates.

FERC on Thursday approved of CAISO's proposal to address the first shortcoming by creating a new Tariff section, 10.1.3.4, which describes the metering and accounting for storage resources, including provisions meant to ensure that resources avoid double-billing for retail and wholesale participation.

The section also contains an explanation that resources can elect to become either: "metered entities," which pay higher upfront costs for a more complex certification process that helps resources avoid ongoing costs related to meter data validation and avoid certain penalties because they are being instantaneously metered by CAISO; or "scheduling coordinator metered entities," which must comply with several initial and ongoing requirements to meet Tariff requirements but can avoid some upfront costs and are allowed to propose "unique, complex metering configurations" for ISO approval.

Continued on page 16

CAISO/West News

Calif. PUC Seeks to Beef up Risk Assessment for IOUs

By Hudson Sangree

The California Public Utilities Commission on Thursday opened a new proceeding to determine if investor-owned utilities should more rigorously assess risks from climate change and wildfires and evaluate the measures they employ to mitigate them.

CPUC headquarters in San Francisco | © *RTO Insider*

The commission's *Order Instituting Rulemaking* (OIR) seeks to build on its prior risk-based programs, including its Safety Model Assessment Proceeding and Risk Assessment Mitigation Phase, while potentially requiring more stringent standards and greater scrutiny. (See *CPUC Adds RAMP Costs to Rate Case for 1st Time*.)

"The new framework requires utilities to evaluate risk in a much more transparent way, uniform way and quantitatively rigorous way," said Commissioner Clifford Rechtschaffen, who is leading the effort, expected to extend over several years. The commission wants objective data rather than "subjective subject-matter expertise" to guide decision-making, he said.

Rechtschaffen said the OIR seeks to answer three questions: How can the CPUC and the IOUs leverage lessons learned from the implementation of risk-reduction measures? Should the commission adopt new safety metrics or change its existing standards? And should the CPUC adopt a risk-tolerance standard that says, "This level of risk is acceptable. This level is not. We've never explicitly done that," he said.

Commissioner Martha Guzman Aceves said the state's three large IOUs — Pacific Gas and Electric, Southern California Edison and San Diego Gas & Electric — had become more thorough in assessing safety risks and adopting measures to prevent electrically sparked wildfires in recent years. But they still have a long way to go, she said.

"The weighting of the importance of 'why a dollar here versus a dollar there' is still something that needs great improvement," she said. Having more transparency to track utility safety investments would be a big step forward, she said.

The new proceeding could help bring the commission closer to its original role of protecting the public against powerful railroads and utilities, she added.

"This is something where I know we are really growing and maybe even returning to our century-old way of looking at our role," she said. ■

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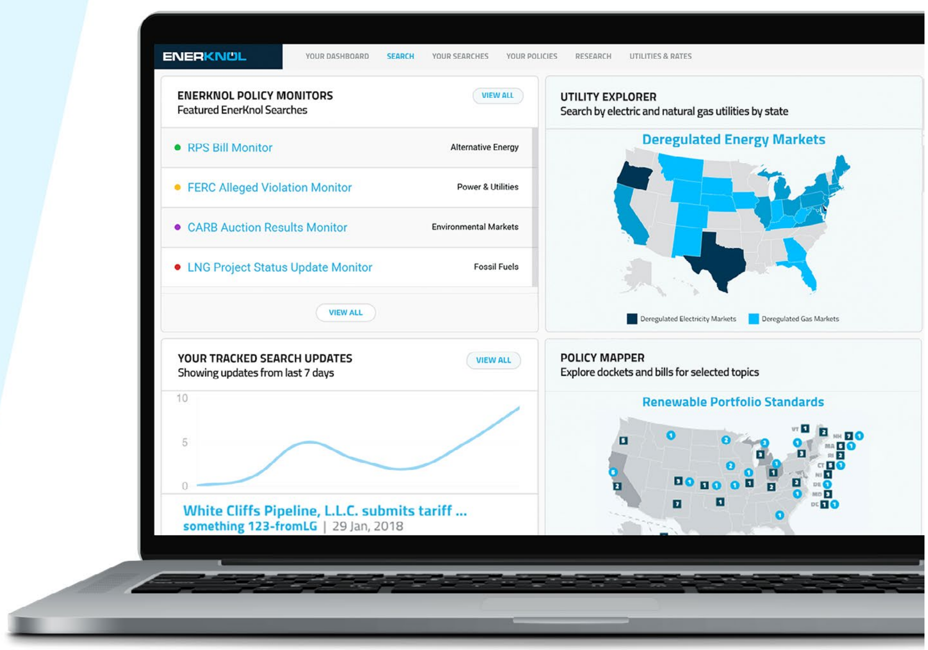

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CAISO/West News

CAISO Edges Closer to Order 845 Compliance

By Robert Mullin

Wind farm near Palm Springs, Calif. | © *RTO Insider*

CAISO moved a step closer to meeting Order 845 requirements last week when FERC accepted most Tariff revisions included in a second compliance filing after the ISO's first attempt met a raft of rejections in February (*ER19-1950*).

Two inland West utilities, Public Service Company of Colorado (PSCo) and Deseret Generation & Transmission Cooperative, also nearly reached compliance with the order, which FERC issued in 2018 to amend its *pro forma* large generator interconnection agreement and large generator interconnection procedures to increase the transparency and speed of the interconnection process.

RTOs, ISOs and utilities have struggled to fully comply with the order, with most facing FERC directives to submit second — and even third — compliance filings. (See *CAISO, NYISO, Companies Win Partial OK on Order 845*.)

The commission on Thursday approved the majority of CAISO's proposed revisions in the second round, including those dealing with:

- transparency around study models and assumptions, with CAISO planning to maintain an Open Access Same-Time Information System link to a secured section of its website containing interconnection base case data;
- interconnection study deadlines, with CAISO incorporating FERC's *pro forma* language into its Tariff to describe how the ISO will provide summary statistics on the processing of interconnection studies;
- provisional interconnection service, with the ISO removing language restricting the use of limited operation studies to instances when a transmission owner is unable to complete facilities by the interconnection customer's commercial operation date; and
- surplus interconnection service, with FERC agreeing to CAISO's plan to rely on existing Tariff provisions to memorialize the transfer of such service.

But FERC only partially accepted a proposal outlining the ISO's planned response to an interconnection customer's request to incorporate a technological advancement into a project after that project has entered the queue, which could trigger the need for additional studies ahead of a final interconnection study.

While CAISO's second compliance filing offered no revisions to the plan FERC originally rejected in February, the filing did provide additional details explaining the ISO's approach. CAISO explained that its "material modification assessment process" enables interconnection customers to make modifications to their projects without losing their place in the queue. Additionally, the ISO offers a "permissible technological advancement process" as a faster, cheaper alternative for "simple" modifications.

"Rather than create a limited, rigid list of permissible technological advancements, CAISO created a list of known permissible advancements and allowed for any other advancements that meet CAISO's definition of permissible technological advancement," FERC noted.

Under the proposed Tariff provision, customers seeking to make technological changes to their projects would need to advance CAISO a flat $2,500 fee to cover the costs of studying the impacts of the changes. The commission accepted the fee but found that the ISO had not complied with Order 845 requirements and the compliance directives in the February 2020 order "with respect to the requirement that CAISO provide a more detailed explanation of the studies that CAISO will conduct to determine whether the technological advancement request will result in a material modification and determine whether or not a technological advancement is a material modification within 30 calendar days of receipt of the initial request."

FERC also found that the CAISO Tariff's use of the terms "conditionally assigned network upgrades" and "precursor network upgrades" — instead of the term "contingent facilities" — does not comply with Order 845 and the February compliance directive with respect to interconnection facilities.

"While CAISO states that it will apply the terms 'conditionally assigned network upgrades' and 'precursor network upgrades' to all facilities identified in the interconnection customer's study reports, it is unclear how these terms, which by their own names and definitions relate to network upgrades, address interconnection facilities that may also be contingent facilities pursuant to the *pro forma* LGIP definition of 'contingent facilities,'" FERC wrote.

The commission directed the ISO to submit a further compliance filing within 120 days addressing the technological changes issue and how it will identify interconnection facilities that are contingent facilities "in light of the fact that the two terms with which CAISO proposes to replace the term 'contingent facilities' do not by definition include interconnection facilities."

Utilities Near Compliance

The commission on Thursday accepted nearly every provision of PSCo's Order 845 compliance filing but ordered the utility to revise its tariff to explicitly state that it will take no more than 30 days to determine whether an interconnection's technological change request actually qualifies as a "material modification" requiring additional study (*ER19-1864*).

Utah-based Deseret similarly came within a hair's breadth of compliance, with the commission ordering the co-op to specify the deposit that interconnection customers must provide to cover additional studies when submitting a technological change request (*ER19-902*). ■

CAISO/West News

California Looks to EVs for Grid Resilience

Potential Uses Include Backup in Blackouts, Renewables Storage

By Hudson Sangree

The California Energy Commission asked panelists last week if electric vehicles could help in "compound catastrophes," such as the combination of wildfires and COVID-19 outbreaks that many fear will occur this fall.

Commissioners asked: Will EVs become an effective tool to store renewable power and to discharge it to the grid when needed? Could battery-powered cars be a backup for homeowners who lose electricity during public safety power shutoffs (PSPS), the intentional blackouts now commonly used by investor-owned utilities to prevent wildfires?

The general answer was "maybe," but only if policymakers and car buyers can be convinced to see EVs as more than just clean transportation.

"There's a lot that can be done with EVs," said Ryan Harty, head of connected and environmental business development at American Honda Motor Co. "It's a very large energy storage resource that's frankly sitting there for most of the time. If we look at where cars are parked, about half the cars don't even leave the home in a typical day — so it's an incredible energy storage resource that's just waiting to be exploited for the purpose."

The problem is, EVs aren't legally allowed, anywhere in the U.S., to connect and discharge to the grid. That will have to change for vehicles to reach their full potential, he said. "The bidirectional capability of EVs opens up the ecosystem of possibilities."

Researchers have been testing V2H and V2G technologies at Honda's smart home at the University of California, Davis, since 2016. | *Honda Motor Co.*

Customers asked to pay a premium for EVs must understand the cars' potential to power their homes or perhaps eventually send energy to the grid in exchange for payments or credits, he said.

The discussion of EVs' role in *grid resilience* took place in the first of three CEC workshops on the electrification of the transportation sector on Wednesday and Thursday. Two other workshops dealt with topics such as the role of *ride hailing* and self-driving *big rigs* in the state's push toward 100% clean energy by 2045.

The workshops are part of the CEC's 2020 *update* to its Integrated Energy Policy Report.

As with a CEC microgrid workshop July 7-9, the EV resilience session was timely because the state's annual wildfire season is approaching. (See *Calif. Rushing Micrograds for Fire Season Shutoffs*.) Wildfires sparked by IOUs, and blackouts to prevent more fires, have impacted hundreds of thousands of residents in the past three years. (See *Fearing Wildfires, PG&E to Cut Power to 800,000*.)

Microgrids for resilience are taking hold, but the use of EVs to help in disasters and blackouts remains a more remote solution.

'100% Energy Security'

At the University of California, Davis, Honda built an experimental "smart home" in 2014 and has been using it to test the capabilities of EVs. In 2016, it began using a vehicle to provide power to the home (vehicle to home, or V2H) and, in 2018, installed technology that allowed an EV to charge and discharge to the local grid (vehicle to grid, or V2G).

A Honda report showed cars are typically parked at home or work, serving little purpose 96% of the time. The automaker intends to change that, Harty said.

"We want to improve the value of this product, not just to the customer but to society, by taking advantage of the fact that it's there for the purpose of doing other things," he said.

At the experimental house in Davis, the Honda EV stores 20 kWh of electricity from the home's rooftop solar array to help power heating and cooling, cooking and hot water heating, he said. A stationary battery provides 10 kWh of additional storage.

"The home can completely isolate from the grid in the case of [an outage]," Harty said. It is

CAISO/West News

"still able to charge the car … and balance itself as a microgrid, providing 100% energy security both for living and for transportation to the customer."

He said the UC Davis research builds on resilience efforts in Japan after the 2011 earthquake and tsunami that caused three reactors to melt down at the Fukushima Daiichi nuclear power plant.

Battery Degradation

A main argument against using EVs to power homes or the grid is that repeated charging and discharging of batteries causes them to degrade more quickly. Commissioner Patty Monahan asked the resilience panel about that objection.

"Part of the reason that the automakers are not investing in this technology is … the degradation," Monahan said. "The battery is the most expensive part of the vehicle. This is going to cause some degradation."

Harty and others said their experiences have shown that degradation wasn't as serious as critics suggested and could be minimized.

"We've studied it in depth," Harty said. "We've published a couple of papers in Society of Automotive Engineers journals on the modes of battery degradation and how it relates to V2G usage.

"A couple of things the battery really hates: It really hates sitting at a very high state of charge for a long time. The battery really hates being cycled from high state of charge to low state of charge, and it hates high temperatures."

Avoiding cycling the battery "top to bottom" repeatedly is especially important, he said.

"If you just pick a nice healthy window that you've established through testing of the middle of the [state-of-charge] range of the battery, and you cycle within that range, then you essentially don't affect the long-term degradation of the battery," Harty said.

Occasionally running a car battery to zero to power a home — for instance, to preserve food during a blackout — is OK, he said.

"It's just like customers driving to zero range on the car," he said. "The car's designed to do that a certain number of times in its life."

Panelist Bjoern Christensen, who heads Northern California advisory firm next-dimension, was formerly chief strategy officer with Nuvve, a leader in V2G technology.

Nuvve has used 10 Nissan Leaf EVs for frequency regulation in Denmark since 2016, with 240,000 hours of vehicle operation in a "very demanding application," Christensen said. Frequency regulation in Scandinavia is relatively inflexible and must be constantly monitored and adjusted, he said.

The EV batteries have handled the task without undue damage, he said.

"We've been measuring the battery state of health over those four years now, and we have found no degradation that is not in line with what Nissan research has predicted," he said. "We were very surprised that we didn't see a lot of battery degradation. It's something … we don't have any problems with right now for a practical application." ■

RTOs Move Closer to Full Order 841 Implementation

Continued from page 14

The commission also accepted related Tariff provisions giving both types of metered entities flexibility in how they configure their metering systems to avoid "commingling" of retail and wholesale meter data.

"CAISO states that electric storage resources — especially those that may participate in retail and wholesale markets simultaneously — have highly variable metering needs, local regulatory requirements and configurations," FERC wrote. "CAISO states that by including simple, flexible Tariff provisions, CAISO will avoid a one-size-fits-few approach and instead be able to review each storage resource's proposal to ensure CAISO receives settlement quality meter data for wholesale charges only."

The only sticking point in the compliance filing: CAISO's solution for resources unable to net out wholesale energy purchases from their retail bills. While FERC approved a proposed requirement that a host utility distribution company or retail utility verify in writing to the ISO when it is unable or unwilling to net out from its retail billing any wholesale energy purchases, the commission pointed out that the provision applies only to a "non-generating resource" (NGR), a resource type created by CAISO to accommodate market participation by resources that can both inject or withdraw energy from the grid.

"We note that this provision only applies to NGRs, and therefore does not apply to all electric storage resources, as required by the commission's directive in the first compliance order," FERC wrote, directing CAISO to submit a third compliance filing that clarifies the rule will apply to storage resources participating in the market as other resource types.

SPP Compliance

FERC accepted and rejected in part SPP's second attempt to comply with Order 841, requiring yet another compliance filing within 90 days (*ER19-460*).

The commission found that the RTO's proposed Tariff revisions partially complied with the order's requirements on registering ESRs. It said it was "concerned" that SPP's provisions requiring ESRs certify that their wholesale market participation "is not precluded under the laws or regulations of the relevant electric retail regulatory authority" could be interpreted "to include an opt-out that the commission declined to provide, which would be inconsistent with Order Nos. 841 and 841-A."

Other than that, FERC said, SPP's revisions describing ESRs' metering methodology and accounting practices "provide additional guidance to market participants and appropriately reference additional documents that provide implementation details."

SPP made its first compliance filing in December 2018. FERC last October accepted and rejected it in part, ordering a second compliance filing. (See *FERC Partially OKs PJM, SPP Order 841 Filings*.)

The grid operator in December asked to delay the Tariff revisions' effective date, citing issues with software implementation and its settlement management system. The commission set an effective date of Aug. 5, 2021. It rejected a subsequent SPP request to set another date. ■

ERCOT News

Texas PUC Approves WETT's Ownership Change

Texas regulators last week signed off on a *settlement agreement* between Wind Energy Transmission Texas (WETT) and other parties that will result in a change in ownership structure (*50584*).

PUC Chair DeAnn Walker and staff wait to hear public comments from the phone. | *Texas PUC*

The order, finalized during the Public Utility Commission's open meeting Thursday, transfers *WETT*'s ownership and control to AxInfra, an investment fund managed by Axium Infrastructure US, from various subsidiaries of global asset manager Brookfield Asset Management and Canadian pension-investment manager Public Sector Pension Investment Board. The settlement also results in the Teachers Insurance and Annuity Association of America gaining an indirect, minority noncontrolling interest in WETT through its wholly owned indirect subsidiary 730 Hotspur.

"We are grateful that the parties were able to reach a settlement that makes sense," Commissioner Arthur D'Andrea said.

WETT built high-voltage transmission lines that it now operates in West Texas as part of the state's Competitive Renewable Energy Zones initiative.

The commissioners secured a commitment from WETT that it would not build transmission infrastructure outside ERCOT without the PUC's approval or take any action that impairs their continued jurisdiction.

COVID Relief Plan Extended to Aug. 31

The PUC extended the state's Electricity Relief Program to Aug. 31, citing Gov. Greg Abbott's July 10 decision to extend a COVID-19 disaster declaration for all Texas counties. The orders extend protection to participants from disconnections for nonpayment and continues the requirement for retail electric providers to offer deferred payment plans when requested.

"This pandemic is far from over, so we will continue to monitor its impact on Texas utility customers," Chairman DeAnn Walker said in a statement. "Our goal is to ensure our state emerges from these troubled times with our competitive electricity marketplace intact and its benefits positively affecting customers across the state."

The program is funded by a 33-cent/MWh rider charge to transmission and distribution utilities. It currently protects more than 590,000 households from disconnection.

Commissioners Revise Rate Package Docs

The PUC approved staff's *proposal* that revises investor-owned utilities' cost-of-service rate filing package (*49199*).

The revisions require applicants filing a rate case to provide information about plant additions for transmission lines, high-voltage switching stations and substations. The revisions also require applicants to provide information on the costs and loads associated with DC interconnections to areas outside ERCOT and the costs to serve wholesale customers who receive service at distribution voltage. ■

Commissioner Shelly Botkin | *Texas PUC*

— Tom Kleckner

ISO-NE News

Panel: Much More Tx Needed for New England OSW

Clockwise from top left: Mary Usovicz, MUConnections; Katie Bellezza, Novatus Energy; Ben D'Antonio, NESCOE; Peter Shattuck, Anbaric; and Eric Wilkinson, Orsted | *NECA*

By Michael Brooks

New England needs to build much more onshore transmission to facilitate the incoming surge of offshore wind generation, panelists on a Northeast Energy and Commerce Association webinar said Wednesday.

NECA convened the webinar to discuss how much offshore wind New England can integrate, with representatives from the New England States Committee on Electricity (NESCOE), Anbaric Development Partners and RENEW Northeast summarizing the results of studies their organizations requested from ISO-NE analyzing different levels of penetration. The RTO's Planning Advisory Committee has been reviewing the results of each study this year, most recently in June. (See "2019 Economic Study OSW Tx Results," *ISO-NE Planning Advisory Committee Briefs: June 17, 2020*.)

NESCOE counsel and analyst Ben D'Antonio provided an overview of ISO-NE's findings under the organization's requested assumptions. The RTO concluded that about 5.8 GW of offshore wind can be interconnected using AC transmission without significant upgrades to the onshore grid. That's "if you do it in a strategic way," at certain points of interconnection, D'Antonio said.

But "above that threshold ... major reinforcements to the system were identified as being necessary." The RTO identified at least four 345-kV onshore lines that would need to be built to facilitate additional offshore resources.

It also determined that it's possible to interconnect up to an additional 2.2 GW — for a total of 8 GW — through long-distance HVDC lines without the need for new onshore transmission. But regardless of the solution, it found the costs to reaching the 8-GW mark were comparable: about $1 billion, D'Antonio said.

Perhaps more stark, however, is the huge amount of renewable energy that would be "spilled," or curtailed, even with the additional transmission identified: more than 15 TWh/year. Most of that is attributable to oversupply during the fall and spring shoulder months, when load is low, and not to transmission congestion.

"This loss of clean generation can undermine state initiatives to reduce our carbon footprint," said Katie Bellezza, senior vice president of commercial management and strategy for Novatus Energy, a RENEW member. RENEW's study focused on Maine's existing onshore wind, which already experiences significant curtailment.

"Land-based wind and new transmission is currently the least-cost renewable resource available in New England," she said. "However, due to smaller procurements, it's difficult to justify those transmission costs. With infrequent onshore renewable procurements of limited scale, we really need to look at other ways besides procurement to fund transmission."

Anbaric requested that ISO-NE look at higher penetration levels than NESCOE, up to 12 GW. "When we put that request in just last year, it seemed potentially pretty ambitious, but it's just been remarkable to see the [state OSW] goals increase," said Peter Shattuck, Anbaric senior vice president for communications.

"When we look big-picture, what we need to avoid is the sort of situation we have now in Maine, where transmission was considered essentially an afterthought, and now there are a lot of bottled-up resources," he said.

Shattuck also reviewed Anbaric's proposed undersea transmission network and the Brattle Group's analysis of it. (See *Brattle Study Highlights Benefits of Offshore Grid*.)

Moderator Mary Usovicz, principal of consulting firm *MUConnections*, brought up Eversource Energy and National Grid's finalist bid in ISO-NE's first competitive transmission solicitation under FERC Order 1000. The companies' $49 million proposal to address reliability needs caused by the retirement of Exelon's Mystic generating plant was the cheapest of 36. (See *National Grid, Eversource Finalist for Boston Tx Plan*.)

Usovicz asked the panelists whether they thought there was a better solution.

Shattuck, whose company submitted its own proposal, said, "It just seems like this decision was made on a very narrow, capital-cost basis, and that [basis] risks deferring the upgrades that are going to be needed [for OSW]. ... It was essentially a missed opportunity to think bigger picture and really reflect the moment that we're in right now in New England, where we need a grid that's centered on renewables."

"I'll just kind of state the obvious and say that [decision] was done for reliability, and trying to right-size a solution for reliability is a little bit different than trying to right-size it for maybe a public policy-related issue," D'Antonio said. ■

FERC Tweaks Orders on Mystic Contract

Glick: LNG Terminal Propped up by Generator

By Rich Heidorn Jr.

FERC clarified some aspects of its orders approving ISO-NE's cost-of-service contract with Exelon's Mystic Generating Station and ordered the company to make additional compliance filings in three rulings Thursday.

The RTO signed the two-year, $400 million contract to preserve the region's reliability after Exelon announced plans to shutter the plant when its existing capacity supply obligations expire in 2022.

The commission on Thursday granted limited clarifications on its July 2018 (*ER18-1639-001*) and December 2018 orders (*ER18-1639-002*) approving ISO-NE's agreement for Mystic Units 8 and 9, including payments to the company's Everett LNG facility. (See *FERC Approves Mystic Cost-of-Service Agreement*.)

Supporting the rulings were Chairman Neil Chatterjee and Commissioners Bernard McNamee and James Danly. Commissioner Richard Glick, who had opposed the 2018 orders, dissented.

In ruling on rehearing requests on the July order, the commission granted the Massachusetts attorney general's request for clarification that Mystic must prove its capital expenditures are just and reasonable to recover their costs.

Authority over LNG Terminal Challenged

But the commission majority disagreed with contentions by the AG and New Hampshire Public Utilities Commission that FERC had asserted jurisdiction over Exelon's Everett LNG facility — the sole source of Mystic's fuel — by approving the power plant's fuel costs.

"Review and approval of the fuel supply charge … can include consideration of whether it is just and reasonable for Mystic to include in its rates charges traceable to specific costs that Everett incurred and that are included in the fuel supply charge. The commission's findings may affect or have implications for Everett but do not constitute an assertion of jurisdiction over (i.e., regulation of) Everett or Everett's incurrence of costs," the commissioners said. "We thus disagree with the New Hampshire PUC that the commission is proposing to regulate the rates of an LNG import terminal."

In his dissent, Glick said, "I do not believe that the commission can or should use its authority over wholesale sales of electricity to bail out a liquefied natural gas import facility. …

"Because Everett does not rely on the interstate pipeline grid to acquire natural gas (instead receiving it via ship), it can provide another source of natural gas for the region when the pipeline system becomes constrained, as may happen during stretches of cold weather when heating needs cause demand for natural gas to surge. But Everett apparently depends on its sales to Mystic to remain financially solvent, and letting Mystic retire could indirectly lead Everett to close," Glick wrote. "It is Everett, not Mystic, that, in fact, provides the purported fuel security benefit underlying this proceeding. Accordingly, the commission has chosen to use its authority under the [Federal Power Act] to retain Mystic in order to keep Everett from going under."

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.

December 2018 Order

In ruling on challenges to the December 2018 order, the commission rejected concerns regarding anticompetitive behavior as beyond the scope of the proceeding.

"For similar reasons, we find that the issues raised on rehearing about market manipulation and the general functioning of natural gas and electric markets also are beyond the scope of this proceeding. Thus, the commission did not err in failing to take into account potential market manipulation as it relates to the Mystic agreement because sufficient protections exist to protect against this behavior. We reiterate that the commission will continue to monitor, as always, the New England natural gas and electricity markets during the term of the Mystic agreement for anticompetitive behavior and market manipulation."

The commission rejected Mystic's claim that a true-up mechanism was unnecessary to protect consumers. "We continue to find that the true-up requirement is not administratively inefficient; rather, it is appropriately transparent to render the rate just and reasonable," FERC said.

But the commission granted Mystic's request for clarification regarding the timing of capital expenditure projects.

Clawback Mechanism

In a third order, the commission accepted in part Mystic's compliance filing on true-up and clawback mechanisms but required the company to make an additional filing regarding the accounting for its purchase price of the plant (*ER18-1639-003*). The clawback mechanism would require Mystic to refund capital expenditures if the generator chooses to continue participating in ISO-NE's markets after the termination of the cost-of-service contract.

In a bid to extend Mystic's contract for an additional year, Exelon last month accused ISO-NE of violating its Tariff by prematurely culling bids received in response to its Boston competitive transmission solicitation. (See *Exelon Challenges ISO-NE RFP in Bid to Extend Mystic*.) ■

NEPOOL Markets Committee Briefs

Updating Net CONE for FCA 16

The New England Power Pool Markets Committee devoted the bulk of its two-day summer meeting to debating changes to inputs and assumptions that will govern Forward Capacity Auction 16 in February 2022 for the 2025/26 capacity commitment period.

ISO-NE is proposing to update the cost of new entry and net CONE calculations, and to recalculate the offer review trigger prices (ORTPs).

Principal market development analyst Deborah Cooke gave a *presentation* outlining two proposed adjustments to the energy and ancillary services (E&AS) revenue offsets used to calculate net CONE and ORTPs.

One adjustment would account for estimated revenues under the Energy Security Improvements (ESI) market design. The second — a "level of excess" adjustment — seeks to account for surplus generation above the net installed capacity requirement (ICR) based on the one-day-in-10-years loss-of-load expectation.

Cooke noted that the system has been long on capacity since the 2016/17 capacity commitment period, with a 2,006-MW excess for 2019/20.

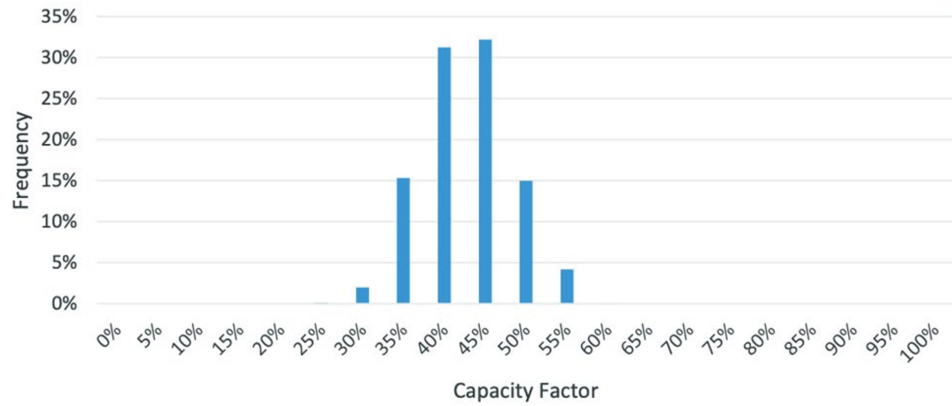
E&AS revenue offsets will be calculated reflecting both current and future market conditions, including revenue impacts from ESI, both as proposed by ISO-NE and as proposed by NEPOOL, and the elimination of the Forward Reserve Market. (See "FRM Sunset by 2025," *NEPOOL Markets Committee Briefs: June 10, 2020*.)

Detailed E&AS Revenue Offsets

Engaged by the RTO to support the updates, Concentric Energy Advisors' Danielle Powers and her colleagues also *presented* a review of detailed capital and operating costs for CONE (simple cycle and combined cycle) and ORTP (solar, battery storage and onshore and offshore wind) units.

Their methodology used a simplified hourly dispatch model of the units' E&AS awards in the day-ahead and real-time markets to estimate E&AS revenues. Unit dispatch was based on adjusted historical day-ahead and real-time LMPs.

Additional revenue adjustments made outside of the dispatch model included energy/reserve scarcity hour revenues and expected Pay-for-Performance (PfP) payments.



Each of the 2,160 hours in a 90-day winter season has its own random draw of a capacity factor from the historical sample. This capacity factor is multiplied by the expected quantity of installed capacity. The total miscellaneous intermittent capacity used in the PWSA is the current total nameplate capacity, 704 MW. | *ISO-NE*

The expected impact of energy and reserve shortage hours in the future are incorporated in a standalone energy/reserve scarcity hour adjustment outside of the E&AS dispatch model.

The issue is complicated by having a great number of moving parts, but the analysis will be a little easier to understand at the August MC meeting after they pull more of it together, Powers said.

Concentric will continue to refine its analysis and, at the August meeting, will have incorporated ESI assumptions and analysis into the CONE and ORTP models. It will also review financial assumptions and its preliminary findings on demand response and energy efficiency.

The RTO proposes to file any calculation changes with FERC by Dec. 1.

FCM Parameter Updates for 2025/26 Period

ISO-NE Lead Analyst Kevin Coopey presented estimates of expected capacity scarcity condition (CSC) hours and related factors for updating the parameters for the 2025/26 capacity commitment period.

The summer peak-load CSCs account for 14.1 hours of the 15.3 hours expected annually for 2025/26.

Transient CSCs (estimated at 0.8 hours annually) arise from operational risks such as system under-commitment, load forecast error and the loss of critical transmission elements, Coopey said. Unlike peak-load scarcity, transient CSCs tend to be shorter in duration and usually occur at lower load levels. Winter CSCs (estimated at 0.4 hours per year) can arise from several causes, notably natural gas supply constraints during cold weather.

Coopey said the peak load analysis is based on the two peak-load CSCs that have occurred since December 2014: Aug. 11, 2016, and Sept. 3, 2018.

Several stakeholders questioned the rationale for classifying a CSC event as peak-load or transient, and whether using two events provides sufficient data to draw statistical conclusions about average balancing ratios, which reflect the lower loads expected during transient and winter operating conditions.

"We've heard the feedback about trying to get GE MARS [General Electric's Multi-Area Reliability Simulation Software] to generate a balancing ratio estimate," Coopey said. "We'll take that back to the ISO."

[Note: Although NEPOOL rules prohibit quoting speakers at meetings, those quoted in this article approved their remarks afterward to clarify their presentations.]

OSW Capital Costs Assumptions

RENEW Northeast and Daymark Energy Advisors made a *presentation* on offshore wind capital costs and renewable energy credit price assumptions for ORTP calculations.

Alex Worsley of Boreas Renewables noted that ISO-NE proposed an overnight capital cost of $5,876/kW (2019$) for the FCA 16 offshore wind ORTP calculation.

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"Looking at recent power purchase agreements pricing, as well as the latest publicly available data, and considering that current New England offshore wind developers with upcoming projects have significant experience building the largest wind farms globally, we believe that this cost assumption is unreasonable for projects to be built in 2024-2025," Worsley said.

The RENEW analysis used a financial model of the offshore wind projects based on their executed PPAs. "We've also assumed that the developers are predicting some capacity revenues in addition to energy and REC revenues to determine their PPA price ... but they wouldn't have certainty over that [capacity] revenue, so this resulted in a conservative estimate for capital costs," said Carrie Gilbert of Daymark.

Worsley said their PPA analysis shows implied capital expenditures ranging from $2,200 to $3,600/kW for projects currently under development, while the International Renewable Energy Agency's shows a $2,800 to $3,900/kW range of costs for the larger European projects with commercial operation dates in 2019. Lazard's 2019 levelized cost of entry analysis shows a $2,350 to $3,550/kW CapEx range.

"We suggest the overnight capital costs of this hypothetical 800-MW project to be built in 2024-2025 should be approximately $2,681/kW, and assert that the $3,195/kW difference between our capital cost assumption and the ISO's cost assumption would significantly impact the ORTP value."

As for ISO-NE's REC assumptions, "previous treatment of RECs in ORTP calculation has been forward-looking, but the currently proposed REC assumption is purely historical and uses three lowest-price years in the recent past. So, this is a big departure from previous approaches and underestimates REC revenues," Gilbert said.

Resource Balance for Net CONE

Robert Stoddard, managing director of Berkeley Research Group, introduced on behalf of the New England Power Generators Association (NEPGA) a *presentation* on resource balance for net CONE calculation.

The presentation questioned Concentric's key assumption that the E&AS offset (and all other inputs to net CONE) should be calculated "at criterion."

Stoddard said Concentric supports that contention by citing a non-decisional paragraph in a 2017 FERC order in which the commission said "net CONE is intended to approximate the compensation a new entrant would need from the capacity market in the first year of operation to recover its capital and fixed costs under long-term equilibrium conditions" (*ER17-795*).

Using the "at criterion" capacity balance has many negative consequences, NEPGA argues, such as requiring arbitrary and improbable adjustments to forecasts; ignoring impacts of energy-only resources; and overstating the expected number of scarcity hours.

In addition, competitive offers could be subject to undue mitigation, the ORTP may be set too low, and the FCM will be unlikely to produce sufficient revenue on average, Stoddard said.

CONE measures the cost of adding an incremental resource, and customers pay the difference between CONE and net CONE in E&AS markets, so CONE is the best measure of the expected total cost to consumers, the presentation said. Short of a full demand curve reset, the same expected price level can be achieved by using an "as expected" E&AS offset.

Exempting EE from PfP

Mark Spencer of LS Power presented a *proposal* to exempt energy efficiency resources from PfP, asserting that potential performance payments represent a miniscule revenue opportunity for EE resources.

The PfP program was implemented in June 2018 in order to ensure fuel security under severe winter conditions. Under the program, all resources with capacity supply obligations (CSOs) are assessed a charge — based on their gross FCA payments — when a "measurable" real-time operating reserve (RTOR) deficiency triggers a CSC.

The RTO redistributes the money collected from that charge as payments to CSO resources based on their performance during the RTOR event.

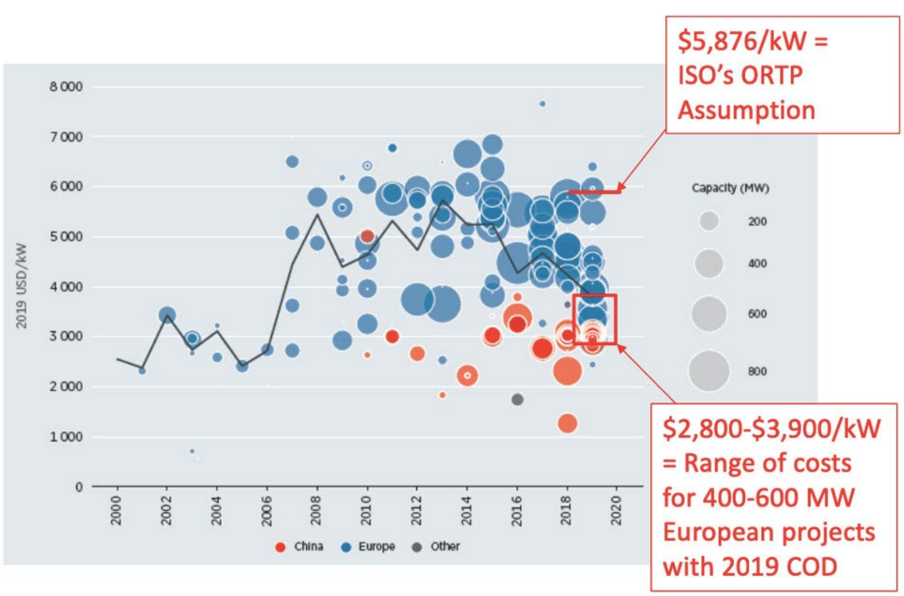
The bulk of EE funding is derived from surcharges to retail customers and a modest amount from Regional Greenhouse Gas Initiative revenues, Spencer said.

Capacity revenue represents only 7 to 29% of the total funding streams, and long run expectations of PfP payment contributions to total funding are likely less than 1%, he said.

"What our recommendations are is to retain EE's base capacity payments and to remove them from the PfP settlement, including the insurance pool, so they wouldn't be subject to any of the deficiency or capacity payment performance charges that that obligation would entail, and to eliminate the requirement for them to provide credit support for the [Forward Capacity Market] delivery financial assurance," Spencer said.

Backers of the proposal will continue to develop it before seeking a vote on the Market Rule 1 and Financial Assurance Policy changes at the September PC meeting. ■

— Michael Kuser



Global cost data show the implied CapEx range from local PPAs is in line with recently installed European projects. | *RENEW/IRENA*

ISO-NE News

ISO-NE Names Incumbents as Boston RFP Winner

RTO Responds to Stakeholder Comments on Process

By Michael Kuser

The Tewksbury, Mass., substation is one of three substations involved in National Grid and Eversource Energy's $49 million winning proposal to ISO-NE's Boston 2028 transmission solicitation. | *UnitedCivil*

ISO-NE *announced* Friday that it had selected a $49 million project by incumbent utilities National Grid and Eversource Energy as the winner of its Boston 2028 transmission solicitation — the cheapest of the 36 proposals it received in response to its first-ever competitive solicitation under FERC Order 1000.

The RTO also issued a *response* to stakeholders who challenged its selection process, along with a final *review* of the proposals and an *appendix* of redacted executive summaries from them. It also posted a *memo* promising stakeholders discussions this fall on "lessons learned" since it published the request for proposals in December.

The memo from Director of Transmission Planning Brent Oberlin also promised opportunities for the seven bidders whose proposals did not get selected to have one-on-one discussions with the RTO.

"While the process functioned as intended, the ISO observed some areas for improvement, and I am sure that others have suggested improvements as well," Oberlin said. "As an example, the ISO has noted that due to the handling of corollary upgrades, inclusion of life-cycle costs as part of the Phase One proposals places a burden on the Qualified Transmission Project Sponsors (QTPS), yet has little value during that stage of the process."

ISO-NE issued the RFP to address transmission violations expected after the retirement of Exelon Mystic Units 8 and 9, whose closing was extended to May 30, 2024, under a two-year, $400 million cost-of-service contract. The project selected by the RTO on Friday has a projected in-service date of Oct. 1, 2023, eight months before the end of the contract.

The winning project includes the installation of two 11.9-ohm, 345-kV series reactors at the North Cambridge substation (one each on the two 345-kV Woburn-to-North Cambridge cables); a +/-167-MVAR static synchronous compensator (STATCOM) at the 345-kV Tewksbury substation; and a direct transfer trip scheme on the 394 line to eliminate the contingency that causes the 115-kV K-163 line overload.

The selection announcement said it "also serves as notice of the initiation of the Boston 2028 Solutions Study – Mystic Retirement," in accordance with the reliability planning process under the Tariff.

ISO-NE surprised many stakeholders and drew a legal challenge when it announced June 8 it had selected the National Grid-Eversource proposal as the single finalist in the solicitation, which produced projects ranging as high as $745 million. (See *Boston RFP Review Draws Unexpected Crowd*.)

In a complaint filed with FERC last month, Exelon accused ISO-NE of violating its Tariff by shortcutting its transmission security review and prematurely culling the bids (*EL20-52*). (See *Exelon Challenges ISO-NE RFP in Bid to Extend Mystic*.)

The RTO did not back down under stakeholder questioning, the Exelon complaint or from political pressure from Massachusetts' two U.S. senators urging the ISO-NE to "prioritize the effects that projects may have on state climate, energy and health goals."

Point by Point

Even though it said "cost and speed" were the two most important evaluation factors, the RTO in its response to stakeholders asserted that it had reviewed cost competitiveness only after determining whether the proposals provided a viable solution to the identified needs.

ISO-NE's response focuses largely on rebutting the comments of Anbaric Development Partners, which had proposed two versions of its Mystic Reliability Wind Link, an AC project at $450 million and an HVDC proposal at $750 million.

The RTO said it agreed with two of the developer's six complaints and removed two preliminary review factors that led to the exclusion of the Anbaric Phase One proposals. "However, with this additional review, the ISO has identified an additional issue with the Anbaric proposals that would also lead to their exclusion from the listing of qualifying Phase One proposals," it said.

Anbaric said that the RTO's concerns over the ability of its AC project to provide at least 300 MVAR of continuous dynamic reactive capability via a STATCOM at the point of interconnection was unnecessarily technical in the first phase of a solicitation. ISO-NE insisted that the inclusion of a step-up transformer in a turnkey STATCOM could not be taken for granted.

In disagreeing with Anbaric's assertion that the RFP process had not been transparent as required by Order 1000, ISO-NE replied that it had "discussed the results of its review of the Phase One proposals and the draft list of qualifying Phase One proposals with the Planning Advisory Committee on June 17, 2020."

The RTO posted each proposal's executive summary on its external website on June 16, the day before the PAC meeting.

"We disagree with what the ISO says, both technically, legally and factually, and we think our comments continue to be right," Theodore Paradise, Anbaric senior vice president for

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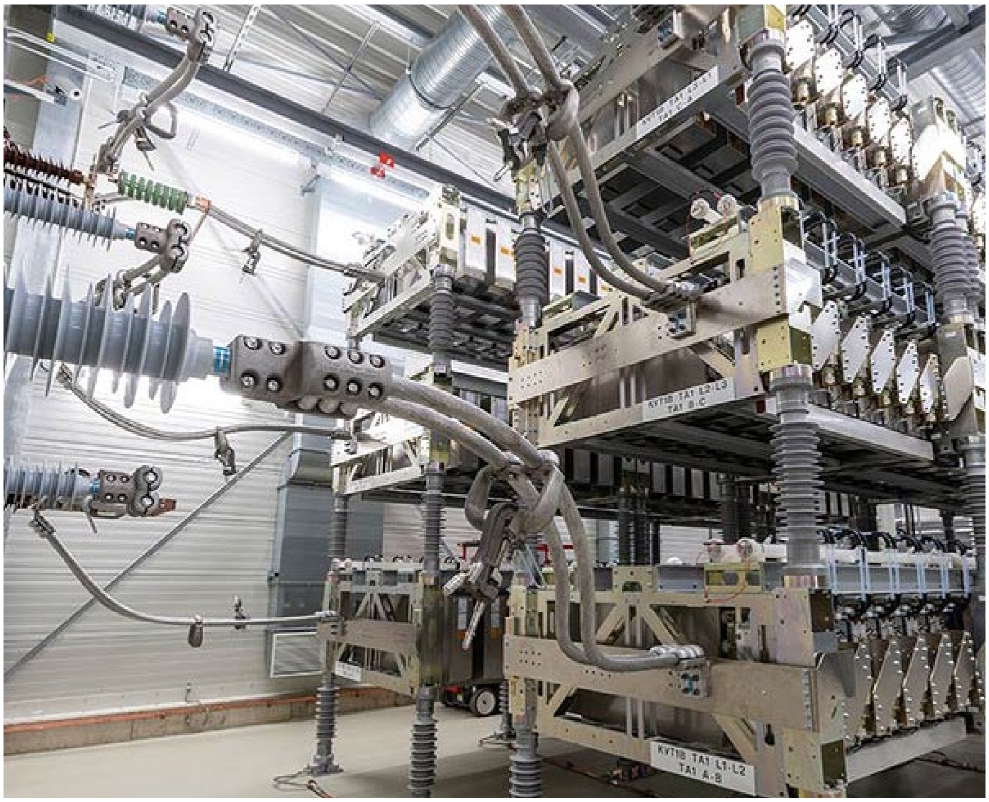
transmission strategy, told *RTO Insider*. "We think the ISO looked for ways to exclude projects, not with an eye toward finding the more efficient and cost-effective project for the region, but with an eye toward how they could shut Mystic down as fast as possible. But the project selected may not actually allow Mystic to retire and lead to a few more years of the cost-of-service agreement."

The RTO said it had intended to mask the names of the developers to try to limit any bias during review, but that even with masking it had concerns that some of the responses thwarted "the intent to let each proposal stand on its own merits."

"Rather than describing the project, some responses are written as an advertisement for the project," it said. Other responses criticized other possible proposals or referred to specific technologies that "would essentially identify the QTPS," it said.



A Siemens static synchronous compensator (STATCOM), like that required in the Boston RFP, supports the power supply for an industrial plant in Frankfurt, Germany. | *Siemens*

Anbaric on June 16 submitted *comments* to ISO-NE to correct what it perceived to be errors in the review process and expanded on some of those concerns in *comments* filed July 15 in the Exelon proceeding.

Anbaric said that the project selected relies on the New England Clean Energy Connect (NECEC), a transmission line to bring approximately 1,200 MW of Canadian hydropower into Maine that has been the subject of lawsuits and voter challenges that could delay the project past its target 2024 in-service date.

A delay on NECEC could mean that the Mystic units will have to remain in service for several years past 2024 at a cost of $200 million to $300 million per year for the generating station and the LNG terminal needed to fuel it, the developer said.

"When you're speeding this along, there wasn't really a discussion, and in the intervening months, things have happened," Paradise said. "There were new lawsuits filed over the NECEC project, the voter referendum was put on the ballot in Maine. Our comments on that being at risk are not against the project; it's just pointing out a factual situation."

Paradise said the Boston RFP "is a tale of irony" in some ways.

"By picking a little project that's supposed to be fast, you might pick the project that takes longer," Paradise said. "We think that it's somewhat likely that the cheapest project in terms of capital costs will not solve the needs to allow for a June 2024 retirement of Mystic, and the costs to the region's ratepayers may end up being far higher than if a more capable project had been selected." ■

ISO-NE News

New England States Pursuing Clean Energy Despite COVID-19

By Michael Kuser

Officials from New England's six states on Friday described their efforts to advance renewable energy goals despite the coronavirus pandemic.

Catherine Finneran, Eversource Energy | *EBCNE*

"We're really lucky to live in this region where so many states are pushing for clean energy," said Catherine Finneran, vice president for sustainability and environmental affairs at Eversource Energy, who introduced speakers at the webinar hosted by the Environmental Business Council of New England.

The Environmental Business Council of New England hosted a gathering of state energy officials on July 17. | *EBCNE*

Following is some of what we heard at the meeting.

Room to Grow on the Grid

Eric Johnson, director of external affairs at ISO-NE, focused on the changing resource mix in the region.

"The region has room for about 6,000 MW of additional wind resources without the need for significant transmission upgrades," Johnson said, referring to the RTO's 2019 Economic Study Offshore Wind Transmission Interconnection *Analysis*, presented at last month's Planning Advisory Committee meeting. (See *ISO-NE Planning Advisory Committee Briefs: June 17, 2020*.)

The analysis summarized findings from three studies requested last year by the New England States Committee on Electricity (NESCOE), Anbaric Development Partners and RENEW Northeast. (See related story, *Panel: Much More Tx Needed for New England OSW*.)

"While renewables are only about 9% of our resource mix in 2019, with what the states are looking to do with the renewable portfolio standard, those numbers will grow dramatically," Johnson said.

Small States, Big Goals

Riley Allen, deputy commissioner of the Vermont Department of Public Service, said his state has about 720 MW of renewable energy resources meeting a peak load approaching 900 MW.

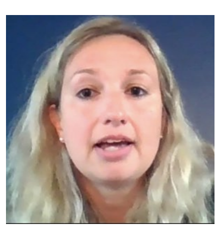
"In the past, the peak load used to be well above 1,000 MW, but Vermont is following the path of the region, and our loads have been declining, including peak loads," Allen said.

Vermont's RPS started at 55% in 2017 and will increase to 75% by 2032, Allen said. "There's legislation that was moving forward to update that to 100% by 2030, but the COVID-19 pandemic intervened and that's been pushed to a later session."

The DPS is involved in a rate design initiative, an eight-month process sponsored by the Department of Energy to look at dynamic rates, flexible load management, subscription services and gaining adoption of more advanced rate designs.

"We focused on several areas of emerging technologies: the heat pump, electric vehicle load, customer-sited generation and energy storage," Allen said. "These are broadly recognized as loads that are pretty impactful if they're left unmanaged, but with management, there's a great deal of potential to essentially mitigate their potential adverse effects on the system."

He characterized Vermont as having a roughly $800 million electric system today, "and in the next 20 years, we can expect an additional bill of $500 million on top of that with the addition of these new technologies."



Carrie Gill, Rhode Island OER | *EBCNE*

Carrie Gill, chief of program development in the Rhode Island Office of Energy Resources, highlighted her state's push to meet 100% of electricity needs with renewables by 2030 and decarbonize the heating sector, and its continued leadership in energy efficiency.

Rhode Island Gov. Gina Raimondo signed an executive *order* in January committing the state to be powered by 100% renewable electricity by the end of the decade and directing the OER to conduct economic and energy market analyses in order to develop workable policies and programs. (See *RI Seeks to Lead with 100% Renewable Goal*.)

"We recognize that we must keep energy supply and energy delivery rates affordable," Gill said. "Fortunately, we're seeing that many renewable energy resources are not only cost competitive, but sometimes represent the lowest-cost resources available."

The heating sector is an important target because looking at decarbonization just in terms of electricity would be shortsighted, she said.

"We do not recommend that Rhode Island depend on one technology; [it should] look to multiple pathways. But either way, our fuel becomes decarbonized," Gill said.

Rhode Island has been ranked among the top three states for energy efficiency for the past few years and is proud of it, she said.

"We lost 3,900 of 17,000 clean energy jobs in the state since March ... but even though we have challenges related to COVID, we're not going to take our foot off the gas pedal," Gill said. "We see this as an opportunity to move forward and to advance the clean energy industry."

Dale Raczynski of Epsilon Associates asked how the state will meet peak demand with a 100% renewable mix during periods of low

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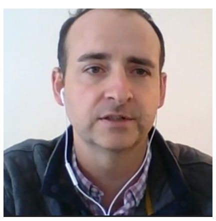
wind or solar.

"We will see storage as a critical technology ... so we're working on understanding where the market barriers are and removing them," Gill responded.

Hank Webster of Acadia Center asked if the state would offer incentives allowing gas heating customers to transition to heat pumps. "There are many benefits to getting off gas because methane is a very harmful climate pollutant and presents a public health and safety risk," Webster said. "Recent reports about indoor cooking show terrible health impacts."

"We are trying to look holistically across sectors. ... We don't want to foreclose any options to us," Gill said. She also added that improving the energy efficiency of HVAC systems reduces the risk of spreading pathogens.

Gulf of Maine



Dan Burgess, Maine Governor's Office | *EBCNE*

Dan Burgess, director of the Maine Governor's Energy Office, said that growing the clean energy economy is even more important now in the pandemic.

"Fortunately, the pandemic started during a shoulder season for heating ... and Gov. Janet Mills has convened an Economic Recovery Council," Burgess said. "There's certainly some energy overlap, and we see an opportunity for clean energy and energy efficiency to play a role in the economic recovery."

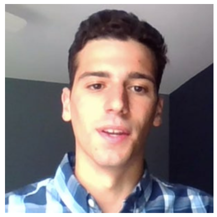
Mills signed an executive order last year setting a 2045 goal for achieving carbon neutrality and creating the state's Climate Council to put it on a path for 45% emissions reduction by 2030 and 80% by 2050, he said.

"We're on target to reaching those emissions goals," Burgess said. "The electric power sector represents only 7% of emissions in the state, but we'll have to keep working on that sector as we electrify transportation and heating in the state, where 60% of homes use heating oil."

Burgess said heat pumps, which Efficiency Maine Trust has been promoting for 10 years, offer both environmental benefits and jobs, adding that "also there's a huge opportunity in electric water heaters."

He touted the first floating offshore wind turbine in the country, now under development by the University of Maine in the Gulf of Maine.

Matthew Mailloux, energy adviser in the New Hampshire Office of Strategic Initiatives (OSI), also serves as the state's adviser to the Bureau of Ocean Energy Management for the tri-state offshore wind task force.



Matthew Mailloux, New Hampshire OSI | *EBCNE*

"We're in the middle of a pandemic, and obviously some work has slowed down as a result, but OSI, especially in the early days of COVID, was working to understand what the landscape was for the energy sector broadly to make sure that critical infrastructure was still able to perform," Mailloux said.

Gov. Chris Sununu declared a moratorium on evictions and utility shutoffs, which was done through the OSI, he said.

"The Gulf of Maine has some of the best offshore wind resources of anywhere in the world, not only some of the best wind speeds in the country," Mailloux said. "New Hampshire is a relatively small piece of the pie when it comes to actual federal waters off our coast, but we also have some great transmission interconnection assets."

One challenge is that northern New England is an export-constrained region for ISO-NE, he said.

"As we continue to inject more power into the grid at those locations, there [are challenges to] exporting that power to load centers in southern New England, such as Boston or Hartford," Mailloux said.

New Hampshire also has seen "a contentious debate about net metering over the past year or so," and "we won't see much progress on net metering this year but will if Gov. Sununu is re-elected in November," he said. (See related story, *FERC Rejects Net Metering Challenge*.)

Environmental Justice

Massachusetts Department of Energy Resources Commissioner Patrick Woodcock said 2020 is "an inflection year for" his state, which is attempting set an interim 2030 goal on the way to meeting Gov. Charlie Baker's 2050 date for reaching net-zero greenhouse gas emissions. He referred to a decarbonization study being led by Undersecretary for Climate Change David Ismay to guide the state's effort to meet the 2050 target. (See "Bay State Net-zero Overview," *NEPOOL Markets/Reliability Committee Briefs: July 1, 2020*.)

Woodcock said the pandemic highlights the importance of a resilient electric system and the disparity of air quality across the state. "We are refocusing on how electrification may provide benefits for air quality and have started to contemplate either targeting incentives to environmental justice municipalities [or] targeting commercial medium- and heavy-duty vehicles, to ensure that our EV policies also have the co-benefits of improving air quality."

The busy regulatory agenda included new *regulations*, which double the Solar Massachusetts Renewable Target program to 3,200 MW, and mandate that any solar installation over 500 kW needs to be paired with storage, he said.

"The policy does include some limitations on eligibility for land that has been identified as priority habitat ... so that our solar policy has co-benefits of managing our open space," Woodcock said.

Massachusetts also is finalizing its Clean Peak Standard. "We're trying to harness storage and other resources to ensure that clean energy growth starts addressing the shifting peak that has been contributing to high electricity prices," he said.

Implemented last year, the standard mandates that a minimum percentage of retail electricity sales be met with clean generation resources or load reductions during seasonal peak periods. (See *Mass. Inaugurates Clean Peak Standard*.)

Susannah Hatch of the Environmental League of Massachusetts asked about regional collaboration on offshore wind and transmission.

Woodcock said officials are working on it and referred to a technical conference his agency held in March to explore whether the state should solicit proposals for a coordinated independent transmission network for offshore wind generation. (See *Mass. DOER Explores Transmission for OSW*.)

Victoria Hackett, deputy commissioner for energy in the Connecticut Department of Energy and Environmental Protection, agreed with Woodcock that environmental justice is important to protect those people most affected by polluting energy resources.

DEEP Commissioner Katie Dykes instituted a policy that all the agency's work has to be viewed through the lens of environmental justice, Hackett said.

Last August, about 40 environmental activists marched in front of DEEP headquarters in Hartford to protest state regulators' approval of a new 650-MW gas-fired power plant in the town of Killingly. (See *Connecticut Activists Protest Gas-fired Plant*.) ■

MISO News

Record Number of Entrants Line up for MISO Queue

By Amanda Durish Cook

Facing an unprecedented number of new generator applicants, MISO last week reaffirmed its aim to speed up its interconnection queue.

The grid operator hopes to shrink the time it takes to complete generation interconnection agreement negotiations and clear the queue's three-part definitive planning phase (DPP), when it performs interconnection studies.

Currently, the queue's DPP alone takes approximately a year to complete. Combined with interconnection agreement negotiations, the timeline grows to about 505 days. Earlier this year, stakeholders asked through a formal submission to the Steering Committee that MISO address DPP delays.

MISO has said that if the queue's DPP and GIA negotiations could be shortened to a year total, it would further its goal of aligning the interconnection queue with planning under its annual Transmission Expansion Plan. (See *MISO Targets Swifter Queue Processing*.)

A speedier process could keep MISO executing interconnection agreements as it prepares to face its largest-ever queue. The June 2020 cycle of prospective projects could bring the interconnection queue to more than 750 projects totaling 112 GW.

Through early June, the RTO was performing interconnection studies on *406 projects totaling 62 GW*, more than half of it solar generation. More than 350 additional projects totaling more than 50 GW applied to enter the interconnection queue before the June 25 deadline, interconnection engineer Cody Doll told the Interconnection Process Working Group on July 14.

Not all of the 350 projects may survive MISO's application validation. "We won't know until we go through and validate the projects which ones will be in the 2020 cycle," Manager of Resource Utilization Project Management Jesse Phillips said.

This isn't the first time the queue will exceed 100 GW. It peaked at a proposed 101 GW worth of projects in 2019 before declining as projects withdrew. MISO says about 20% of projects entering the queue complete the interconnection process.

"The cycles are massive, and they're not slowing down," Doll said. "It's going to lead to challenges because there are so many projects."

The 2020 cycle was the first time MISO used a completely online application process. (See *MISO to Debut Online Queue Requests*.) This group of interconnection queue customers also has longer to secure proof of land use for their generation projects. FERC granted MISO's request for a 60-day extension of its June 25 site control demonstration deadline in May as the COVID-19 pandemic slowed construction and shuttered government offices (*ER20-1794*). (See "Queue Waiver Request Before FERC," *Wary of Contagion, MISO Bars Visitors for 2020*.)

Doll said that with increased queue entrants, MISO's ability to handle the administrative processing of the interconnection requests may be stretched thin. "We may need to throw more people at certain tasks," he said.

Doll also said affected-system studies, where MISO must wait on other RTOs to study projects near the seams for impacts, remain an obstacle to shortening the timelines.

Several active queue *cycles* dating from 2017 are currently delayed at least into fall by ongoing affected-system studies. SPP's studies are affecting projects in the Central and West planning regions, while PJM's impact the East region's projects.

Phillips said MISO continues to work with SPP on how the two can cut down on the time needed to conduct affected-system studies.

MISO's next queue application *deadline* is March 18, 2021. ■

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MISO News

MISO Foresees Massive Shift to Renewables by 2040

Faced with Overflowing Queue, RTO to Begin Separate Tx Studies

By Amanda Durish Cook

MISO last week said it foresees hundreds of gigawatts in mostly carbon-free resource additions through 2039, according to its new transmission planning future scenarios.

The prediction is part of the development of three, 20-year scenarios to be used in MISO's transmission planning beginning with the 2021 cycle of its Transmission Expansion Plan (MTEP 21).

Each scenario takes into account different variables such as members and states meeting their renewable-procurement targets, electric vehicle adoption rates and emission reductions.

Future I assumes an 85% probability that companies' renewable growth and carbon-cutting goals materialize and full certainty that states' clean energy plans come to pass. It also assumes a 40% reduction in carbon emissions from 2005 levels by 2040. Under this scenario, MISO predicts that 132 GW of new resources are built — more than half of which are renewable — and 83 GW retire from 2020 to 2039.

Future II assumes members meet or exceed decarbonization plans while carbon emissions drop 60% from 2005 levels. EV adoption stimulates demand, while residential and commercial electrification flourishes, resulting in 30% energy growth footprint-wide by 2040. With that comes 154 GW of new resources with a larger share of renewables than Future I and 82 GW of retirements.

Future III also assumes members fulfill their renewable plans and consumers adopt EVs. It foresees a sharp increase in demand from residential and commercial electrification, resulting in 50% energy growth. MISO also experiences a minimum 50% renewable penetration level as carbon emissions dip 80% below 2005 levels. The RTO predicts 261 GW of new resources — including more than 137 GW of renewables — and 114.5 GW in retirements by 2040 under this scenario.

| © RTO Insider

"It's Future III, where we have heavy carbon constraints, that we start to see retirement," MISO Planning Manager Tony Hunziker said during a special teleconference July 13 to discuss the futures. "Specifically, with Future III, you see many more resources added to get to that 80% carbon-reduction goal."

Solar is the dominant new resource in Futures I and II, while it breaks even with wind in Future III. MISO planners said an increase in energy demand from electrification also contributes to the steep jump in generation expansion from Future II to Future III.

Hunziker said MISO still has to present forecasted capacity additions broken down by local resource zones. It did not break down the predicted retirements by resource type.

The new trio of futures are considered nearly finalized despite some stakeholders' calls for an additional 20-year scenario that contemplates the impact of the COVID-19 pandemic on resource expansion. (See *COVID-19, Electrification Stir MISO Futures Debate*.)

"Really, it's too soon to determine the impact," MISO CEO John Bear said in mid-May.

During March Board Week, Jennifer Curran, vice president of system planning, said she had been fielding stakeholder inquiries over whether the 20-year planning scenarios remain the best estimate considering an economic slowdown spurred by the pandemic.

Curran said it was her "hunch" that the least aggressive renewable predictions would continue to be relevant, especially considering that the futures are meant to cover 20 years of planning. She said her planning team would "stress test" the predictions.

The RTO plans to present finalized futures in August.

The Queue and a Long-term Tx Plan

Curran's hunch at the beginning of the pandemic may prove correct.

MISO's interconnection queue could come close to doubling in size despite months of states of emergency in its footprint that laid waste to recent economic gains.

The RTO's last queue application cycle, which closed in late June, stands to bring the interconnection queue to about 115 GW, "the largest queue in MISO history," according to Executive Director of System Planning Aubrey Johnson.

"Everything that comes into the queue does not represent an interconnection agreement, but it does signal a healthy appetite," Johnson told stakeholders at a virtual Entergy State Regional Committee meeting July 13.

Earlier in June, the interconnection queue *contained* 406 projects, totaling just 62 GW, enough capacity to cover about half of MISO peak load.

Johnson said MISO now plans to embark on a series of long-range transmission planning studies separate from the annual MTEP study cycle. He said the RTO believes conditions today are pointing to a lower carbon portfolio, and it may need some major transmission projects to accommodate the change.

So far, MISO has committed to an expanded North Region Economic Transfer, which evaluates system limitations caused by non-thermal constraints between the renewable-rich northwestern portions of the footprint and load centers in the Upper Midwest. (See *CapX2050 Prompts MISO Focus on Midwest Tx*.) The grid operator is also conducting a study to determine options for Lower Michigan to increase its capacity import and export limits, which have gotten increasingly tight.

Johnson said MISO is also open to other ideas for long-range studies from stakeholders. "I think we're going to take a look at all requests."

The announcement comes after MISO executives for months have been noncommittal about such studies.

Curran said in March that it comes as no surprise that a second long-range transmission plan draws arguments from either side of the fence. "There are some who say, 'Why haven't you done this already?' and some who say, 'Why are you doing this?' It's a wide range of opinions," Curran said.

MISO last took on a long-range transmission package in 2011 with the Multi-Value Project portfolio. ■

MISO News

MISO Keeps Wait-and-See COVID-19 Approach

By Amanda Durish Cook

MISO is likely still months away from returning its full workforce on-site to its multiple offices in the Midwest and South, based on indications this week from its pandemic incident response team.

Angela Weber, MISO | © *RTO Insider*

The RTO said that while it is creating detailed return-to-work plans, it remains in a holding pattern and is still advising most non-control room employees to continue working from home.

"The problem for us, and I think everyone right now, is the situation is fluid, and we don't have a solution yet," MISO Executive Director of Incident Response Angela Weber told MISO South stakeholders during an Entergy Regional State Committee teleconference July 13. "It's something we're still working on and taking our time to do it right."

MISO meets regularly with an infectious disease doctor and an epidemiologist for updates and advice, Weber said. "We make sure we're responding in a very measured and informed way."

The RTO is also monitoring infection rates around the country and pairing the Centers for Disease Control and Prevention's *recommended* 14 days of sustained declining infection rates with adequate testing, contact tracing and ample hospital capacity, Weber said. If those criteria are satisfied, MISO would begin moving to normal operations, she said.

Weber's comments came as the nation's daily count of *new infections nearly hit 66,000*, the 37th straight day that the seven-day average of new infections in the U.S. had trended upward. Total COVID-19 deaths, which lag infections, are approaching 140,000.

Most of MISO's non-control room employees have been working from home since mid-March, and the RTO has isolated its control room staff by forbidding other staff from entering control room buildings. (See *Heat Counteracts COVID-19 Impact on MISO Load*.) MISO's meeting spaces are closed to in-person stakeholder meetings through at least the end of the year.

The grid operator has also expanded the financial and mental health counseling it offers its employees, Weber added. ■

OMS Continues to Press for MISO Dynamic Line Ratings

By Amanda Durish Cook

The Organization of MISO States continues to signal its grid operator that regulators are ready for dynamic transmission line ratings in the footprint.

OMS invited an ERCOT executive to explain the benefits of dynamic line ratings (DLRs) at its board of directors meeting Thursday.

ERCOT Senior Director of System Planning Warren Lasher said DLRs provide value, "especially in off-peak conditions like spring and fall, when you're likely to see more wind on the system."

The Texas grid operator now uses dynamic ratings in 60 to 70% of its circuits, Lasher said. He said it uses data lookup tables from transmission owners coupled with local weather data to assign ratings.

"We've seen a significant amount of benefits, in two ways really. … We've seen reduced congestion, and we're able to get more lost cost power to our customers. But we also see in our reliability studies that we can schedule more maintenance outages in the spring and fall," Lasher told regulators.

OMS has recently been in discussions with MISO Independent Market Monitor David Patton about implementing DLRs. OMS President and Minnesota Public Utilities Commissioner Matt Schuerger said in June that the RTO's ratings are overly conservative, inconsistent and not transparently formed.

MISO TOs have also been meeting with Monitor staff to discuss dynamic and ambient temperature-adjusted line ratings, Otter Tail Power's Stacie Hebert said last month.

The Monitor made implementing DLRs one of five new recommendations late last month in its annual State of the Market report. (See *IMM Issues 5 Recs in MISO State of the Market Report*.)

During this month's Market Subcommittee meeting, Patton said the annual value of MISO's real-time congestion routinely exceeds $1 billion, due in part to "very conservative, static ratings by most transmission operators."

"I think more are becoming aware of this problem," Patton said, citing last year's FERC technical conference and OMS' interest.

Patton said a "broad adoption" of ambient-adjusted ratings could have reduced congestion costs by as much as $150 million in 2018 and 2019. Over those two same years, had TOs just provided short-term emergency ratings, an additional $114 million could have been saved in congestion, he said.

However, Patton said he's had little luck so far trying to convince individual TOs to use the technology.

OMS Executive Director Marcus Hawkins said the group will present a position statement in August on the subject. He said he believes MISO's systems are advanced enough to accommodate the technology. ■

MISO News

Xcel to Begin Seasonal Operation at 2 Coal Plants

By Amanda Durish Cook

Minnesota regulators last week approved Xcel Energy's request to operate two of its four coal units on a part-time basis.

The Minnesota Public Utilities Commission's order Wednesday allows Xcel to idle its Allen S. King Generating Station and Sherburne County Generating Station Unit 2 during the low-demand spring and fall shoulder seasons (*20207-164928-02*). Xcel asked in December for permission to implement seasonal operations.

Xcel spokesperson Matt Lindstrom said the utility expects to begin seasonal operations this fall.

The PUC said the move will save customers money and represents "a significant step toward meeting Minnesota's greenhouse gas emission-reduction goal." It opened a docket last year to investigate the self-scheduling of coal plants in the state.

"This is an important proposal, and I appreciate Xcel Energy bringing it forward," Commissioner Matt Schuerger said in a *release*. "I think this highlights Xcel's focus on saving their customers money, on meeting Minnesota's environmental policies and in being responsive to the investigation the commission opened."

The Union of Concerned Scientists applauded the order. The organization has blasted coal self-commitments as expensive and wasteful. In a recent UCS report, the group named Xcel subsidiary Northern States Power one of the worst offenders for uneconomic operation, saying it ran the two coal plants at a $56.9 million loss in 2018. (See *UCS Analysis Knocks Coal Self-commitments*.)

"Xcel Energy was identified as one of the most egregious actors in our analysis, but this news is a welcome change in behavior," UCS Senior Energy Analyst Joe Daniel said in an emailed statement. "Xcel, like most utilities, was initially reluctant to recognize the costliness of uneconomic self-commitment. But now, both the utility and the state commission have codified a path forward that will save Xcel's customers millions of dollars, not to mention the public health benefits of reduced pollution.

Sherco Generating Station | *Xcel Energy*

"Had all utilities given up their uneconomic coal plant operations in 2018, the average family in Minnesota would have saved $5/month on their electricity bills. Unfortunately, other utilities in Minnesota remain reticent when it comes to changing their operations," Daniel said.

Xcel said its own analysis found the move could save its customers up to $1.45 million in 2020 and up to nearly $3.5 million by 2023. The commission said customer savings could be reflected in Xcel's next rate case. The utility also estimated it will save about $13 million in operations and maintenance and another $7 million in capital costs through 2023.

Xcel also said seasonal operations would cut its greenhouse gas emissions by 4 million tons in 2020 and a little more than 7 million tons by 2023. The commission said the decrease could account for a quarter of Minnesota's goal to reduce emissions 30% below 2005 levels by 2025.

"As we lead the clean energy transition with a plan to reduce carbon emissions 80% by 2030 and pursue our vision of 100% carbon-free electricity by 2050, we'll pursue innovative ideas like seasonally operating our coal plants," Xcel said in an emailed statement. "These changes will allow us to add more renewable energy for our customers, reduce carbon emissions and save money on fuel and operations costs, savings we can deliver to our customers."

But even the seasonal operation will be finite, as both *plants* are *slated* for retirement by 2030. Xcel said the King plant will close in 2028 while all three Sherco units will shutter by 2030. The closures will make good on the company's promise to quit coal by 2030 in its Upper Midwest service territory. (See *Xcel Latest MISO Utility to Pledge Zero Coal*.)

Lindstrom said that as Xcel idles coal plants, it's focusing on avoiding workforce layoffs. He said the company will probably let some of the positions at its coal plants disappear as employees retire.

"As we look toward the future of our system and the eventual retirement of our coal plants, we are working with employees, communities and other stakeholders to develop specific plans for each area to determine how we can bring new jobs and capital investment to the region. We've transitioned coal plants in the past and believe we can do so without layoffs, by normal attrition and job retraining," Lindstrom said. ■

MISO News

FERC OKs COVID-19 Waiver for MISO LMRs

FERC on Thursday approved MISO's request for a one-time waiver giving market participants the opportunity to replace load-modifying resources affected by the coronavirus pandemic.

The waiver will permit market participants that manage an affected LMR to register new resources with MISO to fulfill capacity obligations. FERC said the temporary measure will help ensure reliability during the pandemic (*ER20-2156*).

"We find that the requested waiver addresses a concrete problem because, absent this waiver, market participants whose accredited LMRs will otherwise be unable to meet their performance requirements for the 2020/21 auction," FERC said.

MISO requested the waiver in late June, saying that some LMRs that cleared the 2020/21 Planning Resource Auction may not be able to perform because of closures of businesses that would otherwise be used to control load. (See *MISO Drafts COVID-19 Waiver for LMRs*.) The waiver is considered effective July 15, and market participants have 90 days to register replacement LMRs.

FERC said MISO's plan is reasonable and doesn't carry unintended consequences for third parties. No parties protested the RTO's request.

"The waiver will provide certain market participants affected by the COVID-19 pandemic additional flexibility to satisfy their LMR performance requirements; market participants who have registered planning resources that are not affected by the COVID-19 pandemic will not be impacted by this waiver," the commission said.

| © RTO Insider

This is MISO's second filing for a waiver of Tariff requirements as the pandemic plays out. Some interconnection queue customers now have longer to secure proof-of-land use for their proposed generation projects. FERC granted MISO's request for a 60-day extension of its June 25 site control demonstration deadline in May, when the pandemic locked up government offices and held up construction plans (*ER20-1794*). ■

— Amanda Durish Cook

NYISO News

NYPSC Approves $700 Million for EV Chargers

By Michael Kuser

The New York Public Service Commission on Thursday approved just over $700 million in spending over the next five years to install more than 50,000 light-duty electric vehicle charging stations throughout the state and to prepare pilot programs to accommodate medium- and heavy-duty vehicles (*18-E-0138*).

The PSC's order modifies the EV infrastructure development program included in a *white paper* published last month by it and the New York State Energy Research and Development Authority (NYSERDA). The paper, on the state's Clean Energy Standard, recommended installing EV charging stations within 10 miles of disadvantaged communities, which the PSC deemed inadequate, so the commission ordered the stations be built within 1 mile of such communities downstate and within 2 miles in the rest of the state.

"I think it's smart that the order places the incentives on site location choice, mainly up to developers who have skin in the game," PSC Chair John B. Rhodes said. "This order finds that make-ready investments by utilities can support and complement charging investments by private developers."

Most of the money is allocated to the major utilities in New York for a "Make-Ready Program" of incentives for the installation of light-duty EV Infrastructure for both Level 2 and DC fast-charger stations. The investor-owned utilities are Central Hudson Gas and Electric ($21 million), Consolidated Edison ($234 million), New York State Electric and Gas ($64 million), Niagara Mohawk Power ($112 million), Orange and Rockland Utilities ($19 million) and Rochester Gas & Electric ($31 million).

"Today's action shows that New York is serious about promoting electric vehicles. The scale of this program is beyond any prior efforts, and it recognizes the need to install vehicle chargers widely around the state. It is a huge step for EVs — and for New Yorkers that are thinking about buying an EV," Anne Reynolds, executive director of the Alliance for Clean Energy New York, said in a statement.

Focus on Environmental Justice

Kathy Harris of the Natural Resources Defense Council said in a *blog post* that "the order puts a much-needed focus on ensuring that all New Yorkers have access to clean transportation by developing a $85 million competitive program for innovative projects that will increase clean transportation in environmental justice communities. The investment will consider programs such as electric car sharing and ride sharing, something that was recommended specifically by NRDC and Sierra Club."

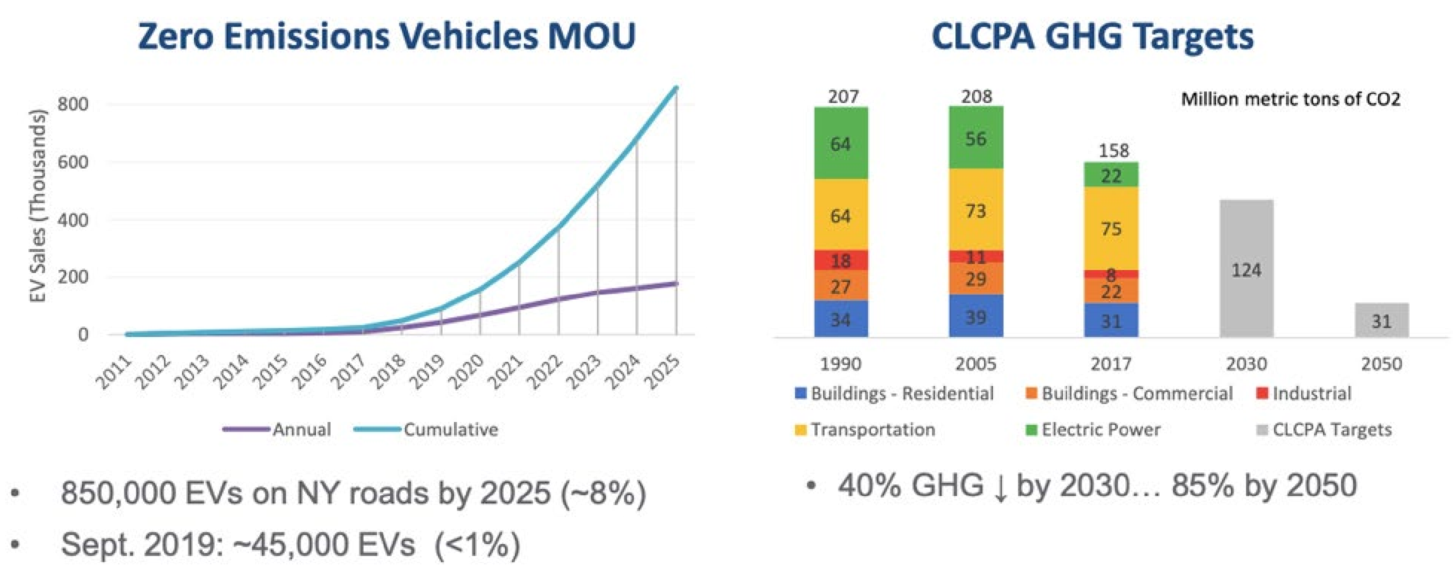
Commissioner Diane Burman voted for the order but said she did not favor having the PSC look to the Climate Action Council to define environmental justice.

"As it may or may not affect the utilities and others that we regulate, and what we are doing from a financial perspective for access to ratepayer dollars, it is really premature and inappropriate for us to say that whatever they decide on the environmental justice definition is good by us," Burman said.

The Climate Action Council was created under the Climate Leadership and Community Protection Act. It works with regulators, state agencies and NYISO to transition the state's power sector and entire economy away from fossil fuels and toward renewable energy. (See *NY Climate Action Council Looks at Deep Decarbonization*.)

The estimated aggregate EV Make-Ready Program budget of $582 million through 2025 represents approximately 70% of the total anticipated make-ready costs of $828 million, the PSC said. The 70% figure represents the anticipated overall program reimbursement when factoring in projects at both the 90% level and the 50% level, the rate depending on meeting program criteria.

The utilities will recover program costs through a combination of rate base and surcharges. In addition, program costs will be allocated to all customer classes based on transmission and distribution revenues, the order said.



New York State clean energy goals impacting transportation | *DPS*

NYISO News

Not So Fast

Commissioner John Howard echoed Burman's remarks on the need for continued diligence on overseeing program implementation and said that planning five years out for "massive EV adoption, in this case an additional 800,000 new vehicles in four years, and millions by 2040," may not be the best approach in a fast-changing industry.

"The goal is not more EV infrastructure, but rather the goal is more EVs," Howard said. "While this initiative is important, and big in scale, it is just a component of a larger electric transportation policy that needs to be built out in its entirety, because certain aspects of moving toward an electrified transportation system will impact other aspects of the system."

Howard said that most experts agree that in the near term, 80 to 90% of EV charging will be done at home or at a convenient workplace location.

"Given that EV technology is changing rapidly, I want to emphasize that this is an enormously dynamic technology, particularly in regard to the range of light-duty vehicles, most of which in the next 18 to 24 months will have a range of at least 250 miles per charge," Howard said.

He also cautioned on one of the biggest issues confronting the future of EV remote charging, which is the handling of the actual purchase of energy at remote charging stations.

"Currently, the Department of Agriculture and Markets oversees the regulation of devices dispensing fuel for vehicles; however, unlike liquid fuels, which are physically measurable as to the exact quantity and quality of the fuel purchased, electric sales offer unique technical challenges," Howard said.

In addition to the inspection and enforcement associated with the new EV program, there also is a derived authority that is given to counties and New York City, he said.

"I believe we will have to spend a great deal of time bringing those entities up to speed to match the commerce that we expect," Howard said. "We are intending to install tens of thousands of new places of commerce that will need to be inspected and monitored. To that extent, I do appreciate the inclusion of a multiagency working group to review the current practices and give guidance to the commission on future actions regarding commerce." ■

Projecting the number of DC Fast Chargers required in NY State between now and 2030 | *DPS*

NYISO News

NYISO BIC Balks on Increased Reserves

Vote Tabled Pending Analysis

By Rich Heidorn Jr.

NYISO stakeholders on Wednesday delayed a vote on the ISO's proposal to procure up to 500 MW of additional reserves for Southeast New York (SENY) pending an additional cost analysis.

The Business Issues Committee tabled the proposal with a 68% roll-call vote on which many members abstained.

The ISO wants to procure up to 500 MW of additional 30-minute reserves in the SENY reserve region (zones G-K) as part of its Reserves for Resource Flexibility project. This proposal would increase SENY's portion of the total statewide reserve requirement from 1,300 MW to 1,550 or 1,800 MW depending on the hour, said NYISO's Ethan Avallone, who *presented* the proposal.

The proposal would shift current locational reserve procurements and would not increase the 2,620-MW procurement for the entire state.

The region's current 30-minute reserves are used to bring transmission assets to emergency transfer criteria — below short-term emergency ratings — after suffering from the first worst contingency in SENY. The additional reserves would provide a market-based mechanism for obtaining resources to bring transmission assets to normal transfer criteria — below long-term emergency ratings — following a contingency, minimizing the need for ISO operators from having to employ out-of-market actions.

NYISO would procure an additional 250 MW for the hours beginning 6 and 22, with an additional 500 MW procured for hours beginning 7 to 21. There would be no increase for hours beginning 23 through 5.

Aaron Markham, of the ISO's grid operations unit, said the additional reserves were needed because of the retirement of the Indian Point nuclear plant and the state Department of Environmental Conservation's "*peaker rule*," which will phase in lower nitrogen oxide emission limits on combustion turbines beginning in 2023.

Unlike the existing 30-minute reserves, which are priced at $500/MWh, the incremental reserves would have a shortage price of $25/MWh. "This lower shortage price recognizes that reserves procured for emergency transfer criteria are a higher relative priority than reserves procured for normal transfer criteria," the ISO said.

Avallone noted that NYISO plans to increase the $25/MWh demand curve point to $40/MWh as part of its separate *Ancillary Service Shortage Pricing* proposal.

Amanda De Vito Trinsey, representing New York City, asked for the delay, complaining that while the ISO had estimated the cost of the $25/MWh to be about $300,000 annually, it had not provided an analysis on the impact of the $40/MWh price, which the city had requested at previous stakeholder meetings.

"You're having us vote before we see the impact analysis [on the $40/MWh price], which defeats the whole point of having an impact analysis," she said.

"You're setting a very poor precedent," agreed Erin Hogan of the New York Department of State's Utility Intervention Unit.

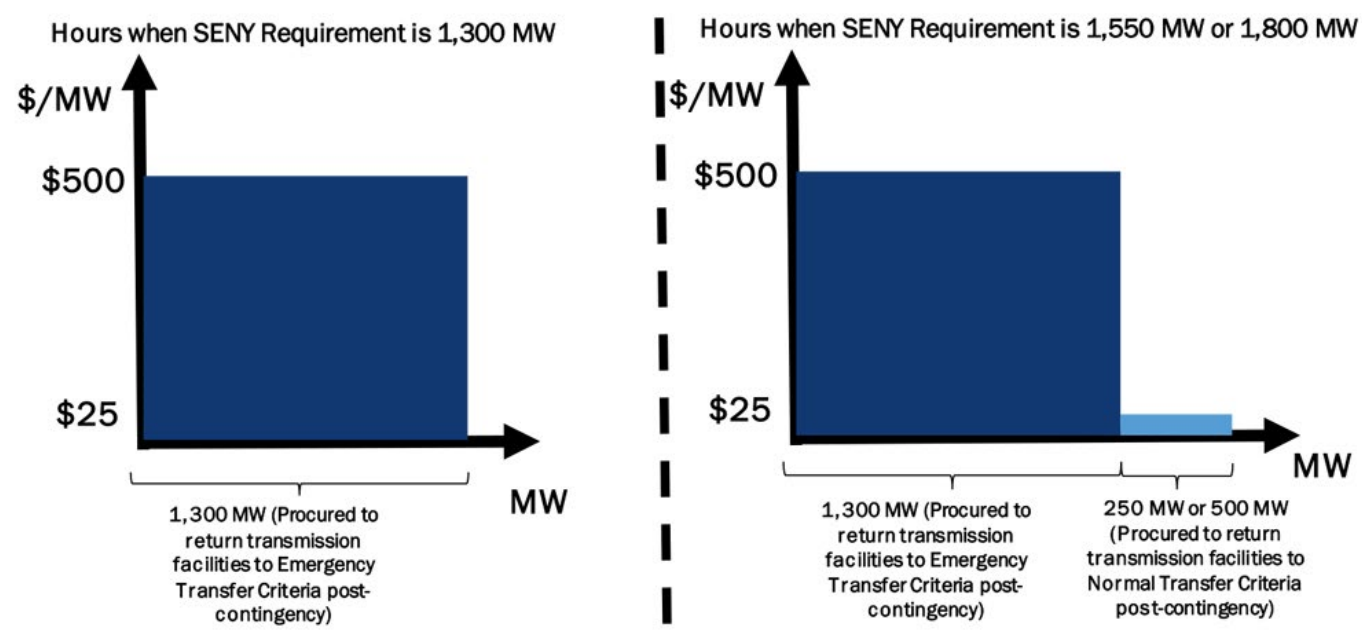
"I can't say it any better, but I do agree with Amanda and Erin on that point," added Chris Hall of the New York State Energy Research and Development Authority.

Howard Fromer, representing Bayonne Energy Center, estimated the $40/MWh price would be no more than 60% higher than the $25/MWh price — a total of about $480,000 a year.

"I don't quite understand ... the call for more delaying," he said. "We're talking about noise."

A NYISO spokesman said after the meeting

Continued on page 34



Proposed SENY 30-minute reserve demand curve | *NYISO*

NYISO News

Court Sides with New York on EPA 'Good Neighbor' Finding

By Michael Yoder

The D.C. Circuit Court of Appeals last week ordered EPA to reopen a complaint filed by New York state over air pollution from upwind coal generators in nine other states.

New York petitioned the agency in 2018 to find that power-generating and other facilities in Illinois, Indiana, Kentucky, Maryland, Michigan, Ohio, Pennsylvania, Virginia and West Virginia were violating the "good neighbor" provision of the Clean Air Act with emissions that made it difficult for the New York metropolitan area to maintain compliance with the National Ambient Air Quality Standards (NAAQS) for ozone.

EPA denied New York's petition on the grounds that it failed to meet standards for proving "good neighbor" violations by demonstrating that cost-effective controls could be imposed on the pollution sources.

But in a unanimous *decision* July 14, a three-judge panel determined that EPA's decision was "convoluted and seemingly unworkable" and relied on "faulty interpretations" of the Clean Air Act, which led it to conclude that New York did not have an air quality problem under the 2008 NAAQS.

"The EPA's test, at best, was a moving target and, at worst, demanded likely unattainable standards of proof," Judge Patricia A. Millett wrote in her opinion.

In March 2018, New York filed a Section 126b petition asking EPA to find that approximately 350 sources of nitrogen oxides, mostly coal-fired power plants, were contributing significantly to the metro area's — Northern New Jersey, Long Island, New York City and Connecticut — nonattainment under the 2008 and 2015 NAAQS. Although New York state filed the petition, New Jersey and New York City joined in appealing EPA's ruling.

The court said that although EPA's October 2019 *ruling* assumed that the emissions in the nine states were "linked" to air quality problems in the New York metro area, it denied the petition based on New York's failure to establish significant contributions from upwind sources under either the 2008 or 2015 NAAQS.

EPA said New York's "assessment of whether the sources" could be "further controlled through implementation of cost-effective controls [was] insufficient" and could have met its "evidentiary burden" through several analyses, including describing or quantifying available emissions reductions from the named sources or describing the downwind air quality impacts of controlling the sources located in the nine states.

In its decision, the court said EPA's reasons for rejecting the petition were "arbitrary and capricious" because the agency failed to provide a "reasoned explanation" why the petition failed to show that the named sources of pollution contributed to environmental nonattainment in the state and that the New York metro area did not have a "cognizable air quality problem" under the 2008 NAAQS.

The petition will now go before review at EPA with the judges not imposing a formal deadline for a decision. New York had asked the court to impose a 60-day deadline for a decision.

"Although we decline to impose a formal deadline at this time, we fully expect the EPA to act promptly on remand," the court said.

Environmental groups hailed the court's decision.

"Today's decision will help protect the lives and health of millions of New Yorkers who are threatened by the smog that blows across state lines," said Liana James, attorney for the Environmental Defense Fund. "The 'good neighbor' provisions of the Clean Air Act exist so that downwind states don't have to struggle with dangerous pollution alone. Today, the court reinforced that fundamental ideal and ordered EPA to do its job." ■

NYISO BIC Balks on Increased Reserves

Vote Tabled Pending Analysis

Continued from page 34

that the ISO had not endorsed the stakeholders' cost estimates.

Trinsey countered Fromer, saying that the ISO doesn't expect to implement the program for two years. "Why are we being rushed to a vote before seeing an appropriate consumer impact analysis?" she asked.

Matt Schwall of the Independent Power Producers of New York, who noted the $40 price will be voted on separately, said delaying the vote on the $25 reserves could impact investment decisions. "We have developers in New York who are looking at making investments in facilities today to respond to changes in the system that are coming in the next couple years. Even a six-month delay … has serious consequences for investors moving forward."

A stakeholder who asked not to be identified urged members to respect NYISO operators' concerns, saying the ISO has leaned on "latent reserves" such as Indian Point, which will be completely shut down by April 2021 and peakers that will retire between 2023 and 2025.

"I am pretty appalled … that there appear to be parties that are going to take a stand against reliability because it might have a cost of $480,000" a year, said Mark Younger of Hudson Energy Economics, who represents generation owner Indeck Energy Services and other suppliers Mercuria Energy America and Eastern Generation.

"That's a gross mischaracterization of what I said," responded Hogan.

Andy Antinori of the New York Power Authority pressed ISO officials on how long it would take to conduct the analysis of the $40/MWh shortage price.

Avallone initially declined to answer, saying, "We do intend to move forward on the vote today."

But Tariq Niazi, the ISO's senior manager for consumer interest liaison, said information on the impact of the $40/MWh shortage price would be included as part of the impact analysis of the Ancillary Services Project, which the ISO hopes to present in August.

With that, Trinsey successfully moved to table the vote to recommend the proposal to the Management Committee.

Fromer said after the vote, however, that there is "precedent" for the MC considering proposals without a BIC recommendation. ■

NYISO News

NYISO BSM Mitigation Ruling Sparks Glick Rebuke

By Robert Mullin

FERC last week approved NYISO's revised buyer-side market (BSM) power mitigation rules, prompting a warning from Commissioner Richard Glick that the commission had threatened the future of organized capacity markets by explicitly excluding state-supported resources from mitigation exemptions.

Thursday's 3-1 ruling followed a February order that partly approved NYISO's proposal for implementing renewable resource and self-supply exemptions to the BSM rules in its capacity market and directed the ISO to submit a compliance filing revising some provisions (ER16-1404). (See FERC Narrows NYISO Mitigation Exemptions.) It also denied a request for rehearing of the February order by a handful of New York state agencies and the American Public Power Association.

St. Lawrence-Franklin D. Roosevelt Power Project on the St. Lawrence River | *NYPA*

Glick's dissent aimed not so much at the exemption rules but at their selective application, arguing that FERC's approach to BSM mitigation "has degenerated into a scheme for propping up prices, protecting incumbent generators and impeding state clean energy policies." He warned that the commission's efforts "to 'save' capacity markets are more likely to hasten their eventual demise."

The commission on Thursday accepted nearly all the revisions in NYISO's compliance filing, effective for new resources entering the Installed Capacity Market (ICAP) starting with interconnection Class Year 2019. Approvals covered:

- NYISO's proposal to use a "renewable exemption limit" formula to calculate a megawatt cap of renewable resources exempt from BSM mitigation specific to each mitigated zone.
- Inclusion of an "incremental regulatory retirement" component in the renewable exemption limit, which will adjust the megawatt cap to reflect the retirement of resources that can be attributed to "direct" regulatory actions taking place since the prior ICAP study period. The feature is intended to address NYISO's concern that state policies can create a supply of "out-of-market" resources that depress capacity prices.
- Use of an unforced capacity reserve margin (URM) impact component in the renewable exemption limit formula, which is intended "to capture the change in the URM in a mitigated capacity zone that reflects how URM market requirements are expected to increase in response to renewable resource entry."
- Implementation of a "renewable exemption bank" through which unforced capacity megawatts not used in prior interconnection studies are "carried over" into subsequent studies, ensuring "that any UCAP megawatts derived from the other three factors — change in forecasted peak load, incremental regulatory retirements and the URM impact — remain available to qualified renewable exemption applicants in future buyer-side market power mitigation determinations, thereby keeping supply and demand in the capacity market in balance even where entry and exit are lumpy over time."

The commission conditionally accepted NYISO's proposed role for its Market Monitoring Unit in determining what resources qualify as incremental regulatory retirements. It directed NYISO to revise the proposal by removing the commission as the arbiter in the event of a disagreement between the ISO and the MMU and instead designate that the ISO's decision would prevail.

"Thus, absent a Section 206 complaint, the commission will not have a prescribed role in such determinations," FERC wrote. "We find that NYISO's proposal invites delay to a time-sensitive process. In particular, we find that if the commission fails to act on a disagreement within 60 days, suspending the Class Year process could result in unacceptable delays to an already complex process that NYISO is working to streamline and for which developers need greater certainty."

Rehearing Rejected

Thursday's ruling also denied a rehearing request by the New York Public Service Commission, New York State Energy Research and Development Authority, New York Power Authority, Long Island Power Authority (referred to as the NY Parties) and APPA, which asked the commission to review its February finding that public power entities should not be eligible for NYISO's self-supply exemption in the capacity market. The NY Parties also sought rehearing of FERC's decision to reject a statewide 1,000-MW cap for the renewable resources exemption.

The commission disagreed with the contention by APPA and the NY Parties that the decision to exclude state resources from the self-supply is arbitrary and capricious and inconsistent with the 2015 complaint order that originally forced NYISO to alter its exemptions policy. It noted that the complaint order "expressed 'concerns regarding the state's ability to artificially suppress prices by channeling uneconomic entry through an exempted load-serving entity' and directed NYISO to 'consider the impacts of state decisions to subsidize resources that are owned or contracted for by a self-supplied load-serving entity.'"

The commission at the time had also re-

NYISO News

quired NYISO "to propose net-short and net-long thresholds 'tight enough to prevent a load-serving entity from being able to deliberately overpay for a resource in an attempt to manipulate ICAP market prices in a way that benefits the load-serving entity's other purchases from the ICAP market.'"

The February 2020 order found that NYISO "had failed to comply with these directives because NYISO's proposal to allow certain instrumentalities of the state to be eligible for the self-supply exemption did not account for the state's ability to suppress ICAP market prices through self-supplied load serving entities."

The commission noted that its February ruling found "the net-short threshold is premised on the assumption that a load-serving entity's incentive is to minimize the costs of serving its customers, and that this assumption does not hold true for certain state entities, such as NYPA," whose own mission statement "supports the conclusion that NYPA's main focus is the welfare of New York state as a whole," including supporting businesses and nonprofits that provide jobs and services to the state.

FERC found that the incentive of "certain instrumentalities of the state to act on behalf of the whole state" was critical in determining whether the proposed net-short and net-long thresholds would fulfill their purpose."

In denying the request to rehear its rejection of NYISO's statewide 1,000-MW renewable resources exemption cap, the commission contended that the cap was inconsistent with a previous order to "narrowly tailor" such caps to mitigated capacity zones. The commission said it disagreed with the NY Parties' contention that FERC's requirements will result in a more restrictive cap than that considered in the 2015 complaint order.

"We further disagree that the February 2020 order interferes with New York state's authority to determine the mix of generation resources in [the New York Control Area]. The commission does not improperly intrude on the states' authority to determine its energy resource mix and the development of new generation merely by implementing wholesale rules affecting matters within the states' jurisdiction."

'Misguided Belief'

In his scathing dissent, Commissioner Glick contended that Thursday's ruling "perverts buyer-side market power mitigation into a series of unnecessary and unreasoned obstacles to New York's efforts to shape the resource mix."

Glick said the application of BSM power mitigation to entities "that are not buyers or buyers that lack market power is nonsensical. Moreover, even when applied to buyers who may have market power, mitigation must reasonably address their potential to exercise that market power."

He argued that the commission has "abandoned" the intended narrow focus of BSM mitigation rules by no longer requiring "a resource to be a buyer, much less a buyer with market power, before subjecting that resource to buyer-side market power mitigation."

"Buyer-side market power rules — often referred to as minimum offer price rules, or MOPRs — that were once intended only as a means of preventing the exercise of market power have evolved into a scheme for propping up prices, freezing in place the current resource mix and blocking states' exercise of their authority over resource decision-making," Glick wrote. "The result is an ever-expanding system of administrative pricing that is, ironically enough, justified on the basis that it promotes competition. But, in reality, the commission is not promoting anything remotely resembling actual competition."

The "administrative pricing regimes" instead "create a systemic bias in favor of existing resources and curtail resources' incentive and ability to compete across all possible dimensions," he wrote.

Glick also warned that FERC's actions to support capacity prices are encroaching on the authority of states to shape their resource mix and compromising the integrity of capacity markets, putting the future of those markets at risk.

"We got to this point largely because of the commission's misguided belief that it must 'protect' capacity markets from the influence of state public policies. However, as explained below, the commission's efforts to prop up prices by mitigating the effects of state public policies upset the jurisdictional balance that is the heart of the [Federal Power Act] and interfere with capacity markets' ability to produce efficient market outcomes," he said.

"The more the commission interferes with state public policies under the pretext of mitigating buyer-side market power, the more it will force states to choose between their public policy priorities and the benefits of the wholesale markets that the commission has spent the last two decades fostering," Glick said. "Although that should be a false choice, the commission is increasingly making it into a real one." ■

PJM News

FERC Orders Uplift Charges on PJM UTCs

By Michael Yoder

FERC ordered PJM to begin billing up-to-congestion (UTC) transactions for uplift, calling the RTO's current rules unjust and unreasonable.

In its ruling Thursday, the commission found that UTC transactions are "similarly situated" to increment offers (INCs) and decrement bids (DECs) that accrue uplift under existing rules (EL14-37).

The commission said that even though it may be just and reasonable to treat UTCs differently than INCs/DECs regarding the bidding locations, as it did in 2018, that is not relevant to whether UTCs should be allocated uplift. (See FERC OKs Slash in Virtual Bidding Nodes for PJM.)

"Although the commission has recognized that UTCs have certain characteristics that distinguish them from INCs and DECs, we find that those characteristics do not justify failing to allocate uplift to UTC transactions," the commission wrote. "Though UTCs and INCs/DECs are different financial products, each are deviations from day-ahead positions that can impact uplift."

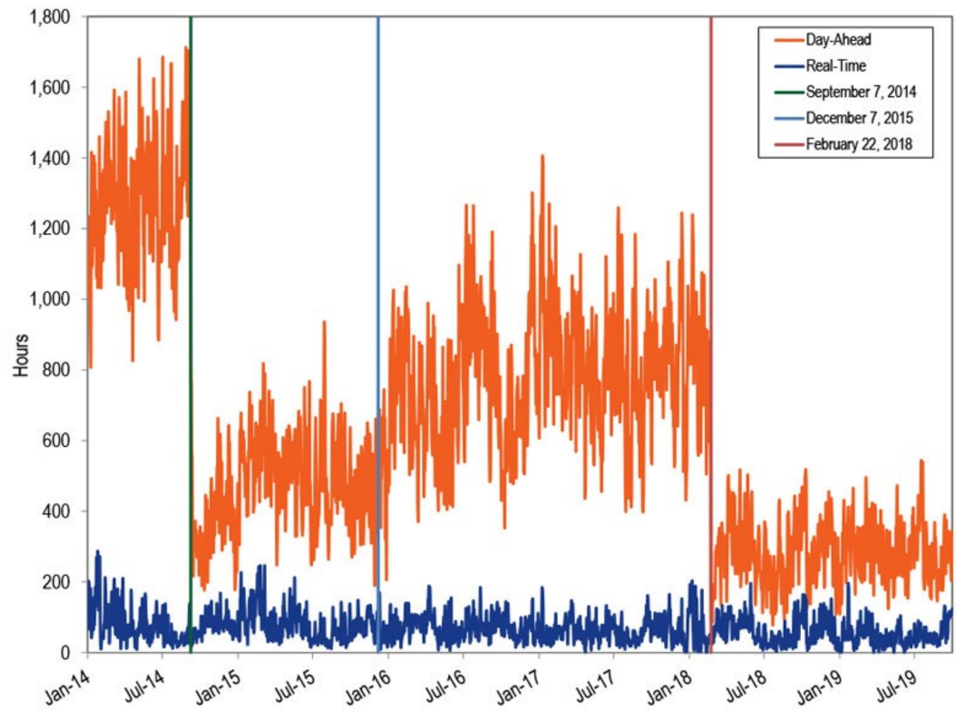
FERC directed PJM to submit a replacement rate within 45 days that treats UTCs as if they were a DEC at their sink points and allocate them both real-time and day-ahead uplift.

Backstory

Thursday's ruling followed seven years of debate among PJM and its stakeholders over whether uplift can be accurately pinpointed to a specific UTC, given the day-to-day variability of the energy markets. Some members have argued that there's no proof that UTCs even cause uplift, let alone that they should be charged for it.

FERC instituted an investigation under Federal Power Act Section 206 on PJM's allocation of uplift to virtual transactions in 2014. In January 2017, the commission extended PJM's financial transmission rights forfeiture rule to cover UTCs, but it denied the RTO's proposal to extend uplift charges to the trades as well.

By April 2018, FERC issued Order 844, which incorporated additional uplift transparency rules for all RTOs and ISOs, but it withdrew a requirement that grid operators categorize real-time uplift costs based on their causes and allocate them only to market participants



Daily congestion event hours: January 2014 through September 2019 | *FERC*

"whose transactions are reasonably expected to have caused" the uplift. (See FERC Orders RTOs to Shine Light on Uplift Data.)

Then, last October, FERC issued an order requiring additional briefing to update whether PJM still wanted to charge uplift on all virtual trades. (See FERC Queries PJM on Virtual Transaction Rules.)

PJM's brief said it still supports allocating uplift to UTCs. Because UTCs, like all virtual transactions in the day-ahead market, directly affect "the commitment and dispatch of resources, flows on transmission lines, LMP levels and the revenues that resources collect from the market," UTCs contribute to uplift the same way as INCs and DECs and should be treated similarly, PJM said.

FERC's ruling cited PJM's *Report on the Impact of Virtual Transactions* from 2014 that found UTCs can impact unit commitment by affecting the dispatch of supply resources in the day-ahead market. The report said that when UTCs were removed from the day-ahead market, several generating units were decommitted while other units were committed — an indication that UTCs can impact unit commitment decisions.

While PJM's report only considered the day-ahead market, "the changes in commitment decisions that were shown by removing UTCs represent the types of commitment and redispatch decisions that could be needed to adjust for the removal of UTC megawatts on certain nodes in the real-time market," FERC said. "The change in commitment decisions can impact uplift."

Besides PJM's filings, the commission also cited analysis provided by the Independent Market Monitor showing that most real-time congestion charges are allocated to UTCs. FERC said the Monitor provided an example of how UTCs can collect "negative balancing congestion on the sink side of the transaction" and that they cause negative balancing congestion charges by contributing to "physically infeasible market flows" in the day-ahead market.

"We find that the Market Monitor's analysis and supporting examples provide further support for our finding that UTCs can cause uplift in both the day-ahead and real-time markets," the commission said. ■

PJM News

ComEd to Pay $200 Million in Bribery Scheme

Continued from page 1

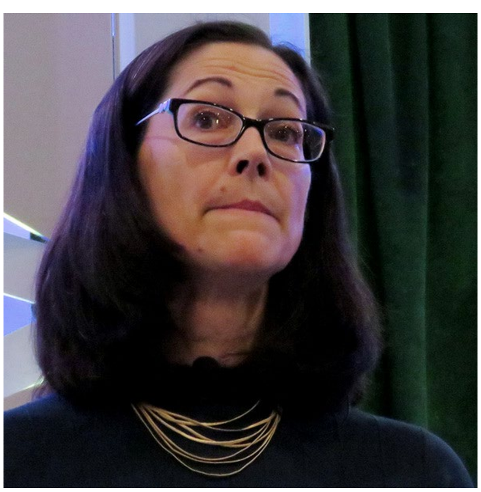
gan ally to its board of directors, retaining a law firm favored by the speaker and providing internships to students who resided in the speaker's Chicago ward. (See related story, *How ComEd Got its Way with Ill. Legislature*.)

Under the *agreement*, the bribery charge will be deferred for three years and then dismissed as long as ComEd continues to cooperate with "ongoing investigations of individuals or other entities" involved in the bribery charge.

While Madigan is not named directly in the documents released Friday, the scheme allegedly revolved around what the *Deferred Prosecution Agreement* called "Public Official A" identified as the "speaker of the Illinois House of Representatives and the longest serving member of the House of Representatives." Madigan is the longest-serving leader of any state or federal legislature in U.S. history, having held the speaker title for all but two years since 1983.

"ComEd understood that, as speaker of the House of Representatives, Public Official A was able to exercise control over what measures were called for a vote in the House of Representatives and had substantial influence and control over fellow lawmakers concerning legislation, including legislation that affected ComEd," officials wrote.

Representatives in Madigan's legislative office confirmed that he had accepted subpoenas Friday in connection with "documents related to possible job recommendations." Madigan's office said he will cooperate with the subpoenas.



Former Exelon Utilities CEO Anne Pramaggiore | © *RTO Insider*

"The speaker has never helped someone find a job with the expectation that the person would not be asked to perform work by their employer, nor did he ever expect to provide anything to a prospective employer if it should choose to hire a person he recommended," a spokesperson in Madigan's office said. "He has never made a legislative decision with improper motives and has engaged in no wrongdoing here. Any claim to the contrary is unfounded."

The Scheme

According to the charging documents, ComEd admitted that it began its efforts to bribe Madigan around 2011 and continued its efforts until 2019, after the FBI raided the homes and offices of lobbyists and others, including Michael Zalewski. During that span, the Illinois General Assembly considered bills and passed legislation having a "substantial impact on ComEd's operations and profitability," including electricity rates for ComEd customers and other legislation worth in excess of $150 million.

The U.S. Justice Department said ComEd made $1.3 million in indirect payments to Madigan's associates, who performed little or no work for the utility.

Prosecutors said ComEd has provided "substantial cooperation with the federal investigations" and will continue to provide cooperation until the investigation and prosecutions are completed. Exelon officials pointed out that the $200 million fine — more than the $144 million profit ComEd reported for 2019 — will not result in rate increases or charges to its customers.

Company Response

Exelon, ComEd's parent, said it "fully and substantially cooperated" with the U.S. Attorney's Office since the beginning of the investigation and has taken internal measures to prevent similar incidents in the future.

Exelon CEO Christopher Crane said his company is "committed to maintaining the highest standards of integrity and ethical behavior," acknowledging past lobbying practices with public officials "did not live up to that commitment." Crane said that when Exelon learned about the lobbying practices, it started an internal investigation that identified a "small number of senior ComEd employees and outside contractors" involved in the scheme.

Exelon CEO Christopher Crane | © *RTO Insider*

"Since then, we have taken robust action to aggressively identify and address deficiencies, including enhancing our compliance governance and our lobbying policies to prevent this type of conduct," Crane said. "We apologize for the past conduct that didn't live up to our own values, and we will ensure this cannot happen again."

Exelon said it implemented four new policies governing interacting with public officials; vetting and monitoring of lobbyists and political consultants; employment and vendor referrals; and requests from public officials.

The grand jury probe leading to the bribery charge brought about the retirement of Exelon Utilities CEO Anne Pramaggiore on Oct. 15, less than a week after the company disclosed it had received a subpoena seeking communications between Exelon and state Sen. Martin Sandoval, a Chicago Democrat whose home and offices were raided by FBI agents in September. Sandoval's daughter was hired by ComEd during Pramaggiore's tenure. (See *Exelon Pledges Reforms amid Grand Jury Probe*.)

The breadth of ComEd's involvement with Madigan, however, raises questions about whether all those who were aware of the company's payoffs have left the company's payroll.

Crain's Chicago Business *reported* last December that ComEd and Exelon hosted an annual fundraiser for Madigan and the Democratic Party for at least five years that generated $100,000 or more annually. The 2017 invitation featured Crane prominently.

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Reactions to the Charges

News of the allegations prompted harsh criticism on both sides of the aisle.

During an unrelated press conference, Gov. JB Pritzker (D), who took office in 2019, said the allegations were "very upsetting" and that Madigan "must resign" if they are true.

"People in public service need to live up to the integrity of the job they were asked to do," Pritzker said. Madigan "needs to be forthcoming right away with answers."

However, a spokesman for the governor *told* the *Chicago Tribune* that Pritzker "still has confidence in Carrie Zalewski, who is an accomplished regulator."

Tim Schneider, chairman of the Illinois Republican Party, later called out the governor as well as Madigan in a statement, pointing to an investigation into $331,000 in alleged tax breaks Pritzker received in a remodeling project of a mansion he owns. "The people of Illinois now live in a state where both the speaker of the House and the governor are under criminal investigation," Schneider said. "Even for a state with a history of corruption, this is unprecedented. Crimes of bribery and tax fraud cannot be tolerated from our elected officials."

Tyson Slocum, energy program director of Public Citizen, a D.C.-based think tank, criticized the $200 million settlement for ComEd, calling it a "paltry sum."

"The company's successful lobbying blitz to pass controversial Illinois legislation in 2016 provided massive ratepayer-funded bailouts of its inefficient nuclear power plants — and forced ratepayers to fork over $235 million a year to Exelon for 10 years starting in 2017," Slocum said. "This settlement is pennies on the dollar for what Exelon will earn off the bailouts." ■

How ComEd Got its Way with Ill. Legislature

Company Admits Funding 'Old Time Patronage System'

Continued from page 1

said Speaker Madigan was, through this time, a 'foe.' ComEd's political and financial fortunes then changed dramatically, starting with the passage of EIMA in 2011."

This account is based on the "statement of facts" attached to ComEd's *deferred prosecution agreement*. Although the statement identified those allegedly involved in the bribery scheme by pseudonyms, its descriptions of many of them pointed to specific individuals. (See "Who's Who" at end of story.)

The Most Powerful Official in Illinois

A protégé of legendary machine pol Richard J. Daley, Madigan has ruled the Illinois House of Representatives as speaker for all but two of the last 37 years, outlasting seven governors and more than 700 state regulators, according to a *profile* by Illinois Policy, an independent public policy group. The only interruption in the reign of the man known as "the velvet hammer" was when Republicans briefly controlled the House.

Illinois Policy said the House's parliamentary rules give Madigan more power than any other state legislative leader in the U.S., allowing him to assign committee chairs, block votes on key legislation and decide on the state's political boundaries.

Madigan also wielded power in his role since 1998 as chairman of the state Democratic Party, a position through which he doled out more than $15 million in campaign contributions to 60 sitting state representatives.

John T. Hooker, ComEd's executive vice president of legislative and external affairs, allegedly helped provide two associates of Speaker Madigan with no-work jobs. | *Chicago Housing Authority*

Retired lobbyist and former legislator Michael McClain delivered Speaker Michael Madigan's request for favors to ComEd CEO Anne Pramaggiore, according to federal investigators. | *WBEZ*

In addition, his law firm specializes in Cook County property tax appeals, handling appeals for more than 4,200 parcels totaling more than $8.6 billion in assessed value from 2011 to 2016, the *Chicago Tribune* and ProPublica Illinois have reported. "Owners of some of the region's most valuable real estate can feel pressured to hire Madigan & Getzendanner, which Madigan founded in 1972, in an attempt to lower their property tax burdens," Illinois Policy said.

Radio station WBEZ *reported* last month that Illinois Commerce Commission Chair Carrie Zalewski was one of almost three dozen people appointed to state positions by Gov. J.B. Pritzker at Madigan's request. Zalewski is the daughter-in-law of former Chicago Alderman Michael R. Zalewski, one of the Madigan associates who allegedly received no-work jobs in the bribery scheme.

Pass-through Payments

According to the Justice Department, Madigan's intermediary with ComEd officials was Michael McClain, who became a ComEd lobbyist after a decade as a state legislator. WBEZ has reported that McClain maintained a "magic lobbyist list" that special interests could hire to ingratiate themselves with the speaker.

Although the Justice Department alleged ComEd's bribery scheme began in 2011, it quoted McClain telling ComEd officials "that for decades, [Madigan] had named individuals to be ComEd employees, such as meter readers, as part of an 'old-fashioned patronage system.'"

In or around 2011, McClain and John T. Hooker, ComEd's executive vice president of legislative and external affairs, developed a plan to direct money to two unnamed Madigan associates ("Associate 1" and "Associate 2"). ComEd agreed to pay them indirectly as subcontractors to Jay Doherty, president of the City Club of Chicago, a public-affairs forum founded in 1903 whose luncheons draw a revolving cast of leaders of Illinois politics, business and media.

McClain explained Associate 1's importance to Fidel Marquez Jr., the utility's senior vice president for legislative and external affairs, calling him "one of the top three precinct captains" who also "trains people how to go door to door."

Doherty's invoices to ComEd falsely claimed the payments were all in return for his advice on "legislative issues," "legislative risk management activities" and related matters, "when in fact a portion of the compensation paid … was intended for ultimate payment to [Madigan's] associates, who in fact did little or no work for ComEd," the statement of facts said. "Certain senior executives and agents of ComEd were aware of these payments from their inception."

Doherty's contract with ComEd was increased to cover payments to the subcontractors.

PJM News

Between 2011 and 2019, indirect payments made to Madigan's associates who performed little or no work for ComEd totaled about $1.3 million, federal officials said, including payments through Doherty's company and other third-party vendors. Doherty reportedly earned more than $3 million over a decade as a ComEd lobbyist.

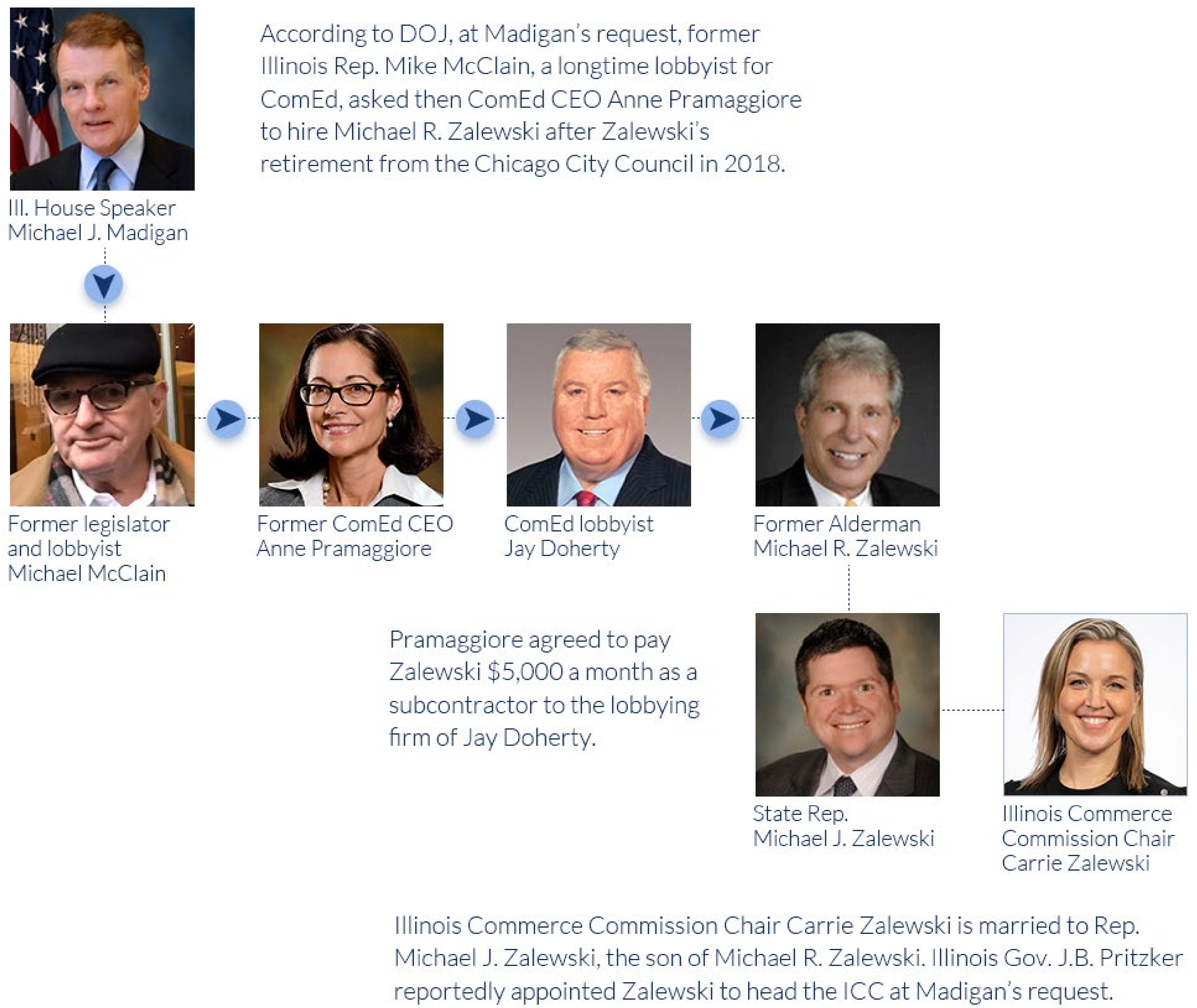
In about May 2018, Madigan, through McClain, asked then-ComEd CEO Anne Pramaggiore to hire Michael Zalewski, who was retiring from the Chicago City Council at the end of the month.

Pramaggiore, in coordination with Doherty and Marquez, agreed that ComEd would pay Zalewski about $5,000/month as a subcontractor through Doherty's company.

When she approved the arrangement, Pramaggiore was aware that other Madigan associates also were paid indirectly as subcontractors through Doherty's company, which she "referred to as the 'roster,'" DOJ said. Pramaggiore also agreed that Madigan, rather than someone from ComEd, would advise Zalewski of the payment arrangement. (A spokesman for Pramaggiore on Friday declined to comment to the *Chicago Tribune* on whether she is cooperating with the department but insisted: "Ms. Pramaggiore has done nothing wrong and any inference to the contrary is misguided and false.")

In a revised contract including the payments to Zalewski, Doherty falsely claimed the additional $5,000/month was necessary because of the company's "expanded role with [the] Cook County Board president's office and Cook County commissioners and department heads."

In February 2019, McClain advised Marquez about how to present information within ComEd concerning the renewal of Doherty's company's contract for 2019, warning "I would



| © RTO Insider

PJM News

say to you don't put anything in writing … [because] all it can do is hurt ya."

About the same time, McClain had a conversation with Hooker, who had retired from ComEd but had continued to work as an external lobbyist for the company. If asked about the renewal of Doherty's contract, McClain told Hooker he should explain, "We had to hire these guys because [Madigan] came to us. It's just that simple." Hooker agreed, the statement of facts said, adding, "It's clean for all of us."

Beginning in 2013, ComEd also set aside a number of internships for students who primarily resided in Madigan's Chicago ward and were recommended by McClain and others of the speaker's associates.

Board Post

In 2017, McClain told Pramaggiore that Madigan wanted another associate, Juan Ochoa, former CEO of the Metropolitan Pier and Exposition Authority, appointed to the ComEd board.

Internal company opposition to Ochoa's appointment prompted Pramaggiore to ask McClain in May 2018 if the speaker would be satisfied if she arranged a part-time job that paid as much as the board position: $78,000/year.

McClain told Pramaggiore that Madigan wanted her to "keep pressing" for Ochoa's appointment. Pramaggiore agreed to do so, later telling McClain, "You take good care of me and so does our friend [Madigan], and I will do the best that I can to, to take care of you."

In April 2019, Pramaggiore sent McClain a text message that Ochoa's appointment had been approved. His appointment was announced the following day in a notice with the U.S. Securities and Exchange Commission.

Speaker Madigan pressed ComEd CEO Anne Pramaggiore to appoint Juan Ochoa, former CEO of the Metropolitan Pier and Exposition Authority, to the ComEd board in April 2019. | *Juan Ochoa via LinkedIn*

"Although ComEd and Exelon conducted due diligence on [Ochoa] and ultimately determined he was qualified for a board position, no one at ComEd or Exelon recruited [Ochoa] to serve as a director, and ComEd did not interview or vet other outside candidates for the vacant board seat," the statement of facts said.

ComEd also had agreed beginning in 2011 to retain a law firm — described as Law Firm A — with a minimum of 850 hours of attorney work annually. It is unclear if the firm was Madigan's, but the statement of facts says the hiring was intended "to influence and reward" the speaker.

In 2016, ComEd sought to reduce the hours in the firm's retainer because there was not enough appropriate legal work to give the firm 850 annual hours.

In January 2016, McClain wrote Pramaggiore that a lawyer with the firm ("Lawyer A") had complained about the utility's efforts to reduce the contract.

"I am sure you know how valuable [Lawyer A] is to our friend [Madigan]," McClain wrote. "I know the drill and so do you. If you do not get involve [sic] and resolve this issue of 850 hours for his law firm per year, then he will go to our friend [Madigan]. Our friend [Madigan] will call me, and then I will call you. Is this a drill we must go through?"

Pramaggiore apologized: "Sorry. No one informed me. I am on this." She assigned a ComEd employee who was serving as "project manager" for obtaining legislative approval of FEJA to ensure that the law firm's contract was renewed.

"The project manager had no oversight

ComEd and Exelon hosted an annual fundraiser for House Speaker Michael Madigan and the Democratic Party for at least five years that generated $100,000 or more annually. The 2017 invitation featured Exelon CEO Chris Crane. | *Crain's Chicago Business*

PJM News

authority over ComEd's legal department and was not otherwise involved in deciding what legal professionals the legal department retained," according to the statement of facts. "The project manager was assigned the task of ensuring Law Firm A's contract was renewed because the work provided to Law Firm A was, in part, designed to influence and reward Public Official A in connection with Public Official A's official duties, including the promotion and passage of FEJA."

ComEd agreed around June 2016 to renew the firm's contract but with reduced annual hours.

Utility-backed Legislation Approved

The Justice Department said ComEd's support of Madigan helped produce two major legislative wins for the utility: FEJA, which included billions in subsidies for two Exelon nuclear generating plants, and EIMA, which authorized ComEd and Ameren Illinois to spend $3.2 billion over 10 years for upgrades, distributed automation and smart meter implementation.

The spending was done under a streamlined formula rate process to reduce regulatory lag and allow quicker inclusion of costs into rates. The rate of return on equity, incentive compensation, rate-case expense and other variables were set in advance. ROEs could be reduced for failing to meet performance targets. Passed by the Illinois House in May 2011 and the Senate in August, EIMA was vetoed by former Gov. Pat Quinn (D) but overridden by the legislature October.

An analysis by Scott Madden management consultants after the first six annual formula rate filings concluded that the utilities had increased their earnings despite below-average ROEs. It said ComEd's and Ameren's rate bases had increased by 34% and 24%, respectively, boosting their authorized earnings by 16% and 6% since 2012.

Fidel Marquez Jr. (left), ComEd's senior vice president for legislative and external affairs until September 2019, and former ComEd CEO Anne Primaggiore (second from right) were both implicated in the bribery investigation | *ComEd*

Gov. J.B. Pritzker | *Gov. J.B. Pritzker*

Ameren's and ComEd's formula rates have been extended twice beyond their initial sunset in 2017. The current extension ends in 2022.

ComEd is currently running an advertisement claiming the formula rates are responsible for a 60% increase in reliability, $2.1 billion in "customer benefits," 3,000 jobs and $12 billion in investments in the state economy. The ad is running on the website of *Capitol Fax*, a newsletter covering state politics, adjacent to the site's *timeline* of the federal investigation.

Critics, however, say formula rates have allowed utilities to pass through costs without adequate review and that utilities are effectively guaranteed their authorized rate of return.

ComEd also won Madigan's support for FEJA, which — in addition to increasing energy efficiency requirements and creating a community solar program — authorized $2.4 billion in zero-emission credits for Exelon's Clinton and Quad Cities nuclear units.

"Since the passage of FEJA, ComEd has had a continuing interest in advancing legislation in the General Assembly favorable to its interests and opposing legislation that was not consistent with its operational and financial success," the Justice Department said.

ICC Under Scrutiny

Gov. Pritzker said Friday that Madigan must step down if the allegations against him are true. But a spokesman for the governor *told* the *Chicago Tribune* that Pritzker "still has confidence in Carrie Zalewski, who is an accomplished regulator."

> **"You take good care of me and so does our friend [Madigan], and I will do the best that I can to, to take care of you."**
>
> —Former ComEd CEO Anne Pramaggiore

WBEZ said last month it had obtained emails showing Madigan's top aide recommended Zalewski for the ICC in December 2018, about four months before the governor named her to a five-year term as chairwoman. She was confirmed by the Senate in May, about two weeks after the FBI raided her father-in-law's home in the bribery probe, although the raid did not become public until July.

"ComEd's business model relies on favorable relationships with regulators like the ICC to ensure they get the best possible deal, even if it's at the expense of ratepayers," Liz Kantor,

PJM News

a co-coordinator of the Democratize ComEd campaign, told WBEZ. "Clearly a system where regulators are clandestinely appointed by friends of the companies being regulated is not one that is operating in the public interest."

The ICC *announced* Friday it had summoned ComEd executives to appear before the commission at its open meeting July 29 in response to the Justice Department allegations.

"Since the beginning of the [Pritzker] administration, the commission has been committed to fostering a culture of transparency, accountability and inclusivity at the agency. This includes holding utility companies accountable for their compliance with ethics reforms required by a law enforcement agency," the ICC said. "At the open meeting on July 29, the commission will have an opportunity to ask ComEd executives about the ethics reforms that the company says it has implemented."

ICC spokeswoman Victoria Crawford said the allegations do not involve the chair and should not affect her position.

"There is no conflict of interest, actual or perceived," Crawford said in a statement.

Recommendations for New Administration
Updates are italicized

1. Barbara Flynn Currie – something part-time
2. [redacted] – legislative office
3. Tiffany Newbern-Johnson, City of Chicago – legislative office
4. [redacted] sent resume)
5. David Harris (sent resume)
6. [redacted] (sent resume)
7. [redacted] (sent resume)
8. Robert Cantone – maintain on Human Rights Commission (sent resume)
9. [redacted] – appoint to the Human Rights Commission
10. Shirley Madigan – maintain as Chair of the IL Arts Council
11. [redacted] – Director of CDB or CMS (sent resume)
12. Jerry Costello – [redacted] Dept of Natural Resources; DNR Director of Law Enforcement (sent resume)
13. [redacted] – Executive Director, IL Housing Dev't Authority (sent resume)
14. Naomi Jakobsson – Board of Trustees, U of I (sent resume)
15. J. Steven Beckett – appointment to the ALPLM Board of Trustees (previously served on ALPLM Advisory Board) (bio sent; resume sent)
16. [redacted] interested in being a Court of Claims judge (resume sent)
17. [redacted] – interested in board related to historic preservation/buildings (resume sent)
18. [redacted] – interested in board position on the (i) Court of Claims (as a judge); (ii) Toll Highway Authority, or (iii) Human Rights Commission (resume sent)
19. [redacted] – appointment to the IL Medical Commission or Capital Development Board [redacted] (resume sent)
20. Tom Cross – retain as Chairman of Board of Higher Education
21. Carrie Zalewski – appointment to Illinois Commerce Commission
22. [redacted]; interested in DOC Director position (informational doc sent)
23. [redacted] – position at DCEO (not Director) (resume sent)
24. Don O'Connell – re-appointment to Liquor Control Commission (currently serving without Senate confirmation)
25. Vivian Robinson – interested in a paid board/commission position; specifically interested in [redacted] Civil Service Commission; [redacted] (resume sent)
26. [redacted] – appointment to a board or commission (GOP affiliation) (resume sent)
27. [redacted] – interested in policy development in the areas of public health or healthcare (resume sent) **Greg Harris recommendation
28. [redacted] – interested (and experienced) in youth-serving organizations (resume sent) **Greg Harris recommendation
29. Jim Bennett – interested in the Director of Human Rights position (resume sent) **Greg Harris recommendation
30. [redacted] – <more info pending>
31. [redacted] – Secretary of IDOT (resume sent)
32. [redacted] – experienced in education and real estate taxation (bio sent)
33. Kevin O'Mara – Education transition committee member; interested in State Board of Education
34. [redacted] – interested in State Superintendent of Education (resume sent) **Will Davis recommendation
35. [redacted] (resume sent)
36. [redacted] – Director of CDB or CMS (resume sent)
37. Jim Connolly – Tollway Board of Directors
38. Jim Sweeney – Tollway Board of Directors
39. [redacted] (resume sent)

4/10/2019 2:17 PM

Gov. J.B. Pritzker appointed nearly three dozen people to state jobs, including Illinois Commerce Commission Chair Carrie Zalewski, (#21 on the list) at the request of Speaker Michael Madigan. The names of those who did not get jobs were deleted by the governor's office. | *WBEZ*

Who's Who?

Below is a list of the pseudonyms in the DOJ statement of facts and how the individuals named in the story above were identified.

- "Public Official A is the speaker of the Illinois House of Representatives and the longest serving member of the House of Representatives."
- "Individual A served in the Illinois House of Representatives for approximately 10 years beginning in 1972. After Individual A's service in the Illinois House of Representatives, Individual A served as a lobbyist and/or consultant for ComEd until 2019. During that time, Individual A made known to ComEd that Individual A had a close personal relationship with Public Official A." Retired lobbyist Michael McClain, whose home was raided by the FBI in mid-May 2019, "fits all of those details," WBEZ *reported*.
- "CEO-1 was the chief executive officer of ComEd between in and around March 2012 and May 2018. From June 1, 2018, to Oct. 15, 2019, CEO-1 served as a senior executive at Exelon Utilities and had oversight authority over ComEd's operations." That is a reference to Anne Pramaggiore, who abruptly retired in October, less than a week after Exelon disclosed it had received a second subpoena in the investigation. The company said investigators were looking for "communications" between Exelon, ComEd and state Sen. Martin Sandoval, a Chicago Democrat whose home and offices had been raided by FBI agents in September. Sandoval's daughter worked for ComEd as a senior account representative.
- "Senior Executive 1 served as ComEd's senior vice president for legislative and external affairs from in or around March 2012 until in or around September 2019." WBEZ said this appeared to reference to Fidel Marquez Jr., "who held that title as ComEd's top in-house lobbyist and left the company at that same time."
- "Lobbyist 1 served as ComEd's executive vice president of legislative and external affairs from in and around 2009 until Lobbyist 1's retirement in

"Chairman Zalewski remains committed to the important work of the Illinois Commerce Commission."

The ICC pointed to Zalewski's efforts to increase transparency by broadcasting commission meetings via livestream and providing more detailed explanations about votes.

The commission has been criticized in the past for being too close to ComEd, however.

The *Tribune* cited the ICC's "aggressive and unsuccessful battle to shield ComEd from scrutiny" in a wrongful death suit, saying it spent months fighting a court order to turn over documents related to an electrocution that killed cable line worker Robert Zulauf in November 2016. Jordan Zulauf, the victim's nephew, suffered severe injuries in the accident and had to have both arms amputated. ComEd engineers *said* the accident was the result of an improperly insulated guy wire.

Stephan Blandin, the attorney for the victim's widow, told the *Tribune* on Friday that Zalewski should be removed from the commission.

"The whole purpose of Commonwealth Edison bribing state government is to get favorable rates … and so they don't face any scrutiny from the ICC," Blandin said. "What happened to Robert and Jordan is a manifestation of the corruption."

Zalewski's predecessor as chair, Brien Sheahan, also was criticized as too close to ComEd.

In April, the ICC announced it would not release a final draft of its "NextGrid: Illinois' Utility of the Future" study after quietly settling a lawsuit that claimed Sheahan had allowed ComEd and Ameren to exclude some consumer advocates and others from participating in the study. The report was later published by the University of Illinois. (See *'NextGrid' Goes off the Rails*.) ■

> **"For decades, [Madigan] had named individuals to be ComEd employees, such as meter readers, as part of an 'old-fashioned patronage system.'"**
>
> —Retired lobbyist and former legislator Michael McClain

and around 2012. From 2012 to 2019, Lobbyist 1 served as an external lobbyist for ComEd." ComEd *announced* in a press release that John T. Hooker was retiring as executive vice president of legislative and external affairs effective Feb. 24, 2012.

- "Consultant 1 was the owner of Company 1, which performed consulting services for ComEd until in and around 2019." WBEZ identified that person as Jay Doherty, who *resigned* in December after 27 years as president of the City Club of Chicago public affairs group. Doherty, whom WBEZ reported was being investigated for being a "pass through" for ComEd's payments to politically connected individuals, resigned several months after federal investigators raided City Club's offices. Doherty had earned more than $3 million over a decade as a ComEd lobbyist.
- "Associate 3" was "a political ally of Public Official A who was retiring from the Chicago City Council at the end of" May 2018. Michael R. Zalewski *retired* from the city council May 31, a year before the end of his term amid speculation he was seeking to avoid a primary fight in his increasingly Hispanic district. Federal agents raided his home in May 2019. ■

PJM MRC/MC Preview

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

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

Markets and Reliability Committee

Consent Agenda (9:05-9:10)

Members will be asked to endorse the following manual changes and Tariff revisions:

B. *Manual 6: Financial Transmission Rights*. Periodic review, including clarifying and administrative changes.

C. *Tariff Attachment Q, Appendix 1 – Annual Officer Certification* and *Tariff Part 1, section 10.4*. Tariff clean-up revisions related to PJM's recent market participation risk evaluation enhancements filing.

Endorsements/Approvals (9:10-9:40)

1. Five-minute Dispatch and Pricing (9:10-9:40)

Members will be asked to endorse the *proposed solution* and corresponding language *revisions* addressing the short-term solution to resolve issues in *five-minute dispatch and pricing*. The proposal, endorsed at the June 3 Market Implementation Committee meeting, calls for "work streams": short-term market changes to address pricing alignment; "enhancements and clarifications" to LMP verification; intermediate operational changes to implement more "regimented" real-time security-constrained economic dispatch (RT SCED) case approvals; and long-term operational changes to investigate changing SCED timing and consider previous dispatch instructions. (See *PJM 5-Minute Dispatch Proposal Endorsed*.)

Members Committee

1. Five-minute Dispatch and Pricing (11:55-12:25)

See Item 1 in MRC, above.

2. Nominating Committee (12:25-12:35)

The committee will be asked to elect members of the 2020-2021 Nominating Committee. ■

— Michael Yoder

SPP MOPC Briefs

Members Unable to Agree on Weighting Futures in 2021 Tx Plan

SPP stakeholders last week once again took a crack — three, actually — to resolve a weighty issue in determining how futures will be considered in the RTO's 2021 transmission plan study. Now they're back to square one.

The Markets and Operations Policy Committee took three votes during its July 15-16 web meeting, which began with 156 attendees, on how to consider the two futures that will go into the 2021 assessment's scope. All three failed, leaving staff to promise they will raise the issue again at next week's Board of Directors and Members Committee teleconference.

Since January, the Economic Studies Working Group (ESWG) has recommended a 60/40 split between Future 1 and Future 2, respectively. The "business-as-usual" Future 1 reflects current trends, while the "emerging technologies" Future 2 case assumes that distributed generation, demand response, energy efficiency and energy storage will have a major effect on load and energy growth rates.

The ESWG brought its recommendation to the January MOPC meeting, but members were unable to reach consensus between those who wanted a more aggressive forecast and those who favored a more conservative approach. A vote was never held. (See *SPP Members Delay Decision on 2021 Tx Assessment*.)

The working group returned in April with additional information and the same recommended 60/40 split. The MOPC this time held a vote, but the motion fell just short of the necessary two-thirds threshold at 65.2% approval. (See "Members Reject 60-40 Split in ITP 2021 Futures," *SPP MOPC Briefs: April 14, 2020*.)

Through it all, the ESWG has remained "firmly" in the 60/40 camp, said its chair, ITC Holdings' Alan Myers.

"Most people who advocate 60/40 suggest the assumptions in Future 1 are more reasonable," he said. "They feel like some of the assumptions in Future 2 are further out, that the retirement assumptions are much more aggressive than they ought to be. Those who support 50/50 say we tend to under-report renewables in the model. They say Future 2 represents that more reasonably than Future 1."

Future 1 projects about 32 GW of wind installations by 2031. Future 2 foresees about 37 GW.

"It would be nice to have MOPC consensus … to not have the air or notion that the 2021 ITP study is waiting on the results of the [futures]," said Casey Cathey, SPP's system planning director. As he has said before, Cathey also pointed out that over the last three planning cycles, a 60/40 weighting "would not have made a difference on the final portfolio."

The MOPC last week first voted on a 50/50 weighting, acknowledging the concerns of those wary of increasing transmission costs and favoring the more conservative approach. The motion failed, with a 51.98% average of the transmission owners' and transmission users' votes.

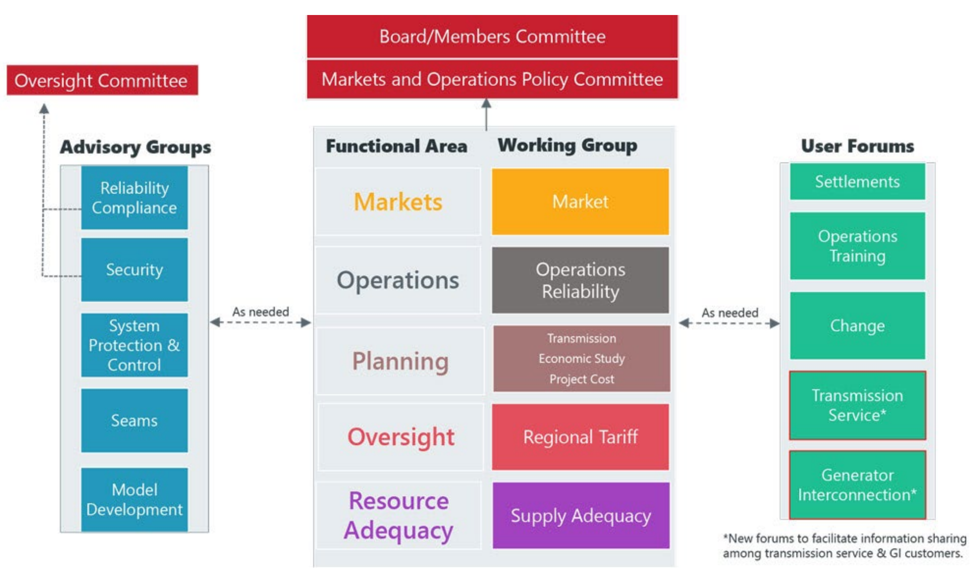
A second vote on the 60/40 weighting followed. It too failed, with a vote average of 59.9%.

Lincoln Electric System's Dennis Florom then suggested a 55/45 weighting as a compromise. "Let's try to get something passed, so we can get the ESWG to move and we're not caught in this endless loop," he said.

That motion met a similar fate as the first two, with a vote average of 55.4%.

Myers said the ESWG has not discussed any new information since April and continues to look for direction moving forward.

"Why are we doing this?" he asked. "We've already had this discussion. It's a bit of a head-scratcher."



Staff's current vision of the MOPC structure in 2021 | *SPP*

Members Leave B/C Ratio at 1.0

The MOPC did approve the ESWG's recommendation to maintain a 1.0 benefit-to-cost ratio for economic projects, with 80.8% of the member votes in favor. TOs approved the motion 17-3, and transmission users voted 40-7.

The Holistic Integrated Tariff Team (HITT) had directed the group to evaluate B/C ratios of 1.05 and 1.25 and determine whether the current ratio needs to be raised. The Strategic Planning Committee also approved the ESWG's recommendation earlier in the week. (See related story, *SPC Endorses SPP's Strategic Market Roadmap*.)

Myers said the ESWG determined the Integrated Transmission Planning (ITP) process uses conservative assumptions for net plant carrying charge (NPCC) at 17.4%, compared to an incumbent TO's average 14.6% NPCC. Adjusted production cost is the only benefit metric used in the 1.0 threshold and has represented 79% of the total benefit package in the last three ITP assessments, he said, leaving 21% of the benefit not included.

The group also found the simplified market run in the models to be conservative, Myers said. He said there is no forecasting error for load or renewables, no transmission outages and perfect congestion hedging between owned

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generation and load, resulting in the process reporting less benefit from projects than what is expected in the real market.

Golden Spread Electric Cooperative's Mike Wise, who pushed the initiative at the HITT, said transmission projects will become harder to fund going forward and suggested a higher B/C ratio.

"The $10 billion of transmission projects we've actually approved and constructed over the last 10 to 15 years is really low-hanging fruit. Transmission projects will be more difficult and incremental in nature," he said. "We don't have the load growth in SPP, outside of a small pocket here and there. There's got to be a built-in hedge factor so that consumers can be protected from paying 40 years of transmission costs of a project that we don't know will be beneficial."

"The unease about 1.0 is how we calculate the benefits. Those benefits are impacted by what's in the model, as far as injection points. Some of that generation has firm service; some doesn't," said Al Tamimi, vice president of transmission planning and policy for Sunflower Electric Power. "I think we need a little bit more buffer until we determine the accuracy of the injection points."

Other members said transmission is still needed along the seam with MISO, where congestion is still an issue. City of Springfield (Mo.) Utilities' Jeff Knottek noted his customers pay some of the highest rates in the footprint and said, "To talk about raising the bar now is really an insult to those customers on the eastern edge."

SPP: Two ITP Studies in Yellow Status

Cathey briefed the committee on the three ITP studies under way, saying two are currently in yellow status (monitor/at risk).

Cathey said the 2020 ITP, considered a "rinse-and-repeat" study, is recovering from a February modeling issue that delayed the entire study by six weeks. However, he said, the study is still on track to be brought forward for approval in October.

"Even though there was an error in the model build, we've been able to maintain the project going forward," Cathey said. "We've been playing catch-up the last few months. As weird as the entire world has been in going through this pandemic, we've been very successful in keeping the project going."

The 2021 ITP is also in yellow status, given the uncertainty over its futures' weighting. Its schedule was also re-baselined because of

The Market Working Group has worn many hats while gathering virtually in recent months. | *SPP*

mitigation work on the 2020 study.

"Scope development is greenish. … It's in good enough shape to proceed with the model build," he said. "It would be nice to have MOPC consensus [on the futures' weighting] … It's important to note the weighting would not have made a difference in the last three [ITP] cycles."

The 2022 ITP is in green status, but it has only begun work on scope development, model development and load and generation review.

Staff availability has been an issue because of the overlapping studies, Cathey said, noting that the ITP process was revamped in 2017 and SPP has only operated and executed one-and-a-half studies so far. "So, it's a learning process," he said.

Point-to-point Revenue Allocation Sent Back

After much debate over how to move forward with policy development, the MOPC agreed to have the Regional Tariff Working Group (RTWG), working with the Transmission Working Group (TWG), simplify the point-to-point (PTP) transmission service revenue allocation, a process long prone to inaccuracies.

SPP currently splits its distribution of PTP service revenues to TOs 50/50, with half determined by the ratio of the annual transmission revenue requirement (ATRR) and half allocated by a megawatt-mile process. Engineering staff in 2018 reviewed the process when some megawatt-mile modeling effects forced SPP to resettle revenues. They found the process was developed more than 10 years ago using a source-sink methodology that current staff were unfamiliar with and resulted in more than 1 million combinations in the calculations.

In December 2018, staff shared the study's results during an executive session with the board and MC, where a suggestion was made to eliminate the megawatt-mile method. Staff took an action item to develop a revision request, which was given to the RTWG.

"I do support the effort to come up with a different methodology, but the last time I checked, [the RTWG] is not supposed to be a policy grant," said Bill Grant of Southwestern Public Service. "I'm not ready to vote on this because it hasn't been through the stakeholder process and alternatives not considered. It hasn't been vetted by the proper groups."

Omaha Public Power District's Luke Haner agreed, saying, "I think it needs to go through some sort of working group. When you say the TO gets to recover the ATRR, it affects retail customers when those dollars go to a different [transmission pricing] zone."

Staff said that, according to the last 12 months of data, 11 of SPP's 17 zones would receive an average of about 1% less in aggregate. RTWG Chair Robert Pick, with the Nebraska Public Power District, said the group learned during a discussion the week before that three of the zones would receive 90% of the revenue.

"Back-of-the-envelope … we're looking at about $4.6 million in revenue cost shifts," Pick said.

"The RTWG is a regulatory group. It responds to rates and tariffs," said Vice Chair Mo Awad, with Evergy. "We're not a policy group, but

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we're fully capable of developing policy language that will meet FERC requirements."

Work Continues on Resource Retirement Process

Reacting to MOPC feedback, two stakeholder groups agreed to continue working together to modify proposed Tariff language designed to evaluate the short-term (operational) and long-term (planning) effects of retiring generation to the system.

As developed by the TWG and Operating Reliability Working Group, *RR373* would identify reliability concerns resulting from when resources are removed from SPP's footprint. The process includes screening criteria to filter out resources that do not require analysis before retirement. Resources that meet the criteria would be assessed by both planning and operations staff to identify potential system impacts.

TWG Chair Nathan McNeil, with Midwest Energy, said the process would improve collaboration between staff and stakeholders and address gaps in the ITP, where notifications to construct can be issued quickly in the face of retiring generation.

Some members pushed back over the addition of a new process approving plant retirements and questioned whether it would not affect the administrative system fee, as the TWG said. Grant pointed out that regulated utilities must also go through their state commissions to retire a generator.

"There's nothing in here about state authority over generation that most of your members have as to whether to run units or not," Grant told staff. "If you go through [SPP's process], it can take up to a year to get an answer. Then you have to start a state process, which can take another year. For people with a state process, we're talking two years to get a retirement done."

"We really wanted to get something in place as quickly as we could, to give us more information rather than less. That gives us a better opportunity to mitigate any system issues that may exist," said Antoine Lucas, SPP's engineering vice president. "We recognize we don't have the authority to make decisions about whether or not generators retire, but what we've seen in the past, retirements that happen before a study is completed can result in reliability issues on the system."

Lucas said staff are also working with the Market Working Group to research compensation mechanisms for resources staying online to maintain reliability.

MISO-SPP Settlement Parties Eye Changes

SPP Director of Seams and Market Design David Kelley said SPP, MISO and six joint parties to a 2016 settlement agreement are discussing potential changes to the agreement, which facilitates MISO's power transfers between its Midwest and South zones.

The settlement agreement limits transfers over the other parties' systems to 3,000 MW southbound and 2,500 MW northbound. The deal is set to expire next February, but Kelley said the parties have agreed to a statement of understanding that they will not terminate the agreement before Feb. 1, 2022. The deal automatically renews for subsequent one-year terms unless a party gives at least 12 months' notice.

Kelley said the parties have entered into a nondisclosure agreement but that their discussions are expected include the characteristics and terms of provided service, potential system impacts, compensation terms, and preserving improved communication and reliability processes.

"Our focus will be, as its always has been, to seek out mutually beneficial agreements while at the same time protecting the rights of our members and customers," he said. "It's going to be of the utmost importance to us that we continue to maintain improvements that provide dividends for us in managing flow across the seams."

MISO has said it wants to increase its firm rights between the zones, as the current arrangement only provides for "non-firm, as-available" transmission on the other parties' systems. That would alleviate the need for MISO to build as many as three projects to alleviate the constraint. (See *MISO Floats New Option for Midwest-South Constraint*.)

LOLE Study: Reserve Margin Adequate

Supply Adequacy Working Group (SAWG) Chair Natasha Henderson, with Golden Spread, told the committee the group is not recommending a change to SPP's planning reserve margin (PRM), based on its *2019 loss-of-load expectation study*.

Henderson said the biennial study's results confirm the current 12% PRM requirement is adequate for maintaining system reliability for this year and next. The study, which did not consider replacing retired resources, indicated an 11.75% PRM in 2021 but a 12.65% PRM in 2024.

The MOPC endorsed the SAWG's recommendation to approve a revision request (*RR404*) that further defines the resource adequacy requirements for demand response programs and behind-the-meter generation. The change also addresses whether they are treated strictly as an offset of a load-responsible entity's load or as a resource with capacity, specifying which resources can or cannot reduce load.

"If a program can reduce load, it doesn't have to carry the reserve requirement of 12%," Henderson said.

Members OK MOPC Reorg, Strategic Roadmap

The reorganization of the MOPC's stakeholder group structure continued to pick up steam with the committee's 47-1 approval of staff's recommendation to shrink the number of working groups and convert some into advisory groups and user forums.

Staff will now take their proposal to the Corporate Governance Committee in October for approval of structure and scope documents. Assuming board approval in December, the MOPC's new structure would be put in place early next year.

SPP has placed seven working groups under markets, operations, planning, oversight and resource adequacy functional responsibilities. Five stakeholder groups, including the Seams Steering Committee, would become advisory groups, and the Change and Operations Training working groups and Settlements User Group would become user forums. User forums dedicated to transmission service and generator interconnection will also be added.

Staff are also calling for a reduction in the number of in-person meetings and for cost-effective meeting locations as a "first choice" for groups when they do meet face to face.

"Don't undervalue the value of face-to-face meetings, especially for some groups that only meet a few times a year," Lincoln Electric's Florom said.

"That's the foundation of our culture," said Erin Cathey, SPP senior market design analyst.

SPP COO Lanny Nickell said user forums are an "informal way to gain [stakeholder] feedback without parliamentary procedures" and chairs, vice chairs and meeting minutes.

"It's a way to get dialogue and share ideas, but it's incumbent on the staff to do that," Nickell said.

The committee lent its unanimous approval to

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the 2020 *Strategic Market Roadmap*, following the Strategic Planning Committee's endorsement earlier in the week. The initiative is designed to improve market efficiency, reliability and price formation by having staff and stakeholders annually identify, rank and approve proposed market improvements.

"This is us taking a step back to make sure this is where the membership wants to go," said Gary Cate, SPP's market design manager.

The roadmap will eventually include the planning, operations and resource adequacy functional areas.

Members also agreed to continue the monthly briefings they have been receiving from staff since the coronavirus pandemic blew up in March. The member-only briefings have centered on the pandemic's effect on SPP's load and staffing updates, but they expressed a need for more education on upcoming agenda items "that require extensive stakeholder input."

SPP has scheduled an Aug. 12 briefing for the MOPC on the NRIS, ERIS and Deliverability (NED) Task Force, which is developing policies needed to create an appropriate balance among costs associated with and the value attained from the RTO's energy resource interconnection service (ERIS), network resource interconnection service (NRIS) and long-term firm transmission service products.

KEPCo's Les Evans Steps Away

MOPC Chair Holly Carias recognized Les Evans, a familiar face to committee members, for his 13 years with the group. Evans retired as Kansas Electric Power Cooperative's COO in 2018 and has since consulted with KEPCo executives, but he is now stepping away for good from the industry.

KEPCo's Les Evans during one of his last stakeholder meetings | © *RTO Insider*

"It has been a long, long journey. I've seen SPP grow from less than 10 people to what we've become today," said Evans, who has been involved with SPP more than 30 years.

"I've made a lot of long-lasting, good relationships over time," he said, his voice appearing to crack. "Best of luck to everybody."

Revision Change Ups Capitalization Requirements

The MOPC approved a Tariff revision request (*CPWG RR409*) that increases the minimum capitalization requirements for participants in the transmission congestions rights market in a design to help prevent a similar GreenHat Energy default within SPP. (See *PJM to Pay $12.5M to Settle GreenHat Dispute*.) The revisions up the total asset requirement from $10 million to $20 million, tangible net worth from $1 million to $10 million and the alternative minimum deposit from $200,000 to $2 million. It also excludes trading collateral balances held at any ISO/RTO from both total assets and tangible net worth calculations.

Las Vegas-based wholesale trader Active Power Investments was able to convince members to pull RR409 off the consent agenda, saying negative comments about the measure during the stakeholder process needed to be "reviewed in depth."

Active Power's Michael Rosenberg said the revision request introduces an "arbitrary threshold" without addressing the core problem.

"The comments showed that an increase of the minimum capitalization requirements will not prevent or improve the chances of [preventing a default]," he said. "This measure is counterproductive and will decrease competition without any benefits."

"We see this as discriminatory for smaller investors in the market," said NextEra Energy Resources' Jack Clark, who voted against the measure during the stakeholder process. "Going from the existing $200,000 [for an alternative minimum deposit] to $2 million is just excessive."

Scott Smith, SPP's director of treasury and risk management, said the RTO used recommendations from three market and credit experts hired to do an end-to-end review of the GreenHat default in helping put together the Credit Practices Working Group's proposal.

"Our credit policy is structured so that everyone plays by the same rules," Smith said. "Following the GreenHat loss, we [believe] that if the loss exceeds the amount of collateral held and there's no demonstration of assets to cover those losses, that does not make for a credible counterparty."

The committee passed RR409 with 85.5% approval. All 18 TOs voted for the measure, but only 11 out of 38 transmission users voted against the measure.

The consent agenda included seven other revision requests and the Project Cost Working Group's recommendation for a $20.7 million cost reduction to Basin Electric Power Cooperative's Multi-Kummer Ridge-Roundup project in North Dakota. The project consists of tapping a pair of 345-kV lines to build new substations and install new 345/115-kV transformers.

- *CPWG RR408*: changes the credit application in Appendix A of the Tariff's Attachment X by focusing on entity control/ownership and applicants' prior history of loss contingencies and judgments.
- *CPWG RR410*: revises Attachment X to establish a 10-cent/MWh minimum TCR collateral requirement for collateral posting.
- *MWG RR402*: introduces a design that allows greater flexibility by using near real-time economic dispatch to evaluate intraday reliability unit commitment for committing fast-start resources near real time.
- *MWG RR406*: adds four missing electric quarterly report bill determinants and associated logic inadvertently left out in *MRR266*; makes two corrections to bill-meter value in the grandfathered agreement monthly/yearly distributions; and adjusts how jointly owned units' shares are based.
- *MWG RR407*: clarifies member-facing and notification time frame language in the current market processes and system-change processes, and modifies the emergency change language to reflect the current practice of notifying members of a change as soon as practicable.
- *MWG RR411*: corrects the TCR administration service charge type by modifying the equation to reflect the charge type is calculated at an asset-owner level, not at a settlement location.
- *RTWG RR390*: removes requirements in Attachment F Appendix 1 that network customers list their designated resources' maximum net dependable capacity amount for summer and winter. ■

— Tom Kleckner

SPP News

SPC Endorses SPP's Strategic Market Roadmap

Effort Prioritizes 44 Initiatives for Next 2 to 5 Years

By Tom Kleckner

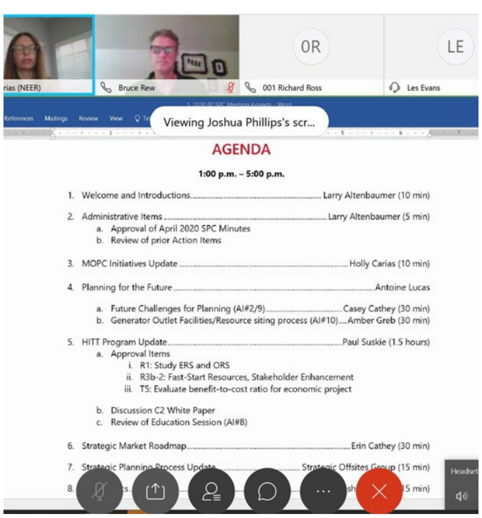
SPP's Strategic Planning Committee last week unanimously endorsed its *Strategic Market Roadmap* for 2020 that is designed to improve market efficiency, reliability and price formation.

Staff told committee members a "calculated, holistic approach" to implementing the roadmap process will increase its value and affordability. As proposed, staff and stakeholders will annually identify, educate, rank and approve new and existing Integrated Marketplace initiatives for development over the next two to five years.

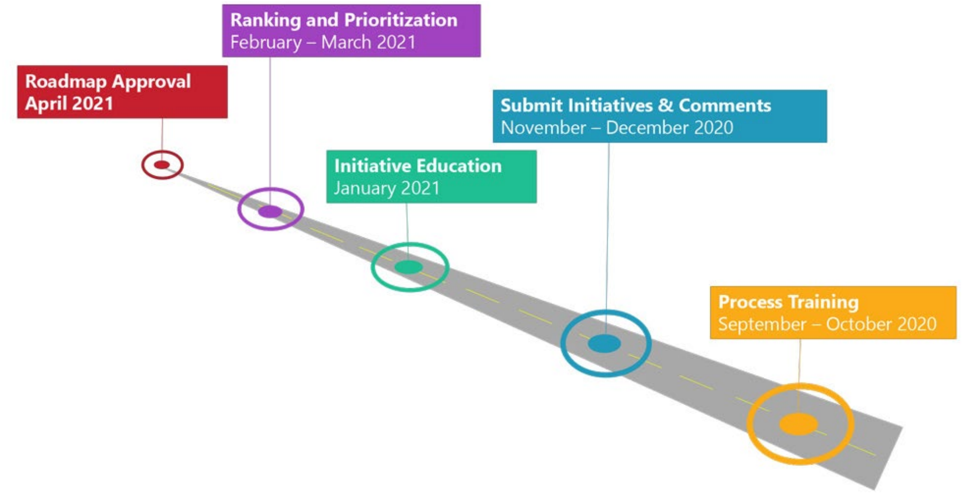
SPP says the roadmap ensures its *strategic plan's foundational strategies* are driving the initiatives, increasing transparency and collaboration. SPP and stakeholders will gain efficiencies in budgeting, project management, cross-departmental resource planning and teamwork because of proactive planning and alignment of work, according to the RTO.

"This is a remarkable step forward," said Larry Altenbaumer, chair of both the SPC and SPP Board of Directors.

The 2020 roadmap resulted in 44 initiatives, ranging from offering an uncertainty market product to developing a real-time hedging product, dispersed into three buckets through 2025: high priority, medium priority and parking lot. Most of the initiatives (38 of 44) seek to improve market efficiency.



NextEra's Holly Carias updates the Strategic Planning Committee on the Markets and Operations Policy Committee's work. | *SPP*



SPP's annual Strategic Market Roadmap is developed beginning in October of each year. Above is the approval process for the next roadmap. | *SPP*

Erin Cathey, SPP senior market design analyst, piloted the process with the Market Working Group in 2017-18. Additional structure was added to the process before work on the 2020 development cycle last October.

She said managing the roadmap will be an ongoing effort, calling it a "living work plan" necessitated by a "dynamic environment with diverse and changing needs."

Subsequent development cycles will be condensed, beginning in October and finishing in time for approval during the regular April governance meetings.

Over the next few years, the roadmap will be added to SPP's transmission planning, operations and supply adequacy functional areas.

3 HITT Recommendations Approved

The SPC also approved three recommendations that came out of last year's Holistic Integrated Tariff Team report. (See *SPP Board Approves HITT's Recommendations*.)

Members narrowly approved a recommendation, by an 8-5 vote, to maintain a 1.0 benefit-to-cost threshold for economic projects, which brought out the usual divisions between transmission owners and transmission customers. The Economic Studies Working Group analyzed whether SPP should increase the B/C ratio to between 1.05 and 1.25 before deciding to stick with the status quo.

"There's almost a [transmission] consumer-IOU [investor-owned utility] dichotomy," said Golden Spread Electric Cooperative's Mike Wise, who voted against the measure. "We've got to do better than this. This was an effort by consumers to ensure we're not inappropriately building transmission that doesn't have a cost benefit."

Oklahoma Gas & Electric's Greg McAuley asked to correct the record and said, "We're one IOU in favor of raising the benefit-cost ratio.

"We're talking about 40-year assets," he said. "We're looking for a little bit more security in the decision to ensure what is being constructed will deliver those benefits."

A 1.25 threshold would have required a Tariff change and revisions to the transmission planning process, SPP General Counsel Paul Suskie said.

The SPC unanimously approved the addition of ramping capability to the Integrated Marketplace and a study of essential reliability service and other reliability service. Wise abstained from the latter vote, noting the three stakeholder groups that had already approved the study voted on whether SPP had finished its work.

The MOPC will vote on ramping capability as a revision request (*MWG RR402*) on its consent agenda. The measure introduces a design change that uses near-real-time economic dispatch to evaluate intraday reliability unit commitments for fast-start resources. ■

SPP News

FERC OKs 2 Changes from SPP's HITT Work

Directs Further Compliance Filing on Fast-start Resources

By Tom Kleckner

FERC last week accepted SPP Tariff revisions implementing recommendations from the RTO's stakeholders on fast-start resources and ramping products.

The commission accepted SPP's compliance filing on fast-start pricing but directed a further compliance filing (*ER20-644*). It also accepted Tariff revisions creating two new ramp capability products for both ramping up and down (*ER20-1617*).

The proposed Tariff revisions were both included in the Holistic Integrated Tariff Team's 21 recommendations last year. The HITT reviewed SPP's models, processes and operations as part of its effort to integrate the expansion of renewable energy, boost reliability, and improve transmission planning and the wholesale market. (See *SPP Board Approves HITT's Recommendations*.)

FERC found SPP's fast-start pricing practices to still be unjust and unreasonable and directed another compliance filing, saying they again do not allow prices to reflect the marginal cost of serving load. The commission last year wrapped up investigations of several RTOs under Federal Power Act Section 206 and ordered SPP to eliminate inflexible operating limits and other rules that it said were preventing prices from reflecting the marginal cost. (See *FERC Orders Fast-start Rules for SPP*.)

The commission said two aspects of SPP's proposal required further revisions. It directed the RTO to provide that, for pricing purposes, fast-start resources' composite offers be calculated with as-committed commitment costs, regardless of the current offer.

It also ordered SPP to revise its Tariff to provide that a fast-start resource's commitment costs will be amortized over its economic maximum operating limit and its minimum run time, striking the RTO's use of the phrase "over an hour." It said the revisions should provide that the grid operator will calculate the no-load cost added to each breakpoint of a fast-start resource's energy offer curve by dividing the resource's no-load offer by its economic maximum operating limit and by the ratio of the number of intervals needed to meet the resource's minimum run time to the number of intervals in an hour.

FERC rejected the SPP Market Monitoring Unit's contention that the RTO's proposal could lead to "unmitigated economic withholding in the dispatch run, potentially resulting in unrelieved congestion and reduced reliability." The commission found insufficient evidence in the record that the instances of economic withholding contemplated by the MMU would occur frequently enough under SPP's proposal "to warrant additional mitigation in the dispatch run."

The commission did agree with the MMU that SPP's proposal presents a gaming opportunity for fast-start resources because a resource "will have the unique ability to hold its energy offer constant while changing its start-up and no-load offers, and … its composite offer."

It found that, "on balance, eliminating this potential gaming opportunity outweighs the smaller potential for improved price formation associated with allowing fast-start resources to update their commitment offers after being committed by the market and set price for legitimate reasons in order to recover costs not otherwise recoverable in incremental energy offers."

FERC said several other issues raised by the MMU and Golden Spread Electric Cooperative were beyond the proceeding's scope.

SPP has 60 days to reply and must include an effective date that reflects its estimate of when development, testing and software system changes are complete.

Ramp Capability Given Go-ahead

In accepting SPP's ramp up and down products, FERC ordered the RTO to submit an informational filing notifying the commission of the actual effective date at least 30 days before the Tariff revisions are added to the system software.

Golden Spread protested SPP's filing, contending that it did not allow offline fast-start resources to participate in the products. The co-op also said the products would reduce the instantaneous load capacity by the amount of cleared ramp capability in a given operating interval. With the reduction, the co-op said, the instantaneous load capacity could be over-procured, leading to price distortion.

FERC agreed with the MMU, which supported SPP's filing and said that offline resource participation would be impractical under the proposed construct. "As designed, the market clearing engine would be unable to properly evaluate or efficiently dispatch these resources," the commission said.

Noting the MMU "commits to tracking potential issues with the demand curves going forward and recommending improvements if appropriate," FERC encouraged SPP "to remain engaged" with the MMU and stakeholders as it gains experience with the ramp products.

Exit Fee Compliance Filing Accepted

The commission also accepted SPP's compliance filing in a docket related to the elimination of the RTO's exit fee for non-transmission owners (*ER19-2522*).

FERC in December rejected a rehearing request from SPP and its load-serving entities. It directed a compliance filing revising the RTO's Tariff to ensure that a withdrawing non-TO is only exempt from paying a share of SPP's long-term financial obligations and not all existing obligations associated with the member's withdrawal. (See *FERC Denies Rehearing of SPP Exit Fee Decision*.)

In fully accepting SPP's compliance, FERC rejected protests by renewable energy interests, who argued that the revisions to the grid operator's membership agreement created "ambiguity" as to which costs would be borne by withdrawing non-TOs. EDF Renewables, RWE Renewables Americas and Savion also contended that the agreement's provisions could be interpreted to say that withdrawing non-TOs are subject to a share of SPP's long-term financial obligations.

The commission found that the proposed phrase "incurred by SPP directly due to the termination" requires a direct connection between the costs that SPP may recover and the membership's termination. It said it is "reasonable" for the grid operator to recover costs it incurs directly because of a member's termination of its membership.

FERC said the requirement that departing members pay a share of SPP's long-term debts in the event of a partial termination does not apply to non-TO members because they "do not have load, as reflected by SPP's proposed 'if applicable' language."

The proceeding stems from a 2018 complaint by the American Wind Energy Association and the Advanced Power Alliance, which have long argued against the exit fee. (See *Wind Groups Challenge SPP Exit Fee*.) ■

Company Briefs

FirstLight Power Names New CEO

FirstLight Power, an operator of hydroelectric, solar and energy storage assets in Massachusetts and Connecticut, last week named **Alicia Barton** as its new CEO, effective Aug. 3.

Barton recently served as president and CEO of the New York State Energy Research and Development Authority for three years and as CEO of the Massachusetts Clean Energy Center. She also co-chaired the Energy and Cleantech Practice at law firm Foley Hoag and served as chief of operations for SunEdison's global utility business unit.

More: *FirstLight Power*

Georgia Power to Close Coal Unit by 2022

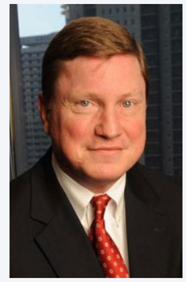
Georgia Power last week said it plans to close one of its four coal-fired power units at Plant Scherer near Macon, Ga., by Jan. 1, 2022. Cleanup of Unit 4 is expected to take 46 years, with costs projected at $57.6 million.

The closure of the plant, which produced 16.7 million metric tons of CO_2 in 2018 according to a report by EPA, is expected to cut emissions by 64% by 2024 relative to the peak in 2007.

Georgia Power operates Plant Scherer and jointly owns it with the Municipal Electric Authority of Georgia, Oglethorpe Power, Gulf Power and the city of Dalton, Ga.

More: *Saporta Report*

Southern Co. CEO Tests Positive for COVID-19



Southern Co. Chairman and CEO **Tom Fanning** last week announced he had tested positive for COVID-19.

Fanning made the statement on *Twitter*, saying that while he never experienced any symptoms, he had in fact tested positive for the coronavirus. Company spokesman Schuyler Baehman said he didn't know when or how Fanning, 63, may have contracted the disease or when and why he was tested.

More: *Atlanta Journal-Constitution*

Federal Briefs

Chatterjee Names New OEMR Director

FERC Chairman Neil Chatterjee last week named **Jette Gebhart** as director of the commission's Office of Energy Market Regulation (OEMR). Gebhart will replace Anna Cochrane, who is retiring at the end of July.

Gebhart had been serving as deputy director of OEMR. Prior to being named deputy, she served as the acting deputy director and the senior legal adviser for the office beginning in April 2015. She was the agency's co-chief of staff in 2014-2015 and a legal and policy adviser to Commissioner Cheryl LaFleur in 2013-2014. She joined FERC in 2011 as an attorney in the Office of Enforcement.

"I am pleased that Jette has accepted the position as director of the Office of Energy Market Regulation," Chatterjee said in a statement. "She has deep knowledge and experience, and I value her insight, keen analysis and sound advice on the important matters that are before us at the commission."

More: *FERC*

Court Halts Order to Shut down Dakota Access Pipeline

The D.C. Circuit Court of Appeals last week issued an administrative stay on a district court judge's order to shut down the Dakota Access Pipeline. The stay will be in effect at least through July 23 while the pipeline's operator, Energy Transfer Partners, and its opponents file briefs.

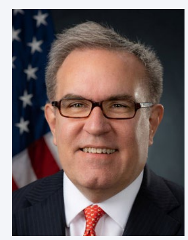
U.S. District Judge James Boasberg on July 6 ordered Energy Transfer to halt oil flow and empty the pipeline within 30 days. Boasberg ruled in March that the Army Corps of Engineers failed to address spill risks and ordered it to conduct a full environmental impact study, which could take a year to complete.

The appeals court had given the Standing Rock Sioux tribe, who say a part of the pipeline could contaminate the reservation's drinking water and sacred lands, until Monday to respond to Energy Transfer's request to be allowed to continue operation. The company will then have until July 23 to file a reply.

More: *NPR*

EPA Rebuffs Stricter Air Quality Standards

EPA Administrator **Andrew Wheeler** last week said the agency will maintain the National Ambient Air Quality Standards for ozone put in place in 2015 because he said they are sufficient "based on a review of the scientific literature and recommendation from our independent science advisers."



Wheeler emphasized the group of outside advisers, known as the Clean Air Scientific Advisory Committee, recommended the agency retain the existing ozone standards. The agency also noted ozone concentrations in the U.S. fell 4% between 2017 and 2019, while the national average has dropped by 25% in recent decades.

Current rules limit ozone pollution to 70 ppb over any eight-hour period. However, a group of 15 health-based organizations said a growing body of scientific evidence suggests the threshold should be no higher than 60 ppb to adequately safeguard public health.

More: *The Washington Post*

Judge Rejects Trump's Cap-and-trade Program Challenge

Judge William Shubb last week upheld a California program that caps carbon emissions from the transportation sector after the Trump administration sued the state over it.

The Justice Department last year challenged the program, which aims to improve air quality and allows companies to trade emissions credits with others in Québec, arguing that California exceeded its role and intruded on the federal government's foreign policy authority. However, Shubb said that "the United States has failed to show that California's program impermissibly intrudes on the federal government's foreign affairs power."

Justice Department spokesperson Danielle Nichols said the department is "considering our next steps."

More: *The Hill*

Offshore Wind Investments Reach New Highs in 1st Half of 2020

Global investment in new renewable energy capacity increased by 5% year-on-year in the first half of 2020, according to research by BloombergNEF.

Overall investment in new renewables, excluding hydro dams exceeding 50 MW, increased from $125.8 billion to $132.4 billion thanks in large part to the offshore wind sector. Conversely, onshore wind investments fell by 21%, while solar dropped by 12%.

More: *Renewables Now*

Trump Finalizes Rollback NEPA

The White House last week finalized its rollback of the National Environmental Policy Act, which has required the government to weigh environmental and community concerns before approving pipelines, highways, drilling permits, new factories or any major action on federal lands.

The changes aim to streamline environmental reviews that can take more than four years to complete. The Trump administration would like to reduce it to two years by removing requirements to consider climate change before proceeding on a project.

However, some have raised concerns that the new language is vague and could slow down permitting by sowing more confusion, while environmental groups have already pledged to file lawsuits challenging the rollback.

More: *The Hill*

State Briefs

REGIONAL

2020's Most, Least Energy-Expensive States

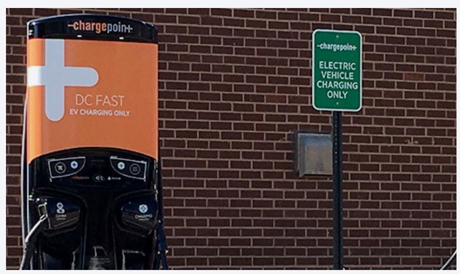
WalletHub recently released a study in which it compares the total monthly energy bills in each state and D.C. through the first half of 2020. The analysis used a formula that accounted for the following residential energy types: electricity, natural gas, motor fuel and home heating oil.

Connecticut ($372), Massachusetts ($351), Rhode Island ($335), New Hampshire ($329) and Alaska ($325) were the most expensive in total energy costs, while D.C. ($199), Washington ($219), Colorado ($220), Oregon ($236) and New Mexico ($238) were the least expensive.

For electricity only, Alabama ($180), South Carolina ($174), Connecticut ($169), Mississippi ($162) and Hawaii ($161) were the highest, while Utah ($88), Colorado ($92), New Mexico ($93), D.C. ($99) and Washington ($103) were the lowest.

More: *WalletHub*

States Unite to Boost Electric Trucks



Leaders from Massachusetts, New Jersey, New York, North Carolina, Pennsylvania and 10 other states, along with D.C., last week said they will try to make sure every new medium- and heavy-duty vehicle sold within their borders is fully electric by 2050.

The agreement is not legally binding, but it is an effort to curb climate change and reduce air pollution. Possible steps states may take include giving rebates or tax breaks to buyers of heavy-duty EVs, requiring cities to switch to electric transit buses, and encouraging utilities to install charging stations for large commercial vehicles. The goal is to have every delivery van, box truck and other large commercial vehicle sold in those states be electric by 2050. Their interim target is 30% of sales by 2030.

More: *The Washington Post*

CALIFORNIA

Cal Fire Blames PG&E for Kincade Fire

The Department of Forestry and Fire Protection (Cal Fire) last week officially blamed Pacific Gas and Electric for the Kincade Fire that burned through parts of Sonoma County last October, saying faulty transmission lines northeast of Geyserville sparked the blaze. The fire began on Oct. 23 and burned 77,758 acres.

PG&E had previously acknowledged a problem on a transmission tower as a possible factor in the fire.

Cal Fire declined to release its investigative report because it had been forwarded to the Sonoma County District Attorney's Office, a sign that PG&E could face criminal action. The company said in May that damages could top $600 million, not counting fines.

More: *The Sacramento Bee*

SMUD Sets Ambitious Climate Goal

The Sacramento Municipal Utility District board of directors last week unanimously adopted a resolution to work toward carbon neutrality by 2030 — a decade sooner than its previous target of 2040. Under state law, all of the state's power must come from carbon-neutral sources by 2045.

The nonbinding resolution is not a plan but a commitment, according to board Vice

President Rob Kerth. The company has until March 31 to come up with a plan to achieve the carbon goal. As of 2018, more than half of the utility's power came from natural gas.

More: *Bloomberg*

KANSAS

Energy Report Secrecy Irks Clean Energy, Consumer Stakeholders

A public version of a state-funded report commissioned by the legislature to help guide future energy policy decisions was released with dozens of redacted pages and sections last week, leaving the public in the dark as to the reasons behind certain recommendations. Among some of the conclusions for which information is redacted is a claim that rooftop solar costs more than the electricity utilities provide to customers.

Jim Zakoura, a lawyer who represents industrial customers, estimates that nearly a fifth of the report has been redacted. He believes it is a violation of the state's open records law and has filed a motion with regulators asking that many of the redacted sections be restored.

AECOM, who was hired to produce the second phase of the report, deferred questions to the Corporation Commission. The first installment, which was done by London Economics International and released in January, has no redactions.

More: *Energy News Network*

MASSACHUSETTS

DOER Finalizes Distributed Solar Rules

The Department of Energy Resources last week announced final rules that will govern the state's cornerstone distributed solar program, including increasing the Solar Massachusetts Renewable Target program from 1.6 GW to 3.2 GW and pulling back some restrictions on land use.

The limitations that were introduced in April included restrictions on three categories of land (critical natural landscape, core habitat and priority habitat) that cover a significant portion of the state. Marking that land off-limits would make many projects ineligible for program benefits, solar industry groups said. However, last week's final rule lifts restrictions on critical natural landscape for projects that have already qualified under the first 1.6 GW of the program.

Prior to the changes, the Solar Energy Industries Association expected the rules to halt 477 MW of solar development.

More: *GreenTech Media*

MICHIGAN

Lansing BWL Issues Long-term Renewable Energy Plan

The Lansing Board of Water and Light last week released a new plan to increase its use of renewable energy and set a goal of delivering 50% of its power from clean energy sources by 2030.

BWL General Manager Dick Peffley said the plan calls for carbon neutrality by 2040 and that the company is on track to phase out coal by 2025. The utility currently operates with a mix of fossil fuels such as natural gas, along with some renewables.

More: *WKAR*

PSC Approves DTE Energy Rate Plan

The Public Service Commission last week approved DTE Energy's plan to freeze electric rates through 2022, as well as the company's Renewable Energy Plan.

Following a 12-week moratorium on service interruptions, along with a $30 million to $40 million bill reduction for customers in June and July, the regulatory plan maintains current electric rates to help customers during the ongoing COVID-19 pandemic.

The company's Renewable Energy Plan will bring an additional 353 MW of wind and solar projects online by 2022.

More: *The Monroe News*

Scripps to Lead PSC

Gov. **Gretchen Whitmer** last week designated Commissioner Dan Scripps as chair of the Public Service Commission, effective July 27.

Chairman Sally Talberg has resigned as chair while she is being considered for a board position at ERCOT, but she will remain on the PSC pending her approval by Texas regulators.

Prior to joining the PSC, Scripps was an attorney and held leadership roles with clean energy advocacy groups, including the Michigan Energy Innovation Business Council and the Institute for Energy Innovation. He also served one term in the state House of Representatives for the 101st District in the northwest Lower Peninsula.

More: *MiBiz*

MISSISSIPPI

Governor Chooses Senator to Lead Utilities Staff

Gov. Tate Reeves last week appointed third-term state Sen. Sally Doty as the new director of the Public Utilities Staff. The group analyzes proposals and provides advice to the Public Service Commission.

Doty served as chairwoman of the Senate Energy Committee when Reeves was lieutenant governor. Doty will succeed Virden Jones, who has led the staff since 2011.

More: *The Associated Press*

MONTANA

PSC Seeks More Info on NorthWestern's Colstrip Purchase

The Public Service Commission last week voted to investigate just how big a share NorthWestern Energy intends to purchase in Unit 4 of the Colstrip coal-fired power plant.

NorthWestern announced in December 2019 that it had entered discussions to buy Puget Sound Energy's 25% share (92 to 185 MW) of Colstrip Unit 4. But the commission wants to see the actual contract before further considering the company's proposal.

PSC Commissioner Tony O'Donnell said the absence of an agreement is frustrating to the commission process. "We have nothing to analyze, so there's nothing for intervenors to comment on because the document doesn't exist yet," O'Donnell said.

More: *Montana Public Radio*

NEBRASKA

Gage County not Accepting Turbine Permits for 3 Months

The Gage County Board of Supervisors last week approved a three-month moratorium on turbine discussions. The moratorium was initially proposed to be for four month but was amended before approval.

Halting the permit process was driven by a proposal from a group of Gage County landowners to amend wind regulations. The proposal was presented last March, but administrators have yet to decide if the changes will be adopted. One of the group's primary goals is increasing current setback requirements that stipulate turbines must be 3/8 miles from residences to 1 mile. The group is also asking for changes to how decibel levels are calculated.

More: *Hastings Tribune*

NEW MEXICO

Albuquerque, Bernalillo County Fight PNM's Cost Requests

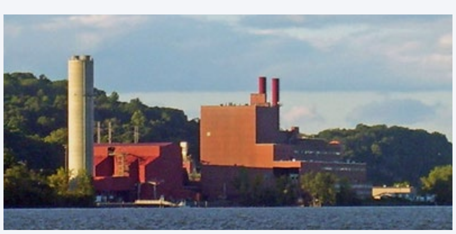
The city of Albuquerque and Bernalillo County last week filed motions calling for the Public Regulation Commission to dismiss a so-called "decoupling" request made in May by the Public Service Company of New Mexico (PNM). If approved, the request would allow PNM to apply a "rate rider" to customers' bills if it collects less money than the annual amount it's allowed to cover costs.

The city and county said in their joint filing that PNM's request contained a "deeply flawed and overbroad interpretation" of state law and "violates well established regulatory principles." In a separate filing, advocacy group New Energy Economy said PNM's request was "particularly inappropriate, egregious and tone deaf" to residential and small-business customers who have been hit hard by public health restrictions.

More: *Santa Fe New Mexican*

NEW YORK

Cornwall Opposes Danskammer Power Plant



The Cornwall Town Board last week unanimously passed a resolution opposing the expansion of the Danskammer Energy Center in Newburgh, making it the 21st municipality to oppose the project.

Supervisor Richard Randazzo said the town has received nearly 60 emails from residents opposing the project.

Danskammer announced more than two years ago its plans to spend $500 million to modernize the plant, used only during times of peak need, into a baseload, natural gas facility. The company's application is currently undergoing a review by the Public Service Commission and other regulators.

More: *Times Herald-Record*

NORTH DAKOTA

Mercer County to Keep Wind Moratorium

The Mercer County Commission last week voted unanimously to keep its moratorium on applications for wind farm permits and directed the Planning and Zoning Board to take a closer look at the county's policies.

The moratorium, which was passed in May, is scheduled to stay in effect for two years unless the commission lifts it earlier. It comes as developer Capital Power aims to build a wind farm north in the middle of the state's coal country, which is bracing for the closure of its largest coal-fired power plant in 2022.

Commissioners said they want to continue receiving comments from the wind and coal industries, as well as other stakeholders.

More: *The Bismarck Tribune*

PENNSYLVANIA

Report on Fracking Safety Unlikely to Lead to Reform

A grandy jury last week released a report outlining ways in which the Department of Environmental Protection (DEP) and the Department of Health skirted obligations to protect the environment and turned a blind eye to the effects of fracking on residents.

State officials testified about directives to ignore health concerns and practices that glossed over the harm the public may have experienced. Testimony also revealed how officials deferred to the industry and how workers failed to properly test potentially tainted air and water.

The DEP responded to the report, saying it provides "citizens with a false picture of [the agency] and encourage[s] them to believe their government is incompetent and/or places the economic well-being of various corporations above their health and well-being and that of the commonwealth's public natural resources."

More: *The Philadelphia Inquirer*

SOUTH CAROLINA

Dominion Intends to Raise Utility Rates

Dominion Energy last week filed a notice with the Public Service Commission of a planned rate adjustment. The proposed rate increase, to be detailed next month, comes less than three years after SCE&G, the company acquired by Dominion, walked away from the V.C. Summer nuclear construction project that cost ratepayers billions.

Dominion has not said how high it will seek to raise rates, but officials with the Office of Regulatory Staff expect the company to file for a sizable increase following last year's merger agreement to acquire SCE&G. The deal kept Dominion from seeking a rate increase until this summer.

Company spokeswoman Rhonda O'Banion said the increase is not tied to reimbursement for the two nuclear reactors SCE&G and partner Santee Cooper tried unsuccessfully to build, but she did indicate that the transmission lines installed to serve the site are part of the increase.

More: *The State*

VERMONT

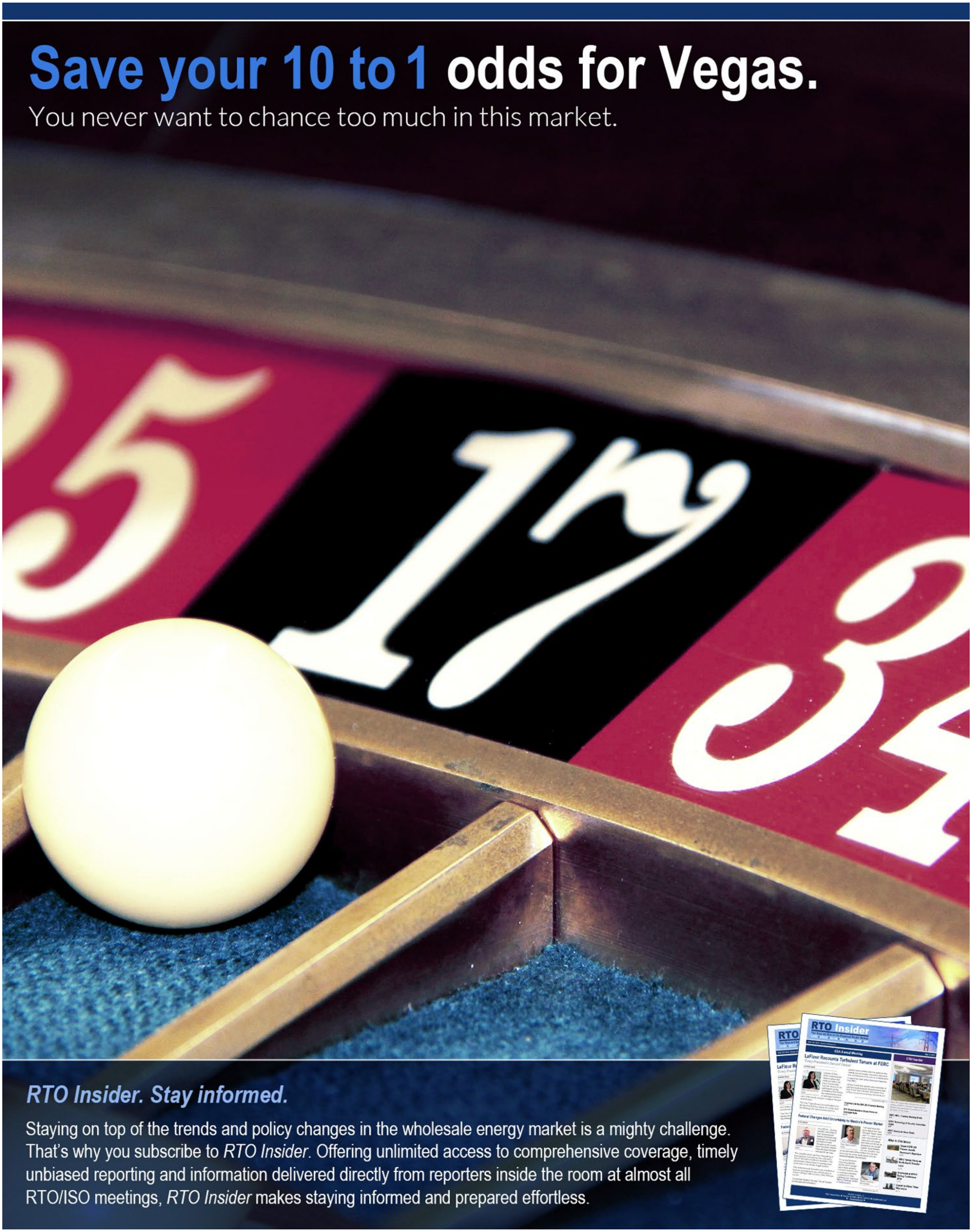
Williamstown Board Derails Solar Project Plans

The Williamstown Select Board voted 3-2 to not endorse preliminary plans to develop a 500-kW solar project on a Baptist Street farm. The decision went against the "preferred siting designation" from Martha Staskus, the vice president of development for Norwich Solar Technologies.

One commissioner expressed concern that the project would take some prime agricultural land away, while another "cooled to the concept" after watching several be developed.

Staskus, who pitched the proposal to a receptive Planning Commission last month, said Norwich remains interested in acquiring the 22-acre farm. She said the board's blessing would have enabled Norwich to begin gathering information to formally apply for state approval.

More: *The Barre-Montpelier Times Argus*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