RTO Insider
Your Eyes and Ears on the Organized Electric Markets
CAISO ▪ ERCOT ▪ ISO-NE ▪ MISO ▪ NYISO ▪ PJM ▪ SPP

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Xcel Delays Joining EIM to Examine Options

Move Comes After Colorado Springs Utilities Switches to SPP

By Hudson Sangree

Xcel Energy's Public Service Company of Colorado is postponing its efforts to join *CAISO*'s Western Energy Imbalance Market after one of its partner utilities in a joint dispatch agreement decided to join *SPP*'s Western Energy Imbalance Service instead.

"PSCo has decided to pause our project work related to joining the California Energy Imbalance Market in April of 2022 in order to afford more time to fully consider the impact of the Colorado Springs Utilities (CSU) decision to depart the PSCo balancing authority area and CSU's intention to join the SPP Western Energy Imbalance Market," the utility told stakeholders in an email June 3.

"PSCo remains committed to participating in a regional market that benefits customers and helps integrate wind and solar energy," it said.

In December 2019, the EIM scored a major win when Xcel (NASDAQ:XEL), Black Hills Colorado Electric, CSU and Platte River Power Authority announced they planned to join the EIM under a joint dispatch agreement as soon as 2021. (See *EIM Lands Xcel, 3 Other Colo. Utilities*.)

The four utilities serve almost 2 million customers and reported $3.7 billion in sales in 2018.

It marked the first time the EIM had expanded into Colorado, the last state in the Western Interconnection without an EIM member. The decision disappointed SPP, which had hoped to lure the utilities to its nascent Western Energy Imbalance Service (WEIS). (See *Why 4 Colo. Utilities Joined CAISO EIM, not SPP WEIS*.)

Then, on May 12, CSU said it was pulling out of

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2021 OMS-MISO Resource Adequacy Survey Shows Less Cause for Concern

By Amanda Durish Cook

MISO said it's poised for a slightly sunnier supply picture after tabulating this year's resource adequacy survey in partnership with the Organization of MISO States.

In the next five years, OMS and MISO said the footprint could experience deficits as steep as 4 GW or surpluses nearing 14 GW.

The OMS-MISO survey showed that all local resource zones appear to be in good shape for 2022 on a committed capacity basis and that potential shortfall estimates across all

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TOs Won't Give up RTO Adder Without a Fight

Seek Congressional Help to Save RTO Incentive

By Rich Heidorn Jr.

Utilities that hoped to cash in on the Biden administration's infrastructure plan and clean energy goals are now fighting a rearguard action to defeat FERC's proposal to eliminate the transmission rate adder for remaining in RTOs.

Decarbonization of transportation and buildings is expected to greatly increase electric demand and integrating renewables will require much more transmission — potential boons to utilities that have seen little load growth for more than a decade.

But FERC's proposal now has transmission owners seeking allies in Congress and state legislatures, along with threatening to litigate and withdraw from RTOs.

Reversal

FERC's April 15 vote approving a supplemental Notice of Proposed Rulemaking that would limit the 50-basis-point rate for participating in

AEP owns the nation's largest electric transmission system, totaling more than 40,000 miles. | *AEP*

RTOs to the first three years was a sharp turnabout from March 2020, when the commission advanced a proposal to double the adder to 100 basis points (RM20-10).

The potential loss of the adder was the subject

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In this week's issue

NetZero Insider is now live!
See p.17 for this week's coverage.

FERC/Federal News

Can Nuclear Thread the Needle in a Polarized Congress?

By Rich Heidorn Jr.

Senate Republicans have rejected Democrats' infrastructure spending proposals and climate policies. Could the two parties possibly find agreement on increased support for nuclear energy?

That question hung over the Nuclear Energy Institute's virtual Nuclear Energy Assembly last week.

More than four decades after the Three Mile Island accident virtually ended the expansion of nuclear power in the U.S., NEI's gathering came with the industry benefiting from some tail winds for a change.

While Republicans and Democrats in Congress are at loggerheads over everything from voting rights to gun control, members on both sides have expressed support for advanced nuclear generation designs that provide passive safety systems to eliminate the chance of a meltdown. (See *Strong Bipartisan Support for Advanced Nuclear at Senate Hearing*.) And some environmental groups that previously shunned nuclear power have concluded that it's impossible to reach net-zero greenhouse gas emissions by midcentury without it.

Clockwise from top left, moderator Neal Cohen, Aperture Communications; Sarah Greenberger, Audubon Society; Wendell Hibdon, United Association, and Lynn Scarlett, The Nature Conservancy | *Nuclear Energy Institute*

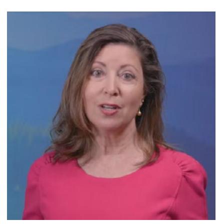
Energy Secretary Jennifer Granholm | *Nuclear Energy Institute*

"Let me say it loud and clear: Carbon-free nuclear power is an absolutely critical part of our decarbonization equation," Energy Secretary Jennifer Granholm said in remarks before NEI on June 8. "And we're not just talking the talk. The administration is ready to walk the walk, and nowhere is that more clear than in the president's 2022 budget request for the Department of Energy. For example, it calls for a record $1.8 billion in funding for our nuclear energy program. That's up 50% from just last year's ask, which makes this our largest proposed investment ever. And we need every single cent of it to get nuclear energy where we need it to be."

Granholm said the administration wants to first preserve the existing nuclear fleet, which generates 50% of the nation's carbon-free electricity. The American Jobs Plan includes an allocated production credit for existing nuclear facilities, "which solves the nuclear plant retirement issue," she said.

The administration is also seeking $245 million for the demonstration of two advanced reactors in the next six years and $305 million for further development of advanced designs by the mid-2030s.

"We need experts like yourselves standing up and speaking out if we're going to get these proposals over the [goal] line," Granholm said.



Nuclear Energy Institute CEO Maria Korsnick | *Nuclear Energy Institute*

In her remarks opening the conference June 7, NEI CEO Maria Korsnick noted that nuclear power surpassed coal-fired electricity for the first time last year, making it the second-largest source of electricity in the U.S.

But she also mourned the loss of the Indian Point plant in New York, which shut down this year after 60 years of operation. "If the nuclear plants under threat this year are shut down, the lost carbon-free generation would be equivalent to all the renewables we deployed in 2019 across the entire country," she said. "That isn't decarbonizing. It's throwing in the towel before the fight even begins."

New Plants Coming

She also noted that Southern Co.'s Vogtle 3 reactor in Georgia is expected to go into commercial operation next year — albeit years behind schedule and billions over budget. "When completed, Vogtle 3 and 4 will be the first reactors of their kind in the United States. Together, they will produce more carbon-free electricity than all 7,200 wind turbines in the state of California," she said.

NuScale Power, whose small modular reactor design won Nuclear Regulatory Commission approval in September, has announced deals to site its plants in Idaho and Washington state. (See *Wash. PUD, NuScale Sign MOU to Explore Use of Small Reactors*.)

Last week, officials announced that a shuttered Wyoming coal plant will be repurposed for a 345-MW advanced nuclear reactor that will also include molten-salt storage and provide jobs for the former coal plant's workers. (See *Wyoming Welcomes DOE-funded Advanced Nuclear Plant*.)

"We've gone from concept to site selection. We've gone from design to demonstration. We're not just talking about the next generation of nuclear technology; we're actually beginning to build it," Korsnick said. "With the continued progress and the right investments and policy choices, many of these designs can be online before this decade is out."

Wendell Hibdon — director of energy and infrastructure for United Association, which represents plumbers and pipe fitters — said the idea of putting small modular reactors in

FERC/Federal News

former coal plants is an "absolutely great idea."

"Using retired coal plants brings hope to the communities that are there. When they lose that plant, it's not just the operators that lose jobs. It affects the whole community itself: the tax base of the community; suppliers for the powerhouse; people who haul coal. … It's devastating for a community."

New Allies

Nuclear has found some new and unexpected allies. Sen. Sheldon Whitehouse (D-R.I.), "who makes a speech every night on the Senate floor about climate change, [has] recognized that there's no way to deal with climate change — particularly in an era of electrification — if we don't keep the existing plants we have and we don't build more," former Sen. Lamar Alexander (R-Tenn.) said.

Officials from the Audubon Society and the Nature Conservancy also appeared at the conference to explain why they are backing nuclear power as part of the climate solution.

"We're the bird organization. A lot of people have asked, 'Why are you engaged in climate policy at all?'" said Sarah Greenberger, Audubon's senior vice president of conservation policy. "But our science team has shown that two-thirds of North American bird species are at risk of extinction by the end of the century because of a changing climate. So for us, addressing climate change — getting to net zero by the midcentury — is a critical part of our mission."

Lynn Scarlett, chief external affairs officer at the Nature Conservancy, said being "science informed" is part of her group's DNA.

"We have hundreds of scientists on staff. Our goals and our approach to things are data driven. So when we look at the challenge of where we are and where we need to go in terms of getting to a net-zero 2050 future, we realize that we're going to need an all-of-the-above strategy.

"It's true we've been very supportive of renewables … but when we look at the big picture, to really get to that net-zero place, many, many different technologies need to be part of that picture simply from a data analysis standpoint. … We've done the math."

Scarlett said that although her group supports carbon pricing and a clean energy standard, "we actually do not right now see a filibuster-proof pathway to big policy ambitions such as … carbon pricing of some sort, cap and trade, or even a clean energy standard."

As a result, she said, her group is using a "try everything approach."

"We've got to have R&D. We've got to have grid modernization. We've got to have the underpinnings and infrastructure that will allow these multiple tools to move forward. We do see a path forward — whether in the infrastructure bill or other venues for some of those building blocks to advance." ■

TOs Won't Give up RTO Adder Without a Fight

Seek Congressional Help to Save RTO Incentive

Continued from page 1

of discussion at several utilities' first-quarter earnings calls, with American Electric Power CEO Nick Akins threatening litigation.

Last week, the Edison Electric Institute (EEI), transmission interest group WIRES and the International Brotherhood of Electrical Workers (IBEW) sent the chair and ranking members on the House and Senate energy committees a *letter* "to raise concerns" about the NOPR, which the groups said, "run counter to the nation's interest in a robust energy grid."

That followed a *letter* Ohio Rep. Thomas Patton sent FERC on May 12 extolling the value of PJM and urging the commission to "consider any long-term impacts which may be incurred if decisions could lead to transmission operators 'going it alone' due to short-term financial motivations."

WIRES Executive Director Larry Gasteiger called the supplemental NOPR "profoundly disappointing" and said it is causing TOs to re-evaluate their participation in RTOs.

While the benefits of RTOs to customers "are unquestionable and … significant," it's "much more of a mixed assessment" for TOs, he told *RTO Insider* in a recent interview.

"I am hearing increasing concerns from companies in a number of RTOs about the difficulties and the challenges associated with participating in an RTO for various reasons," he said. "I think it's, first of all, turning over control of your assets to an RTO, so you lose control over what happens with respect to those assets. I think it includes participating in stakeholder processes that can be lengthy, protracted and sometimes litigious. So, there are costs associated with those. And then in addition … there are additional compliance requirements and other activities that FERC imposes through participation in RTOs like Order 2222, like processes associated with various aspects of Order 1000. All of those wind up: costing more resources and requiring more resources from the companies to participate in them."

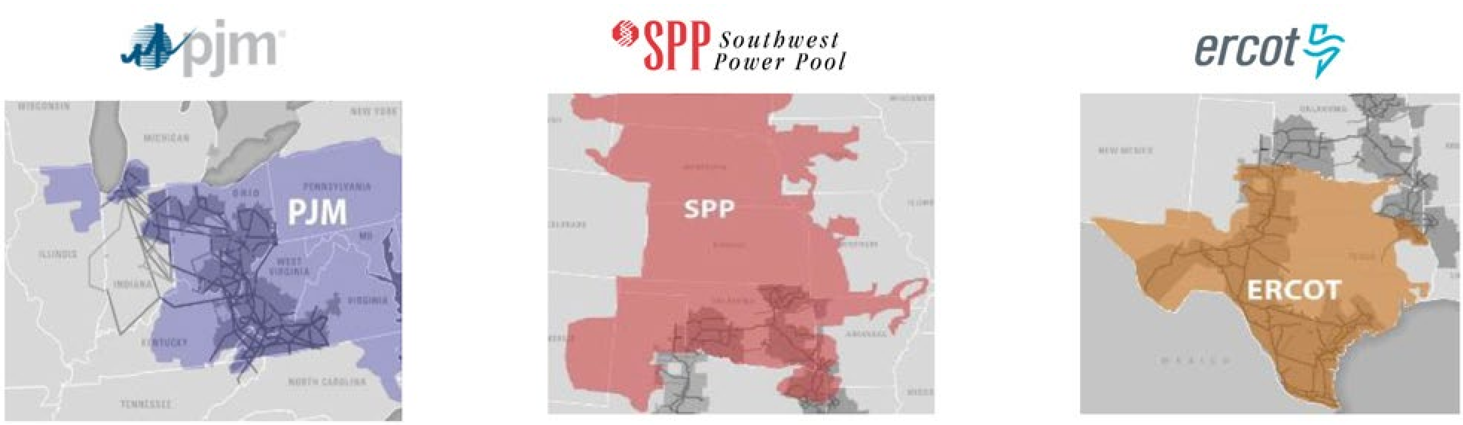
Gasteiger said stable regulatory policy is essential for encouraging transmission investment. "Unfortunately, we're not seeing that from FERC in recent years," he said. "Their policies have not been stable and consistent with respect to base ROEs, much less things like incentives."

Financial Impact

At an April 22 earnings call, AEP's (NASDAQ: AEP) Akins told stock analysts the loss of the adder could cost the company "$55 million to $70 million pre-tax." The company reported $435.5 million in earnings in 2020, up from $153.5 million in 2019. (See *AEP's Akins Lambasts FERC's RTO Adder Proposal in Earnings Call*.)

In 2019, FERC set return on equity (ROE) rates of 10.35% for AEP's PJM transmission subsidiaries and 10.5% for those in SPP, including the 0.5% RTO adder. Last year, the commission set an ROE of 10.52% for AEP's transmission assets in MISO. The company also has transmission in ERCOT, which is not regulated by FERC.

Congress *directed* FERC to offer incentives to promote capital investment and participation in RTOs in the 2005 Energy Policy Act, which amended the Federal Power Act: "The commission shall, to the extent within its jurisdiction, provide for incentives to each transmitting utility or electric utility that joins



	PJM	SPP	ERCOT
Transmission Stations	1,350	391	341
Transmission Line Miles	21,580	7,924	8,434
Retail Customers[1]	3,361,025	1,107,929	1,068,851
Transmission Annual Cost Per Customer	$313	$220	$339
AEP Percentage of Line Miles	26%	12%	17%
AEP Percentage of Peak	14%	22%	9%

[1] As of August 31, 2020

FERC's proposal to eliminate the RTO adder after three years could affect AEP's almost 30,000 miles of transmission in PJM and SPP. | *AEP* a transmission organization."

Under Republican Chair Neil Chatterjee, the commission in March 2020 proposed doubling the RTO adder to 100 basis points, with Democrat Richard Glick dissenting in part. In the April 2021 vote on the supplemental NOPR, Glick, now chairman, was joined by Democrat Allison Clements and Republican Mark Christie. Chatterjee and Republican James Danly dissented.

Akins said, "FERC's abrupt about face on incentives will certainly lead to litigation as is consistent with its previously well-established and correct approach that incentives should not expire until the utility leaves the RTO."

He added, "If you disrupt that net cost benefit opportunity, you will have people making different decisions about RTO participation."

At FirstEnergy's (NYSE: FE) earnings call, company officials said the loss of the adder would reduce earnings between $0.04 and $0.05 per share. CEO Steve Strah said the potential loss "is a concern obviously … but it's not enough to throw our company off track." FE reported 2020 GAAP earnings of $1.1 billion ($1.99/share) on revenue of $10.8 billion.

"We have a very large footprint of diverse transmission and distribution assets in which we can invest in multiple opportunities, should this development become a little bit more impactful to us," Strah added.

"The bigger the markets are the lower the costs are, the higher the reliability and the more renewable energy that we can integrate into the system," Fortis CEO David Hutchens (NYSE: FTS) said of the NOPR in a call with analysts. "So, we really think that that was the wrong direction to send." (See *Despite FERC NOPR, Fortis Optimistic About Transmission*.)

Avangrid CEO Dennis Arriola (NYSE: AGR) told analysts that the loss of the adder could hinder some transmission projects but that the impact on earnings would not be material. "I think that there were definitely transmission lines for new projects where that adder makes a difference, because it's difficult to get these done, and because the length of period that it takes to get the approvals adds risk," he said.

A Bluff?

Whether utilities are bluffing or would actually leave could depend on state regulators. CAISO is unlikely to be affected because California's three investor-owned utilities are required by state law to participate in the ISO — one reason that the California Public Utilities Commission has continuously advocated against the adders. (See *CPUC Calls FERC Tx Incentive Plan 'Atrocious.'*)

The CPUC, the Maryland Public Service Commission and the Union of Concerned Scientists were among the intervenors to oppose the increase in the RTO adder in filings on the initial NOPR in July 2020. (See *Tx Incentive NOPR Leaves Many with Sticker Shock*.)

UCS noted that most RTOs and ISOs already had most of their current members in 2005. "Simply rewarding continued membership seems to provide additional revenue to member utilities without commensurate increase in benefits to consumers," it said.

In a statement at the April open commission meeting, Glick said the proposed change was consistent with Congress' direction.

"An incentive must incentivize something. If it does not do that, then it is a handout, not an incentive," Glick said. Providing what is essentially a permanent payment for RTO membership is bad policy and inconsistent with the Federal Power Act."

FERC last month extended the deadline to submit initial comments on the supplemental NOPR by 30 days to June 25, with the reply comment deadline extended to July 26. ■

Tom Kleckner, Robert Mullin, Jason York and Michael Kuser contributed to this article.

FERC/Federal News

Manchin Ruminates on Power, Process at EEI Conference

Skeptical on EV Growth; Defends Coal

By Rich Heidorn Jr.

Sen. Joe Manchin (D-W.Va.) | *Edison Electric Institute*

Organizers of the Edison Electric Institute's *Road to Net Zero* conference knew the kind of "get" they had for their closing session Thursday. It was Sen. Joe Manchin (D-W. Va.), chair of the Senate Energy and Natural Resources Committee and a vote President Biden can't afford to lose in the 50-50 Senate.

As EEI President Tom Kuhn observed, "If any clean energy legislation makes its way through Congress to the president's desk, Sen. Manchin will have a lot to say about that."

During an interview by American Electric Power (NASDAQ:AEP) CEO Nick Akins, taped in the committee's hearing room, Manchin ruminated on power and the legislative process and shed some light on his legislative discussions with the White House.

He also called for speeding up infrastructure permitting and preventing nuclear plant retirements. He made a pitch for legislation he and Sen. Debbie Stabenow (D-Mich.) introduced in March to provide incentives to manufacturers of advanced energy technologies that invest in rural communities that have lost manufacturing and traditional energy sector jobs.

He also expressed opposition to widespread deployment of electric vehicles by 2035, saying supply chain issues would make the U.S. vulnerable to China and other nations. "I know there's a change coming, OK? But I've always been very, very cautious about this. I have spoken out pretty loudly about it. I'm concerned that they're setting a very aggressive timetable," he said.

And he said the federal government shouldn't be spending billions to install EV charging, though he would support low-interest loans to leverage private investment. "We can do something, but we don't have to give it away," he said. "We're trying to filter that out: What would the market do? What won't it do? The government should not be giving tax dollars away. I have a little bit of a difference, and I'm working with the White House on that."

"I believe that Joe Biden is just really a good person. He has more knowledge about how the place is supposed to work than any president we've had since Lyndon Johnson," Manchin said. "He's been here 36 years. He understands, so when I talk to him, he knows what I'm going through. He understands the challenges that we have."

"Especially you," Akins laughed, perhaps referring to Manchin's status as a Democrat in a heavily red state.

"He's been very, very understanding, and I appreciate that very much," Manchin continued. "And he has a vision. And he wants to go big. But there has to be a balance. … We cannot continue to put this much debt on. … Both [parties] have been horrible. Both sides have been irresponsible."

Manchin said climate change advocates should be working to persuade foreign countries to use the kinds of emission controls U.S. coal plants have deployed rather than forcing the closing of the remaining U.S. plants.

"I just remind people all the time, this is called global climate. It's not West Virginia climate. It's not North American climate." He said there are 504 coal-fired plants in the U.S. and 6,600 worldwide with more than 1,000 more under construction. "There's 7,600. We have 504. Now come on. Be realistic."

Asked about the prospects for getting climate change legislation through a Congress as bitterly divided as the current one, Manchin said, "The hardest thing is to get people to [agree] on the same set of facts. ... We can agree that we want a cleaner environment and we have a responsibility and climate change is real. For anyone who's still [climate change] deniers, they're not going to be active in the decision-making process because they're already set in their ways."

He reiterated his support for the regular legislative process with committee markups to consider amendments and further amendments on the Senate floor. He repeated his vow that "I'm not going to blow this place up," in an apparent reference to his opposition to eliminating the filibuster.

Manchin grew philosophical as he acknowledged his pivotal role in the divided Senate. "I've seen people who had power and abused it. And I've seen people who sought power destroy themselves by trying to obtain it. And then there's a moment in time when you have a chance to make a difference. If I can bring the country together and make the process work in this committee room — we're going to see if we can make it work. If that's my moment in time, I think it's well worth it." ■

AEP CEO Nick Akins (left) interviews Sen. Joe Manchin in the hearing room of the Senate Energy and Natural Resources Committee. | *Edison Electric Institute*

FERC/Federal News

Biden Pick for BLM Head Sidesteps Oil, Gas Leasing Questions

Senate Energy and Natural Resources Committee Holds Confirmation Hearing for Stone-Manning

By K Kaufmann

Tracy Stone-Manning, nominated as director of the BLM | *Senate Committee on Energy and Natural Resources*

Four nominees for key energy and land management positions faced a group confirmation hearing before the Senate Energy and Natural Resources Committee on June 8, but the session was clearly focused on only one — Tracy Stone-Manning, President Biden's pick to head up the Bureau of Land Management.

The agency oversees 247 million acres of public land — about 10% of the U.S. — which include 30% of U.S. minerals, as well as thousands of oil and gas leases and thousands of megawatts of solar and wind. The BLM was without a Senate-confirmed director throughout the Trump administration.

Hailing from Montana, Stone-Manning said she is an avid outdoorswoman devoted to smart, multiple uses of public lands, with a resume of policy work based on bipartisan collaboration — as a senior aide to Sen. Jon Tester (D-Mont.), director of the state's Department of Environmental Quality and chief of staff to former Democratic Gov. Steve Bullock. But she spent most of the hearing sidestepping hard questions from Republicans about Biden's pause on oil and gas leasing on federal lands and her involvement with advocacy groups, such as Montana Conservation Voters (MCV).

Sen. John Barrasso (R-Wyo.) | *Senate Committee on Energy and Natural Resources*

Stone-Manning was board treasurer of the group, which is highly critical of Sen. Steve Daines (R-Mont.). Sen. John Barrasso (R-Wyo.), ranking member of the committee, pressed Stone-Manning hard on her role in what he called MCV's 2020 smear campaign against Daines. According to *information on the MCV website*, the advertising campaign consisted of "a billboard in Belgrade, newspaper ads in Billings and Bozeman and aerial advertising in both Bozeman and Missoula."

"On behalf of all the Republican senators, we want to know how members of this committee can have any confidence that you're going to work with us in any kind of bipartisan way?" Barrasso said.

"Senator, I have led nonprofit organizations, and I have been on the board of nonprofit organizations, and I take very seriously the difference in those two roles," Stone-Manning replied. "I was a voluntary board member who had a core belief of never micromanaging staff. I hope that you would look to my record in my day job on that issue and my approach to it."

Shalanda H. Baker, nominated as director of the DOE Office of Minority Economic Impact | *Senate Committee on Energy and Natural Resources*

The other nominees at the hearing were Shalanda H. Baker, nominated as director of the Office of Minority Economic Impact at the Department of Energy; Samuel T. Walsh, nominated as DOE general counsel; and Andrew Light, nominated as assistant secretary of energy for international affairs.

'Plenty of Room'

Introducing Stone-Manning to the committee, Tester himself answered Barrasso's criticisms. Stone-Manning "listens; she works; she does the right thing," he said. "There are places we can mine; there are places we can drill; there are places that are appropriate for resource extraction; there are other places that are not. Tracy Stone-Manning brings that understanding to the table."

Barrasso did not let up, questioning Stone-Manning about her most recent job as senior adviser for conservation policy at the National Wildlife Federation. "You urged the Forest Service to abandon plans to expand oil and gas development in our national forests," he said. "You said at the time [that] that the use of the proposed rule would create 'deadline loopholes for oil and gas companies so they can avoid compliance with environmental regulation.'"

He also pushed Stone-Manning on Biden's current pause on oil and gas leasing on public lands, which, he said, could lead to Americans importing fossil fuels from countries that do not have the same rigorous environmental standards as the U.S.

Stone-Manning repeatedly finessed this and similar questions. "I think the president and [Secretary of Interior Deb Haaland] have been clear that this leasing pause is giving the department time to take a hard look at the oil and gas program and make sure that it is right for the century we're living in," she said. "If I have the honor of being confirmed, I look forward to digging in and helping with those discussions."

When Sen. John Hoeven (R-N.D.) pressed Stone-Manning on whether she would commit to resuming quarterly auctions for energy development on federal lands, she cited her work at the Montana DEQ.

"I had a goal of providing certainty for folks, certainty for business, certainty for local communities," she said. "I was clear with people that I would take as transparent and open and timely [an] approach as possible, and that no one would be surprised by the decisions that we made because everybody would be part of the decision making along the way. I commit to you that we're going to work as efficiently as possible, as government should."

Sen. James Lankford (R-Okla.) got a more direct answer when he asked Stone-Manning about a past statement she had made "that there's plenty of room in the West for oil and gas development." Stone-Manning quickly agreed.

According to information on the BLM website, as of 2020, the agency had 23,878 producing oil and gas leases on federal land, 7,372 of which are in Wyoming. Existing leases are not affected by the president's pause on new leasing.

Significantly, Stone-Manning got no questions about renewable energy development on federal lands. According to the BLM, as of May 2021, 36 wind projects on federal land had a total capacity of 2,900 MW, while 37 solar projects had 7,000 MW. The agency recently approved the 350-MW Crimson solar project in California.

Lankford also raised concerns about long permitting times. "It's one thing to say, it is available; it's another thing to say, it's really not available because it's going to take a really long time to get to it," he said. "Capital won't flow to places that it takes a really long time to actually use the lands, and the taxpayers lose out and the country loses out in the long term."

FERC/Federal News

A Better Deal than China's

Andrew Light, nominated as DOE assistant secretary for international affairs | *Senate Committee on Energy and Natural Resources*

Light got on better with Republican senators like Lankford who quizzed him on his views on LNG exports — and the need for the U.S. to compete with China and Russia in international markets.

Introducing himself to the committee as the grandson of West Virginia coal miners, Light noted that LNG exports are now at an all-time high and expected to increase, "My job is to make sure U.S. gas is competitive around the world. More and more countries are looking for cleaner sources of gas. Russia's got the dirtiest source of gas right now. We've got to make sure that ours is cleaner, and there are still those markets around the world."

Sen. Bill Cassidy (R-La.) also queried Light about China's massive Belt and Road Initiative, through which the country is building coal plants and other infrastructure in developing nations around the world.

"What China is doing is a threat not only to the climate, it's a threat to U.S. national security," Light said. "We've got to create a whole-of-government approach. We've got to be able to go into these countries and offer them packages that include funding. The packages could certainly include natural gas. We've got to go in and assess what is the best option for these countries, given what their commitments are with respect to their energy transition. We've got to offer something which is a better deal than China can."

Light also sees a big role for the U.S. in carbon-capture and other emissions-free technologies. "We have to provide decarbonization. Energy is good; it's the emissions that are a problem. We can become the leaders in abated natural gas technology around the world; we can become the leaders in abated coal technology around the world. We've got to innovate towards that." ■

The BLM oversees 247 million acres of public land — one out of 10 acres across the U.S. | *Shutterstock*

FERC/Federal News

Utilities Looking to FERC for GETs Incentives

By Michael Brooks

Grid-enhancing technologies, such as this dynamic line rating device, can increase transmission capacity without costly construction and time-consuming siting, panelists said. | *Lindsey Manufacturing*

Utility representatives at the American Clean Power Association's virtual CLEANPOWER 2021 Conference & Exhibition last week agreed that so-called grid-enhancing technologies (GETs) would help facilitate increased interconnection and transmission of renewable power.

But they admitted that without any financial incentives, either from FERC or by congressional mandate, their companies were unlikely to make the huge investments needed to deploy the devices, which include dynamic line ratings (DLRs), advanced power control and ambient-adjusted ratings (AARs).

GETs provide a quicker, cheaper alternative to building more transmission lines. The technologies monitor the conditions of a line — which can include temperature, wind speed and precipitation, depending on the device — and adjust its rating accordingly, allowing for more electricity to flow more often than if its rating remained constant.

"We're looking at the fact that the states that National Grid is operating in in the Northeast U.S. have very ambitious decarbonization targets," Terron Hill, the company's director of transmission network strategy, said during a conference panel Wednesday. "And at the end of the day, we can't build the transmission fast enough. So [GETs are] all about how we capture that benefit or capacity that already exists in our system that we can utilize to get renewables onto the grid faster."

The panel opened with a presentation by Jay Caspary — former head of transmission development at SPP, now vice president at consultancy Grid Strategies — on a *report* released in February by the WATT Coalition titled "Unlocking the Queue." The report found that GETs could double the amount of renewable generation in SPP's queue that interconnects by 2025 by alleviating transmission constraints in Kansas and Oklahoma. (See *Report: US Needs Grid-enhancing Technologies Now*.)

"GETs focus on operational improvements and can be implemented quicker and at a lower cost than traditional transmission technologies," according to the report.

But "most utilities are a little bit risk-averse and a little bit change-averse," Smart Wires' Mark Freyman said. "It's difficult to get them to try something new."

Hill agreed. Deploying GETs by themselves may be quicker and cheaper than building transmission, but National Grid has been building transmission since its founding, he said. The devices still require utilities to update their operational and planning models and train their workforce in a new set of skills.

Amanda King, director of strategic transmission planning at Xcel Energy, echoed that sentiment. Training transmission operators "isn't a minimal thing. We can say, 'yes, we're going ahead with these technologies' ... but to be realistic, the transmission planning models currently aren't built for dynamic line ratings, for example, and the operators aren't trained to operate that in real-time, on the fly. ... Those are non-trivial items that take a while."

So "we need FERC to give us the right incentives to" deploy GETs, Hill said, "because now you're asking us to take on a whole bunch more risks. Because if something goes wrong, it's the utility that has a violation. ... I'm not saying that we shouldn't do it, but we need to have the right incentives in order to give us that motivation."

New FERC Initiative Incoming?

Elizabeth Salerno, economic adviser to FERC Chairman Richard Glick, pointed to the commission's proposal to require all transmission providers to implement seasonal and ambient-adjusted ratings on their lines. (See *FERC Proposes Requiring Variable Tx Line Ratings*.)

She also noted that FERC is investigating what barriers exist to implementing GETs and how to properly incent their deployment. A *workshop* on performance-based ratemaking is scheduled for September, which is part of a docket that saw FERC propose to decrease its RTO participation adder. (See related story, *TOs Won't Give up RTO Adder Without a Fight*.)

"We recognize it takes a long time for transmission to be built," Glick told ACP CEO Heather Zichal on Thursday. "Even if we had the greatest planning processes, even if we had the best cost allocation approach and even if we had a much better approach to siting at the state level, it's still going take a number of years before this new transmission is built, so we need to figure out a way to better use our existing transmission capacity."

Still, getting more transmission built remains his highest priority. "If we're going to meet the very ambitious targets set both by the Biden administration and a number of states in terms of reducing greenhouse gas emissions, we're only going to do so if we massively build out electric transmission capacity," he said.

FERC's *agenda* for its upcoming open meeting, released Thursday, lists two new dockets: "Joint Federal-State Task Force on Electric Transmission" (AD21-15) and "State Voluntary Agreements to Plan and Pay for Transmission Facilities" (PL21-5).

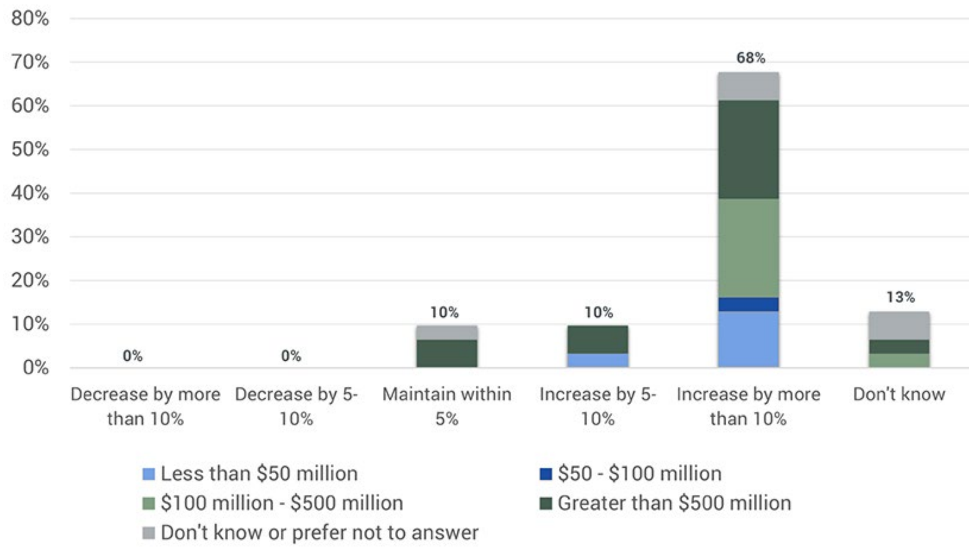
With the first, "FERC appears poised to announce a new initiative to work formally with states to address potential challenges to transmission projects," according to ClearView Energy Partners. The second policy statement docket "appears to be a step toward the commission formalizing new options for planning transmission cost allocation for offshore wind. However, we think it will be broader than offshore wind, as best-practices and a framework for resolving stakeholder concerns regarding multistate regional projects could be useful as more states pursue decarbonization strategies with prescriptive programs that drive certain types of clean generating resources." ■

FERC/Federal News

Study Finds Robust Appetite for Green Investing

PJM, CAISO, NYISO Seen Most Favorable

By Rich Heidorn Jr.



How investors plan to change their renewable energy investment in 2021 compared to 2020 | *ACORE*

Most renewable energy investors plan to increase their investments in 2021, with PJM, CAISO and NYISO seen as the most favorable markets, according to a survey by the American Council on Renewable Energy (ACORE).

Investors and developers are "extremely confident" about the growth of renewable energy and energy storage over the next three years, with nearly all surveyed companies planning to increase their investment or development activity, according to the study, "Expectations for Renewable Energy Finance in 2021-2024."

More than two-thirds of surveyed investors (68%) said they will increase their investments by more than 10% this year compared to 2020. Nearly all surveyed investors (90%) and developers (93%) said they had maintained or increased risk appetites in 2021 versus 2020.

The report is based on an April 2021 survey of companies that finance, invest in or financially advise renewable projects, technologies or companies and a second survey of those active in the development of renewable energy projects using financing from third parties. ACORE solicited responses from more than 100 financial institutions and more than 100 development companies, surveying 31 companies from each group.

Two-thirds of the financial institutions represented in the survey invest more than $100 million annually in the U.S. renewable energy sector. Almost 40% of the developers surveyed operate U.S. renewable energy businesses with revenues greater than $100 million.

Most investors expect the attractiveness of renewable energy as an asset class to increase compared to other asset classes through 2024. The respondents said long-term extensions of renewable energy tax credits and standalone tax credits for energy storage and "regionally significant" transmission could help fuel growth.

PJM, CAISO and NYISO were ranked as the most attractive markets by both investors and developers. The Southeast, which lacks an RTO, scored the lowest among both groups.

$1T 2030 Goal

ACORE reported that the U.S. has attracted $167 billion in investment for renewable energy, grid-enabling technologies and transmission for renewable integration since the group launched an effort to reach $1 trillion in private investment by 2030. Reaching the "$1T 2030" goal would require an average of $92.6 billion annually, an annual increase of 59% over spending in 2020, which showed a 12% drop over 2019.

The U.S. ranks second in renewable energy investment, behind China, which hit $101.5 billion in 2020, 1.7 times the investment in the U.S., according to Bloomberg NEF.

"If we are going to meet our $1T 2030 objective and achieve [President Biden's] goal of decarbonizing the power sector by 2035, the status quo is no longer going to cut it," ACORE CEO Gregory Wetstone said in a statement. "Renewable sector investors and developers seem to understand that this is the moment to accelerate investment in renewable energy and grid-enabling technologies to avoid the worst impacts of climate change."

ACORE cited data from BloombergNEF that found wind and solar will replace coal and could replace three-quarters of existing gas generation by growing to 1,100 GW by 2030, from 215 GW as of the end of 2020.

"The remaining one-quarter of gas generation could be replaced by 330 GW of capacity from hydrogen, carbon capture and storage, geothermal or other 'clean firm' technologies," the study said. "Just boosting wind and solar capacity to 1,100 GW by 2035 would require a capital investment of $1.1 trillion."

Investors say energy storage and utility-scale solar are the most attractive sectors for investment through 2024. | *ACORE*

FERC/Federal News

On April 21, 43 banks with $28.5 trillion in assets committed to align their portfolios with net-zero emissions by 2050 as part of the United Nation's Net-Zero Banking Alliance. About 69% percent of Fortune 100 companies have targets for either greenhouse gas reductions or renewable energy procurements.

Investors	Developers
PJM	PJM
CAISO	CAISO
NYISO	NYISO
ISO-NE	Non-RTO West
MISO	MISO
ERCOT	ERCOT
Non-RTO West	ISO-NE
SPP	SPP
Non-RTO Southeast	Non-RTO Southeast

PJM, CAISO and NYISO are the most attractive regions for renewable energy investment and development in the U.S. over the next three years according to a survey by the American Council on Renewable Energy. | *ACORE*

Respondents' Comments

The report included anonymous comments from survey respondents, including developers who said their efforts have been negatively affected by tariffs on solar panels and FERC's rulings on the minimum offer price rule in PJM.

One developer said tariffs account for about 10% of its costs. "FERC's unresolved decision-making in PJM has dampened our efforts on development in that market. We have a lot of stranded projects while we wait for a decision," the developer said.

Although the investors and developers were largely bullish, "some companies cite lingering challenges in tax equity availability and decreased appetites for hedge agreements after the Texas power crisis in February 2021," ACORE said.

Developers said COVID hurt the availability of tax equity investors and that Texas' February deep freeze had caused some companies to adjust their risk management strategies. "Electricity spot prices skyrocketed, leading to substantial company profits and losses, particularly those in hedge arrangements," ACORE said.

Nearly half (46%) of investors reported that tax equity availability had "decreased" or "significantly decreased" in the last year with only 19% reporting an increase.

"Tax equity is always the piece of the capital stack that's hardest to put in place and to pin down. The events in Texas have brought up questions for both tax equity providers and debt providers in that market," said one unnamed investor.

"In terms of project finance, lenders and sponsors are getting more comfortable with [energy storage]. It is still in its early stage, but in five years, those issues will be solved," said one investor.

Energy storage and utility-scale solar were the most popular investments over the next three years, followed by commercial solar and offshore wind.

The survey found increased interest in solar-plus-storage. One developer said its strategy is for "storage to be synonymous with our development pipeline. Pretty much everything we scope out these days is going to be solar plus storage."

Investors generally favored proven technologies, such as wind, solar and energy storage, although green hydrogen ranked above bioenergy and hydropower, despite concerns about hydrogen's scalability and costs.

"Hydrogen is extremely water-intensive, and we are far from the technology being scalable," said one investor. ■

CAISO/West News

Wildfires, Extreme Weather Test Western Regulators

By Hudson Sangree

Utility regulators from five Western states shared concerns and strategies for dealing with heat waves, cold snaps and wildfires during last week's annual *meeting* of the Western Conference of Public Service Commissioners.

Extreme weather and its consequences are growing worse with climate change, and the West needs to cooperate to fight the threats to the electric grid and communities, they said.

Oregon PUC Commissioner Letha Tawney | *WCPSC*

"My word of caution to my colleagues is, 'This is likely coming to a forest near you sooner than you want,'" Oregon Public Utility Commissioner Letha Tawney said.

Oregon has been paying close attention to the experience in California, which was the "canary in the coal mine" when it comes to rising temperatures and wildfires, Tawney said. With similar conditions affecting normally lush western Oregon, utilities there have began preparing for intentional blackouts to prevent fires this summer.

Portland General Electric called the state's first public safety power shutoff (PSPS) on Sept. 7, 2020, during severe wind storms in the Pacific Northwest. (See *High Fire Danger Prompts First Oregon PSPS Event*.)

The storms "wreaked enormous havoc across both Washington and Oregon, driving really intensive fire activity unlike what we're accustomed to and much more akin to what California's been experiencing," she said.

Other Northwest utilities, including the federal Bonneville Power Administration, have been making PSPS plans since then. (See *With Wildfire Season Looming, BPA Prepares Shutoff Plan*.)

Taking lessons from the California Public Utilities Commission, the Oregon PUC has been weighing protocols for PSPS events this summer, with a focus on how and when utilities should notify customers and local authorities about planned shutoffs, Tawney said.

"I had hoped we had a little more time, but really the time's run out, and so we spent the winter getting temporary rules for how public safety power shutoffs will unfold in Oregon," she said.

Arizona and California

Prolonged drought has increased fire risks in Arizona and across the West. (See *Western Drought Increases Wildfire Risks*.)

In Arizona, summers are growing hotter and longer, said Lea Marquez Peterson, chair of the Arizona Corporation Commission. Last year Phoenix topped 100 degrees Fahrenheit on 145 days, breaking previous records.

August and September saw Western heat waves that drove temperatures beyond 100 F across much of the Southwest, with Phoenix soaring above 115 F at times. CAISO had to order rolling blackouts in mid-August because of resource deficiencies as imports from Arizona and Nevada dried up during a brutal heat storm.

If rolling blackouts occurred in Arizona, losing air conditioning could become a matter of life and death, Marquez Peterson said.

"Following the challenges that California had this past summer, we hosted emergency meetings to understand the implications for Arizona," she said.

California PUC President Marybel Batjer discussed the state's extensive experience with massive wildfires and PSPS, which the commission has been trying to bring under control after millions of customers lost power in recent years. The state's investor-owned utilities now are spending billions of dollars annually on wildfire mitigation, including grid hardening and vegetation management, she said. (See *Calif. Tries to Rein in PSPS for Fire Season*.)

California also has been struggling with resource adequacy issues as it transitions from fossil fuels to clean power, another trend taking hold across the West. (See *CAISO Issues Final Report on August Blackouts*.)

She acknowledged other states' efforts and invited them to continue learning from the California's problems and solutions.

"All of you have gone to school [on California] very well it seems," Batjer said. "If you're not ahead of us, you're certainly alongside us in these really tough situations."

Idaho and Montana

Idaho and Montana are different from other Western states but are proactively dealing with fires and weather, commissioners said.

Montana Public Service Commissioner Brad Johnson | *WCPSC*

In Montana, summers are generally mild, but winters are frigid, said state Public Service Commissioner Brad Johnson, the panel's moderator.

"Just as a loss of air conditioning in Arizona when it's 120 degrees is a major concern, so is loss of an ability to run your furnace when it's 40 below in Montana," Johnson said.

Unusually prolonged, frigid weather in the winter of 2018-2019 led to a "dramatic shortfall in generation" and pushed energy prices from $27/MWh to $900/MWh, he said.

"While we didn't face any kind of outages as a result of that, the financial impact was dramatic," he said.

Montana, he said, needs to avoid shortfalls like those that led to days of blackouts in Texas last winter. Taking reasonable steps to bolster the grid is "not gold plating if it heads off that 100-year catastrophe we saw in Texas," he said.

In Idaho, extreme weather and wildfires have not caused problems like those in California and Oregon, but the state intends to take reasonable precautions without unduly burdening ratepayers, Idaho Public Utilities Commissioner Kristine Raper said.

"We have benefited from the pain that California has endured," she said.

Wildfires and capacity shortfalls "didn't come to Idaho first, [and they] didn't come to Montana first," she said. "So we've had the ability to be a little more proactive, and our utilities have had the ability to be a little more proactive in how they're going to react and respond to these things without having to be in catch-up mode."

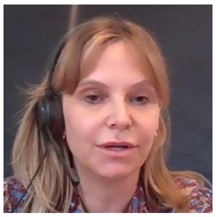
Jordan White, a former member of the Utah Public Service Commission and now vice president of strategic engagement at WECC, said states, the federal government and organizations such as WECC need to work together to mitigate wildfires and climate impacts.

"I think the name of the game nowadays is coordination and lessons learned," White said. "There's no reason to reinvent the wheel again and again. It's all about sharing those best practices and getting everyone pulling in the same direction." ■

CAISO/West News

Panel Ponders Gas Decarbonization Challenges in Pacific Northwest

By Robert Mullin



Mary Kipp, Puget Sound Energy | *NWEC*

On a cold day in Seattle, natural gas accounts for about two-thirds of the city's energy consumption, Puget Sound Energy CEO Mary Kipp told listeners dialing into the NW Energy Coalition's virtual Clean & Affordable Energy Conference.

Kipp was highlighting the key role natural gas plays in heating homes and businesses in the Pacific Northwest — and the challenge of fully weaning Washington off the gas system as it moves to decarbonize its economy by 2050.

As a mixed utility with about 1.1 million electric and 900,000 gas customers in the Seattle suburbs, PSE has a financial interest in preserving both of its business lines as it prepares to meet the state's greenhouse gas targets.

Citing the difficulty of building enough transmission to tap the state's "big renewable resources" located on the other side of the Cascade Range, Kipp said PSE must "think about the infrastructure we have to decarbonize as quickly as possible."

That includes the company's extensive natural gas pipeline network.

"My goal is to do what we can to decarbonize our pipes, and the value is the pipe network — it's not what flows through it," Kipp said. "We are neutral to what flows through it. You know, it's natural gas today, but hopefully it's going to be more RNG [renewable natural gas] and then likely hydrogen in the future."

"I'm tasked with doing a study, and I don't want to prejudge what's going to come out of that study, but my first observations are, boy, this decarbonization of the gas system is going to be very hard," David Danner, chair of the Washington Utilities and Transportation Commission, said later during a panel discussion on the regulatory barriers to decarbonizing the gas system.

Danner called electrification a "proven technology" for decarbonization, but he acknowledged that the electrification process is fraught with its own challenges, such as stranded costs, job disruption, resource adequacy issues and — as Kipp noted — the hurdle of developing new transmission lines to tap zero-emissions resources.

Clockwise from top left: Nancy Hirsh, NWEC; Michael Colvin, EDF; David Danner, WUTC; Alejandra Mejia Cunningham, NRDC; Mary Moerlins, NW Natural. | *NWEC*

"And then you've got equity issues, because … when you have a transition, if you're going to electrify, it's going to be the more well-off people who are going to be able to get heat pumps and electric ranges in their homes before lower-income people," who will see their rates increase as they're forced pay for the system "going forward," Danner said.

But many questions still linger around the technologies that promise to decarbonize the gas system, such as green hydrogen, carbon capture and RNG, he said.

"When will they be available? And in what quantities? Are they really going to make a material difference in carbon reductions? And the jury, I think, is still out on that. We're going to have to see," Danner said.

Also speaking on the panel, Mary Moerlins, director of environmental policy and corporate responsibility with Portland, Ore.-based gas provider NW Natural, likened reliance on one type of energy source to historical "agricultural foibles" of societies depending on monocrops.

Moerlins pointed to her own circumstance this past winter when she was one of more than 1 million Oregon residents who lost power for multiple days after a series of ice storms swept the state, downing thousands of distribution lines and taking out substations. (See *PGE Execs Contrite over Feb. Outage Communications*.)

"I know I spent seven days sans electricity and really appreciated having a gas stove and a gas fireplace. And that's not to say that everyone's going to have that other fuel, but it begs the question of should we ever rely on one resource to answer all our energy needs," she said.

"Yes, field diversity [in agriculture] is important, and redundancy to a certain extent is too, but we need to keep in mind when we're talking about redundancy in terms of infrastructure, we're talking about having two very expensive systems at the same time," said Alejandra Mejia Cunningham, building decarbonization advocate with the Natural Resources Defense Council.

While Mejia Cunningham advocated for industry stakeholders to have discussions about fuel diversity and "backup options," she also called for a reduction in the volume of expensive infrastructure needed to serve energy customers because all that equipment will need to be hardened and made resilient in the face of weather events.

"Do we need to have everything? Or do we need, in some cases, a different way to think about what that backup fuel is and how it's delivered?" she said.

New Look at Cost Recovery

NWEC Executive Director Nancy Hirsh, the panel's moderator, asked how the utility regulatory model could be modernized to focus on performance-based measures that contribute to the affordability of decarbonization and to supporting community energy service goals while still addressing cost recovery and safety issues.

"I think one of the biggest things that can be done from a regulatory perspective is recognizing that we have to figure out ways of honoring the promises of the past with the existing infrastructure differently than new investments going forward," said Michael Colvin, the Environmental Defense Fund's director of regulatory and legislative affairs.

Colvin said regulators need to establish a "bright line" between cost recovery for present-day and future investments "because we're still going to need a gas system, even in the 2045 time frame … that is going to look very different than what we have today."

"Who are the customer segments that we are going to be serving with that gas system? What are their needs? And how do we invest for them?" he said.

Colvin said hydrogen might be needed for parts of the economy that will be difficult to electrify. And in California, he said, gas-fired generators are currently one of the largest end-users of gas. In the future, they will still need gas but won't be running at a steady state, instead required to perform more ramping.

"The gas system in California was never designed to move gas around that quickly and that sporadically. It was always sort of designed to have that steady state, with maybe a little bit of pressure up and pressure down," Colvin said.

A change in usage patterns will require new investments in the gas system to help supply those generators. "That's going to require new

| © RTO Insider LLC

recovery just from the gas generators," he said.

"I just wanted to point that I don't think that putting hydrogen through a generator is necessarily the highest and best use of that product. But I do also realize we need dispatchable energy. So where is the right use for that?" Moerlins said. "I would argue that there are a lot of really good near-term uses for carbon-free gases on the pipeline delivery system for a distribution company to deliver for direct use. … I think in furnaces, hydrogen and RNG makes sense today."

Danner said future ratemaking will require "a lot of discussion and dialogue." A recently passed Washington law (SB 5295) requires the state's gas and electric utilities to file multiyear rate plans that incorporate performance-based ratemaking. The UTC shouldn't "prescribe" what will be included in those plans, he said.

"What I envision is that this is going to be determined in our proceedings, that the utilities are going to file a plan with us," he said. The commission will then hear from all intervenors, the public and stakeholders. "And I envision standards that are going to address energy efficiency, safety outages, consumer satisfaction, compliance with billing and customer service rules.

"And so it involves basically setting priorities and then setting baselines or targets for what is acceptable, and then providing incentives for going beyond or penalties for failures to meeting those targets. But I think it's all going to be part of a large discussion. We're doing this for the first time, really, in a big way. And I'm very excited to see what we get. I think that there can be a lot of innovation in the performance-based ratemaking world." ■

CAISO/West News

ACP Explores Western Transmission 'Renaissance'

Panel Discusses Regional Planning, New Tx to Move Renewables

By Hudson Sangree

Long distance high-voltage lines are planned for Nevada, Wyoming, Utah and Colorado. | *© RTO Insider LLC*

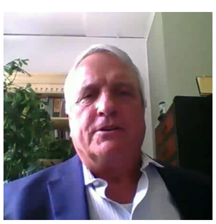
The need for new transmission lines to connect renewable resources to load centers could spur a "transmission renaissance" in the West, speakers said Thursday during the American Clean Power Association's 2021 conference.

ACP CEO Heather Zichal | *ACP*

"As many of you know, a great deal of the Western transmission grid was constructed 40 or 50 years ago, well before the western United States became a leader in renewable energy technology," ACP CEO Heather Zichal said. "Today, Western states are investing in new transmission construction in places like Utah, Wyoming, Colorado, New Mexico, California and Nevada."

Renewable resources in remote areas need transmission to reach large cities and states with clean-energy mandates.

"We have private developers and utilities that are both spending a lot of time thinking about how to meet that challenge," said panel moderator Johnny Casana, senior director of U.S. political and regulatory affairs with Pattern Energy. "We might be on the cusp of a Western transmission renaissance."



Former Colo. Gov. Bill Ritter | *ACP*

Former Colorado Gov. Bill Ritter, head of the Center for the New Energy Economy at Colorado State University, talked about CNEE's Western Interconnect Regional Electricity Dialogue (WIRED) program, begun last year to offer policy recommendations to Western governors. Promoting regional transmission and resource planning is a primary goal.

"You have the California ISO, and you have the Southwest Power Pool, and in the middle, you have a variety of states and utilities that are not part of a transmission organization or ISO," Ritter said. States have different climate goals and economic needs, making consensus difficult, he said.

WIRED held working group meetings last year and issued three *reports* in November on resource adequacy, transmission planning and greenhouse gas accounting. The reports address potential areas of mutual benefit among Western states.

"It wasn't likely that they would come to common ground on all things clean energy and climate, but that there were avenues forward, pathways on [which we could] have discussion about more regional planning … particularly in a time where there is added emphasis and hopefully added funding for the buildout of infrastructure," Ritter said.

CAISO CEO Elliot Mainzer said California is focused on readying transmission and distribution infrastructure to connect more than 10 GW of new clean energy resources in the next six years.

"The challenge of transmission in the West is certainly a planning challenge, but even more so it's a commercial subscription and construction challenge," Mainzer said. "There are multiple key transmission lines in advanced stages of development in the West. In many ways the map has been drawn, and under virtually all scenarios California will need to import … significant amounts of renewable energy from adjacent states to meet its clean energy goals.

"So, the key question for California and other load-serving entities and resource developers is which of these proposed paths make the most sense in terms of resource access and diversification while further strengthening the economic and environmental value of our interregional market," he said.

Tx in the Works

Major transmission lines are in the planning or pre-construction stages in the West.

Michael Lamb, Xcel Energy | *ACP*

Michael Lamb, senior vice president for transmission at Xcel Energy, said the company filed an application with the Colorado Public Utilities Commission in March to build the Colorado Power Pathway, a $1.7 billion project to connect wind and solar arrays on the plains of Eastern Colorado to cities, including Denver, on the Rocky Mountain Front Range.

The proposal includes more than 600 miles of double-circuit 345 kV lines and four new substations, "bringing roughly 5.5 GW of new renewable energy to our customers in Colorado," Lamb said. The project "contributes greatly to our corporate objectives" of reducing carbon emission 80% by 2030 and supplying customers with 100% clean energy by 2050.

Xcel was the first large investor-owned utility to make such a pledge. (See *Xcel Pledges to Go 100% Carbon Free*.)

Berkshire Hathaway Energy owns PacifiCorp and NV Energy, which together supply energy to areas of Wyoming, Utah, Idaho, Oregon, Washington and California and all of Nevada.

The utilities see "transmission as a strong driver right now," said Christina Hayes, BHE's vice president for federal regulatory affairs. "It feels like this is a sudden moment that has been in the making for about 15 years."

CAISO/West News

Christina Hayes, Berkshire Hathaway Energy | *ACP*

The company is pursuing 1,300 miles of high-voltage transmission projects in Oregon, Utah and Wyoming, Hayes said. "They're considered local projects, but it's hard to see how 1,300 miles is local," she said. "It's not exactly a small area."

The Public Utilities Commission of Nevada approved the first phase of NV Energy's Greenlink Nevada project in March. It consists of a 525 kV line from Las Vegas to the northern part of the state. Planning for a subsequent phase is underway. (*See Regulators Greenlight NV Energy's Greenlink West*.)

Nevada Gov. Steve Sisolak signed a sweeping energy bill earlier this month, Senate Bill 448, that contains provisions meant to accelerate construction of the Greenlink project, which would connect solar and geothermal resources to cities in an immense triangle of high-voltage lines. (See *Far-reaching Energy Bill Sweeps Through Nev. Legislature*.)

"These projects are designed to integrate hundreds of megawatts of renewables that are needed to come on to the system to support decarbonizing the system in a way that is cost-effective for customers and reliable for all involved," Hayes said.

Resource sufficiency is a key goal after a prolonged Western heat wave caused rolling blackouts in California last August and threatened Nevada, too.

"Next week we're expecting 115-degree weather in Las Vegas, and so I'm afraid our system is going to be tested again," Hayes said. "This amount of [new] transmission is needed to provide resources on the system to ensure that we are all able to keep the lights on."

The long-planned TransWest Express project is getting closer to construction, said Roxanne Perruso, senior vice president and chief operating officer of private developer TransWest Express LLC. The $3 billion project will connect wind farms in Wyoming to Las Vegas, Phoenix and Southern California.

"We're going to be able to connect some of the best wind resources in Wyoming with some of the biggest load centers in the West," she said.

"We've secured all the major federal, state and county permits and authorizations. We have acquired over 95% of the 732-mile right of way [across Wyoming, Utah and Nevada] and we have 99% of the private land easements," she said. "We're completing the transmission interconnection studies and, finally, just this week … we launched our first open solicitation process to allocate capacity on TransWest Express."

"We're putting everything in place to start construction next year, and I can't wait to get out of what I'm going to call the paper phase and get into putting steel in the ground," she said.

The line is expected to go live in 2025. ■

ERCOT News

Abbott Signs Texas Grid Legislation into Law

By Tom Kleckner

Texas Gov. Greg Abbott signed into law June 8 a pair of bills that he said would fix the "flaws" that lead to February's power failure, when a severe winter storm froze out half of ERCOT's available generation and led to power outages that lasted for more than four days.

"A top priority we had this legislative session was to fix the power grid to prevent any other power grid failures in the future," Abbott said during a televised bill signing ceremony in Austin. "The bottom line is that everything that needed to be done was done to fix the power grid in Texas."

The legislation, Senate Bill 2 and SB3, require weatherization of power plants and some natural gas facilities, create a statewide emergency alert system, overhaul ERCOT and the Public Utility Commission, and bail out some market participants facing massive bills from the storm. (See *Texas Legislators Finish Work on Electricity Market — for Now*.)

The extreme weather left almost 5 million customers without power for almost 100 hours, led to hundreds of deaths and billions of dollars in damages, and bankrupted several market participants when prices were stuck at their $9,000/MWh cap for days.

"There's no one sitting or standing here who does not remember that week, none of us," Sen. Kelly Hancock (R), who carried SB3 to the finish line, said. "We don't want people to go through that again. That's why we passed reforms, to fix that, to make sure it will never happen again. We're not immune to the pain and hurt of the people of Texas."

Hancock joined Abbott for the bill signing. Also on hand were fellow lawmakers Sen. Charles Schwertner (R) and Rep. Chris Paddie (R). ERCOT Interim CEO Brad Jones, PUC Chair Peter Lake and Williamson County Judge Bill Gravell stood behind the politicians but did not have any remarks.

ERCOT issued a statement thanking Abbott and all state leaders for passing legislation "that will improve overall grid reliability for Texans."

"We have already implemented a number of new operational and communications measures in preparation for summer and will continue coordinating with the [PUC] on implementing the grid enhancements that were signed into law today," the grid operator said.

SB2 reduces the ERCOT Board of Directors from 16 members — comprised of directors unaffiliated with the ERCOT market and others selected by their market segments — to 11 members. Most of those will be picked by a political committee, with the selections approved by Abbott and other leaders.

Hancock called the measure a "total reform" of ERCOT. He said that while the board had been composed of industry experts, legislators found "conflicts of interest" during investigatory hearings.

"We blew it up," Hancock said. "The board has a completely independent goal, whose entire focus is ensuring ERCOT remains strong and reliable. [ERCOT] is committed, we are committed to ensure … the lights stay on and there can be confidence now in the system we have in the great state of Texas."

Texas Gov. Greg Abbott signs a bill overhauling ERCOT's governance. | *KXAN*

Energy experts have criticized the legislation for being too kind to the natural gas industry and have said that it leaves oversight to regulators cozy with the industry. The weatherization mandates do include fines for up to $1 million a day per violation but are not required until after next winter.

Paddie, who led the bills' passage through the House, pushed back against comments that the legislation took it easy on the gas industry.

"I wish you would go tell them that because they've been whining in my office," Paddie told reporters. "That is not what they're saying."

ERCOT Improving Summer Preparedness

Jones and Lake broke from ERCOT's regularly scheduled virtual board meeting to attend the ceremony at the Capitol, where they shared the same summer preparedness presentation Jones had given to the directors.

ERCOT has added a number of new operational activities and initiatives based on lessons learned from February. They include performing on-site checks to verify weatherization plans, adding a short-term solar forecast with better data to address solar ramps with dispatched generation and reviewing load shed procedures and timing during emergency conditions.

Jones said the grid operator has created an advisory board comprised of officers from 15 regions of the Texas Municipal League. The group is expected to meet at least twice a year with ERCOT in an effort to improve communications and emergency preparedness.

"This allows us to meet with large- and small-town mayors and explain who ERCOT is," Jones told the board. "It gives them the ability to communicate better with their residents."

The advisory board will meet for the first time later this month. The Texas Municipal League has almost 1,200 member cities and involves more than 16,000 mayors, city managers and other city officials.

The grid operator and the PUC have already hosted a virtual pre-summer communications meeting with market participants and performed a biannual test of ERCOT's emergency notification system. ERCOT is also strengthening its coordination and alignment with the PUC and Texas Division of Emergency Management. (See *ERCOT, PUC Deal with 'Trauma' of February Storm*.) ■

ERCOT News

ERCOT Board of Directors Briefs

Jones Offers Advance Look att His 100-day Strategic Plan

By Tom Kleckner

Interim CEO Brad Jones this week offered *ERCOT*'s Board of Directors a sneak peek of his 100-day strategic plan, which he said will be rolled out publicly later this month.

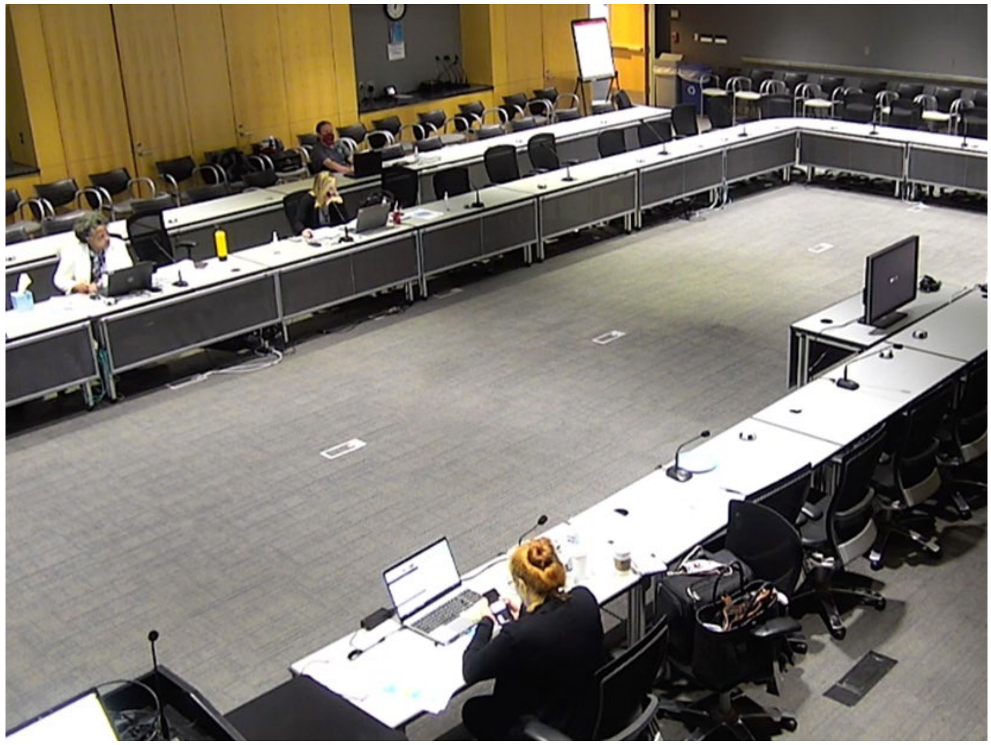
The plan consists of three elements designed to reinforce confidence in the grid operator's ability to operate reliably and effectively, following February's near-collapse during arctic conditions. Jones said he had been holding onto the plan until the Texas Legislature completed its session and passed its grid-related bills.

"Rest assured a lot of the elements in the plan are being worked on or are already complete," Jones said during his report to the board June 8. "Our goal is to make this the most favored grid in the nation."

The board meeting was briefly adjourned to allow Jones and Public Utility Commission Chair Peter Lake to attend a signing ceremony for the legislation. (See *Abbott Signs Texas Grid Legislation into Law*.)

The plan consists of:

- restoring trust and confidence in ERCOT and returning to stability;
- cooperating and communicating "thoughtfully and purposefully" through multiple channels; and
- evaluating technical processes within ERCOT and then innovating through dialogue, technical leadership, engagement and expertise.



Support staff wait for the Board of Directors' executive session to be completed. | *ERCOT*

As an example of the last point, ERCOT recently announced a new flexible work policy it hopes will improve recruiting and retention efforts. Employees will have the option of working at either the grid operator's facilities, from home anywhere in Texas, or a combination of both. Operators and other staff required to be on-site will continue to report to their offices.

Jones said almost half the staff indicated a desire to spend at least a few days in the office, and he said stay-at-home policies during the pandemic allowed ERCOT "to work through security issues."

"We've been working remotely for a little over a year," he said. "We're now just stabilizing that with policies."

Jones said ERCOT faces pressures on its revenues, which are down 8.5% ($21.6 million) primarily because of a $19.8 million shortfall in interest income. The grid operator's 2020-2021 budget was approved more than two years ago, before interest rates were pummeled by the COVID-19 pandemic.

The system administrative fee is off another $4.5 million because less load is being served. With expenditures more than $14 million over budget, ERCOT is looking at a negative net available year-end variance of $35.7 million.

CEO Brad Jones' strategic plan is built on three pillars. | *ERCOT*

ERCOT News

2021 to be Hot, but not as Hot

ERCOT meteorologist Chris Coleman assured directors that the grid is unlikely to see a repeat of 2011's long, hot and dry summer.

"Every year since I've been here, I've been asked, 'Are we going to have another 2011?'" said Coleman, who joined the grid operator in 2012.

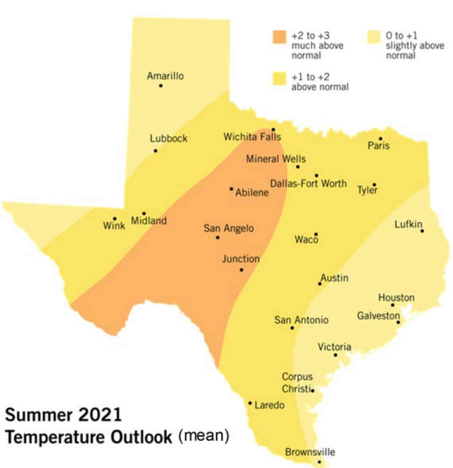
As happened 10 years ago, an intense La Niña led to a relatively mild and dry winter — with the exception of extreme winter weather in February that led to grid emergencies. Those events were the two coldest periods this century, Coleman said.

The difference this year is that while the spring of 2011 was the hottest and driest on record, dating back to 1895, this year's spring has seen sometimes record-breaking rainfall in much of the state, "almost completely the opposite of 2011," Coleman said.

"I had increasing concerns the similarities would carry over into the summer. Any summer, especially in Texas, is enhanced when the ground is dry," he said. "Right now, a majority of the state is moist and has green grass. It's very likely the ingredients for 2021 are not there to surpass 2011."

Coleman expects this summer to rank between the 15th and 35th hottest summers. He said portions of West Texas show the highest potential for a hotter-than-normal summer, with Dallas expected to record more 100-degree days than the state's other large cities.

ERCOT is expecting a record peak this summer but has said it has more than enough capacity to meet demand. (See *ERCOT Resource Adequacy Hard Sell After Winter Storm*.)



ERCOT's weatherman is expecting slightly warmer temperatures for the state this summer. | *ERCOT*

With the past decade being the warmest in history, Coleman said, "that raises the bar for what is above normal in Texas."

With sea temperatures running above normal over most of the Atlantic Basin, Coleman said, the hurricane season is expected to be among the most active. Forecasters project 18 named storms and eight hurricanes this year, with five listed as Category 3 or greater. Coleman warned directors they could be watching a storm in the Gulf of Mexico next week.

Staff Confronts Credit Issues

Kenan Ögelman, ERCOT vice president of commercial operations, said the market has reduced its short pays by about $30 million as of May 27, leaving an aggregate total of $2.991 billion.

ERCOT has seen an increase in ongoing non-payment of invoices from active market participants and less funds from participants on payment plans, he said. Applications of payments from short-paying market participants has also dropped.

"Entities that stay in the market fall into two categories," Ögelman said. "There are the ones that have nowhere to go, and the others are those that have agreed to stay on payment plans. As long as they meet the requirements of the payment plan, they are allowed to participate in the market."

Staff are waiting to see what comes out of several securitization bills that passed the legislature. Customer-financed bonds will be issued to pay back billions in energy costs over 20- to 30-year periods. (See *Securitization Offers Texas a Way Forward*.)

"It's critical to wait and see and follow the lead of the commission and other entities that have governance over the implementation of the bills before we decide to do anything," Ögelman said.

Securitization will at least delay the need to uplift the market's debt to all participants. Under ERCOT protocols, default invoice amounts are capped at a monthly total of $2.5 million, which would take almost a century to complete.

"With securitization, we would pay back short pays faster than the uplift process," Ögelman said.

Fitch Ratings *said Tuesday* the coming months will be critical for the Texas grid's public power utilities. The ratings agency in February placed 19 ERCOT-based utilities on negative watches shortly after the winter storm. Fitch has downgraded five and affirmed five so far and said it expects to resolve the negative watch on the remaining utilities and electric cooperatives by summer's end.

"Increased pressure on operating costs is likely for ERCOT utilities as storm costs, winterization investment and market risk premiums are factored into energy prices," Senior Director Kathy Masterson said in a release. "Downgrades are still possible for some ERCOT utilities if any plan approved by a city council or board of directors fails to recover costs on a timely basis, moderate effects on leverage or preserve liquidity."

LP&L Transfer 'Without a Hitch'

Jones told the board that the transfer from *SPP* of 70% of Lubbock Power & Light's load, about 470 MW, "went off without a hitch" over the Memorial Day weekend. He complimented LP&L, Oncor and ERCOT staff for working "very closely together" in successfully completing the largest single transfer of customers in the grid operator's history. (See *Six Years in the Making: LP&L Migrates Load to ERCOT*.)

"We're very happy to have Lubbock join the rest of the republic," said Jones, a West Texan. It was a reference to the Republic of Texas, a sovereign state that preceded the state's entry into the U.S. in 1846.

Next up: migrating the remaining 30% of Lubbock's load into ERCOT. Lubbock officials have approved terminating a contract with Southwestern Public Service for the remaining customers, setting up their possible move to the Texas grid by the summer of 2023.

"We're very encouraged by that," Jones said.

Tamby, Hobbs Earn Promotions

The directors ratified two promotions involving ERCOT's leadership: Chief Administrative Officer Jeyant Tamby will serve as Jones' chief of staff, and Kristi Hobbs was elevated to vice president of corporate strategy and Public Utility Commission relations.

Hobbs, who previously served as director of enterprise risk management and strategic analysis, will be responsible for strengthening the collaboration between the grid operator and the PUC, in addition to her current responsibilities, as well as project and portfolio management, business continuity planning, market rules development and the stakeholder process.

Following a marathon executive session that ended at 6:04 p.m. on June 8, the board also voted to approve hiring a search firm to find a

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permanent CEO.

ESR Measure Approved

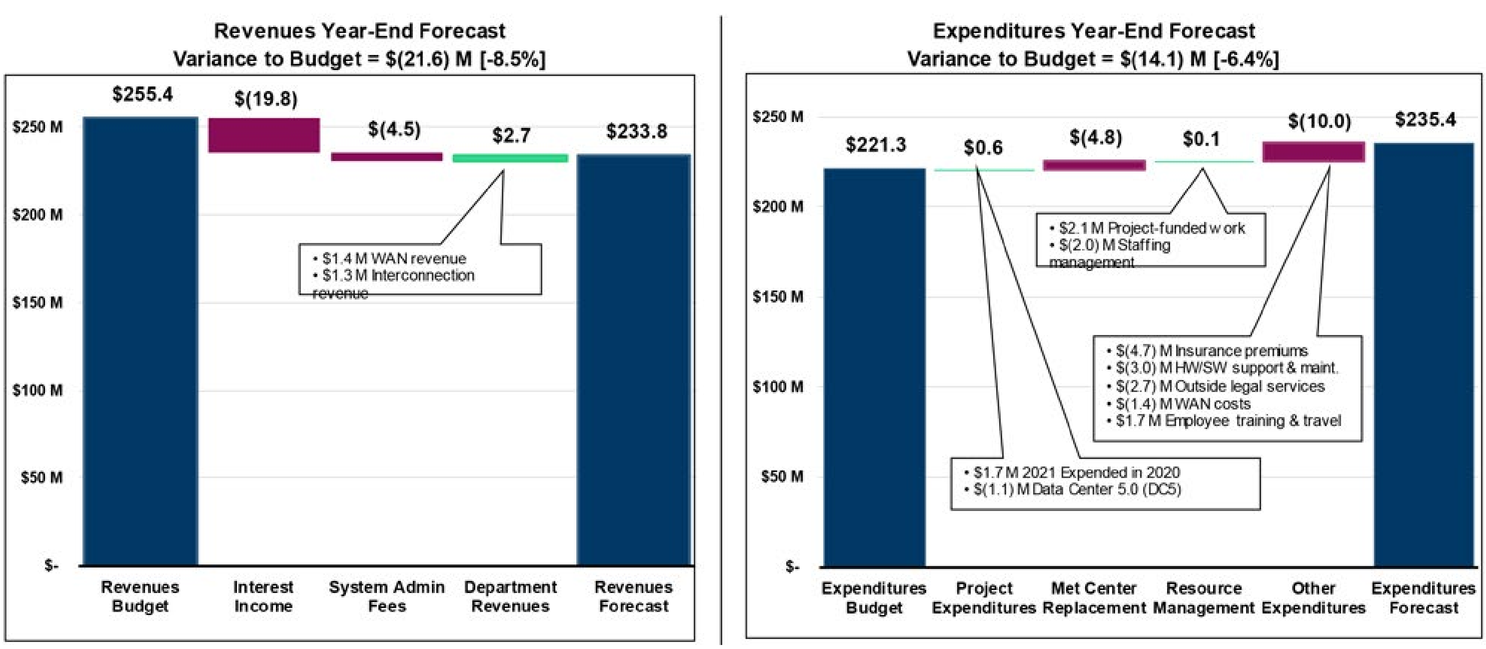
In a one-off vote, the board approved an urgent nodal protocol revision request (*NPRR1075*) that allows energy storage resources (ESRs) to participate in grid reliability this summer.

The NPRR allows ESRs to update their high sustained limit (HSL) and/or maximum power consumption (MPC) in real time to maintain sufficient energy to meet an ancillary service resource responsibility. The carveout for ESRs will expire when either real-time co-optimization goes online or a mitigated offer cap for ESRs is implemented.

Gerdau Steel's Sam Harper, representing industrial consumers, cast the lone vote against the measure on behalf of two of his segment members, who opposed it during the Technical Advisory Committee's meeting in May. The industrials wanted to see more analysis and discussion before making the change.

The directors unanimously approved five other NPRRs previously endorsed by the TAC along with an other binding document revision (OBDRR) and single changes to the load profiling (LPGRR), nodal operating (NOGRR), planning (PGRR) and retail market (RMGRR) guides:

- *NPRR979:* incorporates the OBDs' "state estimator standards" and "telemetry standards" into the protocols.
- *NPRR1062:* changes the metering requirement for premises connected at transmission voltage and/or with a peak demand greater than 700 kW/700 kVA from an interval data recorder (IDR) meter to one that also includes advanced meters. The change also eliminates the IDR meter requirement report.
- *NPRR1064:* conforms ERCOT's as-built systems protocol language with respect to the evaluation and reporting of chronic congestion. The revision also clarifies the grid operator's expectations and processes for the verification of modeling information for elements included in the chronic-congestion report.
- *NPRR1071*: modifies the threshold for retail electric providers' (REPs) participation in the annual survey of aggregate customer counts from 95% to 98%; the timing requirement for REPs to provide information to ERCOT regarding demand response deployments from Oct. 15 to Oct. 31; and the posting date for the final report from Dec. 15 to Dec. 31.
- *NPRR1074*: changes the definition of "mp" in the credit default allocation calculations substituting "existing" for "non-defaulting."
- *LPGRR068:* adds two new PROFILETYPE-CODEs for use on premises billed on a four-coincident peak (4-CP) where transmission and/or distribution service providers can support a 4-CP billing rate with an advanced metering system profile: BUSLRG will be for premises without distributed generation and BUSLRGDG for those with DG. The existing BUSIDRRQ will remain an option for premises billed on a 4-CP tariff.
- *NOGRR199*: realigns references to state estimator and relevant telemetry standards with their move from OBDs to the protocols.
- *OBDRR029*: modifies the Demand Response Data Definitions and Technical Specifications OBDRR's Excel templates in Appendix B (NOIE Submission File Template) and Appendix C (REP Event File Template) to clarify that electric service identifier numbers are to be provided instead of ESI ID lists. Also combines error descriptions and suggested fixes into a single table.
- *PGRR088*: includes the financial security amount necessary to fund the interconnection facilities in the monthly generator interconnection status report.
- *RMGRR164*: removes language from the guide predating the implementation of advanced metering systems (AMS). It defines the business rules and processes to be followed when transitioning a customer from an IDR meter to an AMS profile type. ■



ERCOT is facing a $35 million negative variance this year. | *ERCOT*

ERCOT News

Texas PUC Lifts Stay on Storm-related Nonpayment Disconnections

By Tom Kleckner

Iced-over Texas transmission lines | *Xcel Energy*

Texas regulators last week agreed to end a moratorium on customer disconnects for nonpayment that dated back to February as energy prices soared in the wake of a severe winter storm.

The Public Utility Commission said *Friday* that with a "proliferation" of available financial support and the need for utilities to resume normal business operations, it would end the moratorium on June 18. It went into effect Feb. 21 and applied to investor-owned utilities under the PUC's jurisdiction.

Retail electric providers (REPs) must issue new disconnection warning notices to customers in danger of losing service, effective June 19. That will trigger a 10-day waiting period that allows customers to arrange deferred payment plans the REPs are required to offer (*51812*).

Commissioner Will McAdams signaled the PUC's intention when he filed a *memo* earlier this month that said continuing the moratorium could lead to an "unsustainable impact" on "financially at-risk Texas consumers." He pointed out that customers facing disconnection would soon fall under automatic moratoriums during heat advisory conditions, as defined by a National Weather Service heat advisory issued on a county-by-county basis.

"In some cases, these liabilities could amount to seven months of overdue bills before the commission may be able to readdress the issue in the fall," McAdams wrote.

"My memo still stands," he said during the PUC's open meeting. "In my view, the emergency has passed. We need a catalyst in the market to break this logjam. The longer we stay in this kind of regulatory limbo, the more these consumers are going to just be rolling these large averages into the fall."

PUC Commissioners Will McAdams (left) and Peter Lake discuss an order. | *Texas PUC*

McAdams encouraged customers to contact their REPs and ask for a deferred payment plan. The electric providers are required to offer the plans that allow customers to pay back their debt over five billing cycles.

The PUC's decision came after it opened the meeting with public comments. Two customers of REPs called for an extension of the moratorium, complaining they were being hit with pass-through ancillary service charges. A representative for a retailer urged that the moratorium be lifted to ensure the REP's financial well-being.

"There's a delicate balance between the financial impact on consumers and households and the economic health of competitive providers in our marketplace," PUC Chair Peter Lake said. "It's a tough challenge to find that balance … but we do need to move forward."

The winter storm is thought to have inflicted more than *$130 billion in damage* throughout the state.

In other actions Friday, the commission approved Entergy Texas' request to recover $31.6 million through an amended transmission cost recovery factor (*51406*) and Southwestern Public Service's implementation of a net surcharge of $71.5 million on its Texas retail customers as part of a previous rate case (*51644*). ■

February Storm Still a Hot Topic on the Conference Circuit

By Tom Kleckner

Clockwise from upper left: SPP CEO Barbara Sugg; Sean Trauschke, OGE Energy; MISO CEO John Bear, and Humayun Tai, McKinsey & Company. | *EEI*

February's winter storm, which threw much of the Midwest into a deep freeze and almost created a disaster of epic proportions in Texas, remained a hot topic last week during a pair of industry conferences.

During the Edison Electric Institute's *Road to Net Zero* conference, SPP CEO Barbara Sugg discussed lessons learned from "The Big February Freeze" as part of a panel that also included MISO CEO John Bear.

Sugg said SPP staff learned "a ton" from the event, which required them to shed load for the first time in the RTO's 80-year history. Staff took the normal steps to alert members and stakeholders as to what was coming, but fuel supply issues knocked out more than half of its accredited natural gas resources and a third of its accredited coal resources, she said.

"What we learned from the beginning of the event was monumental," Sugg said. "We weren't as good coming into the event as we thought we were. We definitely identified some gaps."

SPP is conducting a review of its performance during the storm involving members, its Market Monitoring Unit and state regulators. Still, the grid operator has been caught off-guard by the political attention it has received in its 14-state region.

"They all want to have a say in what we do," Sugg said.

No surprise, but load shed and customer outages have drawn much of the state politicians' focus.

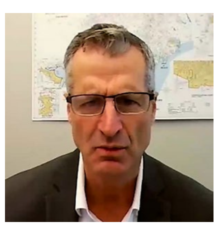
"We could improve the coordination with how we manage load-shed events," Sugg said. "SPP has typically not been involved with how that's managed. There were some challenges at the [transmission owner] level that exacerbated the problem along the way that are worth a look as to whether SPP should have a role in that."

On Monday, SPP's Regional State Committee, composed of regulators from its Eastern Interconnection states, met to review its portion of the work. The regulators agreed resource diversity will be a critical part of any solution, but debated who has the responsibility for directing utilities on what their fuel mix should be.

"Someone has to be responsible here," North Dakota Public Service Commissioner Randy Christmann said.

Noting he spent 25 years in politics fighting for states' rights, he said, "Between what the states have allowed in the last decades and the utility companies' decision to join RTOs, a lot of the responsibility has been passed on to us."

ERCOT's Jones Looks to Future



ERCOT CEO Brad Jones | *ACP*

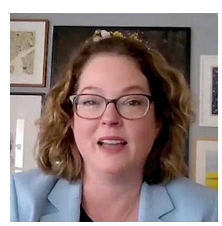
Brad Jones, ERCOT's interim CEO, made a rare public appearance during American Clean Power Association's CLEANPOWER 2021 virtual *summit* on Wednesday. He took a glass-half-full approach to the Texas grid's recovery from what he called a "rather severe winter storm."

"It's given us an opportunity to look at ways we can improve ERCOT and the ERCOT market," Jones said during a keynote address. "My overall goal in my time here at ERCOT is to make sure we do things for not only today and not only the next winter story, but for the future of ERCOT."

That future will rely heavily on renewables. The grid operator already has about 25 GW of nameplate wind capacity and 5 GW of solar capacity on the ground, Jones said, with another 10 GW of solar generation expected over the next few years. Many of those sites are also co-locating batteries, which moves energy "from the low-value time period to the high-value time period," he said.

"Batteries … provide an opportunity to balance out the variable generation we receive from solar and wind generation," Jones said. Noting the ERCOT grid's lack of hydropower as compared to northern states, he said, "We don't depend on the snows in Oklahoma to keep our system running. We don't have the luxury of leaning upon hydro for our renewables. … Batteries will fill that gap for us."

Monitor: Short-term Focus on Finances



Carrie Bivens, IMM | *ACP*

Carrie Bivens, ERCOT's Independent Market Monitor, used her CLEANPOWER keynote address to compliment the grid operator's control-room staff for their "heroic job" in preventing the Texas grid from falling into a total blackout when surging demand exceeded available supply during the icy weather.

"As bad as things were those few days, it could have been worse," Bivens said. "I never

ERCOT News

want to see it happen again. As an industry, let's work together to make sure that doesn't happen again. I never thought I'd see that in my lifetime."

While the Texas legislature has passed a pair of bills designed to address the lack of weatherization and enforcement capabilities, Bivens said much remains to be done. (See *Abbott Signs Texas Grid Legislation into Law*.)

"This is one of those big events where there are a lot of points of failure to discuss," she said. "Going forward, we need to work with the final impact of this event … that's where we'll be concentrating in June."

Bivens pointed out that ERCOT's prices, capped at $9,000/MWh for more than three days, affected all market participants. Whereas some utilities and generators ended up on the positive side of the money flowing to the market, she said, those same entities were on the losing side as well.

"It's just a matter of how your generators performed and how well you hedged before the storm," Bivens said. "It's not so simple to say generation won and load lost. It doesn't necessarily work that way."

Still, she is not ready to pitch scarcity pricing overboard, saying it is essential to ERCOT's energy-only market. The market designers have determined that $9,000/MWh is the grid operator's value of lost load, although February's long-term price caps have triggered an automatic reduction to $2,000/MWh for the rest of 2021.

"I can't stress enough how important pricing is for this energy-only market. Prices should reflect the value of lost load. It's not just about incentivizing generators to perform that day or that hour or that interval, but to provide long-term incentives for the generation necessary to keep us moving forward," Bivens said. "One of the things about regulatory certainty, especially in an energy-only market, is stability of the market. It's important for decisions being made long-term 20 years out."

Renewable Advocates Survive Texas Legislature

A CLEANPOWER panel of Texas renewable lobbyists agreed they had dodged a bullet during the recent state legislative session when several bills targeting renewables failed to make it to the governor's desk.

Now comes the hard part, they say: ensuring the rulemakings that come out of the Public Utility Commission don't inflict further harm on ERCOT's renewable resources.

"What will be done with the legislation? That falls to the [natural gas regulator] Railroad Commission and the PUC," Advanced Power Alliance CEO Jeff Clark said. "Clearly, the attack that was made on us … will continue to unfold at the PUC. That is a key effort that we are all going to have to engage in."

Given the new legislation and governance changes at ERCOT and the PUC, the panel was asked when things will return to normal.

"This uncertainty is our new normal," said Lynnae Willette, EDF Renewables' senior manager of regulatory and legislative affairs. "We have so much change up high. We have a new PUC, a new ERCOT CEO, a new ERCOT board, a lot of new legislation to implement and a lot of opposition we're still facing. It's important for us as an industry to rally and stay engaged."

"The most important activity is the rulemaking at the PUC," Clark said, referring to weatherization and a review of the ancillary services market. "There are specific mandates in the legislation, while not what they were, that will include an examination of the services and make sure they encourage a sufficient amount of fossil fuel. Our opponents smell blood in the water, so they'll be more active in the next legislature." ■

ERCOT News

Generation Outages Force ERCOT Conservation Alert

By Tom Kleckner

Faced with an above-normal number of forced thermal generation outages and possible record demand, ERCOT called for conservation measures on Monday that will last through the end of the week.

The Texas gird operator said that as of 2:30 p.m. CT, it had 12.2 GW of forced outages. Thermal generation accounted for 9.1 GW of the outages, three times more than normal, staff said, because of either mechanical failures or repairs.

ERCOT was trending on Twitter on Monday as Texans, still jittery from the dayslong blackouts following February's winter storm, *retweeted* the grid operator's initial conservation call more than 6,000 times.

Jittery Texans helped ERCOT trend on Twitter Monday. | *ERCOT via Twitter*

"We completely share those concerns," Warren Lasher, senior director of system planning, said during a media call. "We are deeply concerned with the issues about all these plants being offline. We will be doing a thorough investigation to assess the implications for the grid."

Renewable energy's output was also lower than normally seen during peak periods, Lasher said. Solar resources were providing 5.4 GW of energy, and wind resources were supplying 3.4 GW at 2:30.

Luminant confirmed that one of the two 1.2-GW units at its Comanche Peak generating station was offline. The unit shut down automatically when a fire broke out at the main transformer. A spokesperson said plant personnel are working diligently to repair the transformer.

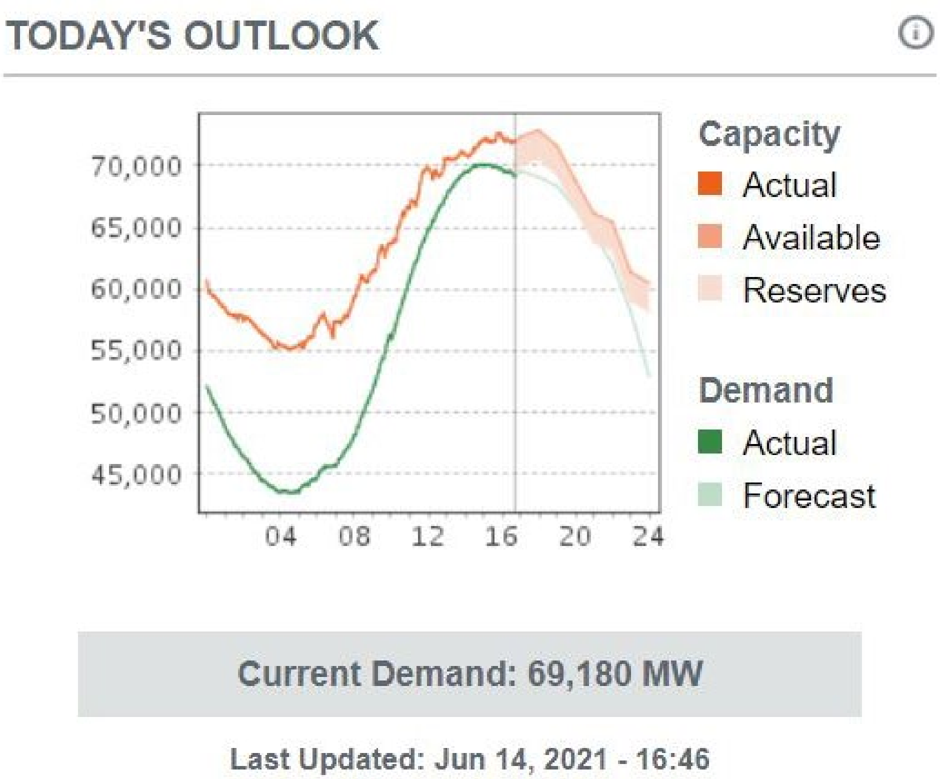
With a reserve margin of 15.7%, nearly double that in recent years, ERCOT had assured the public this spring that it had more than adequate capacity to meet expected summer demand. (See *ERCOT Resource Adequacy Hard Sell After Winter Storm*.)

Load leveled off after reaching 69.9 GW during the interval ending at 4 p.m. following the conservation call. That broke the June record of 69.1 GW set in 2018.

Staff had forecasted a record demand of 70.1 GW but warned of a 73-GW peak before the conservation call. Temperatures reached triple digits in the Houston area and were in the high 90s elsewhere.

ERCOT said it had been told by generation owners that the number of outages would decrease during the week. Lasher still had some diplomatic, yet tough language for them, saying he found the number of units on forced outages to be "very concerning."

"We're not clear why we're seeing so many unplanned outages at this time. We'll be looking very hard at which units are offline and why they are offline and when they'll be back online," Lasher said. "It's the responsibility of the generation owners to make sure their plants are available during the peak hours when customer demand is very high during the summer months. My concern is the resource owners need to make sure their plants are available during the summer months." ■



Demand plateaued after ERCOT issued its conservation notice. | *ERCOT*

ISO-NE News

FERC Accepts, Rejects Parts of ISO-NE, NEPOOL ORTP Filing

By Jason York

FERC on June 7 approved parts of the *ISO-NE* and NEPOOL "jump ball" filing on offer review trigger price (ORTP) values for Forward Capacity Market (FCM) parameters in the 2025/26 capacity commitment period (*ER21-1637*).

The commission accepted NEPOOL's proposed ORTP value for battery storage and proposed federal tax credits adjustments to the ORTPs for solar resources for FCA 17 and FCA 18.

FERC also accepted the RTO's proposed ORTP values, including offshore wind, and ISO-NE's proposal to maintain the current tariff language regarding economic life determination and the establishment of ORTPs for hybrid and co-located resources in the FCM, rejecting NEPOOL's proposed revisions in each case.

But FERC also rejected NEPOOL's proposal to require that the RTO account for future federal tax credit changes through the tariff's indexing process.

The commission directed ISO-NE to submit a compliance filing on or before June 22 that combines the accepted alternative proposals.

Chair Richard Glick and Commissioner Allison Clements, the two Democratic members of the commission, dissented on the part of the order that included ISO-NE's ORTP proposal for offshore wind. Republican commissioners Neil Chatterjee, James Danly and Mark Christie, voted in favor of the RTO's ORTP values. Glick said he "strongly" believes that ISO-NE's proposed capital cost estimate for OSW "is not just and reasonable."

"The majority's adoption of ISO-NE's proposal will, by definition, shunt every [OSW] resource into an administrative pricing construct that is particularly ill-suited to an emerging technology," Glick wrote. "The commission should have instead adopted [NEPOOL's] estimates, which better reflect market activity as opposed to bureaucratic cost estimates that bear little relation to reality."

Glick added that NEPOOL's use of publicly available data from four recent power purchase agreements for large regional OSW projects gives its plan "a clear and strong connection to the actual resources being developed in New England."

"By contrast, ISO-NE's proposal is based on a mythical project that produces an absurdly high ORTP of $17.947/kW-month, which ISO-NE calculated by assuming $4.3 billion in capital costs for its hypothetical offshore wind facility," Glick said. "ISO-NE's capital cost assumptions are so high that ISO-NE does not even bother to propose an ORTP for [OSW] resources because it is so far above the estimated starting price of $12.400/kW-month for the upcoming Forward Capacity Auction."

FERC headquarters in D.C. | © *RTO Insider LLC*

Glick said by accepting ISO-NE's proposal, FERC forces OSW developers "to beg for permission just to bid into an upcoming capacity auction at a price that at least offers a chance to be selected for a capacity payment." Also, by adopting a capital cost estimate "beyond the outer limits of anything even remotely reasonable," Glick said that the commission assumes "any contract for offshore wind is commercially unreasonable."

"The majority's decision to apply buyer-side market power mitigation rules to entities that are not buyers or that lack market power is nonsensical," Glick wrote. "I urge ISO-NE to move expeditiously to replace its ORTP and [minimum offer price rule]-related rules or the commission will be left with little choice but to step in and establish new rules ourselves."

Clements said costs for OSW keep declining as project development proliferates and as states in the Northeast contract for increasingly large projects.

"These decreasing costs weigh in favor of an ORTP method that uses as up-to-date data as possible," Clements wrote. "NEPOOL's approach relies on recently signed PPAs for New England projects, which means it is both up-to-date and reflective of the region in question."

She said that given FERC's "limited visibility" into the sources of the cost database used by ISO-NE consultant *Mott MacDonald*, the commission could not "ascertain whether that data reflects equally current sourcing."

Clements said that NEPOOL's proposal also offers a viable alternative to ISO-NE "having to estimate costs for a hypothetical resource, an exercise that is inherently fraught."

"RTOs/ISOs are not project developers," Clements wrote. "Even with the aid of consultants, experience demonstrates that processes requiring RTO/ISOs to make myriad project development assumptions and estimate the associated costs using proprietary data is a recipe for extensive litigation before the commission."

Clements said that the ORTP decision was "especially troubling" given New England states' increasing interest in procuring OSW generation to support their policy goals.

"I can only express my hope that the Internal Market Monitor will provide a fair and legitimate opportunity for offshore wind resources to demonstrate the appropriateness of offer prices below the ORTP," Clements wrote. ■

ISO-NE News

Formal Work to Remove MOPR Begins at NEPOOL Markets Committee

By Jason York

ISO-NE, stakeholders and the New England states formally started work on eliminating the minimum offer price rule (MOPR) from the Forward Capacity Market (FCM) at a two-day meeting of the NEPOOL Market Committee last week.

States want to remove the MOPR to eliminate what they see as a barrier to participate in the capacity market for their subsidized resources. But according to a *presentation* from the RTO, it could also cause "greater uncertainty" for both existing and new unsponsored resources. The uncertainty translates into greater financial risk and, if left unaddressed, potentially have two unintended consequences, it said: failure of the wholesale market to clear new entry when required; and inefficient retirements if capacity prices from markets structured to be competitive are subject to persistent downward price pressure from sponsored resource entry.

In terms of the potential failure to clear new entry, the RTO said to accommodate greater financial risk, "new entry offers will be higher than the cost we have estimated to date for new, unsponsored merchant resource entry." For example, if the sloped demand curve does not adjust accordingly, the market would procure fewer new resources — and possibly at a higher price — while falling short of the one-in-10 resource adequacy requirement. ISO-NE added that this problem is unlikely to self-correct in the capacity market and would require further interventions.

As for the potential for inefficient retirements, the RTO said the implications of such an outcome are magnified if the resources choosing to shut down permanently are necessary to maintain reliability through an extended clean energy transition. ISO-NE said it is essential to work toward the dual objective of accommodating the entry of state-sponsored resources into the FCM while maintaining competitive capacity market pricing.

In a *memo* to stakeholders, the New England Conference of Public Utilities Commissioners (NECPUC) and the New England States Committee on Electricity (NESCOE), ISO-NE COO Vamsi Chadalavada said that David Patton of Potomac Economics, the RTO's External Market Monitor, will help provide "a framework to assess and quantify the uncertainty and accompanying risk that capital markets may impose on new or existing resources in a market without a MOPR when merchant resource investment is necessary." Chadalavada said Patton would have preliminary recommendations ready by the end of next month.

FirstLight Power, New England Power Generators Association (NEPGA) and Sigma Consultants were among a group that offered initial "conceptual approaches" from the stakeholders' perspective.

NEPGA's Bruce Anderson *presented* that removing the MOPR "without any substitute to evaluate non-competitive offers leaves the FCM at risk of producing unjust rates due to buyer-side market power." NEPGA wants to develop a buyer-side market power screening tool "that satisfies the legal requirement that market-based rates must be free of the influence of market power to be just and reasonable."

FirstLight's Tom Kaslow *highlighted* that restoring a meaningful retirement signal is fundamental to efficient market function and achieving state policy goals. The benefits of that include climate-aligned reliability where market rules encourage efficient retirements to support outcomes that attract and retain resources needed to meet state policy objectives and balancing resources required to integrate them.

Sigma's Bill Fowler *offered* a series of primarily standalone concepts, and while adopting all of them "would be ideal, that is not necessary to achieve much of the benefit." These include eliminating the retirement track rule, delaying the retirement schedule for later submission, or allowing bids to be updated or withdrawn before auction within constraints set by an Internal Market Monitor review of workbooks.

Brian Forshaw of the Connecticut Municipal Electric Energy Cooperative *submitted* a white paper proposing replacing MOPR with a minimum balancing resource constraint in the FCM. In addition, Forshaw said New England should consider changing from a "Descending Clock" auction to a "Sealed Bid" structure for settling Forward Capacity Auctions. This approach also avoids challenges of integrating any Forward Clean Energy Market (FCEM) revenues into the FCM, to the extent that the region decides to pursue such that mechanism.

ISO-NE aims to file a proposal to eliminate the MOPR with FERC in the first quarter of 2022 so that changes are in place for FCA 17, scheduled for February 2023. ■

MISO News

MISO: Wintry Weather Vindicates RA Changes

By Amanda Durish Cook

MISO concluded this week that its current suite of resource adequacy solutions is the best path forward to coping with extreme cold snaps.

The RTO closed the chapter into mid-February's pervasive arctic blast on June 8 with a final report and stakeholder workshop. Staff said the winter event provides further justification to introduce a four-season capacity auction and corresponding reserve margin targets paired with a capacity accreditation based upon generators' recent availability. (See *MISO Underscores Need for RA Action in Winter Storm Review*.)

MISO Vice President of Strategy Wayne Schug told stakeholders that the vast majority of lessons learned from the event are items already under consideration in the stakeholder process.

"Which is a good thing. It means we're anticipating things to come," Schug said.

MISO Senior Director of Operations Planning J.T. Smith said MISO has experienced four severe cold snaps in the past seven years, in 2014, 2018, 2019 and now 2021. MISO has amassed new preparations from each one, he said.

"We walked into this event about as prepared as we could be. …At some point, it's about the availability of the fleet that is provided to us," Smith said.

What set apart this cold weather, Smith said, is the freeze stretched from Canada to the Gulf of Mexico and affected MISO's neighbors, making imports unworkable as load stayed stubbornly high.

"The cold wasn't extreme. It covered the entire footprint," he said. "…We were talking about the North, the Central and the South regions."

By Feb. 17, 40% of MISO's fleet was unavailable, most because of forced outages.

"You can't operate the system with normal to high loads with 40% of your system offline," Smith said.

MISO curtailed 700 MW in the South system Feb. 17 to match load to generation availability and ward off uncontrolled cascading outages. The RTO also ordered localized rolling blackouts because of transmission emergencies Feb. 15-16 in Louisiana, Central Illinois and Southeast Texas.

Control room staff could use more detailed and real-time data from members to make better informed decisions in the heat of the moment, Schug said.

"History is an insufficient guide to the future," Schug said of MISO's historical data. "…What we considered rare instances 10 years ago are now commonplace."

He also said events considered impossible just five years ago are now plausible.

"We need to be planning for those in advance," he said.

Schug also said ISOs might not be the best outlet for verifying any new weatherization standards are met.

MISO and the Organization of MISO States have lately been meeting about beefing up and combining generator fuel and weatherization surveys in anticipation of new industry weatherization standards.

Staff also said expanded transmission capacity can ease future winter storms. MISO leadership has repeatedly said the added transfer capability of MISO's last long-range transmission portfolio, approved a decade ago, helped the footprint escape a more destructive emergency.

MISO Executive Director of Systems Operations Renuka Chatterjee asked stakeholders to picture the MISO management of a hypothetical 6,000 smaller generators versus its current fleet of approximately 1,600 generators.

"The fleet is continuously changing. Each quarter, it changes," she said.

Again, several stakeholders pressed MISO to release a list of generator outages by fuel type during the event.

"My sense is we probably had more fuel supply issues this time than in past polar vortexes," Schug said, adding that MISO will try to compile a list.

Southern Renewable Energy Association Executive Director Simon Mahan asked how much the event cost MISO overall.

MISO executives said they have yet to calculate total costs.

MISO plans to file its capacity auction changes in September. The grid operator is currently working through analyses on its proposed capacity accreditation. It will present results in July to a stakeholder community that has

| Entergy

asked MISO to reinforce its proposal with research.

"The timing is tight," Scott Wright admitted to stakeholders at a June 9 Resource Adequacy Subcommittee meeting. "…I'm aware we have a lot of big discussions in front of us to get to a filing."

At the May Market Subcommittee, MISO Executive Director of Market Operations Shawn McFarlane said there was "decent likelihood" that MISO enters emergency procedures this summer.

One Bankruptcy Issue

MISO said the cold snap also triggered a first-of-its-kind bankruptcy and default predicament. Following the event, the RTO said it investigated its market participants to see if any had been exposed to adverse financial impacts in other markets. It found that the Brazos Electric Power Cooperative, also an ERCOT member, was hit with more than $2 billion in charges in the ERCOT market and declared bankruptcy. (See *ERCOT's Brazos Electric Declares Bankruptcy*.)

However, MISO found that it had not been mentioned as a critical vendor in Brazos' bankruptcy filing, despite it supplying transmission service to the cooperative. The RTO said bankruptcy law "puts an automatic stay in place in the action, which prohibits MISO from sending certain notices, such as a notice of default, to the party."

MISO has intervened in the bankruptcy proceedings to try to recover some of the almost $9 million owed to it by Brazos (21-30725).

The grid operator said in light of this situation, it might pursue some tariff changes "to protect the market" during volatile pricing events. ■

MISO News

2021 OMS-MISO Resource Adequacy Survey Shows Less Cause for Concern

Continued from page 1

five years are much shallower than in past years. The two said the grid operator should have anywhere from 3.4 to 13.9 GW of extra unforced capacity beyond its 2022 summer peak planning reserve margin requirement.

Other survey years showed anywhere from a 0.2-GW shortfall or 13.3 GW in excess of the planning requirement in 2023; a 1.9-GW shortfall or 11.8-GW surplus in 2024; and a 3.3-GW shortage or 10.2-GW surplus in 2025. MISO used an approximate 9% unforced capacity planning reserve margin requirement for reference in all years.

It's not until 2026 where MISO could see an almost 4-GW systemwide shortfall, with four out of the 10 local resource zones potentially needing help from other zones. At that point, there might not be enough supply to go around.

"It puts more emphasis on putting more potential capacity online as well as retaining some uncertain capacity," MISO Executive Director of Market Operations Shawn McFarlane told stakeholders at a special teleconference Friday to discuss the survey.

Last year's survey indicated that MISO could face a 400-MW capacity shortfall as early as 2022, and the next five years could contain surpluses as high as 12.5 GW or shortfalls that could dip to 6.8 GW. (See *OMS-MISO Survey Sees Uncertain Supply Future*.) In 2018, the survey predicted anywhere from a 2.3-GW shortfall to a 7.5-GW surplus in 2022.

McFarlane said this year's survey shows that there could be a "fairly healthy" 10 GW in resource additions annually over the next four years. In the past two years, MISO interconnected the most generation it ever has, with 10.8 GW in 2019 and 9.9 GW in 2020.

MISO said this year's less risky supply picture can be attributed to lackluster load. McFarlane said forecasted load for 2022 dropped 3.6 GW between this year's survey and the last, mostly owing to the COVID-19 pandemic.

In the survey's ensuing years, MISO and OMS continued to include the load decrease and used a 0.3% demand growth rate on a year-to-year basis between 2022 and 2026.

"Once again, the survey shows an uncertain year has evolved into a more certain year," North Dakota Public Service Commission Chair and OMS President Julie Fedorchak said of 2022.

"The outlook is modestly better," McFarlane agreed. "In 2023 and beyond, the resource picture is a little less certain."

McFarlane said more generation retirements and livelier demand growth could make reality more dire than the survey's predictions. He said a robust pandemic recovery with more energy demand could wipe out the moderate capacity gains.

However, McFarlane said that states and load-serving entities and state regulators will use this year's OMS-MISO survey results to guide new resource decisions.

Fedorchak said even though some local resource zones might come up short in future years, they could lean on supply from other flush zones. She also said it's imperative that generation projects be able to complete MISO's interconnection queue.

"We're aware of those projects and need to ensure that the portions of those needed for resource adequacy are able to interconnect," she said.

MISO singled out Wisconsin and the Upper Peninsula's Zone 2, Southern Illinois' Zone 4, and Indiana and Western Kentucky's Zone 6 as being most at risk of needing to rely on imports over the next five years.

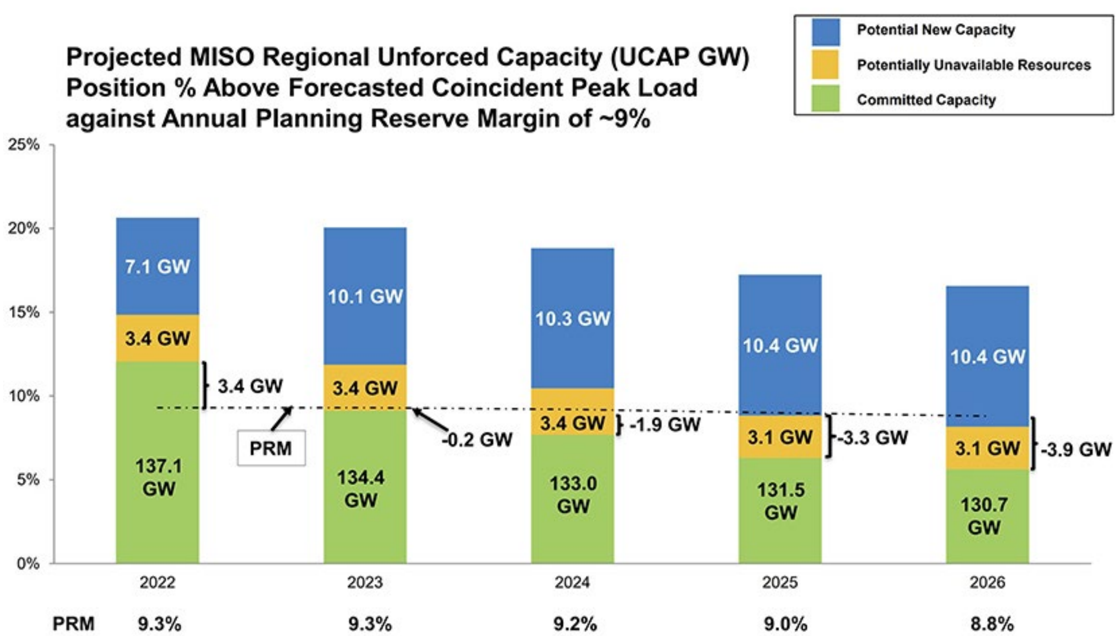
Survey results are based on responses from more than 97% of LSEs and other non-LSE market participants.

As with past surveys, MISO hasn't assumed that all of the proposed generation in its interconnection queue reaches commercial operation and can help mitigate capacity needs.

MISO gave a 75% probability of completion to conventional generation projects in phase 2 of the three-phase interconnection queue and a 50% probability for intermittent generation projects at the same point. Projects that have scaled the three definitive planning phases and are executing generator interconnection agreements received a 90% certainty. For projects that have applied but not yet entered the queue, MISO assigned a 10% weight.

McFarlane also warned that next year's survey result might slide again into pessimism, considering that MISO is preparing to introduce a stricter and seasonally based capacity resource accreditation.

"We need to approach OMS about how we approach the survey in a seasonal capacity construct," he said. ■



OMS-MISO survey results | *OMS and MISO*

MISO News

MISO Proposes New Cost Allocation on Regional Tx Limit

By Amanda Durish Cook

MISO said it has a new cost-allocation method in mind for members that use the regional transfer limit linking its Midwest and South regions.

Senior adviser Jack Dannis said the grid operator will make a filing for a new rate structure with FERC in November. The grid operator hopes the proposal will serve as a permanent cost-allocation mechanism for settlement payments made by market participants that use the subregional transfer limit beyond the 1,000-MW contract path linking MISO Midwest and MISO South after Feb. 1, 2022.

MISO's payments to SPP and six other parties for regional flows on the transfer limit are recovered from market participants using a special rate schedule called Schedule 49, which is considered separate from the 2016 settlement agreement that the eight parties signed for use of the transmission.

Based on stakeholder feedback, Dannis said MISO will abandon its current load ratio-based allocation method among members and adopt a market-based allocation that assigns costs based on the level of congestion accrued when the transfer limit binds on its 2,500- or 3,000-MW limits, depending on flow direction. Over the past five years, day-ahead and real-time congestion on the transfer limit makes up 74% of total costs needing to be allocated under the settlement agreement. He said the market-based approach more effectively assigns costs to beneficiaries.

MISO said Schedule 49, which also employs a diminishing flow-based calculation, is too complex, with the RTO using a planning model to estimate flow-based benefits. That allocation is currently pending in FERC settlement proceedings after MISO extended its use through January 2022. (See *FERC Orders Hearing on MISO Pact for Midwest-South Tx*.) Alliant Energy and MidAmerican Energy have complained that market participants in an Iowa local resource zone bore a disproportionate one-third of rate schedule costs in 2020.

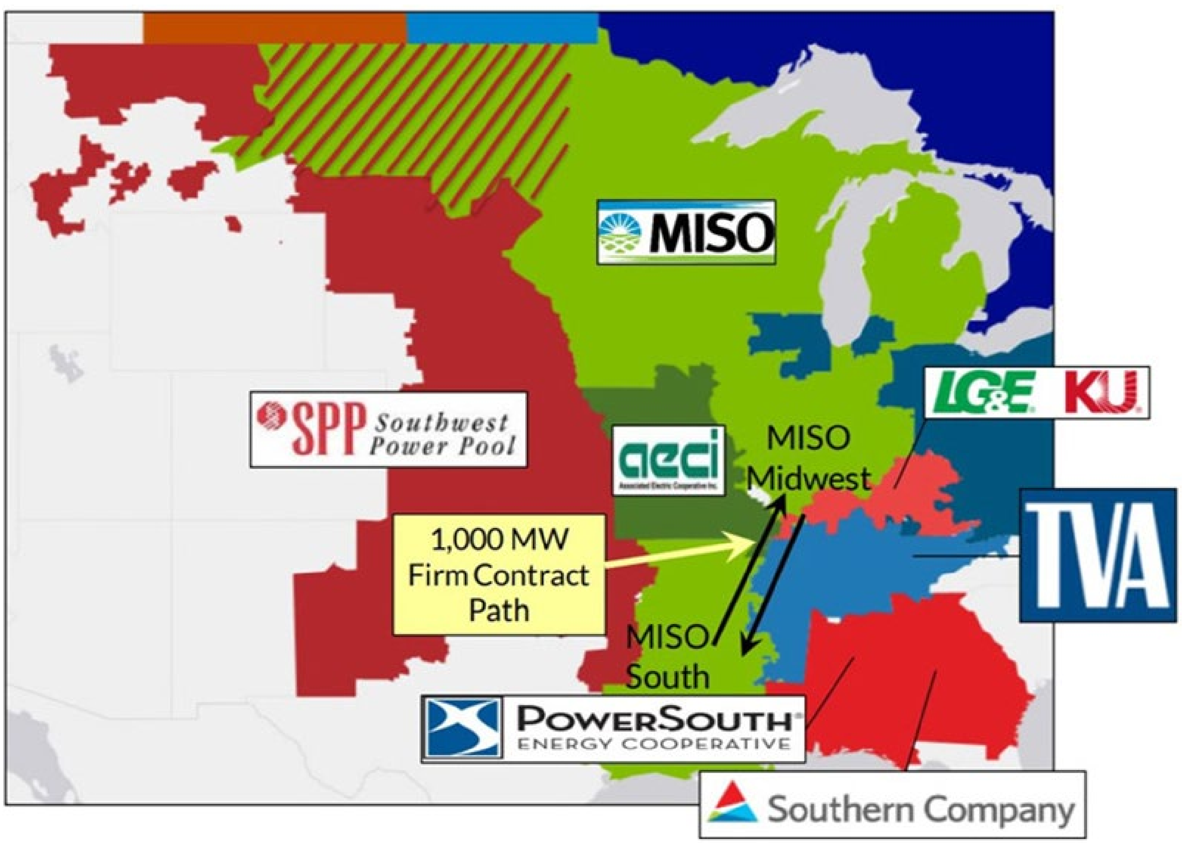
Director of Market Design Kevin Vannoy said the new market-based approach is predicated on the theory that an importing region is benefiting — despite accruing congestion charges — from using the transfer to access lower-cost energy instead of calling up even more expensive generation. Now, when the transfer limit binds, congestion costs will be collected from the importing region through higher LMPs.

MISO said Schedule 49 charges will be collected monthly through multiple methods: the current month's congestion fees, and a carryover of past excess congestion charges that went beyond its settlement agreement payment. If there's a shortfall after those two, MISO will collect the remainder of costs through a *pro rata* charge to the majority importing region that month.

Stakeholders asked whether MISO Midwest or MISO South would more often be categorized as the importing region. Staff said regional use varies and doesn't appear to follow a set pattern.

The new approach will "eliminate some of the modeling variables that could be disputed," Dannis said.

"I think parties will see less volatility monthly and yearly in their Schedule 49 payments," he added. ■



Parties to the settlement agreement for MISO's Midwest-South subregional transmission constraint | *MISO*

MISO News

MISO Assembling Order 2222 Compliance Plan

By Amanda Durish Cook

MISO has prepared a filing outline for stakeholder evaluation on its plan to bring distributed energy resource aggregations into its markets.

The RTO plans to lean on its existing dispatchable intermittent resource and electric storage resource participation models for FERC compliance. It would limit full dispatch participation to DER aggregations of 1 MW or greater, forcing those smaller than 1 MW to self-commit in the markets in order to participate. The RTO in early spring said necessary software changes would be too overwhelming if it fully accommodates the 0.1-MW minimum aggregation size outlined in FERC's Order 2222. (See *MISO to Recycle Participation Models for Order 2222*.)

MISO will also limit a DER aggregation to a single elemental pricing node in its markets. (See *MISO Wants Single Pricing Point for DER Aggregations*.)

The RTO has until April 18, 2022, to submit a compliance filing to FERC. It has DER Task Force meetings and workshops with distribution companies scheduled nearly every month until the filing date.

"Research studies show broad, multi-node aggregations can lead to reliability concerns and power/price oscillations that are worsened with inaccurate distribution factors," MISO said.

As an added bonus, MISO won't have to make market clearing changes to accommodate the single-node dispatch of a DER aggregation, DER Program Director Kristin Swenson said at a special workshop June 7.

The RTO said it would not impose a maximum size limit on individual resources within an aggregation. But Swenson said MISO might glean through experience a maximum size threshold.

"We know we need automated data," Swenson said, adding that individual phone calls to supply data from distribution companies to the MISO control room is an unrealistic option.

Swenson also said MISO still must figure out when a DER interconnection will require an affected-system study. She said unlike the affected-system studies between RTO territories, MISO in this case will be considered the affected system by the distribution system.

The decision to limit aggregations to a single pricing node will give MISO an easier time modeling the aggregations, Manager of Planning Modeling Amanda Schiro said.

"These decisions build upon one another," she told stakeholders.

MISO plans to model an aggregation as a representative aggregate generator with positive or negative capabilities. The generator designation will minimally disturb MISO's existing reliability and planning modeling, Schiro said.

Staff acknowledged that MISO's modeling isn't a swift process that can easily include mobile DERs or additions and deletions in aggregations.

"We do have this question about how do you update what's in an aggregation," Director of Settlements Laura Rauch said.

Swenson added that electric vehicle technology is at least a few years away from being true mobile resources.

While it's up to regulatory authorities whether to allow dual participation in the retail and wholesale markets, MISO will probably devise a matrix provided to aggregations upon registration and enrollment in the RTO that shows which options for wholesale participation are compatible alongside retail market participation and which aren't.

Swenson said MISO can use its existing market participation agreement with some modifications for aggregations, but the agreement does not negate the need for further operational agreements between DERs and aggregators.

MISO is taking stakeholder comments and suggestions on its filing approach through June 28. ■

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MISO Market Subcommittee Briefs

MISO Returns to 2022 Finish for Order 841 Compliance

FERC's refusal to grant MISO a second delay on incorporating storage in its markets has the RTO hustling to stick to its original deadline. (See *FERC Rejects MISO Request for 2nd Order 841 Delay*.)

"We're moving forward to comply with the one-year-from-now deadline. We're looking at how we're going to juggle that with other priorities," MISO Executive Director of Market Operations Shawn McFarlane told stakeholders at a Market Subcommittee meeting Thursday.

Earlier in June, MISO General Counsel Timothy Caister said the RTO may seek rehearing on the order, but it is currently preparing its aging market platform to host storage offers.

Stakeholders asked MISO for more details about the cost of rolling out storage participation on the current market platform and how compliance may affect other market projects and the platform replacement itself.

Others asked for MISO to circulate a rehearing request before it files with FERC.

MISO corporate counsel Jacob Krouse said it's not RTO procedure to share rehearing requests with stakeholders ahead of filing. He said it's MISO's prerogative to seek rehearing without consulting the stakeholder community.

For now, it remains to be seen how the inclusion of storage offers will affect MISO's market platform replacement. The grid operator had argued that its June 6, 2022, Order 841 compliance deadline stood to postpone the launch of a new platform.

MISO is set to begin parallel operations on its new market user interface on July 6 and its new cloud-based, one-stop modeling manager in mid-September. Both efforts are tied into the larger platform replacement project.

MISO Calls 2nd Max Gen Emergency of 2021

Battling a heat wave and generation outages, MISO enacted a maximum generation event for its Central and North regions for a few hours on Thursday afternoon.

The grid operator said it contended with above-normal temperatures paired with high load and forced outages. The emergency was called for about 2 to 5 p.m. and never escalated beyond use of load-modifying resources.

Ahead of the heat, MISO instated a capacity advisory for its North and Central regions Wednesday that escalated into a maximum generation warning Thursday morning.

The event was MISO's second emergency event of 2021. The first was called amid the February winter storm's grip on much of the nation. (See *MISO: Wintry Weather Vindicates RA Changes*.)

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

MISO Begins Exploration of SATA for Market Services

MISO is beginning to contemplate how its storage serving as transmission can also participate in its energy markets.

Adviser Michael Robinson opened a presentation by explaining the difference between a permutation and a combination. In a permutation, the order of the items matter, he said.

He asked stakeholders for any ideas on how MISO might arrange the functions of storage resources to allow for dual usage.

"We do understand the value-stacking of these assets," Robinson said.

When MISO staff drafted rules around storage-as-transmission-only assets (SATOA) in 2019, they repeatedly promised that they would soon chart a new process for storage to function simultaneously as transmission and participate in the markets. (See *FERC Greenlights MISO Storage-as-Tx Proposal*.)

Robinson asked if a storage asset's transmission use needs could be predictable enough for MISO to confidently schedule storage assets for market services.

Compensation for market services also requires some thought, he told stakeholders.

"How do we compensate these assets for market services when they're getting full recovery of cost today?" he asked stakeholders rhetorically.

Robinson said existing SATOA won't be able to skip MISO's generator interconnection queue to gain market entry, as they are able to currently.

MISO will take stakeholder suggestions on the issue through the end of June.

"We want to get as much out of our storage asset for the benefit of our customers," American Transmission Co.'s Bob McKee offered.

MISO Investigating FTR Underfunding

MISO said it's noticed a recent problem with

MISO News

underfunding of financial transmission rights.

"We've initiated a review of the FTR market," McFarlane revealed. He said MISO staff are running diagnostics to see what's driving the poorer financial performance.

However, McFarlane stressed that MISO's FTRs are still "substantially funded" near 100%. "We'd like them to be 100% again," he added.

The RTO is looking for improvements to implement in 2022, McFarlane said.

Earlier this year, MISO Director of Market Administration John Harmon said "new and variable congestion patterns" are to blame for the underfunding, particularly those brought on by more wind generation and warmer winters in general. He said the underfunding became more prominent in the fourth quarter of 2020.

Harmon said MISO has begun modeling more constraints on its the transmission system to address the problem. He said MISO wants to make sure it exactly matches what it auctions off with what is available.

McFarlane promised more discussion at upcoming subcommittee meetings.

Hurricane Laura has Domino Pricing Effect

MISO will resettle about $10 million in pricing on Aug. 27 related to Hurricane Laura, staff announced Thursday.

In the course of reviewing its practice of pricing dead buses at the value of lost load during the hurricane with its Independent Market Monitor in a nonpublic setting, MISO said it discovered a discrepancy in its hourly commercial pricing node between the day-ahead and real-time markets. (See *MISO to Outline New Pricing Plan for Hurricanes*.)

MISO said the difference arises when there are de-energized elemental pricing nodes within a commercial pricing node. The RTO's hourly real-time commercial node pricing uses an aggregation of LMPs at both live and dead elemental pricing nodes, while hourly day-ahead and five-minute real-time commercial node pricing aggregates only the LMPs at live elemental pricing nodes.

MISO said its working with market platform vendor General Electric to install a patch so hourly real-time pricing lines up with both five-minute real-time and hourly day-ahead settlements. The patch will be ready June 22, MISO said.

Director of Settlements Laura Rauch said it will take about a month to reprice and resettle prices on Aug. 27, when Laura made landfall in the Gulf of Mexico. MISO will reprice real-time hourly commercial node prices; the change will not affect day-ahead pricing.

McFarlane said he expects "some disputes will fall away" from members over Laura pricing when MISO applies the fix.

"I know it won't settle all of the disputes that were filed. But some of them," he said.

McFarlane said the error can be traced back to the introduction of five-minute settlements in 2018.

"This is a continuing error, so we're figuring out what to do for the rest of the days," McFarlane said.

Rauch said the discrepancy became apparent during the "dramatic and abnormal price separation" caused by the storm.

She said it's unlikely that the error will have much impact outside of abnormal weather days. "So we're talking about impacts that are very, very small outside of events like this," Rauch said, adding that MISO will investigate the mid-February cold snap as well. ■

— Amanda Durish Cook

PJM News

AEP Reports Receiving SEC Subpoena Connected to Ohio Bailout Bill

SEC Wants to Know How AEP Benefited from Passage of H.B. 6

By John Funk

American Electric Power is part owner of the Kyger Creek Generating Station in Ohio, which received a subsidy from a controversial 2019 state law. | *FunksBrother, CC BY-SA 4.0, via Wikimedia Commons*

American Electric Power said June 8 that it had received a subpoena from the U.S. Securities and Exchange Commission's Enforcement Division seeking documents related to how it might have benefited from the passage of Ohio H.B. 6 in 2019.

Designed initially to create a statewide charge to subsidize two Ohio nuclear power plants then owned by FirstEnergy, H.B. 6 was broadened to include a separate customer charge to subsidize two aging coal-fired plants owned by a consortium of public utilities, including AEP. Lawmakers this year stripped out the nuclear subsidizes, valued at more than $150 million a year for seven years.

The coal subsidies remain in effect until 2030 and will cost Ohio customers an estimated $700 million. A bill pending in the state Senate, *S.B. 117*, would remove those subsidies as well. Introduced in March, the legislation had a well attended committee hearing in May. No hearings have occurred since.

Whether the bill makes it out of committee before the legislature's summer recess at the end of the month is questionable because lawmakers' priority is passage of the state's two-year budget bill by June 30.

Rammed through the legislature by then-House Speaker Larry Householder (R), H.B. 6 became the center of what federal prosecutors called the worst scandal in Ohio's history after FBI agents raided Householder's home in June 2020 as well as the homes of four lobbyists associated either with Householder or the Ohio Republican Party.

Without mentioning FirstEnergy, but clearly referring to the company, federal prosecutors alleged that Householder and his associates used $60 million in corporate dark money to pas the bill. Householder at his associates have been indicted on racketeering charges. FirstEnergy has since fired its CEO and four other top executives.

In a brief *note* to investors June 8, AEP said the SEC subpoena sought "various documents, including documents relating to the benefits to the company from the passage of H.B. 6 and documents relating to our financial processes and controls."

"AEP is cooperating fully with the SEC's subpoena," AEP said. "Although we cannot predict the outcome of the SEC's inquiry, we do not believe the results of this inquiry will have a material impact on our financial condition, results of operations or cash flows."

In an email, a spokesman said the company would not provide a copy of the subpoena. "The notice we issued today is an update on H.B. 6-related items that we committed to provide to investors," said Scott Blake, media relations and policy communications manager.

AEP's share price fell 3.15% over the day, closing at $82.97. ■

PJM News

PJM Operating Committee Briefs

By Michael Yoder

Fuel Security Update

Stakeholders last week challenged PJM on the methodology the RTO used in its 2021 fuel security analysis, saying it may not be capturing all risks from severe weather and that it was "fighting the last war."

The discussion came at the June 10 Operating Committee meeting, where Natalie Tacka, an engineer in PJM's applied innovation department, provided an update on the fuel security initiative the RTO began in 2015. She said fuel security is part of a broader set of resilience initiatives spanning infrastructure, supply and operational criteria.

The third phase of the initiative, which is still ongoing, includes work with federal and state agencies and other industry sectors to address specific security concerns, including physical and cybersecurity risks.

Tacka said PJM continues to develop its fuel security resource adequacy assessment, using a probabilistic "stress test" of the most recent five-year ahead Regional Transmission Expansion Plan (RTEP) portfolio utilizing data from historical cold snap events. Going forward, Tacka said, the assessment will be conducted during the first quarter of each year because the RTEP portfolio is developed in February. The 2021 assessment uses the 2026/27 RTEP portfolio.

Inputs to the assessment will be updated by December of each year, Tacka said, and the updates will involve applying data on each of the inputs from the previous winter season.

Tacka said inputs in the *methodology* includes winter hourly load shapes derived from historical cold snaps and wind and solar capacity factors.

Jason Barker, Exelon | *© RTO Insider LLC*

Jason Barker of Exelon said he was appreciative that PJM is modeling load shapes based on historical observations but asked if any modeling is being done of load shapes exceeding historical observations.

Barker said his concern is that extreme weather events exceeding historical measures are becoming more prevalent and require more testing and scenarios to determine vulnerabilities.

Patricio Rocha Garrido of PJM said the RTO is using data from the last 40 years in the assessment. He said the 40 years of data is beyond what is used in the PJM load forecast, which is about 20 years.

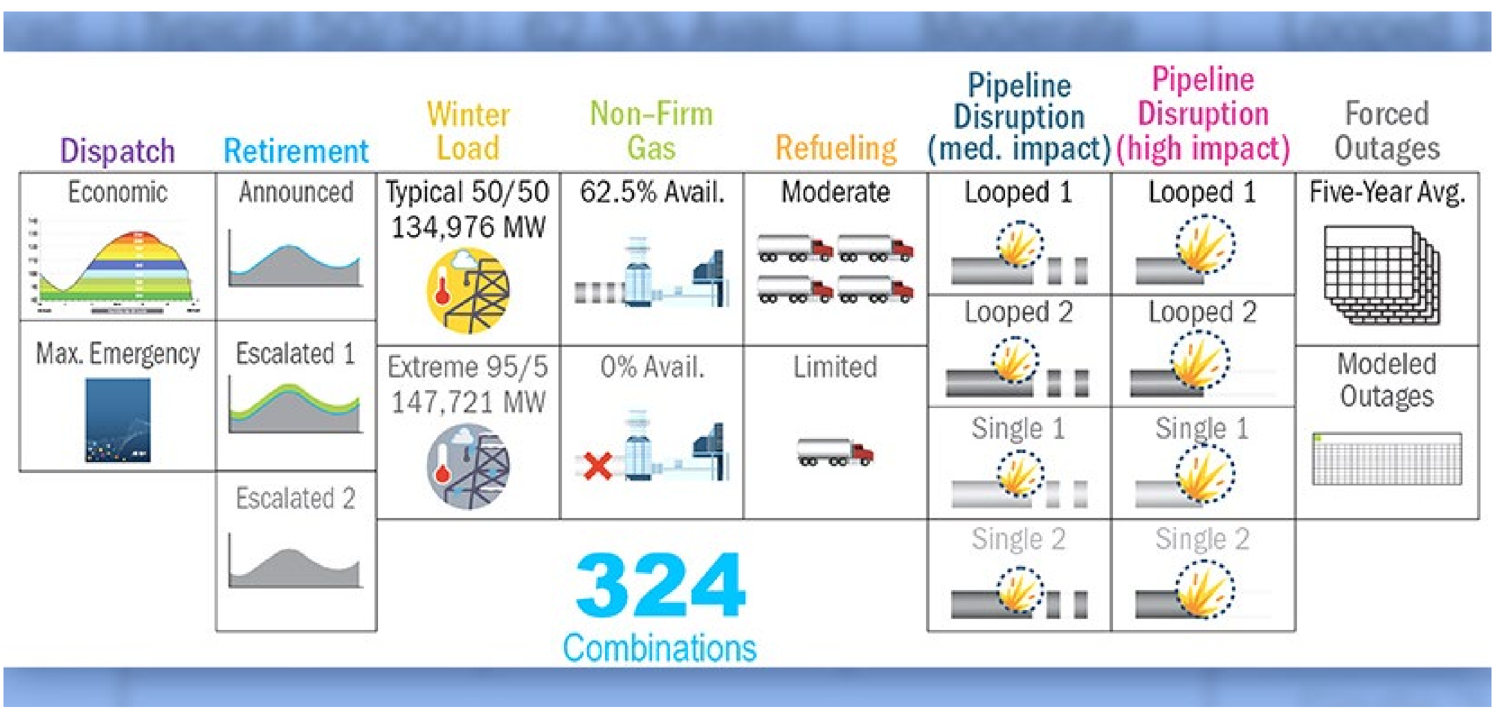
Patricio Rocha Garrido, PJM | *© RTO Insider LLC*

Garrido said winter weather conditions from 30 or 40 years ago seem to be more severe than observed today. But, he said, PJM has examined "pretty extreme" peak load values in its assessment and that it could examine weather events outside of the last 40 years to see more extreme cases.

David "Scarp" Scarpignato, Calpine | *© RTO Insider LLC*

Calpine's David "Scarp" Scarpignato said Barker raised a point of "critical importance," saying there could be extreme weather events on the horizon that are not being accounted for in the assessment. Scarp said there needs to be a mechanism for PJM to capture potential extreme events not even imagined.

"We need to take a look at whether we're adequately capturing things that are not really



Phase I of PJM's fuel security analysis scenarios from 2018 | *PJM* encapsulated in the load data," Scarp said.

Paul Sotkiewicz, E-Cubed Policy Associates | *© RTO Insider LLC*

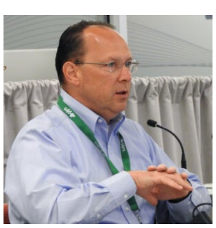
Paul Sotkiewicz of E-Cubed Policy Associates said PJM should go even further in its analysis to look at correlated outages from extreme heat, not just extreme cold weather events. Sotkiewicz said the RTO should also look at unusually warm periods in the shoulder months of the spring or fall, not just summer months, to get a better representation of fuel security issues.

Sotkiewicz said PJM's assessment effort should go beyond just looking at fuel security, moving into issues like the impacts of generation and transmission maintenance outages. He said there could be enough fuel available in an extreme weather event, but if there are too many maintenance outages at the same time, it could lead to serious consequences.

"I think we're being too narrow minded in thinking about this as a fuel security issue," Sotkiewicz said. "I think this is a much broader issue."

Garrido said he agreed with broadening the scope of the assessment, but said the effort mainly revolved around forced outages resulting from fuel security because of the work done in the Fuel Security Senior Task Force. Garrido said PJM is trying to simulate as many scenarios as possible to have better data on weaknesses.

Sotkiewicz said it feels sometimes like PJM is "fighting the last war" when it comes to some issues, stressing the importance of being "proactive" so problems are taken care of the first time in an emergency.


Tom Hyzinski, GT Power Group | *© RTO Insider LLC*

Tom Hyzinski of GT Power Group said he agreed with Sotkiewicz's comment about PJM "fighting the last war" and that the growing renewable generation penetration is already changing assumptions.

Hyzinski pointed out assumptions used by PJM in some of its portfolios in the presentation depict 40,000 MW of coal generation that may not be there soon. He said coal units are "dropping like flies," pointing to the declining coal contribution in the most recent capacity auction, and that the retirement of coal units looks to be imminent. (See *Capacity Prices Drop Sharply in PJM Auction*.)

"Perhaps studying five years out is not good enough," Hyzinski said. "You need to study it like the system that you could have with no coal and a lot more renewables."

Manual 13 Changes


Rebecca Carroll, PJM | *© RTO Insider LLC*

Rebecca Carroll of PJM *reviewed* proposed changes to *Manual 13: Emergency Operations* during a first read. Carroll said most of the changes revolve around Section 3.2: Conservative Operations, PJM's emergency protocols to ensure the bulk electric system remains reliable during extreme events.

Carroll said the manual changes resulted from discussions at the System Operations Subcommittee (SOS) after three declarations of conservative operations were made within the last year.

The first conservative operation declaration took place in August when Tropical Storm Isaias moved through the region and PJM was experiencing unrelated "server issues" at the same time. A second conservative operation declaration was made when a severe winter storm dumped record snowfall amounts on parts of the RTO from Dec. 16-17.

The most recent conservative operations declaration came on Jan. 6 resulting from the breach of the U.S. Capitol.

Carroll said the only other time in the last 10 years PJM declared conservative operations was September 2018 when Hurricane Florence moved through the region.

PJM concluded that it was "prudent" for the RTO to conduct SOS conference calls when conservative operations are declared to share information about the event and to review and coordinate operations with stakeholders, Carroll said.

The manual language changes include authorizing PJM to conduct SOS conference calls, as needed, to review and coordinate operations with members.

Carroll said PJM received stakeholder feedback after the manual changes were first presented at the SOS this month. She said the red line changes will be presented at the June Markets and Reliability Committee meeting.

The OC will be asked to endorse the changes at its next meeting.

COVID-19 Update


Paul McGlynn, PJM | *© RTO Insider LLC*

Paul McGlynn of PJM provided an update on the RTO's operations plan in response to COVID-19.

McGlynn said at the start of the pandemic last year, PJM added an Attachment F to *Manual 01: Control Center and Data Exchange Requirements*, which describes the requirements for remote operation of a market operation center during the pandemic.

The attachment is set to expire on June 30, McGlynn said, but PJM believes it's "prudent" to extend the sunset date of the attachment until Dec. 31 despite the falling number of infected people.

"I'm hopeful and feel like we have the pandemic in the rearview mirror," McGlynn said. "I think it's been a good representation of how we pull together when we need to and do what we need to do to keep the lights on."

Scarp said discussions regarding market suspension issues in the OC and the Market Implementation Committee show the importance of having mechanisms in place to deal with extreme events. Scarp said PJM should reconsider sunsetting Attachment F in December and asked if the RTO would be open to modifying it so it can be recalled in certain emergency situations.

Scarp said he had hoped PJM and members would come up with a better long-term solution, but maintaining Attachment F could reduce risk because stakeholders are familiar with the process after using it for more than a year.

"We should be prepared for the next thing to happen," Scarp said.

McGlynn said PJM will consider keeping Attachment F in place and facilitate further discussions at a future OC meeting on how to make permanent changes to the attachment.

Sotkiewicz said he agreed with Scarp's idea of keeping the attachment in place, saying serious threats like cyberattacks seem to be proliferating and require a response.

"It's a great idea to be forward looking on this issue and to be proactive rather than reactive," Sotkiewicz said. ■

PJM PC/TEAC Briefs

By Michael Yoder

Planning Committee

CISO Mitigation Update

PJM last week updated stakeholders on the next steps of a vote on the RTO's mitigation proposal to avoid designating projects as critical infrastructure under NERC reliability standards.

Michael Herman, PJM | © RTO Insider LLC

Michael Herman of PJM's transmission planning department *led* a discussion at last week's Planning Committee meeting on the approved mitigation proposal, including a review of Operating Agreement *language*. Members endorsed the proposal with 61% support at the February PC meeting. (See "Critical Tx Infrastructure Proposals Endorsed," *PJM PC/TEAC Briefs: Feb. 9, 2021*.)

Herman said the *Critical Infrastructure Stakeholder Oversight* (CISO) issue has resulted in a long stakeholder process dating back to an original endorsement of the issue charge at the December 2019 PC meeting. (See "Critical Infrastructure Mitigation," *PJM PC/TEAC Briefs: Dec. 12, 2019*.) The mitigation portion of the issue is all that remains after stakeholders endorsed the avoidance portion of the PJM proposal at the May Markets and Reliability Committee meeting. (See "CISO Avoidance Endorsed," *PJM MRC Briefs: May 26, 2021*.)

PJM is now looking to conduct a stakeholder vote at the July PC meeting to determine whether the proposed OA language reflects the CISO mitigation proposal approved in February. Some members at the April MRC requested that the mitigation proposal be sent back to the PC for further discussions to determine if the language corresponded with that in the endorsed *matrix*.

Herman said PJM conducted a critical review with its subject matter and legal experts to review the OA language presented as part of the development of the mitigation proposal and reviewed changes resulting from stakeholder discussions. He said the RTO based its review on changes made between the first read at the March MRC meeting and discussions the following month, researching whether the concepts were "in alignment" with what was approved in the matrix by the PC. (See "CISO First Read," *PJM MRC/MC Briefs: March 29, 2021*.)

PJM examined the OA language defining a critical substation planning analysis (CSPA) project as a regional or subregional Regional Transmission Expansion Plan (RTEP) project "with an anticipated in-service date of more than three years but no more than five years from the year" in which the RTO identifies the need for the potential CSPA project. Herman said PJM determined that the in-service date language does not need to be included in the draft OA language because the concept is "well defined" in other parts of the OA and corresponding manual language.

The second OA language piece PJM examined dealt with the RTO's ability to determine that any component of a CSPA project "can be included in an RFP proposal window without disclosing the location of or vulnerabilities associated with the critical substation contingencies and associated facilities."

As part of the competitive process and design component of the matrix, a project will be open to competition as part of an RFP process "if the mitigating solution does not disclose the substation associated with the substation contingency."

Herman said that, based on its five-year analysis, the RTO expects to identify any critical facilities in advance of the need for any immediate need projects. It didn't feel changes were needed to the proposed OA language.

"We don't anticipate the need to place any immediate need projects based on the annual evaluation," Herman said.

2021 RRS Assumptions Endorsed

Stakeholders unanimously endorsed the 2021 reserve requirement study (RRS) *assumptions* developed in the Resource Adequacy Analysis Subcommittee.

Jason Quevada of PJM's resource adequacy planning department *reviewed* the 2021 RRS assumptions first brought to the PC last month. (See "2021 RRS Assumptions," *PJM PC/TEAC Briefs: May 11, 2021*.) Quevada said the study results reset the installed reserve margin (IRM) and the forecast pool requirement (FPR) for the 2022/23, 2023/24, 2024/25 delivery years and establish the initial IRM and FPR for the 2025/26 delivery year.

Quevada said the 2021 RRS assumptions are very similar to those in the 2020 RRS except for the modeling of effective load-carrying capability (ELCC) resources. Because of a pending decision by FERC regarding a PJM proposal on ELCC, the 2021 RRS capacity model and results will be modeled in two different cases, he said.

In the first case, all generators except for ELCC resources will be modeled as capacity units per the modeling assumptions in Attachment III of the RRS assumptions *letter*. In the second case, all generators except wind and solar resources will be modeled as capacity units per the modeling assumptions in Attachment III.

The final RRS report will be presented to the RAAS and PC in September, Quevada said. PJM will seek approval in October.

Manual 14A Updates

Onyinye Caven of PJM *provided* a first read of conforming Manual 14A: New Services Request Process *language* for the quick fix of close of queue date and application review timing changes.

Caven said the changes impact the close of the queue window and the deficiency review clock. The issue charge and proposed changes were endorsed at the May 2021 PC and MRC meetings. (See "New Service Requests Approved," *PJM MRC Briefs: May 26, 2021*.)

Proposed tariff changes have been reviewed at the PC and MRC, Caven said, with endorsement targeted for the June Members Committee meeting. She said the Manual 14A changes are being presented to align existing documentation with the proposal.

The existing tariff language stipulates that new service queue windows stay open from April 1 to Sept. 30 and Oct. 1 to March 31, while the proposed language moves up those closing dates to Sept. 10 and March 10 for each respective window.

Current tariff language requires PJM to review the new service customer's response to the RTO's deficiency notice within five business days. The proposed update requires PJM to review the customer's response to the notice within 15 business days or "use reasonable efforts to do so as soon thereafter as practicable."

Caven said the manual updates mirror the proposed tariff language changes.

Members will vote on the manual changes at

PJM News

the July PC and MRC meetings, and PJM is looking for an effective date of Sept. 1.

AMP Transmission FERC Form 715 Update

Ed Tatum, vice president of transmission at American Municipal Power, *provided* an update on the company's FERC Form 715 criteria changes after it began reviewing the form and its interconnection requirements.

Tatum said AMP Transmission is proposing to remove the megawatt-mile — or delivery point — exposure criteria from the "adequacy criteria" section of its annual transmission planning and evaluation *report*. The objective of the criteria was to "quantifiably determine the necessity to provide a second delivery feed located on independent transmission structures to any load delivery point serving a load by, or through an AMPT-owned facility."

"It's important to us that the documents accurately reflect our reliability as well as resilience goals," Tatum said.

AMPT determined that the megawatt-mile criteria was an internal design standard criteria, and that the delivery point exposure criteria projects do not address maintaining PJM system regional reliability, including voltage or thermal violations, or alleviate any specific bright line regional planning criteria violations of the RTO or NERC. Tatum said the criteria was more related to resilience rather than reliability.


Sharon Segner, LS Power | © *RTO Insider LLC*

Sharon Segner, vice president at LS Power, said she was "scratching her head" how the change would work legally. Segner said PJM has "explicit manual language" that supplemental projects can't be submitted in the middle of open windows and requested that the RTO follow up to determine the impacts of the change on the open planning window.

Transmission Expansion Advisory Committee

Transource Reliability Analysis Update

Aaron Berner, senior manager with PJM, *provided* an update on the 2021 RTEP analysis, specifically highlighting the Independence Energy Connection (IEC) East and West transmission project in Maryland and Pennsylvania.


Aaron Berner, PJM | © *RTO Insider LLC*

In May the Pennsylvania Public Utility Commission rejected siting applications filed by Transource Energy, putting the controversial project in jeopardy. (See *Transource Tx Project Rejected by Pa. PUC*.)

Berner said PJM is currently "preparing for a retool" of the 2021 RTEP to determine the impacts of any delays of the transmission project.

Transource's plan for the eastern section of the project originally proposed extending 15.8 miles of transmission lines from a new Furnace Run substation in York County, Pa., to the Conastone substation in Harford County, Md. An updated configuration released in October 2019 increased the size of the new substation in Pennsylvania and added four miles of lines connecting to an existing right of way that would feed into two upgraded Baltimore Gas and Electric substations. (See *Transource Files Reconfigured Tx Project*.)

The western segment of the IEC project called for a 230-kV double circuit transmission line running 28.8 miles from Franklin County, Pa., into Washington County, Md.

PJM is updating modeling to perform a sensitivity study to determine any reliability impacts associated with the removal of the project from the case used to perform the 2021 RTEP, Berner said, and the RTO will have more information on the impacts at the August TEAC meeting.

The project is not officially completed, and there are "other means" of regulatory appeals, he said. The appeals process is underway and should be completed by the middle of July.

Segner pointed to Section 1.4.3 of *Manual 14B* relating to the scenario of a regulatory authority denying a siting application. The section states: "A project denied siting authority in a final regulatory order by the relevant regulatory siting authority will generally be removed from the RTEP base case as determined by PJM after discussion with the relevant transmission owner(s) or designated entity and vetting with stakeholders at the TEAC. A project will generally not remain in the RTEP base case during the duration of a court appellate action. Decisions to remove a baseline upgrade from the RTEP base case will be submitted to the PJM Board and decisions to remove a supplemental project from the RTEP base case will be provided to the applicable transmission owner."

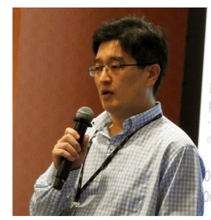
Segner asked whether the PJM Board of Managers will receive information in July related to the Transource project's status.

Berner said he hasn't spoken to other PJM officials to determine what will be brought to the board in July.

Segner asked what the PUC decision means to the Maryland portion of the project. The Maryland Public Service Commission approved a settlement last July allowing the project to move forward in the state. (See *Md. PSC OKs Independence Energy Connection Deal*.)

Berner said the project won't move forward without approval of the Pennsylvania portion.

Generation Deactivation Notification

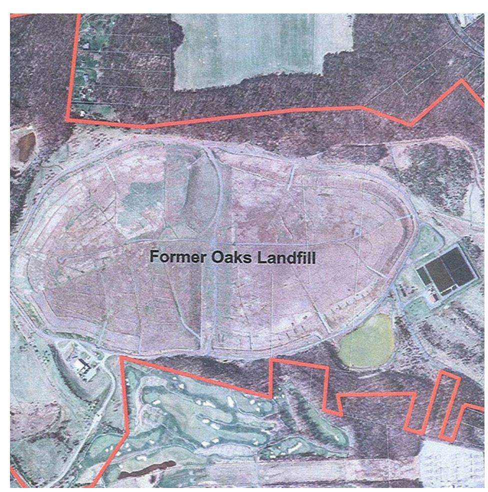

Phil Yum, PJM | © *RTO Insider LLC*

Phil Yum of PJM *provided* an update on a recent generation deactivation notification on the Oaks Landfill in the Pepco transmission zone in Montgomery County, Md.

According to Montgomery County records, the Oaks Landfill is approximately 545 acres with a waste disposal footprint of 170 acres. The county-owned site received mixed municipal solid waste beginning in June 1982 and closed in 1997, containing more than 7 million tons of waste.

A 2.2-MW landfill gas-to-energy facility started operation at the property in mid-2009.

Yum said a reliability analysis conducted by PJM and Pepco found no violations with the deactivation. The requested deactivation date is July 16. ■



Former Oaks Landfill in Maryland | *Montgomery County Planning Department*

PJM MIC Briefs

Reactive Supply Proposal Endorsed

After several months of debate, PJM stakeholders endorsed an issue charge aimed at addressing compensation for reactive supply and voltage control service.

The combined issue charge from Dominion Energy and the Independent Market Monitor won 73% support with 166 stakeholders voting in favor of pursuing work on the issue at last week's Market Implementation Committee meeting.


Joe Bowring, IMM | © *RTO Insider LLC*

Dominion's Jim Davis and Monitor Joe Bowring reviewed the combined *problem statement* and *issue charge*. Davis agreed last month to delay a vote on Dominion's proposal, combine it with the Monitor's, and clarify the key work activities and out-of-scope items. (See "Reactive Supply Proposal Vote Delayed Again," *PJM MIC Briefs: May 13, 2021*.)

The start date for work on the issue was pushed back until October because of other pressing issues being developed in the stakeholder process.


Jim Davis, Dominion Energy | © *RTO Insider LLC*

Davis said it was "hard to believe" the issue charge was brought back for the fourth consecutive MIC meeting for discussion. He expressed appreciation for stakeholders' feedback on the issue and thanked the Monitor for the work done to merge the two issue charges. Davis said the resulting issue charge was a "well defined document" that will look closely at reactive power, a critical component of the electricity system.

"We believe this is a comprehensive issue charge that's going to examine compensation for reactive supply," Davis said.

PJM transmission customers pay for reactive power as an ancillary service under Schedule 2 of the tariff, Davis said, and generation owners must submit a filing to FERC under Federal Power Act Section 205 to seek compensation. Davis said the existing rate mechanism is time-consuming for generation owners, developers and transmission customers, and exposes them to litigation costs in the defense or challenge of the requested rates.

Paul Sotkiewicz of E-Cubed Policy Associates questioned the meaning of the term "gaming" in the key work activities of the issue charge.

Davis said there were concerns from stakeholders that if a solution was developed allowing resource owners to have the option to elect either a stated rate or make a Section 205 filing to receive cost recovery, there would be a chance for the generation owners to flip back and forth to get the best rate.

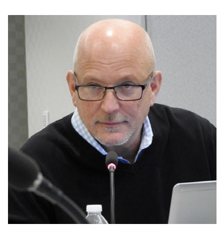
"From Dominion's perspective, we consider the possibility low, but it's something to examine," Davis said.

Calpine's David "Scarp" Scarpignato said the issue charge should be careful using the language of "gaming." Scarp aid there are certain business strategies of changing options depending on the environments that exists and that it's not necessarily "gaming" the system.

Bowring suggested changing "gaming" to "market power and/or manipulation," taking away the ambiguity and negative connotation of the term.

Sotkiewicz also questioned an out-of-scope item, "modifications to capacity offers." Sotkiewicz said the item seemed to conflict with one of the key work activities examining "PJM market mechanisms that would provide the opportunity to recover reactive rates."

Bowring said the point of the issue charge was to not rule any of the major approaches to the reactive rate process issue as out of scope. Bowring said he read the "modifications to capacity offers" as a narrow issue.


Gary Greiner, PSEG | © *RTO Insider LLC*

Gary Greiner, director of market policy for Public Service Enterprise Group, said he also had concerns with the language of the item. Greiner said there is a "fundamental incompatibility" with the language between key work activities and the out-of-scope items.

"I don't want to have anything in here that triggers a six-month fuel-cost policy debate again," Greiner said.

MIC Chair Lisa Morelli suggested incorporating the language into the first out-of-scope item, reading, "modifications to cost-based energy offers, fuel-cost policies and capacity offers beyond those needed to reflect the cost of reactive service."

Sotkiewicz said the language change put the issue charge "in a very good spot," and the conflict he saw was eased.

Proposed Rules for Market Suspension Endorsed

Stakeholders unanimously endorsed PJM's proposed rules related to market suspensions.

Stefan Starkov, senior engineer with PJM's day-ahead market operations, *reviewed* the RTO's proposal first brought to the MIC last month. (See "Market Suspension Proposal," *PJM MIC Briefs: May 13, 2021*.)

Starkov said PJM had limited business rules regarding how to handle settlements and other processes in the event of a market suspension for which market results and clearing prices cannot be determined. Starkov said the rules create an increased risk to PJM and stakeholders in the event of an emergency.

PJM and stakeholders reviewed existing practices and potential design options through multiple MIC special sessions from October through April after the issue charge was first passed at the committee's September meeting. (See "Market Suspension Guidance Endorsed," *PJM MIC Briefs: Sept. 2, 2020*.)

Starkov said PJM's proposal represents a compromised solution providing clear definitions for a market suspension, along with the settlement impacts.

PJM added an additional provision to the proposal since the last MIC meeting, Starkov said, putting in language for the ability to recover costs when there are no day-ahead and no real-time markets for more than six consecutive hours if the submitted offers are below costs because of a separate settlement agreement.

Starkov said the provision was created through additional vetting between PJM and stakeholders after some members pointed out that some resources have a separate agreement with FERC requiring offers to be submitted below actual fuel or other incremental or variable costs in a scenario.

Sotkiewicz said that when work first started on

PJM News

Scenarios & Descriptions		Market Suspension Scenarios				
		1	2	3	4	5
		No Day-ahead*	No Real-time <= 6 Hours	No Real-time > 6 Hours	No Day-ahead & No Real-time (hours may span multiple market days)	
					<= 6 Consecutive Hours	> 6 Consecutive Hours
LMP Prices	Day-Ahead	♦ Use RT	Use DA	Use DA	Avg. of RT preceding and subsequent hour	$0/MWh LMPs
	Real-Time		Avg. of RT preceding and subsequent hour			
Regulation and Reserve Clearing Prices			Avg. of RT preceding and subsequent hour	Make resources whole to their actual MW, determine LOC	Avg. of RT preceding and subsequent hour	$0/MWh MCPs
Relevant Offers if not available		♦ RT offers only	Last Available Offers	Use DA	Last Available Offers	Cost Based Offers
Dispatch MW		♦ RT only	Existing Ops procedures (EMS, VBUCC, Incremental)	Existing Ops procedures (EMS, VBUCC, Incremental)	Existing Ops procedures (EMS, VBUCC, Incremental)	Existing Ops procedures (EMS, VBUCC, Incremental)
Make-Whole		♦ Use RT	♦ Non-ramp-limited value based on LMP for Dispatch MW; make whole to lesser of dispatch or actual MW	♦	♦	Per current rules, but use cost-based offers ($0/MWh LMPs)
FTR Settlements			♦	♦ Use DA	Avg. of RT preceding and subsequent hour	Zero value (no congestion LMPs)
Virtuals		♦ None	Settle against calculated RT LMP	Use DA (results in no settlement value)	None	None
Notifications		Email, Pardot, and All-Call				

| *PJM*

the issue, "the world was a little bit different." He said events like the recent cyberattack and ransomware threat on the Colonial Pipeline has demonstrated vulnerabilities on infrastructure in the U.S. Planning for unexpected contingencies needs to be looked at more closely because of the damage that can be done to infrastructure.

"This is something that could be long lasting, and God forbid that happens to us," Sotkiewicz said.

2022/23 BRA Results

Pete Langbein of PJM *provided* an update on the results of the 2022/23 Base Residual Auction (BRA) from May. Langbein said the changes that took place in the auction since it was last conducted three years ago made it "complicated" to run, but PJM was satisfied with the results. (See *Capacity Prices Drop Sharply in PJM Auction* and *Stakeholders Discuss PJM Capacity Auction Impacts*.)

Pete Langbein, PJM | *© RTO Insider LLC*

The BRA ultimately cleared 144,477 MW of resources for the June 1, 2022, through May 31, 2023, delivery year, at a cost of $3.9 billion. Langbein said the total was $4.4 billion less than the 2018 auction for 2021/22, after adjustments for an increase in those choosing to skip the auction by using the fixed resource requirement (FRR).

Langbein highlighted some of the significant price changes, including ComEd zone prices being down by $126.59/MW-day. There were several drivers for the lower prices, he said, including the reliability requirement being down by 3,086 MW and the load forecast by 2,418 MW. The installed reserve margin was also down 1.3%, the pool-wide average EFORd was down 0.8 percentage points, and the forecast pool requirement was down 0.3 percentage points.

"All those numbers are what drives that reliability requirement of what we're going to look to procure," Langbein said.

The variable resource requirement (VRR) curve changes also impacted prices, Langbein said, including a 19% drop in the RTO's net cost of new entry value.

Langbein said one of the biggest price changes came with the FRR resources in the latest auction, specifically in the Dominion zone. (See *Dominion Opts out of PJM Capacity Auction*.)

When PJM started comparing the numbers of the resource mix changes, Langbein said, the RTO added the FRR resources in several categories, including nuclear, combined cycle natural gas and coal generators, while leaving FRR out in categories like energy efficiency and demand response.

Adjusted for FRR elections, combined cycle gas plants added 3,414 MW and nuclear increased by 4,460 MW. Cleared coal generation dropped by 8,175 MW.

Energy efficiency rose by 1,979 MW (70%), while DR declined 2,314 MW (-21%) to 8,812 MW.

Some stakeholders questioned why PJM included the FRR resources in some of the resource mix categories while leaving them out in others. Langbein said the RTO is still working on how to best determine the impact of FRR resources on the latest auction and will refine its data.

"There was such a large amount of load that went into the FRR plan," Langbein said. ■

— Michael Yoder

SPP News

Xcel Delays Joining EIM to Examine Options

Move Comes After Colorado Springs Utilities Switches to SPP

Continued from page 1

the plan to join the EIM and would align itself with SPP by joining the WEIS and seeking full membership in the RTO. CSU said it decided the SPP market would save its customers more money and better allow it to meet its carbon reduction targets.

"Our current portfolio of solar complements SPP well," CSU CEO Aram Benyamin said in a news release, noting the WEIS market will help the utility better integrate new solar projects.

After CSU pulled out, Xcel chose to re-evaluate its options, the company said in an email to *RTO Insider* on Wednesday.

"During the next year, the company will continue to evaluate different market options that could reduce costs, increase reliability and help promote its carbon-free vision," Xcel spokeswoman Julie Borgen wrote.

Xcel had been drawn to the EIM partly because of CAISO's plans to expand the real-time interstate market to a day-ahead market, "but following the rolling blackouts last summer in California, that initiative is a lower priority for the market operators," Borgen said.

CAISO responded Wednesday with a brief statement saying that "although PSCo has decided to pause work on joining the EIM for now, the ISO continues to engage with them, Platte River and Black Hills to answer questions and looks forward to their entry into EIM in the near future."

SPP did not respond to a request for comment.

Western RTO

Another factor that may have played a role in Xcel's decision was the passage by the Colorado legislature of Senate Bill 72, which would require Xcel, the state's largest utility, and other transmission owners to join an organized regional market by 2030, said Doug Howe, a director of Western Grid Group and former chair of the EIM Governing Body.

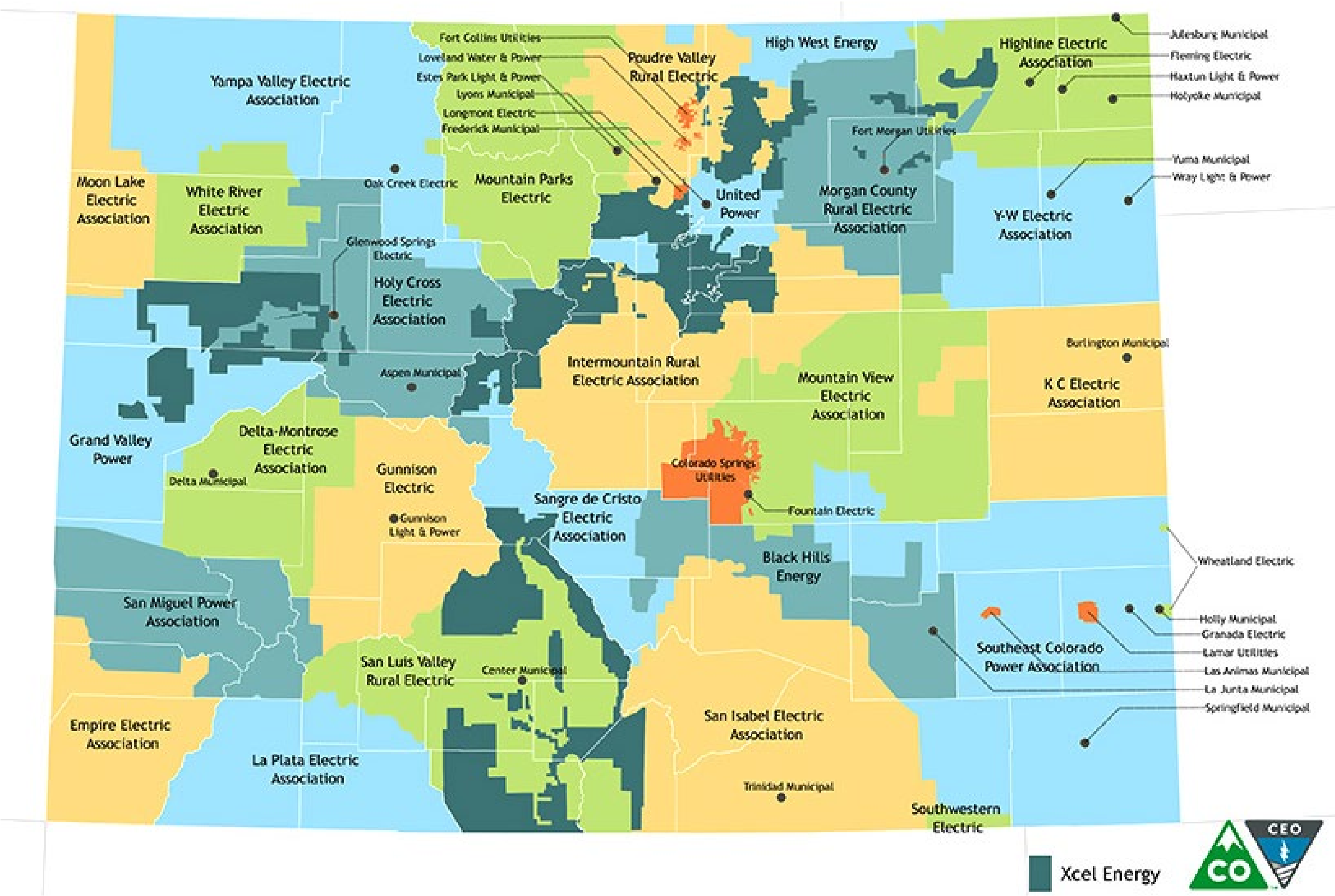
Xcel announced its decision on the same day the bill passed. Gov. Jared Polis is expected to sign it.

Nevada lawmakers approved a similar bill a few days before on May 31, requiring TOs in the state to join an RTO. (See Far-reaching Energy Bill Sweeps Through Nev. Legislature.) Gov. Steve Sisolak signed the bill into law Thursday.

TOs in Colorado and Nevada could join CAISO or SPP or form one or more new RTOs, Howe said. Creating a Western RTO is a goal that CAISO and Pacific Northwest utilities have pursued without success in prior years.

In April 2018, Xcel had pulled out of a plan for the Mountain West Transmission Group to join SPP, saying it was not in its best interests. (See Xcel Leaving Mountain West; SPP Integration at Risk.)

To form a new RTO going forward, "it's going to take a coalition of the willing," Howe said. ■



Xcel Energy supplies power to large swaths of Colorado, including Denver. | *Colorado Energy Office*

Company Briefs

Consumers Energy to Sell Bank Subsidiary

CMS Energy, the parent company of Consumers Energy, announced last week that it plans to sell its Utah-based EnerBank USA bank to Regions Bank, a subsidiary of Regions Financial, for $960 million. The deal is expected to close in the fourth quarter, pending regulatory approval.

In announcing the deal, CMS Energy affirmed 2021 earnings guidance of $2.83 to $2.87 per share, presuming the deal closes in the fourth quarter. The corporation also issued 2022 guidance for adjusted earnings of $2.85 to $2.87 per share.

More: *MiBiz*

First Solar Unveils Plans for Largest US Solar Factory in Ohio

First Solar last week unveiled plans to double its U.S. manufacturing capability by building a $680 million, state-of-the-art factory in Ohio. It would be the company's third factory in the Toledo area.

First Solar said it believes the facility would be the largest fully integrated solar manufacturing complex in the world — outside of China — and would be capable of making one solar module every 2.8 seconds. After the 1.8 million-square-foot facility is completed, First Solar expects about half of its solar panels will be made in America, up from roughly one-third.

Operations are expected to begin in the first half of 2023 and hit full capacity by 2025.

More: *CNN Business*

GenOn Holdings Will Close 3 Coal-fired Power Plants

Citing unfavorable economic conditions, GenOn Holdings last week announced plans to close three coal-fired power plants in Maryland, Ohio and Pennsylvania, subject to a 90-day reliability review by PJM.

The three plants, with a total capacity of 2,421 MW are the 1,229-MW Morgantown power plant's Units 1 and 2 in Newburg, Maryland, the 627-MW Avon Lake plant in Avon Lake, Ohio, and the 565-MW Cheswick Generating Station in Springdale, Pennsylvania.

GenOn hopes it can close all operations at Avon Lake and Cheswick by Sept. 15, and the two Morgantown boilers on June 1, 2022.

More: *GenOn*

Georgia Independent Monitors Predict More Vogtle Delays

Georgia Power's expansion of the Plant Vogtle nuclear plant is further behind than the company recently acknowledged and has faced an array of quality issues, according to testimony from independent state monitors and Public Service Commission staff.

One monitor's report said the first of two new reactors likely won't be in operation until the summer of 2022, while the project's costs are likely to rise at least another $2 billion. The second reactor is slated to be fully running no later than November 2022, but the latest testimony said it is unlikely to be in operation before June of 2023. Another monitor, along with the PSC staff, said recent testing has been unexpectedly poor and "significantly more problematic" than anticipated.

Georgia Power Spokesman John Kraft said the company stands by its timing and even suggested there was a chance it could be done even sooner.

More: *The Atlanta Journal-Constitution*

Federal Briefs

TC Energy Officially Cancels Keystone XL Pipeline

TC Energy last week canceled its $9 billion Keystone XL oil pipeline, which was to run from Canada's western tar sands to U.S. refiners. The final decision comes after President Joe Biden revoked a key permit needed for a U.S. stretch of the 1,200-mile project earlier this year.

The pipeline was expected to carry 830,000 barrels per day of Alberta oil sands crude to Nebraska, but the project was delayed for the past 12 years because of opposition from U.S. landowners, Native American tribes and environmentalists.

More: *Reuters*

TVA Opens RFP for Large-scale Solar, Storage Projects

The Tennessee Valley Authority last week opened a competitive round of request for proposals for utility-scale solar and storage projects that the authority wants to become operational by 2024.

Proposals are due by July 20; selected projects will be announced this winter.

The capacity that will be contracted will support TVA's Green Invest program, which helps corporate clients meet their renewable energy goals.

More: *Renewables Now*

US Recovers Millions in Cryptocurrency Paid to Colonial Pipeline Hackers

Deputy Attorney General Lisa Monaco announced last week that the Department of Justice "found and recaptured the majority of the ransom" paid to the DarkSide network, the group responsible for the Colonial Pipeline attack.

Paul Abbate, the FBI's deputy director, said the bureau successfully seized the ransom funds from a bitcoin wallet that DarkSide used to collect the payment, however he did not reveal how much money was taken from the account.

Colonial Pipeline CEO Joseph Blount previously said he authorized a payment equivalent of $4.4 million in bitcoin on the day of the breach in exchange for the keys to decrypt the network.

More: *The Hill*

State Briefs

CALIFORNIA

San Diego City Council Gives Final Approval on SDG&E Franchise Agreement

The San Diego City Council last week voted 6-3 to approve a new 20-year electric and gas franchise agreement with San Diego Gas & Electric.

The new deal will run for 10 years and has an automatic renewal for another 10 years. However, if for any reason the city is unhappy, it has a window to void the 10-year automatic renewal provided a two-thirds vote of the council agrees.

More: *The San Diego Union-Tribune*

CONNECTICUT

Eversource, UI Appeal PURA's Fine for Tropical Storm Isaias Response

EVERSOURCE Eversource Energy and United Illuminating last week appealed a decision by the Public Utilities Regulatory Authority targeting a measure of their profitability because of their preparation for, and response to, Tropical Storm Isaias last summer.

In a filing with New Britain Superior Court, Eversource said PURA's decision ordering a reduction in the return on equity "appeared without warning" and failed to provide due process, giving Eversource no opportunity to offer evidence. UI said in its appeal that PURA did not seek to link the reduction to "any particular findings of deficient performance by UI, and it did not provide criteria for how and when the return on equity reduction can be eliminated."

PURA ordered a reduction in Eversource's return on equity by 0.9% ($31 million a year) and a 0.15% cut for UI ($1 million a year).

More: *Harford Courant*

KENTUCKY

Henderson Commission Says Selling City Utility not in Ratepayers' Best Interest

The Henderson Utility Commission last week voted 5-0 to recommend that city officials reject Big Rivers' offer to purchase the city's utility, Henderson Municipal Power and Light, due to its potential impact of ratepayers.

Michael Mace of PFM Financial Advisors estimated the sale could have a $1.5 million benefit to the city but could also cost current HMP&L customers $30 million in higher rates over a 30-year period. Big Rivers made an offer to purchase the utility for $90 million and pay a $2.5 million annual franchise fee while keeping its transmission facility in the city until 2035. However, even with the $90 million and the revenue received from the annual franchise fee, the financial benefit to the city would be small because $24 million would be spent to retire HMP&L while the city would annually lose $2.9 million in value from the utility that would likely increase with inflation over time, Mace said. The anticipated increased cost would come through higher rates after the five-year rate freeze promised in the terms of the sale.

However, Mace later admitted to finding a $20 million error in his report. City Spokeswoman Donna Stinnett said after Mace addresses the mistake, both the utility and city commissions will take up the matter again.

More: *Henderson Gleaner*, *Henderson Gleaner*

MAINE

State Becomes First to Pass Law Divesting from Fossil Fuels

Maine last week became the first state to pass a law requiring divestment of public funds from oil, gas and coal companies.

Legislative Document 99 directs the Public Employee Retirement System to divest $1.3 billion from fossil fuel companies by Jan. 1, 2026, and requires the state treasury to divest by the same date. Both will provide annual reports to the Legislature's Appropriations and Financial Affairs Committee until the funds are fully divested.

More: *Grist*

MICHIGAN

PSC Approves DTE Energy Plans to Add Renewable Projects

DTE Energy The Public Service Commission last week approved changes to DTE Energy's MIGreenPower voluntary renewable program that will make it more accessible and affordable to customers. The PSC also greenlit many new solar projects for construction.

The community solar projects will be a cooperative venture between DTE and local organizations in Detroit, Highland Park and River Rouge that will provide service to low-income residents.

The program also had its costs lowered and its enrollment process simplified, including a fixed-price subscription option.

More: *Daily Energy Insider*

TC Light & Power Approves Solar Deal, Rate Increases

Traverse City Light & Power board members last week agreed to purchase renewable energy from two major solar projects downstate, along with raising customer rates.

The decision to get energy from the solar projects should put TCL&P over its goal of having 40% of its portfolio consist of clean and renewable energy by 2025.

An overall rate increase of 2.5% will take effect July 1. Residential rates will go up just more than 3%.

More: *The Traverse Ticker*

MISSISSIPPI

PSC Approves State's First Wind Facility

The Public Service Commission last week approved the state's first wind turbine facility.

The facility will be built on 13,000 acres in Tunica County and will consist of up to 100 turbines.

Construction is expected to begin this summer.

More: *The Associated Press*

TEXAS

El Paso Electric's Newman 6 Project to Go Before Judge

Administrative Law Judge Rebecca Smith last week ruled that the Sierra Club and citizen group Chaparral Community Coalition for Helping the Environment can move forward to challenge Texas' pending approval of a permit for El Paso Electric's proposed Newman 6 natural gas plant.

The groups oppose the expansion of the plant because of health concerns for an area that's already under scrutiny for air pollution despite the Texas Commission on

Environmental Quality's approval.

Last week the U.S. EPA announced its intent to "correct" a passing "attainment" air quality grade for El Paso County to a failing "nonattainment" grade. If that designation changes before the air permit is given, the project would be back to square one, according to attorney David Baake, who sued the EPA over the designation in 2018.

More: *El Paso Herald-Post*

WEST VIRGINIA

State Creates Mine Reclamation Committee with Eye on Federal Money

State legislative leaders last week established a Joint Committee on Mine Reclamation whose goal is to establish a plan to access federal stimulus money for mine reclamation and report back by June 25.

Lawmakers are aiming to draw millions of federal dollars to help assuage the increasing possibility that mine reclamation costs could spiral out of control and swamp the state budget.

The Biden administration has identified $38 billion meant to revitalize coalfield communities and bolster employment while improving the environment. Part of that is $152.2 million in annual reclamation grants from the Department of Interior's Office of Surface Mining, Reclamation and Enforcement.

More: *Metro News*

WISCONSIN

PSC Approves EV Programs for 2 Utilities

The Public Service Commission last week approved electric vehicle pilot programs for We Energies and Wisconsin Public Service.

Residential customers could prepay or bundle the costs of installation and maintenance of EV chargers under contract with the utilities and could either pay for the charger upfront or over time with a fixed monthly charge.

Xcel Energy, Alliant Energy and Madison Gas and Electric already are offering EV programs.

More: *Wisconsin Public Radio*