

CAISO Issues Urgent Call for Summer Capacity

Heat, Drought and Resource Delays Could Result in Shortfalls

By Hudson Sangree

Citing record-breaking heat waves and worsening drought, CAISO on Thursday said it would exercise its rarely used power to call for additional capacity this summer to avert shortfalls and rolling blackouts.



Record-breaking heat waves have already hit the West this summer. | Shutterstock

“Summer has barely begun, and we have already had repeated extreme heat events creating dangerous conditions and shattering records across the country,” the ISO, California Public Utilities Commission (CPUC) and California Energy Commission (CEC) said in a *joint statement*.

CAISO had issued a resource deficiency warning in June after two generators tripped offline in a brutal heat wave, and the Pacific Northwest experienced extraordinary heat earlier last month. Portland, Ore., hit an all-time high of 116 degrees Fahrenheit, while Seattle reached 108 F.

“As a result of these unprecedented climate change-driven heat events, which are occurring throughout the West in combination with

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Avista Orders Blackouts as Temperatures Soar (p.10)

Can New Laws Overcome Tx Permitting Roadblocks?

Democrats Push Tx Spending and Reform; GOP Calls It ‘Unrealistic, Unattainable’

By K Kaufmann and Rich Heidom Jr.

If there is one thing Republicans and Democrats on the House Energy and Commerce Subcommittee on Energy can agree on, it is the need to reform the yearslong, expensive and often project-killing process that permitting new, interregional transmission lines has become.

However, as seen at last Tuesday’s subcommittee hearing on transmission, sharp disagreements arise on what reforms may be needed and whether they can be put in place in time to permit the thousands of miles of new transmission required for President Biden’s vision of a decarbonized U.S. power system by 2035 and a net-zero economy by 2050.

“Successfully siting interstate transmission lines is notoriously difficult ... in large part because of the burdensome and unworkable regulatory environment we face,” said Rep.



Rep. Scott Peters (D-Calif.) | House Energy and Commerce Committee

transmission projects, while establishing more inclusive engagement processes for states, tribes [and] property owners.”

Other proposed legislation being discussed at the hearing — all sponsored by Democrats —

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Glick Hypes Biden Admin’s Transmission Promotion (p.3)

Scott Peters (D-Calif.), introducing his Prevent Outages With Energy Resiliency Options Nationwide (POWER ON) Act (*H.R. 1514*). The bill would, he said, “clarify the Federal Energy Regulatory Commission’s backstop siting authority for interstate

Stakeholders Back PJM MOPR-Ex Replacement

8 Other Proposals Fail

By Rich Heidom Jr.

PJM stakeholders voted overwhelmingly Wednesday in support of the RTO’s proposed replacement for the extended minimum offer price rule (MOPR-Ex), handing the recommendation to the Board of Managers.

The RTO’s proposal, which would apply the MOPR only to resources connected to the exercise of buyer-side market power or those receiving state subsidies conditioned on clearing the capacity auction, bested eight other plans in a special Members Committee meeting. It received an 87-18 vote for a sector-weighted score of 4.18/5 (83.6%).

Two other proposals also won majority support but fell short of the two-thirds sector-weighted threshold for a positive recommendation. American Municipal Power’s (AMP) proposal won a 68-30 majority (3.25/5), while the Delaware Division of the Public Advocate’s received a 54-37 vote

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Energy Consultant Nominated for Open PJM Board Seat (p.18)

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Former Wisc. Commissioner’s Texts Imperil Cardinal-Hickory Creek Line
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BOEM Beginning Environmental Review on Va. OSW Project
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RTO Insider

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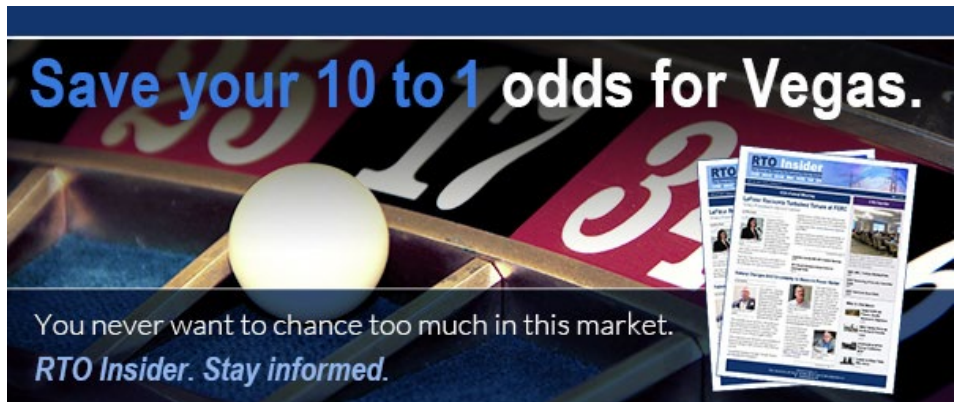
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NetZero Insider is now live!
 See p.8 for this week's coverage.

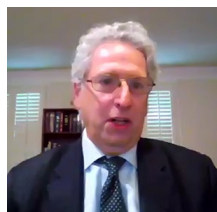


FERC/Federal News



Glick Hypes Biden Admin's Transmission Promotion

By Michael Kuser



FERC Chairman
Richard Glick | EPIC

FERC Chairman Richard Glick on Wednesday said that the increasing frequency of extreme weather events like the Pacific Northwest heat wave is making transmission planning an issue of national importance.

"The Biden administration is giving enormous priority to transmission," Glick said. "Have you ever heard a secretary of energy go around the country talk about electric transmission like Secretary [Jennifer] Granholm is doing? When have you seen legislation, infrastructure legislation for instance, that has billions of dollars proposed for building out additional transmission lines?"

Glick made his remarks at a webinar hosted by the Energy Policy Institute at the University of Chicago.

"They know that the clean energy transition that's underway isn't going to succeed unless we build out the grid. I think the problem is, of course, we have to get Congress to agree on an infrastructure bill, and they're working on that right now," Glick said.

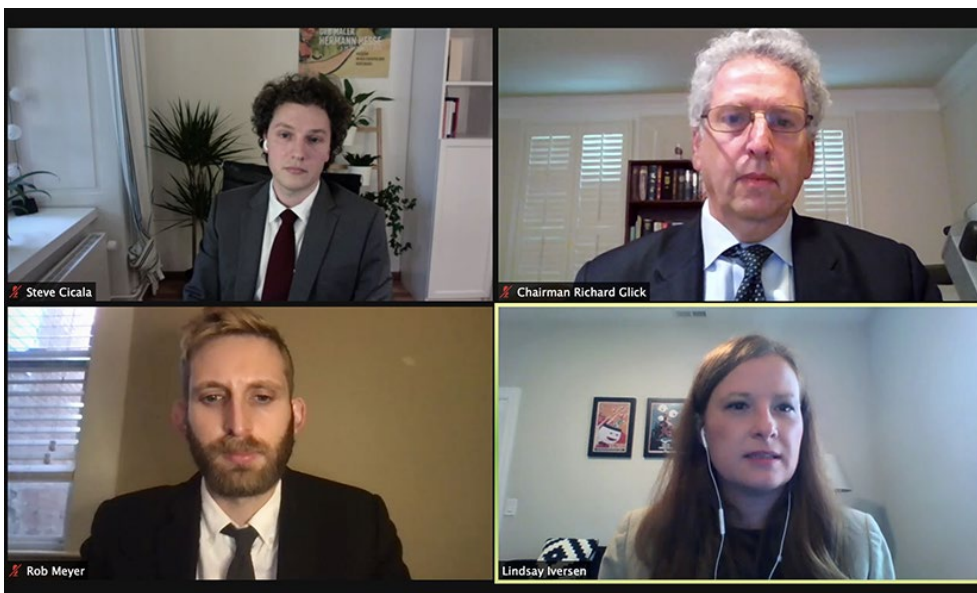
Glick described the process of building grid infrastructure as a three-legged stool consisting of siting, planning and cost allocation.

On siting, some states don't necessarily have the incentive to approve a transmission line that's going to cross their state without delivering any power to its residents, he said.

"That is certainly one of the big issues, but there are other issues as well," Glick said. "For instance, transmission planning. How do we plan for transmission? And that's something that FERC does have jurisdiction over. And we are not necessarily planning in the best way so far. Essentially, a lot of times we look at local lines to address a local reliability issue."

The commission isn't necessarily considering what's really needed or what the grid is going to look like in the future, he said.

"Probably the biggest impediment in addition to siting is cost allocation," Glick said. "Everyone wants transmission, but no one wants to pay for it. Courts have told FERC that we are the agency essentially responsible for allocat-

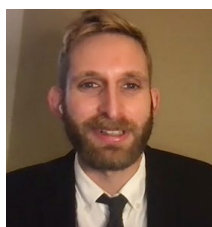


Clockwise from top left: Steve Cicala, EPIC; FERC Chairman Richard Glick; Lindsay Iversen, EPIC; and Rob Meyer, *The Atlantic*. | EPIC

ing the cost of interstate transmission; that we have to allocate those costs roughly commensurate with the benefits."

The commission has been looking at beneficiaries in a very narrow way, defining them as only people who get power from a particular line, he said.

"But the fact is people are benefiting greatly when transmission is built, even if they're not necessarily accessing directly the power that's transported along those lines," Glick said. "For instance, transmission lines certainly enable states and others to achieve their carbon-reduction goals. But transmission lines also reduce congestion on the grid, and that actually increases reliability for consumers and also allows them to access cheaper sources of power elsewhere if congestion on the grid is reduced. So one of the things we need to do is figure out if there is a better approach to how we allocate cost of transmission."



Robison Meyer, *The Atlantic* | EPIC

Reporter Robison Meyer of *The Atlantic* asked what role FERC should play in the energy transition or in helping states achieve their carbon-reduction goals.

"We're not an environmental regulator," Glick said. "Our role is not

saying that you should be reducing emissions, but our role under the Federal Power Act is to get rid of barriers. One thing we do is try to figure out the market barriers out there that are preventing these newer technologies from being developed."



Rep. Sean Casten
(D-Ill.) | EPIC

Rep. Sean Casten (D-Ill.), a member of the Select Committee on the Climate Crisis and the House Science, Space and Technology Committee, had a different take on FERC's role.

"The single most impactful agency in Washington right now to address CO₂ emissions is the Federal Energy Regulatory Commission," Casten said. "If we are going to electrify everything, and if we are going to get to zero CO₂ at the pace that science says we must, then we're going to have to build probably about at least 1,000 GW of new generation, which is about as much as we already have. We're going to have to install several hundred billion dollars of transmission, which is huge."

Any transition to a clean economy is a massive wealth transfer from energy producers to energy consumers, for if homeowners install solar panels, they don't have to pay for fuel anymore, Casten said. ■

FERC/Federal News



Can New Laws Overcome Tx Permitting Roadblocks?

Democrats Push Tx Spending and Reform; GOP Calls It 'Unrealistic, Unattainable'

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included the:

- Climate Leadership and Environmental Action for our Nation's (CLEAN) Future Act (H.R. 1512), an omnibus bill that, among other provisions, would require FERC to reform its interregional transmission planning, while providing financial and technical assistance to state, local and private governments for planning and permitting;
- Interregional Transmission Planning Improvement Act (H.R. 2678), which also focused on FERC reform; and
- Efficient Grid Interconnection Act (H.R. 4027), which would promote more equitable cost allocation for transmission and using grid-enhancing technologies to increase efficiency and capacity. (See [New Bill Would Tackle Tx Cost Allocation.](#))

The CLEAN Future Act, in particular, would also make sure transmission buildout occurs responsibly and does not result in overbuilding, said Rep. Frank Pallone (D-N.J.), chair of the full committee. "New and innovative technologies can allow us to use our existing transmission infrastructure more efficiently. Transmission planning processes can be made more transparent to the public, allowing us all to better understand how need transmission needs are identified," he said. "These and other measures will help protect ratepayers from unnecessary and excessive transmission infrastructure costs."



Rep. Frank Pallone (D-N.J.) | House Energy and Commerce Committee



Rep. Cathy McMorris Rodgers (R-Wash.) | House Energy and Commerce Committee

The Republican response to the Democrats' bills amped up what they see as the practical and economic obstacles to transmission and clean energy buildout. Meeting Biden's targets for cutting emissions would require "massive electrification on an unprecedented scale

and pace for the next 15 years, and it would amount to a construction program 600% larger than any utility buildout that we've seen in the last half century," said Rep. Cathy McMorris Rodgers (R-Wash.), the ranking member of the full committee.

"You cannot do this without extraordinary mandates and costs on workers and families," said Rodgers, speaking during the three-hour morning session of the daylong hearing. "That's why it seems unrealistic, unattainable."

Rep. Gary Palmer (R-Ala.) raised concerns that building out the interregional, high-voltage lines would require "a very aggressive use of eminent domain," which would "usurp the rights of states in regard to controlling what gets built in their states." He pointed to Iowa's 2017 law prohibiting the use of eminent domain for high-voltage transmission lines across the state and a list of failed transmission projects, such as the Northern Pass transmission line, intended to bring Canadian hydro-power to the U.S., which was rejected by New Hampshire.

Even using existing right of ways may not be a solution, Rep. Morgan Griffith (R-Va.) said, arguing that rail and highway easements are not sufficiently wide and existing transmission corridors already have high-voltage lines. "How do you envision we have these double-decker lines?" he said. "How are you going to have all these power lines in the same easement?"

Multipronged, Collaborative and Holistic



Patricia Hoffman, DOE | House Energy and Commerce Committee

The GOP arguments were largely directed at Patricia Hoffman, acting assistant secretary of the Department of Energy's Office of Electricity, who was the sole witness before the subcommittee's morning session. While acknowledging the challenges ahead,

Hoffman repeatedly focused on the benefits of expanding transmission to meet Biden's clean energy goals.

Investing in a robust transmission system, she said, "will help minimize power outages, protect the grid against climate-induced extreme weather [and] restore electricity more quickly when outages occur. But most importantly,

expanding transmission capacity improves the resilience and flexibility of the energy system by creating more numerous energy delivery pathways."

Underlining the need for reform, Hoffman pointed to a [recent study](#) from Americans for a Clean Energy Grid (ACEG) that identified 22 "ready to go" transmission projects that might be helped by a transmission investment tax credit, which is included in Biden's American Jobs Plan. Another [report](#) found 755 renewable generation projects, most of them solar, sitting in interconnection queues across the country, she said.

Overcoming the barriers will require a "multi-pronged" approach, Hoffman said. "We have to think about a national plan for interregional transmission projects; really look at the states and what they've done for their 10-year plans [and] how can we integrate that so that we actually can address transmission across the United States. It will require a collaborative process with the states to think about the transmission needs where we'd like to develop the next-generation clean generation resources and how to get all that built in a holistic fashion."

In her [written testimony](#), Hoffman highlighted the DOE's Transmission Congestion studies conducted every three years and its ability to designate "national interest transmission corridors" in regions where transmission is constrained.

Former FERC Commissioner Critiques Bills

In the afternoon session, ACEG Executive Director Rob Gramlich and Analysis Group's Susan Tierney endorsed the legislation. Tierney said the bills incorporate many of the recommendations in two recent National Academies of Sciences, Engineering and Medicine reports in which she participated on the [future of electric power](#) and [decarbonization](#).

"The bills ... would constructively address very persistent impediments to planning for, investment in and siting of transmission infrastructure that is so needed for the U.S. electric system to be fit for purpose in the 21st century," she said.

Republican members of the committee repeatedly called on former FERC Commissioner Tony Clark, now a senior adviser to law

FERC/Federal News



firm Wilkinson Barker Knauer, who expressed concerns over many of the proposals in the legislation.

Clark said he backs efforts to clear roadblocks to needed investment and said he was heartened by FERC's creation of a state-federal task force on transmission. (See *FERC Sets Federal-State Taskforce to Spur New Tx.*)

But he said Congress should pursue policies that reflect "bottom-up, not top-down," decision-making and respect regional differences.

"Any efforts at interregional and regional planning and cost allocation for electric transmission should reflect the plans that are developed first at the local and state levels; they should not be an imposition of



Hon. C.
Former FERC Commissioner Tony Clark
| House Energy and Commerce Committee

a predetermined federal 'solution' that may not meet the needs of end-use consumers in each of the states," said Clark, a former North Dakota regulator.

"This is a large country with diverse natural resource bases and different regional supply-and-demand characteristics. This diversity should caution against the federal government adopting policies that assume all regions need to meet their needs in the exact same way. Indeed, transmission might be the best way to serve customers in a particular state or region, but in another state or region, those goals might be better met by accessing generation that's closer to load," he continued.

"What I don't think you would want to have happen is someone sitting in a conference room in Washington, D.C., drawing bubbles around certain areas of the map that are windy areas and other areas of the map where there are load centers and then drawing a line in between the two and developing plans based simply off that."

Clark said the federal siting provisions in H.R. 1514 are "much, much broader" than the limited federal backstop authority included in the Energy Policy Act of 2005, which was limited to transmission needed for reliability and which he said were "neutered" by court rulings.

"As proposed in this legislation, it broadens it out to include projects that might just be good for renewables, and it does so in a way that pre-empts states probably more aggressively than the original legislation did," he said.

Gramlich said Congress should fix the two-step process in EPA05, which had DOE designate transmission corridors and FERC issue permits, with multiyear National Environmental Policy Act reviews required at each step.

"Let's keep it surgical and targeted. Maybe just say something over 1,000 MW that crosses multiple states is FERC-jurisdictional," he said. "That gets closer to [the law on] gas pipelines. We'd love to have parity with gas pipelines' permitting on the electric side." ■

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Southeast

Clean Energy Groups Pan Southeast Utilities' SEEM Proposal

Market Power, Cost, Decarbonization Concerns Cited

By Rich Heidom Jr.

Clean energy advocates mounted new attacks on the Southeast Energy Exchange Market (SEEM) last week, saying the proposal to automate bilateral trading in 11 Southeastern states would offer a fraction of the benefits of an organized market and undermine decarbonization efforts.

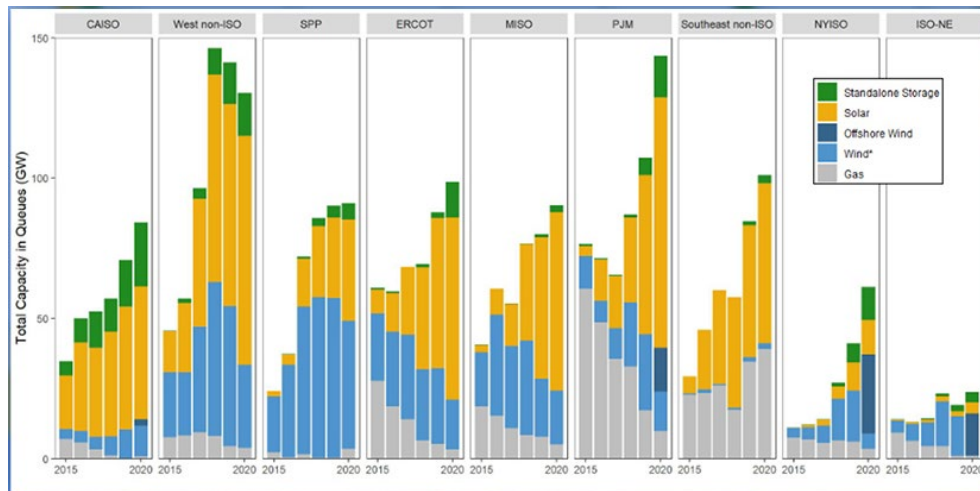
In a *report* released June 29, the American Council on Renewable Energy said SEEM “offers negligible benefits over traditional utility operations and few of the benefits associated with real-time energy markets.”

The report, done in coordination with the American Clean Power Association and the Solar Energy Industries Association, provides little new empirical data, but it contrasts SEEM’s projected cost savings with the estimates of benefits provided by PJM, CAISO and other RTO/ISO markets. Those estimates “have found consumer benefits in the billions of dollars per year, dozens of times larger than the estimated benefits of SEEM,” ACORE said.

A study conducted for SEEM by Guidehouse and Charles River Associates projected a minimum of \$40 million in benefits per year (2020\$) in a scenario based on current plans, rising to \$100 million annually under a “carbon constrained” scenario. In contrast, a *study* last year by Energy Innovation Policy and Technology concluded that a competitive South-eastern RTO would save \$384 billion by 2040 compared to the business-as-usual case — a 29% reduction in retail costs.

In February, SEEM’s sponsors, led by the Tennessee Valley Authority, Southern Co. (NYSE:SO) and Duke Energy (NYSE:DUK), asked FERC to approve their proposal, which they said would eliminate transmission rate pancaking and allow 15-minute energy transactions. On June 7, the proponents responded to a FERC deficiency letter with promises to provide FERC confidential market data and increased transparency and allay market power concerns (ER21-1111, *et al.*). (See [SEEM Members Offer Rule Changes](#).)

But in filings last week, several intervenors said SEEM’s response to the deficiency letter failed to address their market power concerns and reiterated calls for a FERC technical conference on the future of the Southeast. The critics say FERC should insist on an independent market monitor and that governance of SEEM



Natural gas generation capacity remains high in interconnection queues in the Southeast, while renewables dominate in RTO markets. | *Lawrence Berkeley National Laboratory*

be opened to all market participants rather than just load-serving entities.

A group including the Sierra Club, Southern Alliance for Clean Energy, Vote Solar, the Sustainable FERC Project and the Natural Resources Defense Council, filing as “Public Interest Organizations (PIOs),” said SEEM “dodged” the commission’s questions, “doubling down on a flawed, self-serving proposal.”

“SEEM will not only fail to deliver the promised benefits but is primarily an effort to distract from or derail state- and community-led efforts in the Southeast to push for more meaningful and much-needed market reform,” the PIOs said. “As PIOs and others have pointed out, efforts to consider wholesale market reforms underway in North Carolina, South Carolina, Kentucky, Mississippi, Georgia and areas served by TVA are building pressure in the Southeast for significant market reform, and SEEM offers applicants the opportunity to try and stay ahead of and control that reform.”

SEEM, which asked for a FERC ruling on its proposal by Aug. 6, contends the commission can only opine on whether the rates proposed in the group’s Federal Power Act Section 205 filing are just and reasonable, limiting any changes to “minor deviations.”

But the ACORE report suggests the FPA gives FERC to reject freely negotiated wholesale transactions if they “seriously harm the public interest.”

In ACORE’s view, SEEM would be harmful because it would undermine utilities’ efforts

to decarbonize by insulating fossil fuel plants from competition from renewables and making renewables more prone to curtailments than in an RTO.

Conceding “other factors may also contribute,” ACORE cites *data* from the Energy Information Administration that show CO₂ emissions have fallen 5 percentage points more in organized market regions since 2013 than in non-market regions.

“While broader organized markets and certain parts of the SEEM footprint have historically succeeded in integrating renewable energy, SEEM’s unusual 15-minute transaction interval and the lack of an independent entity overseeing open access to transmission service by independent power producers whose new development is predominantly renewable energy may stymie similar growth in the full SEEM footprint,” ACORE said. “Furthermore, to the extent the SEEM footprint extends the load-serving capability of otherwise uneconomic existing generation located within a single utility’s generation fleet and helps insulate the inflexibility of those resources, those resources may see a longer service life than would otherwise be economic relative to available lower-cost alternatives. The competition provided by a full wholesale market is the most effective way to provide all resources with the level playing field that ensures large consumer and environmental benefits.”

Southern, Duke, TVA and SEEM sponsors Dominion Energy (NYSE:D), Louisville Gas & Electric and Kentucky Utilities, and the North

Southeast

Carolina Electric Membership Corp. all have emission-reduction goals, ACORE noted.

It also noted that proposed natural gas generating capacity has declined across most of the country while proposed renewable capacity has rapidly increased. “The Southeast, one of only two non-real-time market regions in the continental U.S., has bucked this trend with a record of nearly 40 GW of natural gas capacity waiting in grid interconnection queues as of 2020,” ACORE said. It cited an April 2021 survey of leading renewable energy project developers who found the Southeast the least attractive region in the continental U.S. for project development, with PJM, CAISO and NYISO ranked as the most attractive. (See [Study Finds Robust Appetite for Green Investing.](#))

ACORE said Southeast ratepayers would continue to pay above-average electric bills under SEEM, citing EIA data that ranks Alabama, South Carolina, Mississippi, Virginia, Tennessee and Georgia among the top 10 states for average monthly electric bills. “Electricity rates themselves are low in the Southeast, but high consumer energy demand generates high retail electric bills,” ACORE said.

“SEEM offers little in the way of the benefits provided by centralized wholesale energy markets relative to traditional utility operations,” ACORE said. “The lack of centralized clearing prices, a transparent stakeholder process and an independent market monitor are all readily apparent when contrasted with an [energy imbalance market], which itself is only a light form of a real-time market. SEEM also lacks

effective means for planning and paying for transmission on a regional basis, which helps ensure competitive electricity markets.”

Response

Duke spokesperson Erin Culbert said the ACORE report “expressly acknowledges that RTOs do not adhere to or protect state clean energy policies, but SEEM will.”

“RTOs don’t necessarily place a high value on the carbon-free benefits nuclear provides, and that conflicts with many of the clean energy goals that we and our states want to reach by 2050,” she continued. “This is one of many reasons why RTO membership decisions should not be made in Washington. For the Southeast, our nuclear units are absolutely critical to our ability to achieve a clean energy future with carbon-free resources that meet customers’ needs reliably and affordably. We can’t do it without them.”

Culbert also rejected ACORE’s allegation that solar power would suffer under SEEM, saying North Carolina, Florida and South Carolina are among the nation’s leaders in installed solar generation.

“The SEEM proposal reduces solar curtailments and better integrates renewables across 11 states at a much lower cost than an RTO,” she added. “In fact, the SEEM region is already on pace or outperforming RTO markets on critical metrics like reliability, affordability and clean energy.”

TVA, Dominion and Southern did not respond

to requests for comment.

FERC Filings

In their filings with FERC last week, Advanced Energy Economy, the Advanced Energy Buyers Group and SEIA, filing as the “Clean Energy Coalition,” said SEEM’s governance structure would concentrate decision-making authority in TVA, Southern and Duke.

The coalition said it seeks competitive wholesale markets because they “allow customers to access a suite of products and services that incumbent utilities have refused to provide under a vertical integration model.”

“The SEEM proposal ... does no more than add a computerized platform to add efficiency to the existing bilateral market,” the coalition added.

The coalition said FERC should convene a technical conference as well as a joint federal-state hearing under FPA Section 209 to “develop additional record evidence regarding the SEEM proposal [and] provide a forum to resolve the deficiencies in the SEEM proposal.”

The PIOs challenged SEEM’s legal argument, saying the public utilities in SEEM should file a pool-wide or systemwide tariff and that its actions should be held to the higher “just and reasonable” standard rather than the lower public interest standard that applies to bilateral transactions.

“In a bilateral market that is as closed to competition as the Southeast, the new transmission service that encompasses service across the entire SEEM territory and eliminates rate pancaking has significant value to owners of generation resources in the territory. By controlling access to the transmission service by exclusionary practices related to enabling agreements, the applicants have the ability to exercise market power over transmission service,” the PIOs said. “This exercise of market power may be as simple as exclusion of access to the non-firm energy exchange transmission service. It could also take the form of extraction of concessions from resource owners unrelated to participation in the SEEM that may help solidify the existing market power of SEEM’s member utilities.”

Their filing included an affidavit from former PJM economist Paul Sotkiewicz alleging that independent power producers wheeling out of SEEM to sell energy into PJM, MISO and SPP will be forced to pay higher firm point-to-point transmission rates and will not get any benefits because they do not serve load in SEEM territory. ■

State	Average Monthly Bill	National Rank
Alabama	\$150.45	3
South Carolina	\$144.73	4
Mississippi	\$135.87	5
Virginia	\$135.46	6
Tennessee	\$132.33	8
Georgia	\$131.84	9
North Carolina	\$123.25	15
Missouri	\$117.82	24
SEEM Footprint Average	\$133.97	
National Average	\$115.49	

Despite low rates, Southeastern ratepayers have among the largest monthly electric bills in the country because of high consumer energy demand. | U.S. EIA

CAISO/West News

FERC OKs CAISO Wheel-through Restrictions

By Hudson Sangree

FERC approved the most controversial of CAISO's summer readiness measures June 25, saying the ISO's new limits on wheel-throughs to promote in-state reliability are reasonable and do not violate the commission's open access transmission principles (ER21-1790).

In doing so, the commission rejected opposing arguments by a coalition of Arizona's major utilities, along with NV Energy, the Bonneville Power Administration, Powerex, Idaho Power, Portland General Electric and others. Opponents argued the CAISO rule changes are discriminatory and overly burdensome, among other objections.

The CAISO plan reprioritizes wheel-throughs so that transfers between the Northwest and Southwest would no longer take precedence over capacity needed to serve CAISO native load. Non-CAISO entities would have to apply at least 45 days in advance to designate

high-priority wheel-throughs needed for reliability, giving the wheels equal standing with native CAISO load.

They would also have to demonstrate that they have firm generation behind the transfers and firm transmission to reach CAISO's borders. (See [CAISO Approves Controversial Wheeling Limits](#).)

CAISO has insisted that the plan is a short-term fix, for this summer only, to avoid transmission congestion and capacity shortfalls like those that led to rolling blackouts last August. It has started a stakeholder initiative to find longer-term solutions.

FERC said it preferred that the changes be temporary but found nothing wrong with the new rules.

"CAISO's proposal adjusts its prioritization such that wheeling through transactions that meet [its requirements] ... receive curtailment priority on par with CAISO's imported resource adequacy resources," FERC said.

"We find that this prioritization will result in a just and reasonable interim solution that will reconcile the needs of both CAISO load and external load."

Transmission congestion was a factor in the Aug. 14-15 rolling blackouts, but wheel-throughs were not, CAISO said. The ISO said it made the wheel-through rules part of its summer readiness measures because entities in the Southwest were contracting for larger amounts of energy from the Northwest in anticipation of summer resource scarcity.

Much of that capacity travels on transmission paths through California, potentially causing transmission congestion in CAISO. (See [Wheeling Debate Tests West, CAISO CEO Says](#).)

The plan was so disputed that, in a rare move, the Governing Body of the CAISO's Western Energy Imbalance Market declined to "opine" on the plan, though stopped short of rejecting it. (See [EIM Governing Body Rejects Part of CAISO Summer Plan](#).) ■

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CAISO/West News

CAISO Issues Urgent Call for Summer Capacity

Heat, Drought and Resource Delays Could Result in Shortfalls

Continued from page 1

drought conditions that reduce hydroelectric capacity, California is using all available tools to increase electricity reliability this summer,” it said. “As part of this effort, the ISO has decided to exercise its authority to procure additional capacity again this year.”

“The ISO’s action is supported by a request by the CPUC and CEC and is taken out of an abundance of caution to ensure electric reliability and preserve the public health and safety of all Californians.”

The last time CAISO used its capacity procurement mechanism was during last summer’s severe Western heat waves, which caused the ISO to order load shedding with rotating outages in August and to declare energy emergencies in September.

Since then, the ISO and CPUC have taken steps to prepare for this summer. The CPUC ordered the state’s three large investor-owned utilities to procure thousands of megawatts of additional capacity, while the ISO instituted market rule changes meant to reduce transmission constraints and other problems that contributed to the August blackouts. (See [CPUC, CAISO Take Major Steps for Summer Reliability](#).)

A huge increase in battery storage was expected to help cope with evening peak demand during heat waves, but some of the expected resources have failed to materialize, CPUC President Marybel Batjer and CEC Chair David Hochschild said in a [letter](#) to CAISO CEO Elliot Mainzer that requested additional procurement.

The state’s summer resource adequacy program “had relied on incremental resources coming online for the summer months,” it said. “The CPUC recently received notice that several will be delayed by one to several months, and in some cases will push online dates past the summer window.”

Last summer’s shortfalls occurred during the evening net peak, after solar power ramps down but air-conditioning demand remains high. CAISO and the CPUC hoped hundreds of megawatts of new lithium-ion batteries to store solar and wind power would cover that evening peak, but it may not be enough, Thurs-

day’s action acknowledged.

During a recent CPUC meeting, Batjer mentioned that batteries being shipped from overseas had been delayed in transit.

In an email Thursday, CPUC spokesperson Terrie Prosper said that 3,600 MW of new resources, mostly batteries or solar paired with batteries, “were anticipated to be online by August 1st. Currently, at least 3,000 MW will be online, and that number will likely increase. According to project developers, some of these delays have been COVID-related (e.g., workforce slowdowns), while some have been due to supply-chain issues, including shipping incidents overseas.”

Hydropower, one of the state’s main summer resources, is quickly dissipating after an extremely dry winter with early snowmelt. Lake Oroville and Lake Shasta, major hydroelectric generating reservoirs in Northern California, are at 32% and 38% of capacity, respectively, the California Department of Water Resources reported Wednesday. Such low levels could lead to a halt in generation.

The drought has reduced hydropower capacity by 1,000 MW, the CPUC and CEC said.

In addition, demand response programs ordered by the CPUC have not been as effective as anticipated, the letter said.

“The aforementioned events have resulted in a material difference from what the CPUC assumed for the resource adequacy program in establishing requirements for summer 2021 and caused a material change in system conditions,” Batjer and Hochschild wrote. “While the CPUC, CEC and CAISO are collectively working on a number of strategies to address reliability concerns under extreme conditions, these changed circumstances require every tool that is available to the state to be deployed to ensure reliability this summer.

“Accordingly, the CPUC and CEC jointly request the CAISO to use its tariff-based authority to procure additional resources. We specifically ask that the CAISO procure capacity pursuant to its tariff authority for July and August 2021. We also request the CAISO to consider procurement for the September 2021 resource adequacy compliance month if

conditions do not improve.”

CAISO’s tariff defines an event triggering use of its capacity procurement mechanism (CPM) as a “substantial event, or a combination of events, that is determined by the ISO to either result in a material difference from what was assumed in the resource adequacy program for purposes of determining the resource adequacy capacity requirements, or produce a material change in system conditions or in CAISO Controlled Grid operations, that causes, or threatens to cause, a failure to meet reliability criteria,” the ISO said in a [message](#) Thursday.

CPM Details

CAISO issued a [market notice](#) Thursday asking scheduling coordinators with non-resource adequacy capacity willing and able to receive a CPM designation to submit a Customer Inquiry, Dispute and Information (CID) ticket as soon as possible — and preferably by tomorrow.

The ISO is targeting capacity that is at least available during the net-peak hours of 4 p.m. to 9 p.m. Imports must be deliverable to the ISO at a delivery intertie and supported by firm transmission rights — or a reasonable equivalent — to the intertie.

“In addition to submitting a CID ticket, parties with capacity available to meet this significant event should also submit offers to the intramonthly [competitive solicitation procurement] for August, September, and October,” the notice said.

Interested suppliers are asked to submit their tickets with the subject line “Summer 2021 CPM Significant Event” and include the following details:

- resource IDs;
- volume of megawatts available for the CPM;
- dates the capacity is available to serve as CPM capacity;
- whether the supplier is likely to accept a 60-day designation extension if it were offered; and
- whether the supplier intends to seek compensation above the soft offer cap through a cost showing approved by FERC. ■

CAISO/West News

Avista Orders Blackouts as Temperatures Soar

By John Stang and Robert Mullin

Thousands of customers of Avista Utilities lost power during a record-smashing heat wave June 28 and 29 when the utility ordered rolling blackouts in Spokane, Wash.

About 9,300 customers lost power last Monday, when Spokane temperatures hit 105 degrees Fahrenheit. Power was cut to about 24,000 customers the next day, as the city hit an all-time high of 112 F.

They were the first heat-related power outages to hit the inland Pacific Northwest in at least 20 years. California last year experienced its first rolling blackouts since the Western energy crisis of 2000/01.

Spokane-based Avista asked customers to cut back on power use from 1 to 8 p.m. through Friday. It was forced to cut power to about 600 customers Wednesday but none on Thursday.

“While we plan for the summer weather, the electric system experienced a new peak demand, and the strain of the high temperatures impacted the system in a way that required us to proactively turn off power for some customers. This happened faster than anticipated. Moving forward, we’re committed to reducing the length of outages and supporting our customers during this time with proactive information to manage through the protective outages that are expected this week,” Avista CEO Dennis Vermillion said in a press release.

Avista blamed the rolling blackouts — averaging about an hour each — on its distribution system, especially transformers, being overloaded.

“I do want to clarify that this was a distribution constraint issue; it’s not a supply-side [issue],” Heather Rosentrater, Avista senior vice president for energy delivery, said during a press briefing June 29. “When people think about

rolling outages, I think they think about those that they’ve heard about in California or even in Texas and have seen those spread across broad areas in their system.”

The utility serves about 340,000 electric customers in Washington and Idaho.

Washington state experienced a record heat wave beginning June 27, with Seattle temperatures reaching a record-shattering 108 F on June 28.

In Oregon, where Portland set successive record highs of 112 F and 116 F on June 27 and 28, about 6,300 customers of Portland General Electric lost power over the weekend because of localized stresses on the distribution system. Power went out for another 3,500 PGE customers in the Salem area June 28, where the temperature hit 117 F.

No utilities in the region have reported supply shortages during the heat wave. ■



Avista implemented rolling blackouts in Spokane, Wash., on June 28 in the face of record heat. | City of Spokane

CAISO/West News

EIM Governing Body Elects New Member, Chair

By Hudson Sangree

The Western Energy Imbalance Market Governing Body saw one longtime member depart Wednesday as it elected a new member, chair and vice chair.

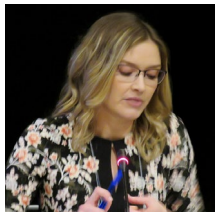
Carl Linvill, who has served on the EIM Governing Body since July 2016, decided not to seek another term and to focus on his work as a principal at the *Regulatory Assistance Project*.



Carl Linvill, EIM Governing Body | © RTO Insider LLC

“I enjoyed serving,” Linvill said in an email to *RTO Insider*. “I feel that an outstanding foundation for West-wide markets was built over my five-year tenure, and I am proud of the progress of the Western EIM. I chose to step down because I want to focus more effort on ensuring demand-side resources have the opportunity to fully contribute their capabilities to customers ... to distribution utilities and to the CAISO wholesale markets.

“As always, I plan to help by serving as an objective facilitator of positive change in California and the West,” he said. “I do not plan to engage as an advocate. Rather, I plan to continue to help regulators and state energy policy leaders to build consensus around full participation of [distributed energy resources, including demand response and storage] in meeting Western clean energy, reliability and policy goals. I will continue to do this primarily from my vantage point as a principal with the Regulatory Assistance Project, where I have been serving concurrently while I served on the EIM Governing Body.”



Jennifer Gardner, EIM Governing Body | © RTO Insider LLC

Linvill’s colleagues elected energy attorney Jennifer Gardner to fill his spot. Gardner founded Envision Energy, an independent consultancy, last year. Previously she spent five years with environmental nonprofit Western Resource

Advocates, where she directed its Regional Energy Markets Program, promoting market frameworks for decarbonization.

Gardner has served in various Western EIM leadership roles, including as a member of the EIM’s Governance Review Committee, vice chair of the Regional Issues Forum and chair of the Nominating Committee for Governing Body appointments. She also represented the EIM’s Public Interest Organization sector.

“Ms. Gardner is universally known for her market knowledge, commitment to learning and building a collaborative working relationship with all stakeholders,” said Pam Sporborg, a member of the EIM Nominating Committee and manager of the Transmission and Reliability Services Department at Portland General Electric.

Gardner could not immediately be reached for comment.

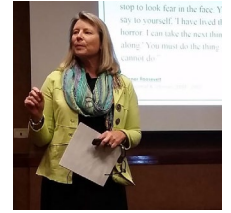
The Governing Body members also elected Vice Chair Anita Decker as their new chair, replacing John Prescott, who will remain on the Governing Body. Decker is the former executive director of the Northwest Public Power

Association and COO of the Bonneville Power Administration. (See *EIM Governing Body Gains Member, Loses Another*.)

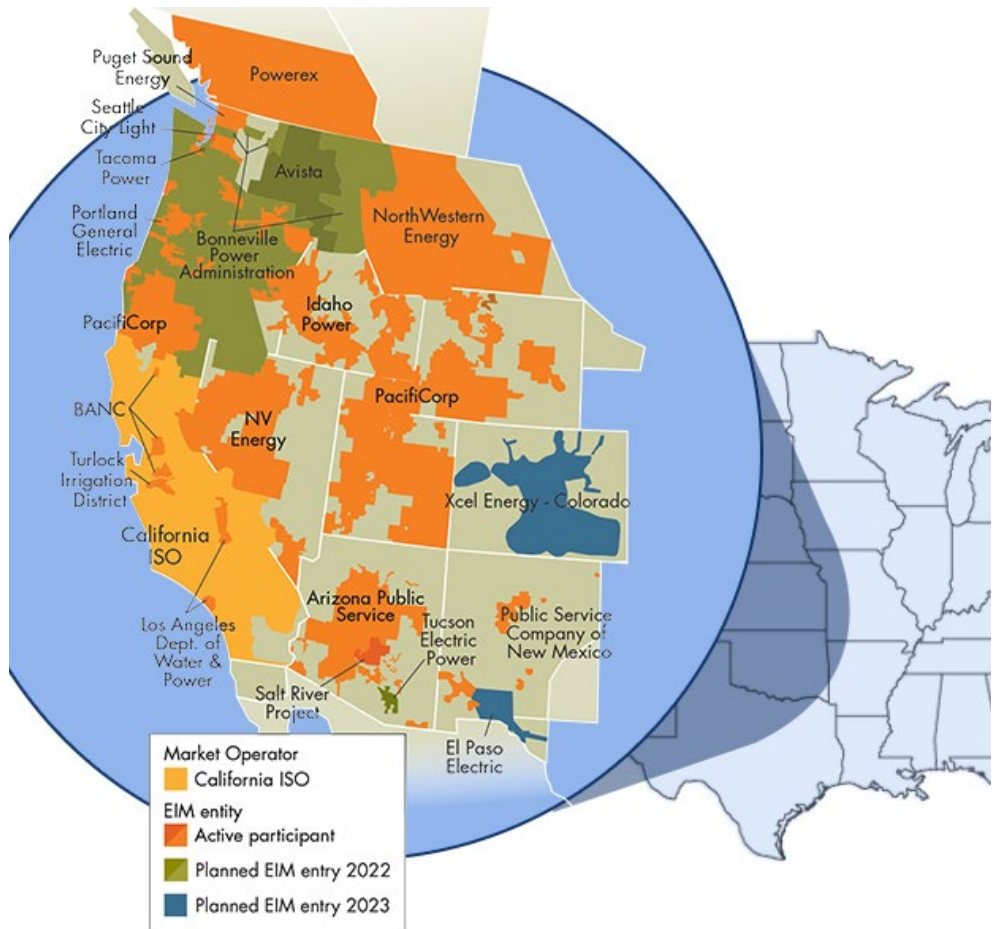
The chair and vice chair are rotating positions that change annually.

The members elected Robert Kondziolka as vice chair and appointed him to a second term. Kondziolka was named to the five-member Governing Body last year. He served out the term of member Travis Kavulla, who had to resign because of a job change. Kondziolka retired after four decades with Arizona’s Salt River Project. (See *Western EIM Fills Last Board Vacancy*.)

Kondziolka’s and Linvill’s terms expired Wednesday. The new terms for Gardner and Kondziolka run through June 30, 2024. ■



Anita Decker, EIM Governing Body | NWPPA



This is the latest EIM with major new participants, including the one covering much of Montana. | CAISO

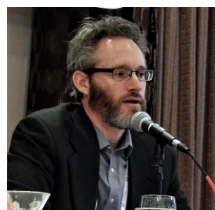
ERCOT News



ERCOT Stakeholders Sign Off on More Ancillary Services

By Tom Kleckner

ERCOT stakeholders on Wednesday approved a binding document revision that codifies the grid operator’s plans to deploy more operating reserves — and do so earlier — in anticipation of tight conditions this summer.



Jeff Billo, ERCOT | © RTO Insider LLC

Jeff Billo, ERCOT director of forecasting and ancillary services, told the Technical Advisory Committee during a special webinar that the grid operator’s near-term strategy is to increase responsive reserve service procurement from 2.3 GW

to 2.8 GW during peak load hours on all days and to increase non-spinning reserve service so that at least 6.5 GW of ancillary services are maintained for all hours of all days.

ERCOT will add 1 GW of non-spin for days when a higher potential of weather-forecast uncertainty could result in a higher net load (load minus wind and solar generation). The changes are effective July 12.

“Going forward, ERCOT is going to operate the grid with a greater margin between emergency conditions and normal conditions,” Billo said. “This will cover for the days when we are losing a significant amount of generation due to forced outages.”

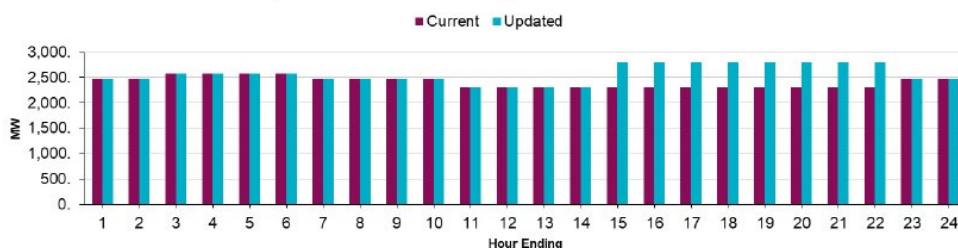
The grid operator was forced to call for weeklong conservation measures on June 14 when it lost more than 12 GW of capacity to mostly mechanical failures. It ended during the last full week of June with nearly 10 GW of capacity still offline. (See [Generation Outages Force ERCOT Conservation Alert](#).)

Billo said the forced outages have had a significant impact on ERCOT’s operating reserve margin.

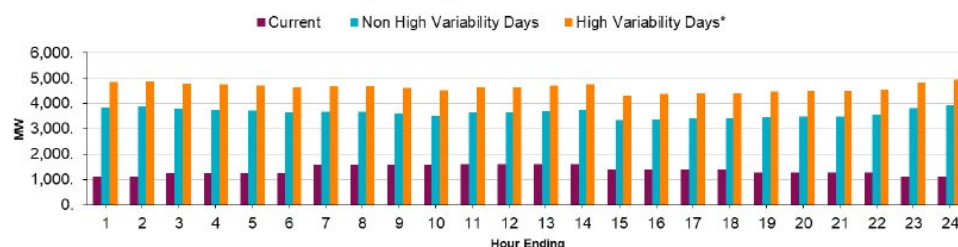
“That change is a big reason we’re increasing the amount of ancillary services going forward,” he said. “You’re getting that physical responsive capacity on the system. We felt that was an important part of the strategy going forward.”

As Billo explained to TAC the week before, ERCOT staff is formalizing its forecasting processes, which rely on a staff meteorologist and various vendors. Operating days will be classified as having high, medium or low poten-

Responsive Reserve Requirements Jul. 2021



Non-Spin Requirements Jul. 2021



ERCOT’s increased ancillary service deployment begins July 12. | ERCOT

tial for forecast variabilities, findings that will feed into procuring additional AS.

“Meteorologists are not perfect. It’s a science and an art, and sometimes they miss,” Billo said.

Staff also considered relying on the reliability unit commitment process before deciding to increase AS deployment.

Stakeholders expressed some concern over potential price suppression but passed the other binding document revision request ([OBDRR031](#)) by a 25-2 margin, with two abstentions. Retailers Just Energy and Demand Control 2 opposed the motion.

“We rely on the volatility of prices in the current summer to reflect risk in forward summers,” said Luminant’s Ian Haley, who abstained from the vote, during TAC’s discussion. “If this change goes through and there is unbelievable price suppression for the entire summer, that has implications for forward prices.”

Eric Goff, representing the residential consumer segment, urged caution before voting for the measure.

“The consumer segment feels that while ERCOT has pretty clearly said it wants to be conservative in general, it’s reacting to recent events,” he said. “We can tell this has not been a clearly deliberative process. ... We prefer this

whole issue be revisited when the summer concludes in October.”

TAC directed its Wholesale Market and Reliability and Operations subcommittees to analyze the summer outcomes and provide recommendations during the committee’s October meeting. The WMS will also review the market effects of ERCOT’s more conservative procurement and deployment objectives, while ROS will review the volumetric impacts and the inclusion of constrained capacity in the grid operator’s calculation of physical responsive capability, TAC Chair Clif Lange said.

Billo promised the committee that the grid operator would update the market on its AS procurement by the 20th of each month. The 2022 cycle for updating ERCOT’s AS methodology begins in the fall.

ERCOT issued a [market notice](#) Thursday with the details.

In-person Meetings Return in September

ERCOT will resume in-person meetings on Sept. 1, beginning with the WMS meeting, staff told the committee.

The grid operator is considering a hybrid model to accommodate those not ready to return for face-to-face meetings and will share more details during the July TAC webinar. ■

MISO News

MISO, SPP Name Projects to Help Queue Troubles

By Amanda Durish Cook

MISO and SPP last week said two expensive amalgamations of smaller transmission projects have emerged as options to help generation projects interconnect near their seams.

The results are the latest in the RTOs' joint targeted interconnection queue study, which is searching for interregional transmission projects to alleviate their jampacked generator interconnection queues. (See *MISO-SPP Targeted Interconnection Study Moves Forward*.)

The first cluster, a \$424 million project, incorporates a long distance 345-kV line from Big Stone, S.D., to Alexandria, Minn.; a 345-kV line on the northeast side of Kansas City; and a transmission facility on the west side of Minneapolis.

A second, more expensive alternative to the multipoint project includes an additional segment from Alexandria to Monticello, Minn., bringing the project's costs to \$728 million.

SPP Vice President of Engineering Antoine Lucas cautioned the projects' reveal is "very preliminary."

"I just want everyone to keep in mind that these are initial results," he told stakeholders during a joint SPP-MISO workshop.

While the study shows both projects mitigat-

ing nearly 20 constraints, three major flowgate constraints remain untouched on 345-kV lines on the Kansas-Missouri border near Kansas City.

"By using these two projects, we were able to mitigate most of the constraints, except for the top three," MISO Senior Transmission Planning Engineer Sumit Brar said. MISO and SPP will soon open another window for stakeholder suggestions addressing the three most congested flowgates, Brar said.

The two clusters currently have negative benefit-to-cost ratios because their increased capacity has downstream effects on nearby areas that raise shadow prices.

The RTOs have also come up with nine other project *ideas* that crisscross the seams in Minnesota and South Dakota and range from \$32 million to \$1.6 billion. The two also received 18 alternative proposals from stakeholders, costing between \$64 million and \$871 million and spread from Kansas City to Minneapolis and Sioux City, Iowa.

The grid operators said they evaluated 29 projects submitted by staff and stakeholders, including the two optimized project groupings. Eight projects failed to provide relief on seams constraints when tested.

The RTOs said they then tested six different combinations of the most effective projects,

finding two of them solved most of the RTOs' flowgate constraints.

SPP's Juliano Freitas said the projects will undergo more testing. Staff are using their respective reliability models and those from the MISO Transmission Expansion Plan and SPP's Integrated Transmission Planning process to test projects for economic benefits.

Lucas said the RTOs won't test project candidates for how well they might facilitate the interconnection of individual generation requests. However, he said, projects will be tested for how many hypothetical new projects they could allow on their systems.

"It's important that we get a sense of how much these projects will advance interconnections, how much and in what areas," Advanced Power Alliance's Steve Gaw said.

Stakeholders asked MISO and SPP to create a map showing seams projects under consideration. They also asked why some voltage stability issues that consistently show up in queue studies didn't show up in the RTOs' reliability study. Staff planners said their study incorporated interconnecting generation, which might have resolved voltage problems.

SPP CEO Barbara Sugg said the RTOs' relations over the past 18 months are the best they've ever been for study collaboration and coordination during storms.

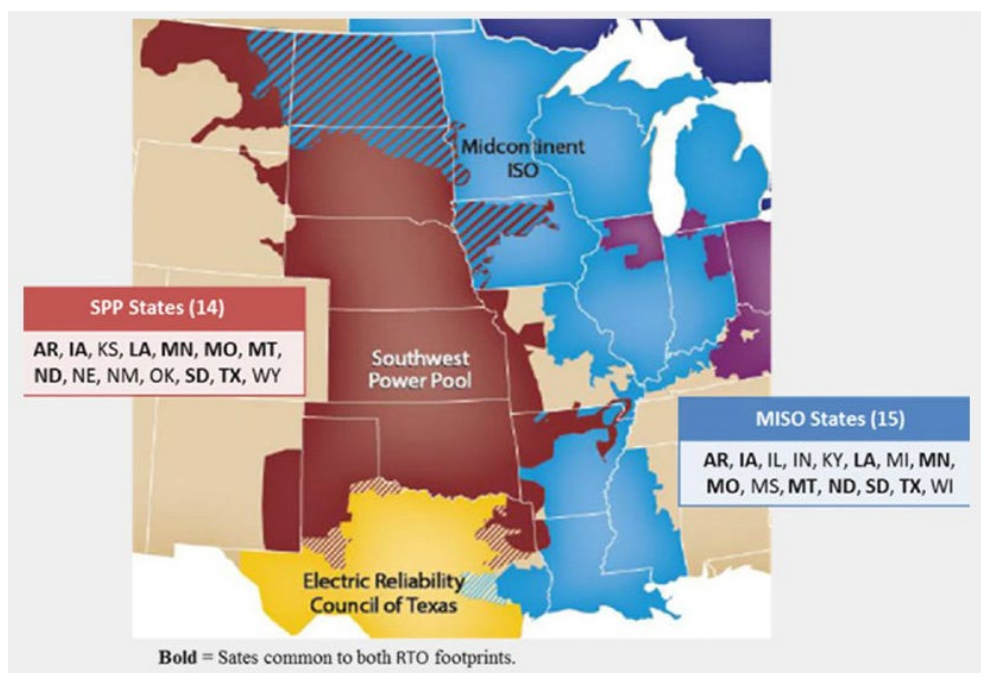
"The work we've been able to do over the past several months has really been astounding," she said.

Sugg said renewable expansion along the seams will continue to be limited unless the grid operators can find high-value network upgrades that will let more requests reliably interconnect.

SPP currently has approximately 82 GW awaiting interconnection in its queue. MISO's queue stands at 83 GW with a new round of applications coming in July. MISO planners have said they expect the newcomers to push the queue to the 100-GW-plus highs seen in 2020.

"We've not resolved the cost allocation at this point because we wanted to focus on the engineering study," Sugg said.

The RTOs have scheduled a cost-allocation *discussion* with stakeholders tomorrow to begin exploring how costs might be divided for seams transmission projects. ■



ERCOT's increased ancillary service deployment begins July 12. | ERCOT

MISO News

Former Wisc. Commissioner's Texts Imperil Cardinal-Hickory Creek Line

Huebsch Denies Impropriety

By Amanda Durish Cook

The embattled Cardinal-Hickory Creek transmission line's reputation took another hit last week after owners American Transmission Co. and ITC Midwest discovered inappropriate communications between a former state commissioner and the companies' employees.



Mike Huebsch at a MISO meeting in 2019 | © RTO Insider LLC

ATC and ITC said they discovered former Wisconsin Public Service Commissioner Mike Huebsch was in regular contact with "an ATC employee and a former independent contractor for ITC" and other individuals for several years while Cardinal-Hickory Creek's certificate of

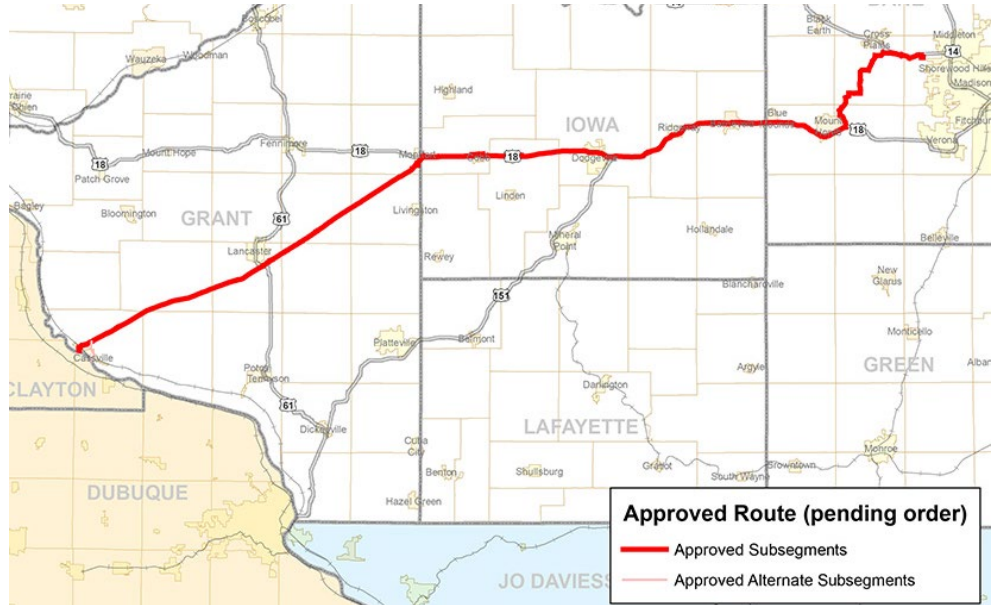
public convenience and necessity was pending before the commission.

According to the companies, Huebsch used the encrypted Signal software app to send messages, and it's "presently uncertain whether these messages can be fully recovered."

The companies filed a request June 28 to rescind and reopen the certificate proceeding for the \$492 million, 102-mile 345-kV line from Dubuque County, Iowa, to Dane County, Wisc. (5-CE-146). Third minority owner Dairyland Power Cooperative also filed its support for the request.

In a joint press release the same day, the companies said they "have a shared interest in preserving transparency, fairness and integrity of all regulatory and judicial proceedings." The two said they unearthed evidence of the encrypted messages during legal discovery for local conservation groups' ongoing court case against the line in Dane County Circuit Court. ATC and ITC said they don't know if the messages pertain to Cardinal-Hickory Creek.

"The individuals involved in this situation have maintained longstanding personal relationships with each other; however, we are aware this information raises concerns about one of the commissioners who granted approval of the Cardinal-Hickory Creek project," ATC CEO Mike Rowe said. "We understand the speculation this presents, which is also why we have made this unique request to the PSC and are sharing this information with our employees, our stakeholders and Dane County



Cardinal-Hickory Creek route | Wisconsin PSC

Circuit Court."

"The co-owners are committed to maintaining the highest ethical standards in all of our work, including proceedings before the PSC," ITC Midwest President Dusky Terry said. "We are asking the PSC to rescind and reopen the Cardinal-Hickory Creek docket because we are committed to integrity and transparency in the regulatory process."

ITC spokesperson Rod Pritchard said the company will not address "any further media questions at this time" regarding next steps for the line. ATC spokesperson Alissa Braatz said her company will send notifications only as new developments occur.

Conservation groups Wisconsin Wildlife Federation (WWF) and Driftless Area Land Conservancy (DALC) are fighting Cardinal-Hickory Creek's construction in Dane County Circuit Court, alleging that Huebsch and PSC Chair Rebecca Valcq had perceived conflicts of interest when they voted to permit the line.

The conservancy has argued that the commissioners should have recused themselves on the grounds that Valcq previously worked for WEC Energy Group, the parent company of line developer ATC, and that Huebsch, as a member of the Organization of MISO States, had communications with MISO. They also take note that Huebsch unsuccessfully applied to be CEO of Dairyland in February 2020,

five months after he voted to approve the line. Huebsch now runs a government and regulatory consulting firm.

Huebsch Responds

Huebsch told RTO Insider that he had no improper discussions regarding the transmission project.

"Like most people, I have used several different messaging apps over the years. Signal is one of them. I have described it as the '21st century coffee shop,' where friends can get together, chat, and move on," he said in a message via LinkedIn. "The messages disappear, as they would if spoken at a lunch or on a conference call, and conveniently they do not jam up the phone's storage capacity (like normal texts do).

"One of the groups of friends that I have discussions with over Signal I have known for over 25 years, some of them more than 30 years. Although some of them are connected to the utility industry, at no point have I discussed with them over Signal anything related to my work as a commissioner. That's primarily because we are all aware of the law, and we know *ex parte* communication is not allowed. And frankly, the commission's business is just not that interesting.

"We have discussed things like sports (the Packers and Bucks are very hot topics), health and family. We have bragged about our

MISO News

children and asked for advice and even prayer when things were tough, as longtime friends sometimes do. Some will try to make this appear to be more than it is for their own purposes, but as anyone who has friends knows, it's not."

The Cardinal-Hickory Creek line is the last unconstructed project of MISO's 2011 Multi-Value Project (MVP) *portfolio*. With a decade behind the portfolio's approval, MISO has already begun another long-term planning effort. The RTO last year predicted the line would be in service in 2023.

In late May, Dane County Circuit Court Judge Jacob Frost ruled that DALC and WWF could conduct discovery on whether Huebsch was biased "or had the appearance of bias" when he steered the Wisconsin PSC's decision to approve the line.

"The right to an impartial decision-maker is fundamental to due process. Violation of that right would taint the entire proceeding and require I vacate the PSC decision and remand for further proceedings conducted in accordance with due process," Frost wrote at the time when allowing discovery. A trial was initially set for September; that may be put on hold now.

DALC and WWF maintain that the line is unnecessary and "would cut a wide swath through the scenic Wisconsin Driftless Area communities, family farms and vital natural resources." Public interest attorneys from the Environmental Law and Policy Center are representing the conservation groups.

ATC and ITC have argued that about 10 GW worth of renewable projects in the Upper Midwest are dependent on Cardinal-Hickory Creek's construction and that the line is a "vital link to the future of our region's renewable

energy developments."

Where There's Smoke

Environmental Law and Policy Center attorney Howard Learner, representing DALC and WWF, said there's no doubt that a biased process took place at the Wisconsin PSC.

"ATC and ITC's revelations this week that their senior officials and representatives were engaged in secret texts reinforces that there were improper, *ex parte* communications with a commissioner, and it should invalidate the commission's decision to grant a certificate of public convenience and necessity," Learner said in a telephone interview with *RTO Insider*.

Learner said DALC and WWF already knew that Huebsch communicated extensively with ATC Manager of State Government Relations John Garvin, Dairyland Vice President of External and Member Relations Brian Rude and WEC Energy Group's Executive Vice President of External Affairs Robert "Bert" Garvin. (WEC Energy Group is the majority owner of ATC.) Learner doesn't know what the freshly discovered encrypted messages contain.

"We need to get of the bottom of the facts here and find out who was talking to whom and what they knew and when they knew it," he said.

Learner said commissioners with pending cases on projects, especially controversial ones, "know better" than to communicate privately with project developers.

"As everyone knows, this is a hugely controversial line... In addition to smoke, there's clearly some fire here," Learner said. "The fact that ATC and acted this week to rescind and withdraw the certificate of public convenience

and necessity basically speaks for itself. Why would they withdraw it unless they knew the state court would rule in our favor?" One biased commissioner taints the others."

Learner said ATC, ITC and Dairyland now have the chance to reassess the line's design and build a better project that more parties can agree on.

"We hope that this is an opportunity for state officials and ATC, ITC and Dairyland to not try to do the same flawed business-as-usual but look to better, less expensive, more environmentally friendly alternatives. ATC and ITC and other officials should seize this opportunity to do better... and reach common ground on better alternatives."

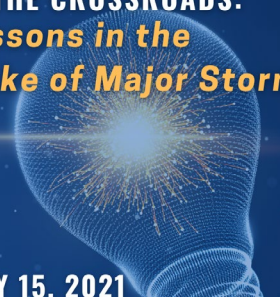
Learner also said MISO itself probably needs to "step back and reassess the situation," and pay more attention to the role that battery storage can play in easing major transmission needs.

"MISO's decision to support the line was made a decade ago. The electric system world has changed as much in the last decade as the telecommunications world did when cell phones were replacing landlines. The world has changed enormously since MISO conceived of this project more than a decade ago. There should be a fresh start with a fresh look at the facts with a fresh set of eyes," he said.

Learner said for example, ATC's resource modeling for the line only contemplates 30 MW of solar development by 2019.


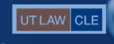
"There are thousands of megawatts of solar development in Wisconsin now," he pointed out. ■

2021 THE TEXAS ENERGY SYSTEM AT THE CROSSROADS: Lessons in the Wake of Major Storms



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MISO News

MISO, TOs: More Time Needed for ROE Refunds

By Amanda Durish Cook

MISO and its transmission owners last Wednesday requested an additional nine months to refund transmission customers after FERC changed the TOs' return on equity last year.

MISO and the TOs said they need until June 30, 2022, to crunch refund amounts. They said the existing Sept. 23 refund deadline was unattainable ([EL14-12-004](#)).

FERC last year enacted a 10.02% ROE for transmission rates effective Sept. 28, 2016, superseding the 9.88% and 10.32% ROEs approved in 2019 and 2016, respectively. Those figures were intended at different times to replace the 12.38% ROE established in 2002, which FERC deemed excessive years ago.

The ROE saga roiled for years while FERC tried to align a prescribed "zone of reasonableness" that better reflected the financial data investors use when deciding to back transmission projects.

FERC ultimately said the 10.02% ROE should be considered effective Sept. 28, 2016. In all, MISO TOs must refund customers for the November 2013-February 2015 and Sept. 28, 2016-Dec. 23, 2020 periods. (See [FERC Ups MISO TO ROE, Reverses Stance on Models](#).)



| MISO

MISO said it was requesting the extension with the "experience of many additional months of work on the resettlement process" under its belt.

"The majority of the refunds are expected to be complete before the end of 2021. MISO and its transmission owners have completed refunds for years 2013 through 2016 and currently are focused on refunds for the years 2017 and 2018, which are the years that involve the majority of the refund dollars," the RTO explained to the commission.

The grid operator said it has completed all resettlements for TOs who use a historical test

year methodology to calculate their transmission rates.

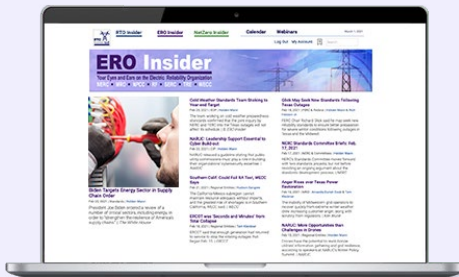
However, MISO said the remaining one-third of transmission owners use more complex forward-looking transmission rates with a true-up mechanism. It said the refund process is two-fold for TOs with forward-looking transmission rates because ROE revisions must be made through both the forward rate and the true-up.

The RTO also said it had already worked through some refunds under the 9.88% ROE before FERC declared the 10.02% figure effective last May. MISO said it then had to resettle and shave some refunds. ■

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NYISO News

NRDC Urges EE Participation in NYISO ICAP Markets

By Michael Kuser

The Natural Resources Defense Council on Wednesday urged NYISO to commit to expand its distributed energy resources participation model to facilitate energy efficiency participation in the capacity market as part of the ISO's Order 2222 compliance filing later this month.

Order 2222's definition of DER includes EE, which is "an essential resource" for achieving New York's goals laid out in the Climate Leadership and Community Protection Act (CLCPA), NRDC Senior Attorney Christopher Casey told the Installed Capacity/Market Issues Working Group.

EE provides a variety of economic and social benefits by reliably and permanently reducing demand and thereby avoiding infrastructure costs, Casey said. It lowers customer bills, lessens inequitable energy burdens, enhances the effectiveness of other DERs and creates non-energy benefits such as lower emissions, improved comfort and satisfaction in buildings, and increased property values, he said.

The CLCPA's short-term goals include 185 TBtu of customer-level energy reduction statewide by 2025, and the Public Service Commission identified EE as playing a key role in the state's clean energy transition, a role amplified by the coming electrification of heating and transportation, Casey said.

NYISO estimates that the contribution from EE and codes and standards (EE/C&S) will grow about 10 times between 2022 and 2040. Casey referred to the 2021 *Gold Book*, wherein NYISO estimates peak load reduction of 8,229 MW and 47,768 GWh from EE/C&S by 2040.

Compared with the 2022 forecast of 860 MW and 5,096 GWh, the 2040 estimate is almost 10 times more.

Operational Benefits

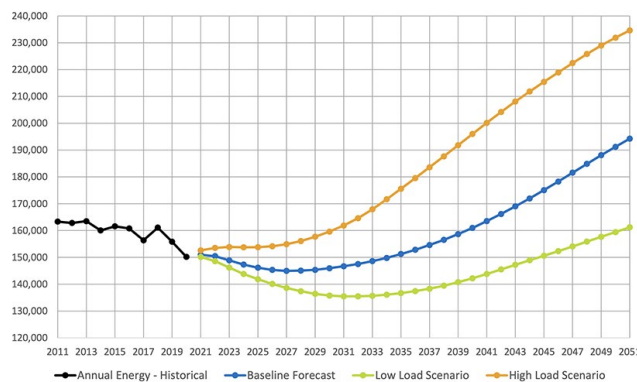
Several stakeholders disagreed that the order requires EE, which they said is not technically capable of providing capacity service.

Doug Hurley of Synapse Energy Economics presented the case for operational benefits and improved market outcomes from supply-side participation by EE, but first interjected to say that EE "is technically capable of providing capacity. I think it operates very similarly to a self-scheduled, daily cycle resource."

Other such resources on the system are eligible for the capacity market if they choose to participate in it, and EE does the same thing, Hurley said.

"There are a couple of decades worth of measurement and verification work that go into showing how much energy efficiency is actually producing during certain hours of the day that we can rely on to demonstrate that," Hurley said.

The Brattle Group recently published two new *papers* that highlight the importance of EE participation as a supply-side resource in capacity markets, and several adjacent RTOs have a track record of more than 15 years of successfully integrating EE that way.



NYISO estimates peak load reduction of 8,229 MW and 47,768 GWh from EE and codes and standards by 2040. | NYISO

NRDC recommended that NYISO promise FERC to include in a separate filing by a specific date a participation model for EE that the ISO will develop with stakeholders.

As to whether an industrial end user implementing EE might be eligible for capacity payments, Hurley said "that is a detail we have to work out. We have to make sure that whatever we decide fits in well with the entirety of the New York ISO markets and all the rest of the design aspects. I've heard it discussed in both ways in different regions."

Proper accounting of EE is important for a market mechanism to work, and "the key here is that any one megawatt of energy efficiency is only counted on one side or the other [supply or demand], but not both," Hurley said. "We would have to figure out what is the right version of this that makes sense of both the timing and the specifics of New York's markets." ■

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PJM News



Energy Consultant Nominated for Open PJM Board Seat

By Michael Yoder

The PJM Nominating Committee has selected a West Coast-based energy consultant to fill the open position on the RTO's Board of Managers.



David Mills, Eaglecap Energy Consulting | PJM

David Mills, the owner and principal consultant of Eaglecap Energy Consulting in Seattle, has been nominated to fill the seat held by Neil Smith, former CEO of generation developer InterGen. Smith announced his resignation from the board in April

because he accepted an executive position with a company that "would have presented a conflict of interest" with PJM. (See [Neil Smith Resigns from PJM Board.](#))

PJM CEO Manu Asthana announced Mills' nomination in a [letter](#) to stakeholders last month.



Manu Asthana, PJM | © RTO Insider LLC

Mills is a former senior vice president of policy and energy supply with Puget Sound Energy, where he worked for more than 18 years and also served as chief strategy officer.

In his letter, Asthana said Mills has a "demonstrated track record of strategic leadership" in the power and natural gas industries. Mills previously worked for the Bonneville Power Administration (BPA) and also served as a rescue swimmer and helicopter aircrewman aboard the USS *Enterprise* in the U.S. Navy.

"The Nominating Committee is confident that David will make significant contributions as a PJM board member," Asthana said. "David has a great background that is very commercial and very steeped in strategy as well."

Stakeholders will vote on Mills' nomination during a special Members Committee meeting July 14.

The Nominating Committee, composed of five sector representatives and three board members, has been especially busy this year.

In April, the committee nominated Paula Conboy, former chair of the Australian Energy Regulator, and Jeanine Johnson, vice president of product security at Netgear, to replace board Chair Ake Almgren and board member John Foster. Stakeholders elected the new members at the Meeting of Members in May. (See [PJM Stakeholders Elect New Board Members.](#))

After Smith announced his resignation in April, the committee resumed its search, assisted by the executive and board search firm Korn Ferry International, to identify a candidate to fill the vacancy.

Asthana acknowledged the committee's work in the search process, saying it performed well after being called upon to nominate three different board members in less than a year.

"They have put in countless hours," Asthana said. "They have been incredibly thoughtful and conscientious, and I have been really impressed watching them work." ■

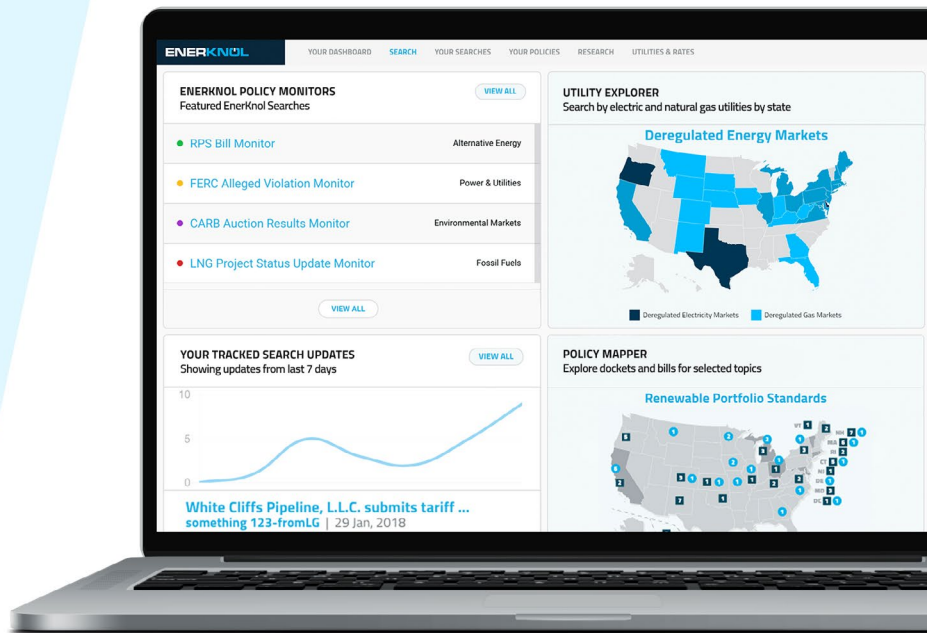
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PJM News



Stakeholders Back PJM MOPR-Ex Replacement

8 Other Proposals Fail

Continued from page 1

(2.98/5). Most of the others received less than 20% support.

Dave Anders, PJM’s director of stakeholder affairs, emphasized, however, that the votes were advisory and that the board was not bound by them in proposing tariff changes to FERC under Section 205 of the Federal Power Act. “It does not require a positive, weighted vote,” he said.

“We expect the board will consider all of this in their decision-making,” he said after the vote.

The vote was conducted at a public MC meeting following a closed session with board members in which stakeholders debated the proposals. Proponents were permitted up to three minutes to lobby for their plan in the public session, and several of them used their time to rebut criticism they had heard at the

earlier session.

The vote was conducted under the RTO’s critical issue fast path (CIFP) accelerated stakeholder process mechanism, *initiated* by the board in April. It was the latest development in an 18-month saga that has whipsawed PJM and caused the cancellation of the 2020 Base Residual Auction (BRA).

PJM adopted the extended MOPR in response to FERC’s 2-1 ruling in December 2019 saying MOPR should apply to all new state-subsidized resources to combat price suppression in the capacity market (EL16-49, EL18-178). Then-Chair Neil Chatterjee and fellow Republican Bernard McNamee formed the majority, with Democrat Richard Glick angrily dissenting, calling it an attack on state decarbonization efforts.

Glick asked PJM to undo the rule after he was named chairman by President Biden in

January. (See *PJM MOPR in the Crosshairs at FERC Tech Conference*.)

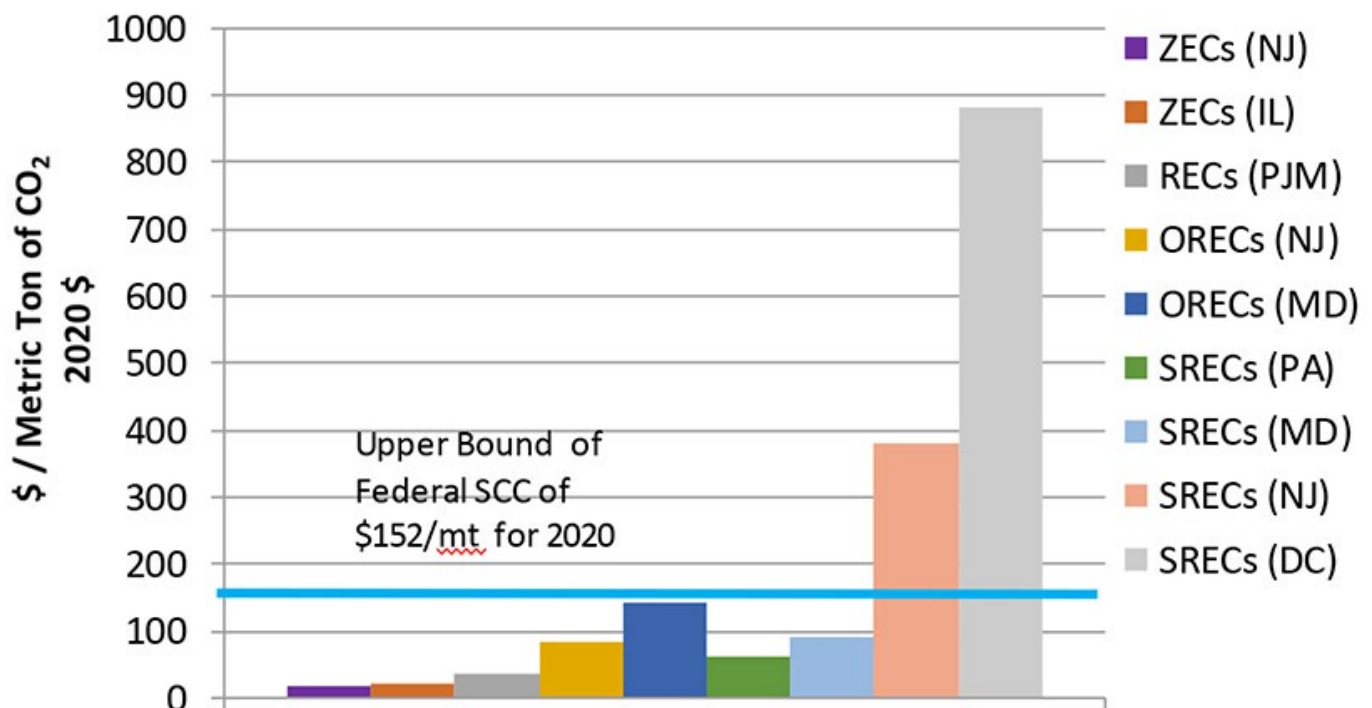
Before Wednesday’s vote, board Chair Mark Takahashi thanked stakeholders for their efforts. While noting that members disagreed in their approaches and legal opinions, he said “everything was extremely professional and very helpful to the board.”

‘Maximize Transparency and Market Confidence’

PJM said its approach “will maximize transparency and market confidence while ensuring PJM and the Independent Market Monitor are able to mitigate the exercise of BSMP [buyer-side market power] when it is identified, while also better accommodating state public policies and self-supply business models.”

“Exercises of BSMP require both the ability and incentive to do so. It is the exercise of

Implied Cost of Carbon Abatement in PJM



PSEG’s proposal would exempt from the MOPR all zero-carbon support programs created by states. PSEG says most zero-carbon programs within the PJM footprint have implied costs of carbon below the federal social cost of carbon and that the two programs with costs above that level — the New Jersey and D.C. solar REC programs — are too small to have a material impact on capacity market prices. | PSEG

PJM News



BSMP that shall be prohibited,” PJM said in a presentation.

Market participants will be asked to sign attestations declaring that they are not exercising market power or receiving state funds tied to clearing in the auction.

The RTO said it and the Monitor will conduct “fact-specific, case-by-case reviews” if it suspects market power. “Upon that review, should PJM or the IMM have concern that the market seller provided a misrepresentation or otherwise acted fraudulently, PJM or the IMM may make a referral to FERC for investigation,” it said.

With the new rules in place, PJM would eliminate both the expanded MOPR and the prior MOPR, which was limited to new natural gas resources. The board has pledged to have new rules in place for the December BRA for delivery year 2023/24, with a FERC filing expected by the end of this month.

Different Approaches

The second-most popular proposal, from AMP, would have determined whether a load-serving entity can exercise market power by determining its ability to influence capacity prices based on its size relative to the rest of its constrained locational deliverability area.

“PJM should not be put in a position of having to determine appropriate versus inappropriate intent,” AMP said.

The Delaware Division of the Public Advocate said it combined parts of PJM’s plan and one from Exelon. It would provide an exemption for “emerging technologies,” citing the Bloom Energy fuel cell in Delaware and offshore wind.

The Monitor’s proposal also would exempt emerging technologies such as offshore wind and carbon capture and sequestration that would not otherwise be competitive. “It is not undue discrimination to distinguish between subsidies for uneconomic, emerging technologies and subsidies for mature technologies,” it said.

The IMM also would have PJM exempt self-supply entities whose net long position did not exceed 15%. All resource types would be subject to review. “Intent is not relevant. Profitability is not relevant,” says the proposal says, rejected by stakeholders 20-81.

Monitor Joe Bowring said it would keep the MOPR in place with “*de minimis*” impact on auction results. “Contrary to the assertions of some this morning, our proposal is not anti-ZEC,” he said, referring to state zero-emission credits for nuclear plants.

Kicking the Can

Calpine won only 10 votes for its “Sunrise” proposal, which would suspend the MOPR rules through the BRAs in December and June 2022 (delivery year 2024/25) to allow stakeholders to conduct a broader review of capacity market rules.

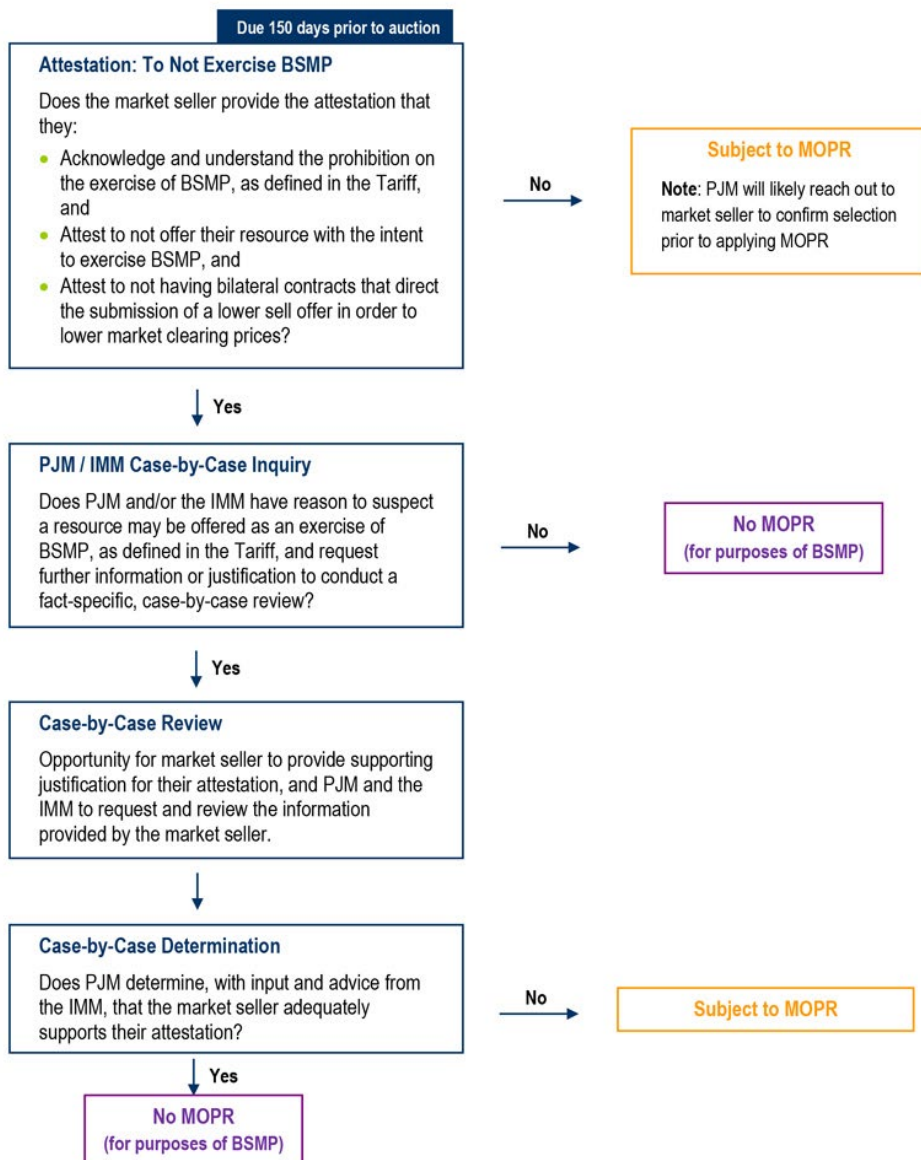
“Calpine is against just changes in the MOPR,” David “Scarp” Scarpignato said in remarks before the vote. “We think PJM has to take a more holistic approach.”

Among other changes, Calpine wants to increase Capacity Performance penalties and require dispatchable resources to have 16 hours of guaranteed run time for three days through on-site fuel, backup fuel or contracted LNG.

If no agreement could be reached, the existing MOPR rules would become active again – the “sunrise” – for delivery year 2025/26.

Exelon (NASDAQ:EXC) said Calpine’s proposal would “kick the can down the road; holding MOPR reform hostage to other capacity modifications that will be controversial and are likely to be delayed.”

Instead, Exelon proposed use of an “objective” buyer-side market power test that was effective through 2018. It would use two “bright



PJM's proposed procedure for determining whether a market participant is exercising buyer-side market power | PJM

PJM News



line” screens: one to address state policies targeted at modifying auction prices, and one to address buyer-side market power.

“Mitigation should only be applied to capacity market offers of new gas-fired units. New gas units are widely acknowledged to be the least expensive incremental capacity resource and therefore the most effective means of successfully exercising buyer-side market power,” Exelon said in its presentation. “Simply put, it makes little economic sense for a buyer to invest in any resource other than a new gas-fired unit if it were attempting to exercise buyer market power.”

Exelon said its proposal is targeted at the Supreme Court’s holding in *Hughes v. Talen Energy Marketing*, which outlawed state policies “tethered” to PJM’s federally regulated market.

“State policies that provide value for clean energy attributes that are not conditioned upon clearing in the PJM capacity market are legitimate exercises of state authority; not exercises of market power,” Exelon said. “PJM has every reason to accommodate and respect the state policy. Both the Supreme Court and lower federal courts have acknowledged that nearly every state policy can ‘affect’ PJM capacity market outcomes, without such policies constituting an impermissible intrusion into” federal jurisdiction.

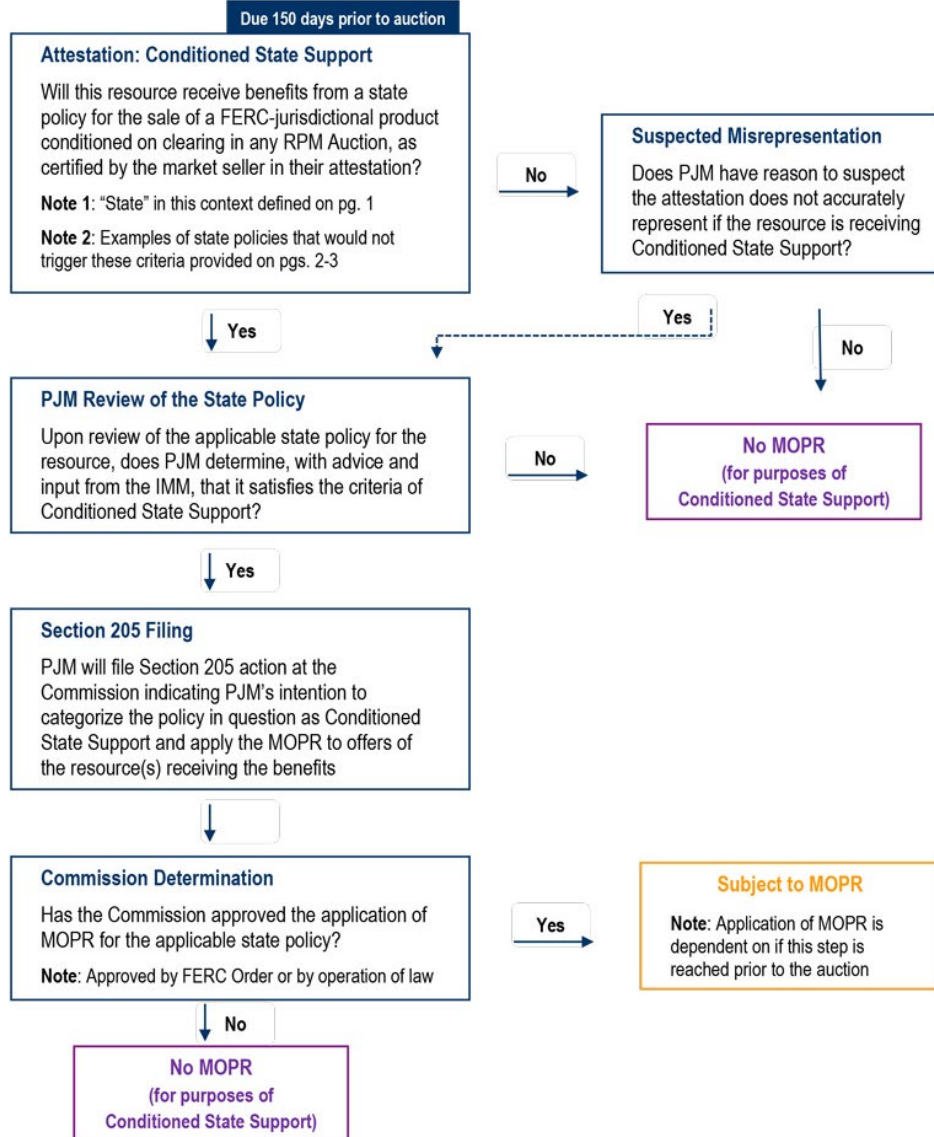
Exelon said the current MOPR rules, which cover ZEC payments, resulted in the transfer of more than \$35 million in capacity market revenue from its Illinois nuclear plants to emitting fossil resources in the 2022/23 auction in May. Exelon’s proposal failed 27-66.

Another nuclear operator, Public Service Enterprise Group (NYSE:PEG), also attempted to protect its New Jersey units receiving ZECs with what it called the “Carbon Adjusted Minimum Offer Price Rule.”

It said FERC’s December 2019 ruling on a complaint by Calpine and others “did not take account of the price-distorting impacts of a lack of a price for carbon in the PJM markets.”

PSEG’s proposal would exempt all zero-carbon support programs created by states from the MOPR. PSEG says most zero-carbon programs within the PJM footprint have implied costs of carbon below the federal social cost of carbon and that the two programs with costs above that level — the New Jersey and D.C. solar renewable energy credit programs — are too small to have a material impact on capacity market prices.

It said it would improve the economic efficiency of the market, remove obstacles to



PJM’s proposed procedure for determining whether a resource is receiving state subsidies conditioned on clearing the capacity auction | PJM

states’ carbon-reduction efforts and “establish PJM’s leadership as a change agent in moving towards the establishment of a carbon-free energy economy.”

“Programs designed by states to promote other policies — for example, a state program to help keep coal plants in operation — would not pass this test” and would be subject to the MOPR, PSEG said. Its proposal failed 11-87.

E-Cubed Policy Associates, representing Elwood Energy, proposed testing all new-entry resources and certain existing resources receiving out-of-market revenues through non-bypassable charges. It said it would avoid “the messy and likely costly legal battles of what state policies should or should not be

subject to MOPR.” It failed 16-73.

The least popular proposal was LS Power’s “repricing” plan, in which PJM would clear the auction with the MOPR to establish the total cost to load. Then it would have a second run including resources subject to the rule that did not clear and divide the total cost to load by the total megawatts. Resources could withdraw from consideration if prices were lower than it needed as expressed in its bid.

LS Power’s Tom Hoatson used his time to dispute “this notion that all we’re interested in is high capacity prices.

“What we’re interested in is a competitive outcome,” he said. The proposal failed 7-82. ■

PJM News



BOEM Beginning Environmental Review on Va. OSW Project

By Rich Heidom Jr.

Interior Secretary Deb Haaland announced Thursday that her department's Bureau of Ocean Energy Management (BOEM) will begin its environmental review of Dominion Energy's (NYSE:D) Coastal Virginia Offshore Wind project.

BOEM's *Notice of Intent*, published in the *Federal Register* on Friday, begins a 30-day public comment period. The agency will hold virtual public scoping *meetings* for the environmental impact statement (EIS) on July 12 at 5 p.m., July 14 at 1 p.m. and July 20 at 5 p.m.

Haaland announced BOEM's review of Dominion's *construction and operations plan* (COP), the first major milestone in the federal permitting of the 2.6-GW project, during a tour of the Port of Virginia with U.S. Sen. Tim Kaine (D-Va.) and Virginia Gov. Ralph Northam.

The project, with up to 205 turbines, will be located 27 miles from Virginia Beach.

It will require up to 300 miles of "inter-array" cables between turbines and up to nine submarine HVAC offshore export cables. The COP envisions up to three offshore substations and two cable landing locations at the State Military Reservation or Croatan Beach in Virginia Beach, or both.



U.S. Interior Secretary Deb Haaland speaks during a tour of the Port of Virginia with U.S. Senator Tim Kaine (D-Va.), left, and Gov. Ralph Northam. | Virginia Department of Mines, Minerals and Energy

It will connect to the PJM grid at Dominion's existing Fentress Substation.

BOEM's EIS will evaluate positive and negative impacts to air quality, water quality, bats, fish habitat, wetlands and commercial and recreational fishing. "Based on a preliminary evaluation ... BOEM expects potential impacts to sea turtles and marine mammals from underwater noise caused by construction and from collisions with project-related vessel traffic," it said.

BOEM expects to make the final EIS public in May 2023, with a record of decision issued at least 30 days later. Based on the EIS and consultations with stakeholders, BOEM will

decide whether to approve, approve with modification, or reject the COP.

Last month, BOEM *announced* the North Atlantic Division of the United States Army Corps of Engineers (USACE) will assist it in planning and reviewing renewable energy projects on the Outer Continental Shelf (OCS), starting with the Dominion project and Avangrid's (NYSE:AVR) Kitty Hawk project off North Carolina.

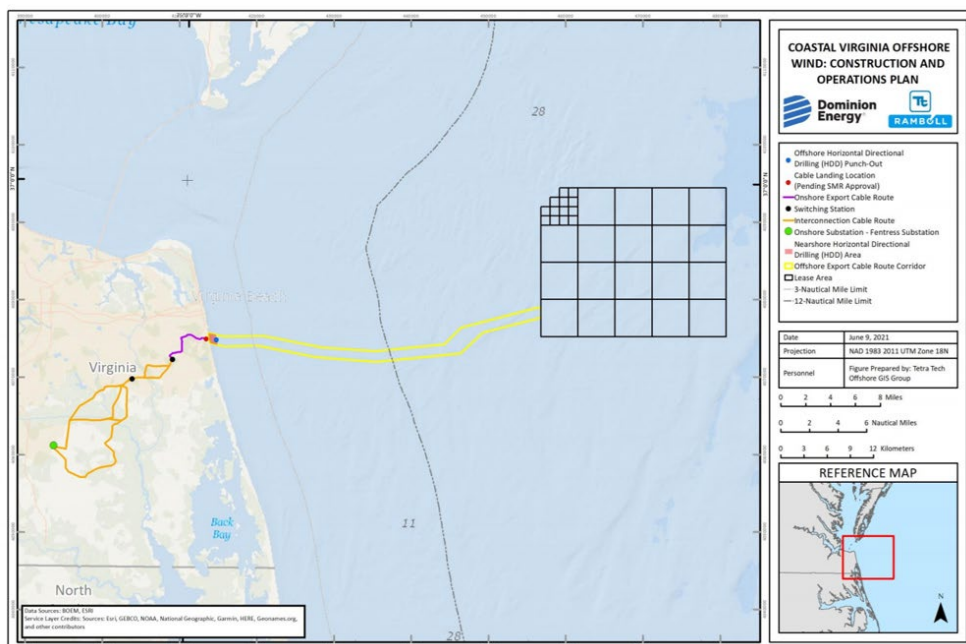
The partnership resulted from President Biden's *Executive Order 14008*, which directed interagency consultation between the departments of the Interior and Defense to increase renewable energy production on public lands and offshore waters.

Last year, Northam and the Virginia General Assembly set a *target* of 5.2 GW of offshore wind by 2034.

The state's Department of Mines, Minerals and Energy (DMME) has created a Division of Offshore Wind to work with stakeholders and coordinate economic development opportunities.

The Port of Virginia, located 30 nautical miles from the Dominion project, is being upgraded to accommodate the heavy loads involved in the construction of offshore wind projects.

A *report* conducted for DMME found the Port's Portsmouth and Newport News marine terminals are best prepared for roles in the OSW buildout. "They each have sufficient space to accommodate multiple, co-located offshore wind activities, making them candidates for a future offshore wind manufacturing and deployment hub. The necessary upgrades to meet offshore wind requirements would cost up to \$10 million at each port," it said. ■



Map of the construction and operations plan for Dominion Energy's Coastal Virginia Offshore Wind project | Dominion Energy

MACRUC 26th Annual Education Conference

Interregional Transmission on the Agenda at MACRUC

By Michael Yoder

Relationships between state and federal entities on large-scale infrastructure projects featured prominently at the second day of the Mid-Atlantic Conference of Regulatory Utilities Commissioners' (MACRUC) 26th annual Education Conference at the Nemaocolin in Woodlands Resort in western Pennsylvania on June 29.

The annual conference was one of the first in the energy sector to return to in-person attendance after lockdowns and other preventative health measures stemming from the COVID-19 pandemic forced the cancellation of events around the country. (See [In-person MACRUC Conference Scheduled for June.](#))

Attendees filled the Marquis Ballroom of the Nemaocolin as others participated virtually in the hybrid event, of which this year's theme was "policy, process and people."

Moderators Beth Trombold, of the Public Utilities Commission of Ohio, and Talina Mathews, of the Kentucky Public Service Commission, led the first panel discussion of the morning on the impacts of the Biden administration's new direction in energy policy on regulators and utilities. They asked panelists whether it would be more effective for the federal government or state governments working together to lead the development of infrastructure projects.



Kevin Gunn of Paladin Energy Strategies | © RTO Insider LLC

Kevin Gunn, an energy attorney with Paladin Energy Strategies and former chairman of the Missouri Public Service Commission, said a "master class in federalism" is about to play out as conflicts arise over federally funded infrastructure projects and how individual

state processes handle money coming in to develop projects.

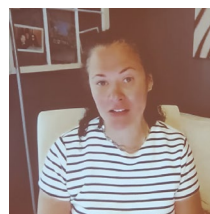
Gunn said it will probably take the intervention of the federal government to develop multistate transmission projects because of the logistics involved. Each state has its own siting processes, Gunn said, but the federal level can help streamline the process.

"For this to really work, you need transparency, communication and working together," Gunn said. "It absolutely has to be a partnership."



Panelists at the MACRUC 26th annual Education Conference speak about developments in the energy industry and the Biden administration's carbon goals. | © RTO Insider LLC

Kelly Speakes-Backman, the acting assistant secretary for the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy (EERE), said not only will it take federal and state governments working together on infrastructure planning, it will also involve other stakeholders providing "unprecedented coordination" to make projects happen.



Kelly Speakes-Backman, DOE | © RTO Insider LLC

She said EERE has taken on state and local coordination as one of its core principles as projects are developed. The administration is also looking at what legislative or policy changes need to be made to make sure infrastructure and transmission projects happen. "We're not looking to just put technologies out there in the field or improve transmission without first understanding what communities need and what their priorities are," she said.

Phil Moeller, executive vice president of the Edison Electric Institute, said FERC's recent announcement that it's creating a task force

to work with the National Association of Regulatory Utility Commissioners (NARUC) on transmission policy was a "good sign" for electric transmission projects. (See [FERC Sets Federal-State Taskforce to Spur New Tx.](#))

Moeller also highlighted the work started a decade ago in MISO of the Multi-Value Project (MVP) portfolio as an example of how transmission can be examined today. (See [MISO Stakeholders: New Blueprint Needed for Tx Planning.](#)) He called the portfolio an "extraordinary effort" as one of the few large-scale transmission project buildouts completed in the U.S. in the last 20 years.

The projects had to be sold by investor-owned utilities and cooperatives to multiple states, Moeller said, and relationships had to be built for success. He said the model will now have to be duplicated across the country as more transmission is needed.

"We can't kid ourselves; this is going to take a lot of work," Moeller said. "It's got to be done, but it's going to take time and effort from a lot of the people in the NARUC community, federal agencies, private energy companies and co-ops to get these massive transmission projects done." ■

MACRUC 26th Annual Education Conference

PJM, States Discuss Challenges of Tx Planning at MACRUC

By Michael Yoder



Ken Seiler, PJM | © RTO Insider LLC

PJM and other RTOs are seeing a “very dynamic” transmission system as older generation is retiring and a whole new class of generation comes online, Ken Seiler, PJM’s vice president of transmission planning,

said at last week’s Mid-Atlantic Conference of Regulatory Utilities Commissioners’ (MACRUC) 26th annual Education Conference at the Nemacolin Woodlands Resort in Pennsylvania.

The impacts of generation retirements and additions on transmission were part of the

discussion of the panel, “The Challenges of Interstate and Interregional Transmission: A Balancing Act.” The panel featured discussion on how PJM oversees interregional coordination among states with different decarbonization standards, the repercussions of canceling large transmission projects and how the RTO’s Regional Transmission Expansion Plan (RTEP) addresses state public policy objectives.

Seiler said the dynamic nature of the grid today is creating uncertainty for future planning, putting pressure on PJM and its engineers to envision how different transmission will look like even a year from now.

“We’re in the middle of a major transformation within our system, and the transformation’s going to be bumpy,” Seiler said. “It’s going to be uncomfortable for all of us, but it’s going to take a village in order to pull this all together to

make this go smoothly.”

Decarbonization and the Grid



Kim Drexler, Delaware PSC | © RTO Insider LLC

Delaware Public Service Commissioner Kim Drexler, who moderated the panel, asked Seiler what key steps PJM is taking to prepare planning for decarbonization and a decentralized grid.

Seiler said PJM is conducting renewable integration studies that are imagining what the grid may look like up to 15 years from today. Seiler said the studies look at what the grid needs to maintain reliability, what the system will resemble with increased renewable energy



From left: Delaware Public Service Commissioner Kim Drexler; Ken Seiler, PJM; Jeff Dennis, AEE; and Maryland Public Service Commissioner Anthony O’Donnell | © RTO Insider LLC

MACRUC 26th Annual Education Conference

and the impacts of state renewable energy portfolio standards. (See *PJM Annual Meeting Focuses on Balancing Decarbonization, Reliability.*)

PJM is actively developing transmission plans to accommodate distributed energy resource and offshore wind goals, Seiler said, working through the DER and Inverter-Based Resources Subcommittee on the implementation of FERC Order 2222 and the state agreement approach with New Jersey for the interconnection of offshore wind. (See *PJM Dusts off 'State Agreement' Tx Approach.*)

Seiler said PJM will present its study findings by the end of the year.

Interconnection Queue

Drexler also asked Seiler about the challenges PJM is seeing in the growing interconnection queue for proposed generation projects.

PJM is seeing quadruple the volume of projects within the interconnection queue from just three years ago, Seiler said, and currently there are 200,000 MW of proposed generation in the queue for a grid system that currently handles 200,000 MW of generation. Seiler said the current system was only designed to handle 200,000 MW of generation.

"You're not going to pepper in another 200,000 MW of generation on top of that and expect the transmission to be reliable," Seiler said.

PJM is conducting interconnection reform at the stakeholder level to simplify the interconnection process, Seiler said, creating processes to allow for more flexibility for developers to change the size of units and the machinery used and to suspend projects for up to three years if issues arise. (See *PJM Panel OKs Extension of Queue Deadline.*)

Seiler said the current interconnection process has served PJM well for the last 20 years, but it was designed more for large combined cycle gas units that were being built in the early 2000s and not renewable energy resources.

PJM must simplify the interconnection process, Seiler said, to account for the renewable solar and wind units in the growing queue.

Maryland Public Service Commissioner Anthony O'Donnell said state commissions are getting unfairly blamed for being a "bottleneck"



Anthony O'Donnell, Maryland PSC | © RTO Insider LLC

in the interconnection queue with renewable projects. O'Donnell said there are often good reasons a project takes longer to be studied by PJM, including significant changes that can create reliability issues.

State commissions will then take criticism from interested stakeholders that don't realize a project has yet to come to them for approval.

"Oftentimes the fingers are pointed at the commissions, especially by the environmental community, the advocates and developers, and it's really not in our wheelhouse yet," O'Donnell said.

Canceled Tx Projects

O'Donnell was asked about the impacts on states when large-scale transmission projects are canceled. Drexler highlighted the Mid-Atlantic Power Pathway that PJM's Board of Managers canceled in 2012 and the recent decision by the Pennsylvania Public Utility Commission to reject the controversial Independence Energy Connection transmission project between the commonwealth and Maryland. (See *Settlement on Abandoned East Coast Tx Line Wins FERC OK* and *Transource Challenges Pa. PUC Decision in Court.*)

O'Donnell said the public doesn't realize that when a project is approved at PJM through the RTEP process and then goes through an extensive hearing process at the state level, a great deal of money is spent on planning. He said those costs are ultimately passed on to consumers whether a project is approved or not or if work has started.

"These projects accrue costs, and these costs will be paid by our ratepayers," O'Donnell said.

Seiler was asked how PJM "shifts gears" when a large transmission project is denied by a state or federal agency. Seiler said permit denials cause a great deal of work for PJM engineers who have to go back and re-examine all projects that were accounted for in the interconnection queue and do a "retool" of the removed projects.

"We have to restudy things to determine what is really necessary to come up with the most cost-effective and cost-efficient solution in order to maintain reliability of the grid," Seiler said.

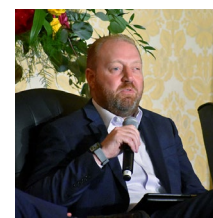
Cost Allocation Reforms

With large multistate transmission projects, O'Donnell said, cost allocation has become a controversial subject among state commissions. He said those controversies became evident in the region when the cost allocations

of the Artificial Island project were being debated. (See *Artificial Island Cost Dispute is Over – Almost.*)

Seiler said PJM is taking an active role in revamping its policies on cost allocation as the need for more transmission grows clearer. He said if a customer causes a reliability issue, they're charged to reinforce substations or lines.

"Cost allocation today is one of the leading obstacles to getting generation interconnected with our system," Seiler said.



Jeff Dennis, AEE | © RTO Insider LLC

Advanced Energy Economy Managing Director Jeff Dennis, who previously served as director of policy development at FERC, said the states would "do well" to engage in conversations with the commission on cost

allocation reforms. The current cost allocation policy was developed by FERC 20 years ago and dealt more with combined cycle generation, Dennis said, and the policy is going to need to change for future projects to multiply and be successful.

"It's going to be so critical in terms of how your policies and the policies that are handed to you by your legislatures are achieved cost effectively," Dennis said.

Rights-of-way Optimization

One of the most important concepts on the horizon of transmission planning is being in a situation with "limited rights of way," Seiler said, by finding methods to optimize the existing transmission footprints and systems.

Seiler said more technologies are being developed to enhance existing transmission rights of way, pointing to smart valves and smart wires that can "choke off" a piece of line and increase electricity flows onto other lines.

PJM and the states need to look closer at advanced technologies to achieve decarbonization goals and grid modernization, Seiler said, but they also need help from FERC to develop incentives for new technologies.

"We have to start adopting some of these newer technologies that help us squeeze more megawatts through the existing transmission grid that we have today," Seiler said. ■

MACRUC 26th Annual Education Conference

Overheard at MACRUC 2021: Pandemic Hardships

For the first time in more than a year, regulators from PJM and NYISO joined in person for the Mid-Atlantic Conference of Regulatory Utilities Commissioners' (MACRUC) annual Education Conference at the Nemaconlin Woodlands Resort in western Pennsylvania.

This year's conference, "Policy, Process and People," highlighted the challenges of planning for new infrastructure while simultaneously dealing with the worldwide impacts of the COVID-19 pandemic.



D.C. PSC Chair Willie Phillips | © RTO Insider LLC

Willie Phillips, chairman of the D.C. Public Service Commission and outgoing MACRUC president, said the last 18 months were difficult. The pandemic "disrupted the lives of everyone we know," but organizations like MACRUC have done

the work necessary to take care of its consumers and also keep essential services running, he said.

Phillips said he also wanted to use the conference as an example of how important it is to come together and have face-to-face conversations.

"Even though the past year has been a tremendous loss for a lot of people, it's also a story of resilience because we know what we can do when we're tested and we all come together to help each other."

MACRUC and FERC

The first panel of the conference, "MACRUC & FERC 2021: Policies in Perfect Harmony," featured a conversation between Virginia State Corporation Commissioner Jehmal Hudson and FERC Chair Richard Glick on several topics, including implementation of Order 2222, resource adequacy and PJM's minimum offer price rule (MOPR).



Jehmal Hudson, Va. SCC | © RTO Insider LLC

Conference participants chose the MOPR as the first topic. Stakeholders would later vote on the MOPR, shortly after the end of the conference on Wednesday, supporting PJM's proposed replacement and sending the ulti-



From left: D.C. PSC Chair Willie Phillips; NARUC President Paul Kjellander; Rising Culture Group CEO Christine Springer; Phil Moeller, EEL; and National Association of Water Companies CEO Robert Powelson. | © RTO Insider LLC

mate decision to the RTO's Board of Managers. (See related story, [Stakeholders Back PJM MOPR-Ex Replacement](#).)

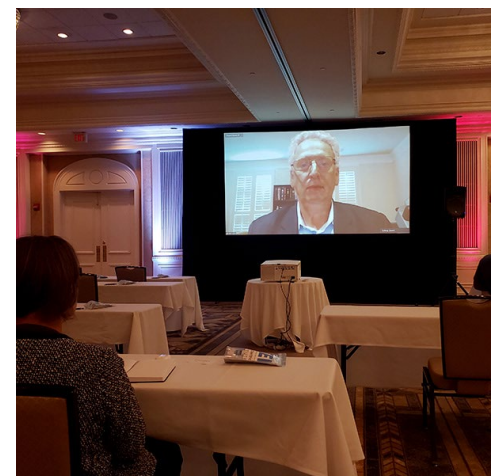
Glick said it would be best for PJM to come up with a substitution for the MOPR on its own "organically through the stakeholder process."

"It's important that we do get something done before the next auction in December, and from that perspective the commission should be prepared to act if PJM fails to pursue modifications to the MOPR," Glick said.

Stakeholders and officials who originally supported the idea of a MOPR tended to do so because of concerns about "price suppression" or that capacity prices weren't high enough, Glick said, but he indicated that the reality has shown there doesn't need to be a MOPR to address a market power problem. He said the MOPR was "aimed solely at raising prices," and that is his greatest concern.

Glick said the MOPR has ended up inhibiting the ability of states to design what resources their generators should utilize. "We need to go back to a more rational approach."

Hudson said some stakeholders believe that existing capacity markets are not well suited for meeting the adequacy and reliability needs of a decarbonized grid. He asked Glick what the role of capacity markets is in resource adequacy and if they're still necessary.



FERC Chair Richard Glick speaks virtually at the MACRUC 26th annual Education Conference. | © RTO Insider LLC

MACRUC 26th Annual Education Conference

Glick said FERC has had a tradition of deferring to the different regions about how they want to approach resource adequacy. He said the commission needs to continue to defer to regions “as much as possible” on the issue because there’s “not a one-size-fits-all approach.”

But Glick said the “jury is still out” if capacity markets are the correct approach for resource adequacy.

“I’ve got some concerns about capacity markets, and others do as well,” Glick said. “Others see capacity markets as a very necessary part of the whole resource adequacy regime. ... We need to take a look at whether markets do what they’re supposed to be doing and whether they do it in a just and reasonable manner.”

COVID-19 Impacts

Phillips led a panel discussion on the impacts of COVID-19 on state commissions and utilities in the MACRUC region, focusing on how stakeholders dealt with emergency preparedness and the consequences of state-issued moratoriums on utility shutoffs.



Phil Moeller, EEI | © RTO Insider LLC

Phil Moeller, executive vice president of regulatory affairs for the Edison Electric Institute, said it’s been “quite a 16 months” dealing with the pandemic. Moeller said many industry insiders had a “second full-time job” trying to coordinate for COVID-19.

Moeller said the full impact of COVID-19 emerged early for EEI, as its board meeting that occurred a week before the shutdowns featured Rebecca Katz, director of the Center for Global Health Science and Security at Georgetown University Medical Center, who talked about the serious nature of the pandemic. Moeller called it a “sobering meeting” because the information was coming from one of the leading experts on infectious diseases.

EEI immediately started working with its member companies, Moeller said, setting up a single point of contact for COVID response. It eventually put out information in the form of a “playbook” that has morphed into a 100-page document in 11 different revisions that will be used for future disasters.

Besides the pandemic, Moeller said, the utility industry also had to deal with wildfires in the West, serious hurricanes in the Gulf of Mexico and the East, and the derecho in the Midwest last summer.

“It’s been a very challenging time, but the industry came together,” Moeller said.

Robert Powelson, CEO of the National Association of Water Companies and former FERC commissioner, said the development of protection protocols for customers who couldn’t pay utility bills during the pandemic was a serious challenge. Powelson said the industry recognized early in the pandemic that customers needed assistance and began supporting moratorium efforts around the country.

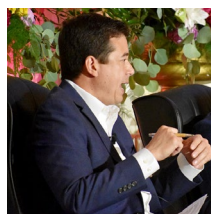


Robert Powelson, NAWC | © RTO Insider LLC

Powelson said programs like Low Income Home Energy Assistance Program have served as an important stopgap effort in paying utility bills, but he said similar initiatives are “layaway programs” that haven’t solved the problem of growing debt among customers. He said the industry doesn’t want to see the “socialization of those costs” through defaults by utility customers.

“The longer these moratoriums go on, we’re all going to face judgment day,” Powelson said.

State and Federal Relationships



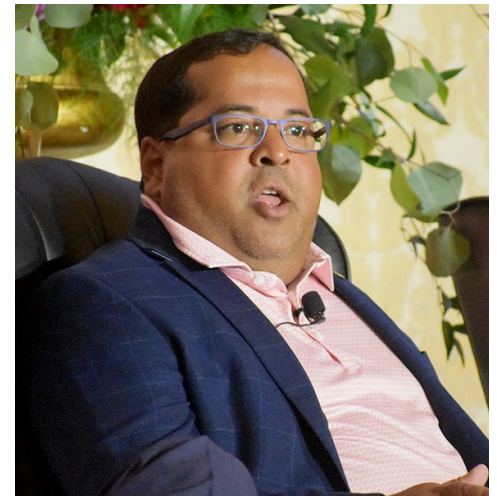
Maryland PSC Chair Jason Stanek | © RTO Insider LLC

The final panel of the conference included a discussion between Maryland Public Service Commission Chair Jason Stanek and FERC Commissioner Neil Chatterjee.

Chatterjee said logistical problems that came before the commission in the last year created a “perfect storm” that caused tension and concern between it and the states. Chatterjee said that after Powelson departed in June 2018, prior to the confirmation of Commissioner Mark Christie in November, there were no state regulators on the commission to give the granular perspective at the federal level.

“It’s important to have a state voice there,” Chatterjee said.

Chatterjee said he was “heartened” by the amount of collaboration between FERC staff and state officials during the pandemic and that officials came together quickly and “put the full weight of the regulatory community” behind the challenges. He said he is hopeful for



FERC Commissioner Neil Chatterjee | © RTO Insider LLC

more face-to-face interaction.

He pointed to the new task force that includes all five FERC commissioners and 10 state regulators appointed by the National Association of Regulatory Utility Commissioners aimed at increased transmission development. (See [FERC Sets Federal-State Taskforce to Spur New Tx.](#))

Chatterjee said transmission is going to be “the central issue” before the commission in the coming years, and if the task force proves to be successful, it could be extended to other issues.

“In the absence of federal legislative action to address decarbonization, more and more of these decisions are falling to the states, and that is leading to these inherent tensions between states and federal agencies like FERC,” Chatterjee said. “And if Congress does not act in this regard in the coming years, there are still going to be obstacles and challenges that arise. And hopefully these increased levels of communication will help both FERC and our state colleagues and advocates.”

Chatterjee said he is regularly asked how to have serious and critical examinations of energy policies going forward with all the challenges and conflicts in the energy transition. He said his solution is to “make energy policy boring again.”

“When energy policy is boring and you allow the engineers and the economists to sort it out, you can get constructive outcomes,” Chatterjee said. “The more it’s boring and the less it’s politically salacious, then I think that durability can occur.” ■

— Michael Yoder

Company Briefs

GM Expands China Design Studio to Focus on EVs, Smart Cars



General Motors last week said it has expanded its design studio in China to focus solely on developing electric and connected cars.

GM said it nearly doubled the studio to 5,000 square meters and is hiring to expand the design team.

The decision comes as the automaker prepares to cut gasoline and diesel vehicles from its fleet by 2035. GM aims to exceed annual sales of 1 million EVs in the U.S. and China by 2025.

More: [Reuters](#)

Tesla Notches 122% Gain in Quarterly Vehicle Deliveries



TESLA

Tesla last week said deliveries of its battery-powered cars and crossovers jumped 122% to a new quarterly record during the second quarter.

The company reported deliveries of 201,250 vehicles worldwide in the quarter, up from 90,650 a year ago. While the total was short of an expected 207,000 deliveries, it topped the 184,877 deliveries Tesla reported in the first quarter — its previous quarterly record.

Production in the quarter was 206,421, up from 82,272 in 2020.

More: [Forbes](#)

Video: Exxon Lobbyist Describes Efforts to Undercut Climate Action

ExxonMobil

In a secretly recorded video call, part

of a sting operation carried out by environmental group Greenpeace UK, Exxon Mobil Senior Director of Federal Relations Keith McCoy described how the company targeted several influential U.S. senators to weaken climate action in President Biden's infrastructure plan.

McCoy also said Exxon's support for a carbon tax was "a great talking point" for the

company but that he believed the tax will never happen. He also said Exxon has, in the past, aggressively fought climate science through "shadow groups."

Exxon Chief Executive Darren Woods responded to the video, saying the comments "in no way represent the company's position on a variety of issues, including climate policy, and our firm commitment that carbon pricing is important to addressing climate change" and that McCoy and another lobbyist interviewed "were never involved in developing the company's policy positions on the issues discussed."

Since the release of the video, Rep. Ro Khanna (D-Calif.) demanded that executives of Exxon Mobil, Shell, Chevron and other major oil and gas companies testify before Congress about the industry's decades-long effort to wage disinformation campaigns around climate change. He also said he was prepared to use subpoena power to compel the companies to appear before lawmakers if they don't do so voluntarily.

More: [The New York Times](#), [The New York Times](#)

Federal Briefs

American Nuclear Society Urges Biden to Fill NRC Seats



ANS

The American Nuclear Society last week sent President

Joe Biden a letter requesting he restore the Nuclear Regulatory Commission to five commissioners by naming and expediting nominees.

In the letter, ANS President Steven Nesbit and CEO/Executive Director Craig Piercy said that a full complement of five commissioners is essential to the NRC in protecting public health and safety while enabling the deployment and applications of nuclear technology.

Commissioner Annie Caputo's term expired June 30, reducing the NRC to three commissioners.

More: [American Nuclear Society](#)

Biden Signs Bill Repealing Trump-era EPA Rule on Methane Emissions

President Biden last week signed a bill

repealing a Trump-era rule that rolled back regulations on methane emissions from the oil and gas industries.

Biden described the bill as an "important first step" to cut methane pollution and said it "reflects a return to common sense and commitment to the common good."

More: [CNN](#)

Mountain Valley Pipeline Delayed Again



The U.S. Army Corps of Engineers last week said it will delay the Mountain Valley Pipeline in Virginia and extend to Dec. 31 the deadline for state regulators to decide whether digging trenches will pose an unacceptable risk to streams and wetlands.

Mountain Valley is seeking approval for about 150 open-cut crossings, which entail temporarily damming a waterway, digging a trench along the exposed bottom, burying the 42-inch diameter pipe, and then restoring water flow.

Earlier this year, the Department of Environmental Quality sought a postponement of the deadline, saying it did not have enough time for a water quality certification that requires analysis and public comment.

More: [The Roanoke Times](#)

TC Energy Seeks \$15B in Damages



TC Energy, the Canadian company behind the

now-abandoned Keystone XL pipeline, last week announced it is seeking more than \$15 billion from the U.S. government for damages done by President Biden's revocation of its permit.

The company said it has filed a notice of intent with the State Department's Office of the Legal Adviser to "initiate a legacy North

American Free Trade Agreement claim under the United States-Mexico-Canada Agreement” and is seeking compensation for losses “suffered as a result of the U.S. Government’s breach of its NAFTA obligations.”

More: [The Hill](#)

TVA Reports Highest Power Demand Since 2018



The Tennessee Valley Authority said as temperatures averaged 91 degrees around 5 p.m. on June 28, its peak

power demand reached 28,374 MW.

TVA said it was the highest June peak since 2018 and the eighth-highest June peak since 2012.

More: [WBIR](#)

State Briefs

BRITISH COLUMBIA

Record Heatwave May Have Killed 500 People

British Columbia’s chief coroner last week said 719 “sudden and unexpected deaths” had been reported over the past week, with roughly 500 of those possibly attributable to record-breaking temperatures.

Chief Coroner Lisa Lapointe said the overall total will probably rise after more communities provide data, but the province has seen a promising downward trend in recent days as the heat ebbs and shifts eastward.

Officials have cautioned it will probably take months to determine the exact cause of the deaths, but said the heat played a significant role in the surge in fatalities.

More: [The Guardian](#)

CALIFORNIA

PG&E Proposes Rate Increase for Wildfire Prevention



Pacific Gas and Electric last week said it has proposed a rate increase for 2023 with the Public Utility Commission and added that some of the funds would go toward wildfire prevention.

The filing stated the “proposal includes approximately \$7.4 billion in new investments from 2023 to 2026 to help keep customers safe and reduce the impacts of extreme weather and the threat of catastrophic wildfires.”

If approved, the increase would lead to a \$1 per day increase in customers’ bills.

More: [Reuters](#)

KENTUCKY

AG Recommends Closing Coal Plant

Attorney General Daniel Cameron last week

filed a recommendation with the Public Service Commission suggesting it should reject Kentucky Power’s request for \$67 million in upgrades for the coal-fired Mitchell Plant in Marshall County, WV.

Furthermore, Cameron said Kentucky Power, which owns a 50% share of the plant, should let it close in 2028. He said the plant “provides little to no economic value to the commonwealth.” The upgrades would be paid for with surcharges on customers’ monthly bills.

The PSC will issue a decision by Aug. 8.

More: [Ohio Valley Resource](#)

MAINE

Legislature OKs Moratorium on OSW Projects Close to Coast



The Legislature last week unanimously approved a compromise between the state and the lobster industry that would place a moratorium on industrial wind projects near the coast until March 1, 2031.

The proposal would also create the Off-shore Wind Research Consortium that would include members of fishing groups that would research the impacts of offshore wind.

The compromise has been sent to Gov. **Janet Mills**.

More: [Portland Press Herald](#)

PUC Selects Second Round of Renewable Projects for Procurement

The Public Utilities Commission last week approved an additional seven renewable energy projects for long-term contracts as required by the state Legislature. The projects approved include six new solar projects and one existing wind project.

In January, the PUC issued a Request for Proposals in its second renewable energy procurement as required by provisions adopted by the Legislature in 2019. In September 2020, 17 renewable projects were chosen in the first procurement under the same statute.

More: [Maine PUC](#)

NEW MEXICO

PRC Official Says Letter Between Avangrid, PNM Must be Made Public



Public Regulation Commission Hearing Examiner Ashley Schannauer last week said

the contents of an August 2020 letter from Iberdrola to the Public Service Company of New Mexico (PNM) failed to meet confidentiality requirements and must be divulged to the public.

Schannauer said the letter, which was sent to PNM Resources President and CEO Pat Vincent-Collawn a little less than a year ago by Iberdrola executive Pedro Azagra Blázquez, gives some indication of the early priorities of Avangrid and Iberdrola as they considered acquiring PNM. Those priorities included PNM removing itself from the coal-fired Four Corners Power Plant and the degree to which the board of directors of a new PNM would be independent of Avangrid and Iberdrola.

An Avangrid spokeswoman said, “Avangrid and PNM respect the Hearing Examiner’s decision regarding confidentiality.”

More: [Santa Fe New Mexican](#)

SOUTH DAKOTA

New Laws Include \$50 Fee on EVs

The state legislature last week passed a law that will require electric vehicle owners to pay a \$50 fee.

Rep. Mark Willadsen (R) said gas taxes fund

road improvements and imposing a fee on electric helps bring fairness to infrastructure costs for owners of petroleum-based vehicles.

The law will go into effect on July 1.

More: *Inforum*

TEXAS

Brazos Seeks More Time to Control Bankruptcy

Brazos Electric Power Cooperative last week filed a request with a bankruptcy judge, saying it needs an additional four months to maintain control of its bankruptcy case because recently enacted laws aimed at mitigating the financial fallout of February's winter storm have complicated its restructuring efforts.

The co-op asked Houston Bankruptcy Judge David Jones to extend its exclusive peri-

od to file a Chapter 11 plan through Oct. 27 and its corresponding period to solicit creditor votes for the plan through Dec. 28. A hearing on the motion has not yet been scheduled.

Brazos filed for bankruptcy in March after the winter storm left it with a \$2.1 billion bill from ERCOT. Brazos has disputed the bill.

More: *Reuters*

VIRGINIA

Dominion Energy Proposes More Than \$600M for Grid Improvements



Dominion Energy last week filed a proposal with the State Corporation

Commission that would set aside about \$669 million in investments between 2022 and 2023 for Phase II of its grid modernization plan.

In Phase I, which is underway, Dominion made efforts to improve the security and reliability of the grid and launch a new customer information platform. Phase II aims to integrate distributed energy resources, such as small-scale renewable facilities and electric vehicles.

More: *WYDaily*

WISCONSIN

Jefferson County Solar Project Approved

The Jefferson County Planning and Zoning Committee last week announced that the Public Service Commission had approved the 75-MW Crawfish River Solar Project.

The 500-acre solar farm will be constructed in the town of Jefferson.

More: *Daily Jefferson County Union*

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