

RTO Insider

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

ISSN 2377-8016 : Volume 2021/Issue 30

July 27, 2021

NARUC 2021 SUMMER POLICY SUMMIT



Many old friendships were renewed at the cocktail party June 18 at NARUC's Summer Policy Summit in Denver. | © RTO Insider LLC

Glick Works to Strengthen Relationship with NARUC (p.3)

Overheard at NARUC Summer Meeting (p.4)

Microgrids Face Cost, Valuation Challenges (p.8)

DOJ Orders \$230 Million Fine for FirstEnergy

Deferred Prosecution Agreement Implicates Former PUCO Chair in Alleged Bribery Scheme

By Michael Yoder and John Funk

FirstEnergy has agreed to pay a \$230 million fine for its role in the Ohio House Bill 6 scandal, in what federal officials described as the largest bribery scandal in state history.

Federal attorneys on Thursday filed a 49-page deferred prosecution *agreement* against the company in U.S. District Court in Cincinnati. FirstEnergy is charged with conspiracy to commit honest services fraud but could eventually have the charge expunged from its record with continued cooperation in the case.

FirstEnergy allegedly spent \$61 million in bribes and "dark money" campaign contributions and advertising to elect the speaker of the Ohio House of Representatives and allies, who won \$1.5 billion in subsidies for the company's struggling nuclear plants under H.B. 6, passed in 2019.

Former Ohio House Speaker Larry Householder, FirstEnergy lobbyist Juan Cespedes, lobby-

ist Neil Clark, former state Republican Party Chair Matt Borges and Householder political strategist Jeff Longstreth were all arrested on racketeering charges almost exactly one year ago. (See *Feds: FE Paid \$61 M in Bribes to Win Nuke Subsidy.*)

The alleged scheme helped pass the bill authorizing zero-emission credits for FirstEnergy Solutions' (FES) money-losing Perry and Davis-Besse nuclear plants. FirstEnergy no longer owns the nuclear plants after FES emerged from bankruptcy in February 2020 as Energy Harbor.



Former Ohio House Speaker Larry Householder | Ohio House of Representatives LLC

Continued on page 29

FirstEnergy to Sell Shares of Assets to Boost Equity (p.32)

Arizona to Weigh RTO Membership

ACC Chair Requests New Docket on Potential Benefits

By Hudson Sangree

The head of the Arizona Corporation Commission has requested a new proceeding to explore the merits of requiring utilities to join an RTO, as Colorado and Nevada did earlier this year and other Western states are considering doing.

ACC Chairwoman Lea Márquez Peterson requested the new docket to investigate the "question of mandatory or voluntary participation in regional transmission organizations" by the state's load-serving entities, including Arizona Public Service (APS) and Tucson Electric Power (TEP).



ACC Chair Lea Márquez Peterson | Arizona Corporation Commission

Continued on page 17

Commitment Deadline Set for SPP West Participation (p.27)

Also in this issue:



PG&E Proposes Undergrounding 10,000 Miles of Lines (p.16)



South Regulators Lambast MISO Long-term Tx Planning (p.23)



Avangrid CEO Says Park City Wind Pushed Back to 2026 (p.34)

RTO Insider

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

Editorial

Editor-in-Chief / Co-Publisher
Rich Heidorn Jr. 202-577-9221

Deputy Editor / Daily	Deputy Editor / Enterprise
<u>Michael Brooks</u> 301-922-7687	<u>Robert Mullin</u> 503-715-6901

Art Director
Mitchell Parizer 718-613-9388

New York/New England Bureau Chief
Jennifer Delony 603-320-7043

MidAtlantic Bureau Chief
K Kaufmann 202-494-4386

Midwest Bureau Chief
John Funk 216-316-5413

Associate Editor
Shawn McFarland 570-856-6738

Copy Editor/Production Editor
Rebecca Santana 770-862-6004

CAISO/West Correspondent
Hudson Sangree 916-747-3595

ISO-NE Correspondent
Jason York 860-977-7830

MISO Correspondent
Amanda Durish Cook 810-288-1847

NYISO Correspondent
Michael Kuser 802-681-5581

PJM Correspondent
Michael Yoder 717-344-4989

SPP/ERCOT Correspondent
Tom Kleckner 501-590-4077

NERC/ERO Correspondent
Holden Mann 205-370-7844

Sales & Marketing

Chief Operating Officer / Co-Publisher
Merry Eisner 240-401-7399

Account Manager
Kathy Henderson 301-928-1639

Account Manager
Phaedra Welker 773-456-4353

Marketing Director
Margo Thomas 480-694-9341

RTO Insider LLC
 10837 Deborah Drive
 Potomac, MD 20854
 (301) 299-0375

2021 Annual Subscription Rates:

Plan	Price
Newsletter PDF Only	\$1,520
Newsletter PDF Plus Web	\$2,000

See additional details and our Subscriber Agreement at rtoinsider.com.

In this week's issue

NARUC 2021 Summer Policy Summit

Glick Works to Strengthen Relationship with NARUC.....	3
Overheard at NARUC Summer Policy Summit 2021	4
Microgrids Face Cost, Valuation Challenges	8

FERC/Federal

Senate Committee Deadlocks on Biden Pick to Head BLM.....	10
ACORE Panelists: Resilient Tx Needed for Severe Weather.....	12
Collaboration, Cultural Shift Key to Utility Transformation.....	14

CAISO/West

Arizona to Weigh RTO Membership	1
PG&E Proposes Undergrounding 10K Miles of Distribution.....	16
Calif. Needs New Tx for 100% Clean Energy.....	18

ERCOT

ERCOT Briefs.....	19
-------------------	----

ISO-NE

ISO-NE to Study Additional Model for Capacity Market	21
ISO-NE Planning Advisory Committee Briefs.....	22

MISO

South Regulators Lambast MISO Long-term Tx Planning	23
---	----

NYISO

NY Enviro Push Officials on Climate Policy for Power Industry	25
---	----

PJM

PJM MRC/MC Preview.....	26
-------------------------	----

SPP

Commitment Deadline Set for SPP West Participation.....	27
FERC Upholds Decision on MISO-SPP Overlapping Charges.....	28

Company News

DOJ Orders \$230 Million Fine for FirstEnergy.....	1
FirstEnergy to Sell Shares of Assets to Boost Equity	32
Avangrid CEO Says Park City Wind Pushed Back to 2026	34
NextEra Energy Bullish on Future Tx Investments.....	35

Briefs

Company Briefs.....	36
Federal Briefs.....	36
State Briefs	37

NetZero Insider is now live!
 See p.28 for this week's coverage.

NARUC 2021 Summer Policy Summit

Glick Works to Strengthen Relationship with NARUC

FERC Chair Seeks 'Peace, Love and Understanding' with States

By Tom Kleckner

DENVER — FERC Chair Richard Glick brought a desire to improve communications with state regulators and a personal soundtrack to the National Association of Regulatory Utility Commissioners' *Summer Policy Summit* on Wednesday.

Taking the stage to the strains of Elvis Costello's "(What's So Funny 'Bout) Peace Love and Understanding" — "That's a song I really like," he said, explaining his choice — Glick sat down with NARUC President Paul Kjellander for a wide-ranging discussion on the organizations' joint transmission task force and the challenges facing regulators and the industry.

Kjellander commended Glick for reaching out to NARUC within 24 hours of assuming FERC's chairmanship earlier this year and setting up phone calls with the other four commissioners. "We've been able to have meaningful conversations from the very beginning," he said.

Glick credited former FERC Commissioner Cheryl LaFleur for stressing the importance of having a strong relationship with NARUC. He said he knew transmission was the perfect issue to find solidarity with the states.

"From my perspective, we can learn more from the states," Glick said. "Cost allocation, planning, siting ... that's one area we needed to work together, because those are difficult issues. We can't achieve our goals, the states can't achieve their goals, if we don't work together. We've laid out a vision, and it's worked out very well."

Glick said he has been encouraged by his conversations and overall positive feedback he has been receiving from state regulators. He said he hopes that "solid input" continues with the recently announced joint federal-state task force on electric transmission.

The task force, comprising all five FERC commissioners and 10 state regulators, is intended to spur increased transmission development to deliver renewable power, reduce congestion and improve reliability (AD21-15). (See *FERC Sets Federal-State Taskforce to Spur New Tx.*) Glick hopes the team can hold its first meeting in November during NARUC's *annual meeting* in Louisville, Ky.

"There's a lot of people at FERC looking

forward to working on it," he said, promising a positive agenda for the meeting.

NARUC has selected 10 nominees to represent the states, divided equally among the organization's five regions. The nominees were selected from 38 candidates, any of whom would have been equally qualified to serve, Kjellander said.

"I could have put all 38 names on a wall, thrown a dart and hit the perfect candidate," Kjellander said. "Can I have five more?"

"We could talk about that," Glick said. He said he would have to talk with the other commissioners, but he promised state regulators other opportunities to stay engaged through the commenting process.

"How can we help you while getting everything we want?" Kjellander jokingly asked Glick. "You can't throw rocks through the window and expect to be invited for dinner."

"We have some protesters that throw rocks through our window," Glick quipped in response, before turning serious.

"Our commissioners are wildly supportive of the [task force]," he said. "There has been some tension between states and FERC. This is a way to work together on some of the issues."

Glick reminded his audience that they have the ability to go outside Order 1000's directive on competitive projects. FERC on July 15 opened a rulemaking to reconsider its rules on transmission planning, cost allocation and generator interconnections. (See *FERC Goes Back to the Drawing Board on Tx Planning, Cost Allocation.*)

"States can do that on their own. They can work with other states; they can work with utilities," he said. "It's just a reminder that there are other ways to do this. I hope the states can work together in a voluntary way that doesn't necessarily involve FERC's cost allocation and planning processes."

On July 19, NARUC *filed* its nominees for the task force. They include:

- Pennsylvania Public Utility Commission Chair Gladys Brown Dutrieuille and Maryland Public Service Commission Chair Jason Stanek, representing the Mid-Atlantic Conference of Regulatory Utilities Commissioners;
- Kansas Corporation Commission Chair Andrew French and Michigan Public Service



FERC Chair Richard Glick (right) shares a laugh with NARUC President Paul Kjellander. | © RTO Insider LLC

Commission Chair Dan Scripps, representing the Mid-America Regulatory Conference;

- Vermont Public Utility Commissioner Riley Allen and Massachusetts Department of Public Utilities Chair Matthew Nelson, representing the New England Conference of Public Utilities Commissioners;
- North Carolina Utilities Commissioner Kimberly Duffley and Arkansas Public Service Commission Chair Ted Thomas, representing the Southeastern Association of Regulatory Utility Commissioners; and
- Idaho Public Utilities Commissioner Kristine Raper and California Public Utilities Commissioner Clifford Rechtschaffen, representing the Western Conference of Public Service Commissioners.

"We look forward to the next steps in the process and creating the much needed federal-state coordination to better serve the public interest," Kjellander, who chairs the Idaho PUC, said in a *statement*.

FERC must next officially appoint the state participants from NARUC's nominees. Those appointed will serve one-year terms that can be renewed for a total of three years. Their responsibilities will include conducting outreach to other commissioners and commissions in their regions "to ensure the task force receives a broad view of the regional issues."

FERC, NARUC and state public utility commission staff will support the task force.

"We're not going to have public statements and go home," Glick said. "I hope we have a dialogue between meetings. It's going to take quite a bit of time to sort this out." ■

NARUC 2021 Summer Policy Summit

Overheard at NARUC Summer Policy Summit 2021

DENVER — More than 600 people attended the National Association of Regulatory Utility Commissioners' Summer Policy Summit in person, and hundreds more watched via livestream for discussions on topics including electrification, new technologies and the challenges of building transmission.

Here's some highlights of what we heard.

EV Makers Seek to Stop Playing Defense

Philip B. Jones, executive director of the [Alliance for Transportation Electrification](#), used the conference to introduce a [paper](#) on rate design principals for electric vehicle charging.

"The alliance wants to be proactive in state proceedings; we've been playing a lot of defense," said Jones, a former Washington state regulator and NARUC president. "We just felt that we, the alliance, needs to have a more consistent ... proactive policy on rate design, and then find common ground with all stakeholders."

The paper covers both residential and commercial and industrial rates. "Over 80% of charging is done at home, but public DC fast charging is really, really important to the

ecosystem because it alleviates range anxiety," Jones said.

The group said transportation electrification rate design should "fairly recover costs to serve customers while optimizing the use of the electric system and providing overall benefits to customers," including time-differentiated electric rates to encourage off-peak charging.

But it says "rigid application" of traditional cost-of-service ratemaking may conflict with state's public policy goals, and "there may be instances where transitional relief is needed to meet state policy goals during a transitional period of EV market development."

One area for relief is demand charges that can impede the use of commercial EV chargers because of their current low utilization rates. "The usage of public EV chargers can also be unpredictable and 'spiky,'" the alliance said. "Such charging loads can create unusually high loads (in terms of demand based on kilowatts) for brief periods of time, which are hard to predict. This problem is particularly acute for DC fast chargers."

Jones appeared on a panel with Francesca



Former Iowa regulator and NARUC President Nick Wagner jokingly introduced a general session in his lounge pants, seemingly surprised that the meeting was in person instead of via Zoom. | © RTO Insider LLC

Wahl, senior charging policy manager for Tesla, who noted that the company reached a milestone of 2,000 fast chargers globally last year, including 1,000 in the U.S.

Wahl said 39 states have passed legislation or approved regulations concluding that EV charging stations and charging as a service should not be considered public utilities.

"We're not considered a traditional retail sale of electricity," she explained, which provides regulatory certainty for EV charging site hosts and enables billing based on consumption.

"Some states used to bill on a dollar-per-minute basis," she said. "It's fairer to the customer to bill on a dollar-per-kilowatt-hour."

Danly Surprised at Success of EIM

Four of the five FERC commissioners attended the conference in person, with Commissioner Allison Clements appearing virtually.

Commissioner James Danly answered questions at a meeting of NARUC's Committee on Energy Resources and the Environment, where he expressed his surprise at the success of CAISO's Energy Imbalance Market (EIM).

"I have been amazed at how successful the EIM was given the trepidation with which many of the jurisdictions around California approached



From left, Philip B. Jones, Alliance for Transportation Electrification; Francesca Wahl, Tesla; Stephanie Gossman, Georgia Power; and moderator Jamie Barber, Georgia Public Service Commission discuss rate design considerations for electrification. Carine Dumit of EVgo participated virtually. | © RTO Insider LLC

NARUC 2021 Summer Policy Summit

joining any kind of market structure at all," he said.

He said FERC should not attempt to persuade other Western states to join a full RTO but should give "moral support from the sidelines, cheering people on to do the best they can for ratepayers."

Is there a role for capacity markets in the West?

"Capacity markets are fraught with problems. It takes a Solomon-like wisdom to properly adjust a capacity market to achieve [its] goals," he said. "That being said, we have had a couple of recent unfortunate experiences in markets that did not have capacity markets to ensure a certain buffer, and that's also" problematic.

Post-ERCOT Talberg Focuses on Solar Supply Chain

Former Michigan Public Service Commission Chair Sally Talberg re-emerged at NARUC after her ill-fated tenure as a member of ERCOT's Board of Directors, hosting a breakfast for several clients of her growing policy consultancy.

Talberg gave up the PSC's chair to become one of five independent directors on the ERCOT board. She held that position for 55 days, 15 as the board's chair, before joining the other independent directors in resigning after the

February winter storm, when their out-of-state residencies became a target of Texans' anger.

She declined comment on her ERCOT experience as a couple of breakfast diners seated nearby chuckled. She did allow to her audience of 60 or so friends, associates, regulators and potential clients that 2021 "has been an interesting year."

As president of her eponymous Talberg Policy Solutions, she focuses on gas decarbonization, distribution grid modernization and solar supply chain issues. Talberg does policy and regulatory research, formulates strategy, and identifies and develops connections with government, private sectors and nongovernmental organizations.

Her biggest issue these days is whether her firm's logo resembles a ginkgo tree, as intended, or an alien's head.

"I'm excited to use my experience in regulatory and policy strategy to help accelerate our clean energy transition," Talberg said in an email.

Last week that meant engaging NARUC attendees on how she and her clients can make the U.S. solar supply chains more resilient and sustainable.

"We need a reliable supply of sustainably produced solar panels to meet utility and state



Former Michigan PSC Chair Sally Talberg | © RTO Insider LLC

clean energy goals," Talberg said. "Unsustainable practices in some portions of the supply chain threaten that supply, as recent U.S. government actions to block imports from parts of that supply chain demonstrate."

Michael Parr, executive director of The Ultra Low-Carbon Solar Alliance, said that as an example, China has used primarily coal-fired power to produce enough solar modules to grab a 71% share of that global market. It owns even greater shares of the global supply chain's other pieces.

"We are providing utilities, governments and corporations the tools to buy better solar and, in so doing, create a more resilient solar supply chain, including reshoring solar manufacturing to the U.S.," Parr told RTO Insider.

Paying for Transmission's Costs

Rob Gramlich, founder and president of Grid Strategies, praised the FERC-NARUC task force that is intended to spur increased transmission development to deliver renewable power, reduce congestion and improve reliability (AD21-15). (See related story, [Glick Works to Strengthen Relationship with NARUC](#).)

"It's something we've needed for some time," he said. Transmission infrastructure's "great value is resilience, and that's something we need to figure out a way to incorporate. It's a lot more expensive to continue to do the reactive, incremental approach, rather than the efficient, scaled-up approach. If we can do transmission on a wider, regional basis, you will get lower costs per delivered megawatt."

Gramlich, who breaks down transmission construction into "the three P's" (planning, permitting and paying), said allocating transmission costs tends to be the most difficult.



Solar installations at Denver International Airport greeted attendees of NARUC's Summer Policy Summit. | © RTO Insider LLC

NARUC 2021 Summer Policy Summit

"It's a public good. Everyone benefits," he said. "I would love to see the joint task force develop some guidance. We will try our best in Washington to get some federal dollars to alleviate the burden on taxpayers. The general message is we can do this. We've built big before. This is not rocket science, but we do need to figure out how we structure it in each region."

Enter, then, the nation's grid operators. Gramlich said the states play a critical role in transmission planning and cost allocation, but he urged that they work closer with the RTOs.

"The RTOs provided tremendous benefits, and the transmission they've built has done the same," he said. "It would be great for the states to work with the RTOs and the utilities to deliver as much as we can on existing lines. I know the costs are a big issue. Just make sure everybody is comfortable with the existing grid and plan the future grid on an economic basis."

Speaking alongside Gramlich — albeit virtually in front of a background that screamed tropical paradise — Debra Lew, associate director of Energy Systems Integration Group, called for a national grid authority, housed in the Department of Energy, to work with the regions to increase the development of clean, cheap and reliable energy.

"The existing interregional coordination within an interconnection won't be sufficient if you're looking to get large parts of the country to high levels of clean energy," she said. "We could do

this much cheaper if we do this big, using this holistic viewpoint. I agree that it entails a huge amount of effort to try and operationalize, but working with a bottom-up and top-down approach will be needed to get at some of the best solutions."

Keeping Energy Development in US

Jigar Shah, director of DOE's Loan Programs Office, said the federal government is working to ensure the technologies of tomorrow are developed in the U.S. today.

"There's actually much smarter ways of doing things that use American technologies and workers. I'm tired of this technology that has to be rolled out in other countries and not here, just because we're so conservative," Shah said during a panel discussion on helping new technologies survive the "valley of death" to commercialization.

"Not all companies deserve to succeed. The goal is not for all companies to succeed, but those that come out of development with a pathway to succeed that is equal to or better than other countries around the world," he said. "In the past, we've encouraged companies to go to the United Kingdom, South Africa or India to scale up technologies."

DOE has \$40 billion in loans and loan guarantees at its disposal to build out energy projects in the U.S., an enticing offer to keep those projects at home.



Rob Gramlich, Grid Strategies, listens to an audience question. | © RTO Insider LLC

"The formula is project finance. It's really a simple model. You start with technology that people believe works," Shah said. "President Biden has said he would bring the full force of the federal government in the procurement process. That's what we're solving for with long-duration storage, short-duration storage [and] pumped hydro."

Renewable project capital "stacks are great," he continued. "They provide an equity cushion to make everybody feel comfortable for the companies to be around for the sausage making to occur, but we still have to make great sausage."

New Technologies in Decarbonizing Natural Gas



NJ BPU Commissioner Dianne Solomon | © RTO Insider LLC

The Electric Power Research Institute's Neva Espinoza, GTI's Mike Rutkowski and Colorado Sen. Chris Hansen (D) joined to discuss natural gas decarbonization and new advances in the industry. Moderated by New Jersey Board of Public Utilities

Commissioner *Dianne Solomon* and Wisconsin Public Service Commissioner Tyler Huebner, the panel stressed the importance of taking advantage of every method and technology on the path to decarbonization, rather than focus on just a few.

Rutkowski kicked off the discussion, noting that reducing methane emissions from the production and transport of natural gas will be necessary to meet decarbonization goals. Detection and prevention of gas leaks, as well as quick repair when they do occur, will be an



More than 600 people attended the NARUC Summer Policy Summit in Denver, with hundreds more watching via livestream. | © RTO Insider LLC

NARUC 2021 Summer Policy Summit



Senior Vice President of Research & Technology Mike Rutkowski, GTI | © RTO Insider LLC

important piece, he said. He added that natural gas suppliers that produce minimal emissions should be able to be certified as such, allowing utilities to ensure they're purchasing from verified low-emissions sources.

GTI and EPRI are collaborating on the

Low-Carbon Resources Initiative, a project that aims to identify new technologies to decarbonize the economy. Espinoza touted the possible merits of alternative fuels such as hydrogen, ammonia, synthetic fuels and biofuels, but she also warned that the decisions made now will affect whether it will be feasible to use these alternatives in the future. Rutkowski said it will be crucial that these fuels be able to integrate into existing infrastructure.

Hansen shared a more local view of decarbonization. He pointed to Colorado's coal mines, landfills and wastewater treatment plants as large contributors to fugitive methane emissions. He said this methane can be captured and used with the right resources.



Colorado Sen. Chris Hansen (D) | © RTO Insider LLC

Solutions to decarbonization will need to be unique and abundant, Espinoza said. "Optionality is not an option. So, we need to be looking at an abundance of technologies, and they're going to be applied very different across the

states, across the world."

Are Utilities Ready for Fleet Electrification?

While consumer vehicle emissions garner the most attention, fleet vehicles contribute almost a third of North America's total transportation emissions, Yann Kulp of eIQ Mobility said at a panel on fleet electrification.

"From the EV perspective, I think a lot of the discussion until maybe last year was all around consumer vehicles. ... Fleets represent at least 30 million vehicles in North America ... and they punch above their weight class in terms of emissions," he said.

Joining Kulp on the panel were Duke Energy Managing Director Jay Oliver and Tom Kamantauskas, senior director at PepsiCo. Kamantauskas was able to offer the perspective of corporations that would like to electrify their fleets but see various obstacles in making the transition. Oliver noted that his utility is not currently equipped to handle the massive load required for an industry-wide transition to fleet electrification.

"We're going from a grocery store to a shopping mall essentially in load," Oliver said.

He added that when major fleets decide to start electrifying, "some serious upgrades are going to be required. We need time to do that. We need to be innovative to do that."

Oliver said that Duke's goal is to be ready when that transition comes. Electrifying another sector of the economy leads to questions of resilience, he said. In states like North Carolina and Florida, where Duke operates, there are often severe weather events that jeopardize electric reliability.

"Resiliency is very important for [a company like] PepsiCo, for example. We need to keep them delivering what they deliver. They deliver water. ... In an area that's been devastated by a hurricane, that's a very critical service," he said.

Kulp noted that current fleets are highly optimized, but the transition to electric will be unfamiliar territory for these companies that have been following the same processes for almost a century. While Fortune 500 companies may have the resources available to make informed decisions, medium and small fleets will lack that advantage. Kulp sees the role of utilities in fleet electrification as being resources for smaller companies looking for information on making the transition.

"I think it's important to build an environment in which you have the support mechanisms. ... It's important to put yourself in the shoes of your customer and understand that they need help and that you are the sole trusted adviser that they will have ... in [coordinating] these decisions," he said.

The move to total fleet electrification will inevitably come with a cost, and stakeholders often wonder who's going to pay for it.

Kamantauskas said if an organization is paying for the vehicles, which are more expensive than internal combustion engines, as well as the charging infrastructure, it can quickly become a financial burden. But Kulp pointed to the potential of private investment, and Oliver said, "If you do this correctly, rates will go down." ■

— Rich Heidorn Jr., Tom Kleckner and Rebecca Santana

IPF 2021 INTERNATIONAL PARTNERING FORUM
August 24-26, 2021 / Richmond, VA

www.2021ipf.com

EXPAND YOUR BUSINESS IN A GROWING INDUSTRY

BUSINESS NETWORK OF WIND

Save your acrobatics for Cirque de Soleil.

Jumping through hoops was never really your thing anyway.
RTO Insider. Stay informed.

Grid Evolution Summit

July 27-28, 2021 | Virtual

REGISTER NOW

NARUC 2021 Summer Policy Summit

Microgrids Face Cost, Valuation Challenges

By Rich Heidom Jr.

DENVER — Renewable- and natural gas-powered microgrids are supplanting diesel generators, but “public purpose” microgrids are struggling because of high costs and the lack of a widely accepted metric for resilience, speakers told the National Association of Regulatory Utility Commissioners’ Summer Policy Summit.

Allan Schurr, chief commercial officer for microgrid developer *Enchanted Rock*, said his company has found success developing projects for commercial and industrial customers that value continuous operations.

“Some are manufacturing sites, where it’s very costly if they lose power for even a few minutes. Others are critical infrastructure, like water utilities that need continuous power to maintain pressure in their system. Some are retailers like Walmart that want to be part of the community and being open all the time; hospitals, health care. There’s a standard out there that’s becoming more and more common: that if you can have no outages, why shouldn’t you have no outages?” he said. “The grid can’t keep up with all of those expectations.”

Schurr’s company builds microgrids powered by natural gas or renewable natural gas, “a vast improvement,” he says, on the environmental impact of diesel generators that such customers have used historically.

“We also can provide economic efficiency because those assets can be dispatched. A few hundred hours a year are all that’s needed in



California Public Utilities Commissioner Genevieve Shiroma spoke by video. | NARUC



Megan Levy, of the Wisconsin Public Service Commission, speaks as NARUC President Paul Kjellander (left) and Allan Schurr of Enchanted Rock listen. | © RTO Insider LLC

order to provide ... grid services revenue [that] allows us to get that price below the price of diesel.”

Enchanted Rock has about 210 microgrids in Texas, 97% of which were available during the winter storms that left millions without power for days.

“Microgrids helped save part of the rotating outages in Texas. We were delivering about 450 MW into the ERCOT grid to try and alleviate some of the pressure on the grid,” he said. “The price of power in the Texas winter storm were \$9,000/[MWh] for eight straight days. Microgrids could have been fully financed and paid for in that week.”

Pacific Gas and Electric has connected diesel generators at dozens of substations to supply electricity during wildfires. “During the public safety power shutoffs in 2020, it did keep electricity flowing for thousands of customers,” California Public Utilities Commissioner Genevieve Shiroma said. (See *Calif. Rushing Microgrids for Fire Season Shutoffs*.)

Valuing Community Resilience

But the math is harder to pencil out for public-purpose microgrids, said Suzanne Mora, director of utility initiatives and analysis for Exelon.

“Microgrids are costly. It’s hard to make a value proposition work, and part of the reason for

that is we don’t really have a clear understanding of how to value community resilience,” she said. “The No. 1 benefit that’s offered by a microgrid is resilience, and yet we don’t really have a metric that’s accepted by everybody to give a value to” it.

Commonwealth Edison’s microgrid in the Bronzeville section of Chicago, the U.S.’ first utility-operated microgrid cluster, “works economically [only] because of the significant money that came from the U.S. [Department of Energy] and grants,” she said. “So, it’s still not a proof point for the economics of public-purpose microgrids.”

The microgrid includes 750 kW of solar and a 500-kW battery system with a four-hour run time. In January, ComEd, a unit of Exelon, chose Enchanted Rock to provide 5.5 MW in natural gas-fired generation to ensure the complex maintains power during any grid interruption.

On the bright side, Mora said, utilities, the Electric Power Research Institute and DOE’s National Laboratories “are getting very close to being able to come up with metrics that are acceptable to all in terms of assigning a value to resilience.”

FERC Order 2222, which requires RTOs to open their wholesale markets to distributed energy resources, will help by adding new revenue streams, she said. “But it adds to the complexity of how you regulate [microgrids]

NARUC 2021 Summer Policy Summit

and how you operate them.”

Mora said microgrids that have more than a single customer should be regulated like a utility.

“I don’t think a microgrid is a reason to set aside the other regulatory constructs that are very important to [state regulators’] charter to protect customers,” she said. “Our rule of thumb is if a microgrid behaves like a utility – in that it’s distributing electricity to more than one customer – it should be regulated like a utility.”

Mora said regulators need to find a balance between allowing microgrids to offer grid services when they’re not in island mode and preventing them from shifting costs to other distribution customers.

“We’ve had microgrids ... in our service territories that might disconnect from the grid voluntarily 100 times a year based on [arbitrating against the] market price,” she said. “It puts stresses on the system ... and it has the opportunity to start doing some cost shifting if you’re not appropriately taking care of the distribution system costs associated with allowing that.”

If a microgrid is designed with more generation than its clients’ load, “then you have a microgrid that’s out there looking for customers,” raising the threat of grid defection, she added. That “has implications for the customers who can’t defect from the grid.”

Another challenge is the variety of microgrids. “When you see a microgrid, you’ve seen one microgrid. They’re all different, and we can learn from each and every one of them,” she said.

The New Jersey Board of Public Utilities’ microgrid definitions, she said, have been useful in providing some structure for classification. The BPU defines three types of microgrids based on their interconnection to the grid:

- Level 1: a single customer microgrid, such as a solar PV system, combined heat and power or fuel cell system, that serves one customer through a single meter which is connected to and can island from the distribution grid.
- Level 2: a single customer/campus setting that includes a single or multiple DER systems connecting multiple buildings but is controlled by one meter at the point of common coupling, which is connected to and can island from the distribution grid.
- Level 3: serves multiple customers that are not on the same meter or on the same site as the DER.

“I went through an exercise in the District of Columbia where we had a working group looking very closely at microgrids. It was kind of like trying to saddle a unicorn. You know, you’ve heard about them; you’re never sure that you’ve actually seen one; ... you’re not 100% sure what the measurements are and how they operate. I think trying to come up



Exelon’s Suzanne Mora participated virtually. | NARUC

with classification schemes is great. And I think the New Jersey one allows that level of flexibility that just about anything that would come up would fall into one of those three” categories.

Megan Levy, local energy programs manager and energy assurance coordinator for the Wisconsin Public Service Commission’s Office of Energy Innovation, said microgrids are “part of the solution” in ensuring resilience.

“Energy security is diversity in resources,” she said. “The most important thing is the partnerships and the coordination and continuing to innovate. We’ll figure this thing out. I just don’t think we quite have yet.” ■

ERO Insider

Your Eyes and Ears on the Electric Reliability Organization
NERC ■ MRO ■ NPCC ■ RF ■ SERC ■ TRE ■ WECC

The latest stories on the Electric Reliability Organization



NARUC: Crisis Response Needs Cross-Industry Collaboration

Protecting Grid Data Vital in Age of DERs, Regulators Warn

TSA Issues New Pipeline Cybersecurity Requirements

Standards Committee Approves Drafting Team Additions

NARUC, NRRI Produce Resource Adequacy Primer for Regulators

RTO Insider subscribers have access to two stories each month. Use your RTO Insider credentials to log in at rtoinsider.com/ero

FERC/Federal News



Senate Committee Deadlocks on Biden Pick to Head BLM

Democrats Defend Stone-Manning Against GOP Claims She Lied About 1980s Tree-spiking Incident

By K Kaufmann

The increasingly heated fight over President Biden's nomination of Tracy Stone-Manning to lead the Bureau of Land Management lurched forward on Thursday with the Senate Energy and Natural Resources Committee deadlocking 10-10 on whether to advance her to the Senate floor.



Sen. Joe Manchin (D-W.Va.) | *Senate ENR Committee*

Noting the “equally divided vote,” committee Chair Joe Manchin (D-W.Va.) said his next step under Senate rules is “to transmit a notice of the tie vote to the secretary of the Senate, after which the majority leader may make a motion to discharge the nomination [and] if the

motion is agreed, to place the nomination on the executive calendar.”

In other words, the decision on giving Stone-Manning a full Senate vote is now up to Majority Leader Chuck Schumer (D-N.Y.).

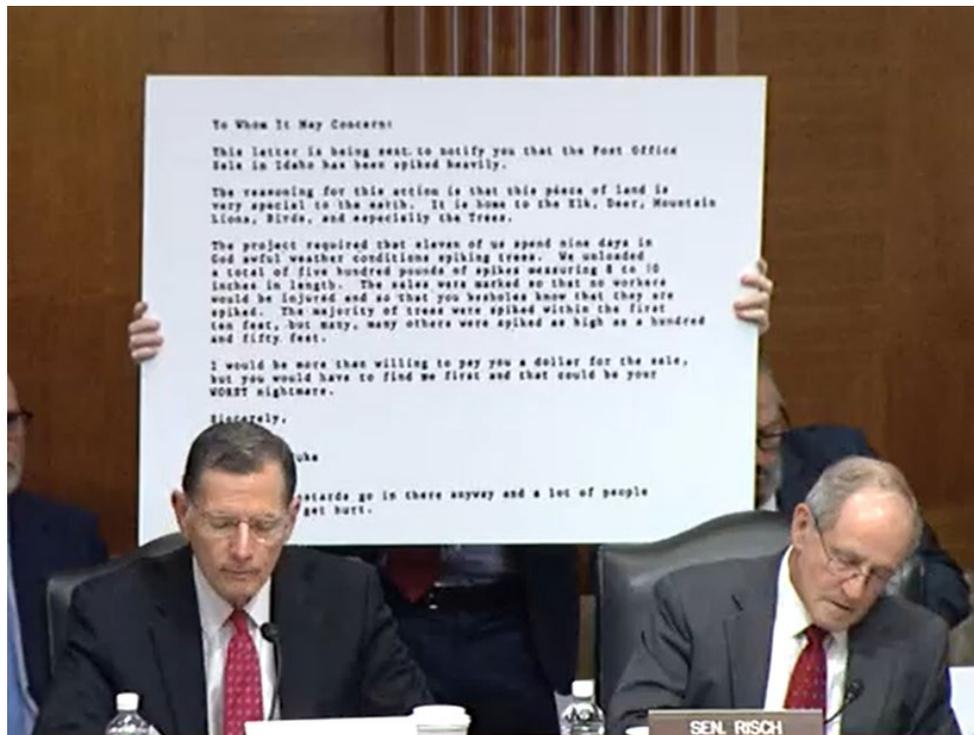
The committee also voted and moved to the Senate floor four other nominations: Robert Anderson, to be solicitor of the Department of the Interior; Shalanda Baker, to be director of the Department of Energy's Office of Minority Economic Impact; Samuel Walsh, to be DOE's general counsel; and Andrew Light, to be assistant secretary of energy for international affairs.

But Stone-Manning's nomination has become a flashpoint, based on her involvement in a 1989 tree-spiking incident in Clearwater National Forest in Idaho. Republicans are charging that Stone-Manning lied about her role in the incident during the subsequent investigation, both at the time and at her confirmation hearing June 8. Democrats maintain that the legal record shows that she was never charged with any crime and that her testimony helped convict two men who had taken part in the incident.

Tree spiking involves hammering a metal rod into a tree trunk to prevent it from being



Tracy Stone-Manning | *Senate ENR Committee*



Sens. John Barrasso (R-Wyo., left) and James Risch (R-Idaho) sit before a blow-up of the 1989 letter Stone-Manning sent to the U.S. Forest Service, with a warning about the tree-spiking incident. | *Senate Committee on Energy and Natural Resources*

cut down. If a saw hits the rod, it will shatter, as will the rod, which can cause serious and life-threatening injuries to loggers or employees working at a sawmill. It was mostly associated with the environmental group Earth First! in the 1980s; however, the group later publicly spoke out against it, and Congress made it a federal crime in 1988.

At the time of the 1989 incident, Stone-Manning was a graduate student at the University of Montana. She has admitted to typing a letter warning about the spiking — the original of which may have been given to her by one of men convicted of the spiking — which she then sent to the U.S. Forest Service. In 1993, she was drawn into a grand jury investigation of the crime but later made a deal for limited immunity and testified against the spikers.

The incident was not brought up at the June 8 hearing, where she introduced herself as an outdoors woman, hunter and consensus builder who has successfully worked across the aisle on tough environmental issues. GOP senators focused more on her views on oil and gas leasing on public lands and her role in an environmental group's campaign ads opposing

the election of Sen. Steve Daines (R-Mont.), a member of the committee. (See *Biden's Pick for BLM Head Sidesteps Oil, Gas Leasing Questions*.)

Sen. Jon Tester (D-Mont.), whom she worked for as a senior aide from 2007 to 2012, supported her nomination at the hearing. Stone-Manning “listens; she works; she does the right thing,” Tester said. “There are places we can mine; there are places we can drill; there are places that are appropriate for resource extraction; there are other places that are not. Tracy Stone-Manning brings that understanding to the table.”

Stone-Manning has also maintained the support of both Interior Secretary Deb Haaland and the White House. As reported in *The Colorado Sun* on Thursday, Haaland said, “Tracy Stone-Manning has a wealth of experience and knowledge about all issues to do with our public lands. We have full faith that she will put her nose to the grindstone as soon as she's confirmed with the Senate and work cooperatively with everyone across the federal government.”

The White House said in a statement, “Tracy

FERC/Federal News



Stone-Manning is a dedicated public servant who has years of experience and a proven track record of finding solutions and common ground when it comes to our public lands and waters. She is exceptionally qualified to be the next Director of the Bureau of Land Management.”

What the Republicans Said

For GOP members of the committee, the issue was clearly what Stone-Manning knew about the tree spiking and when she knew it. Armed with blown-up images of the 1989 letter Stone-Manning typed and other damaging quotes, and brandishing a metal rod he said was a tree spike, Sen. John Barrasso (R-Wyo.) was relentless.

“Tracy Stone-Manning collaborated with eco-terrorists. She lied to this committee, and she continues to harbor extreme views most Americans find reprehensible,” Barrasso said. “She is thoroughly disqualified from holding the important position of director of the Bureau of Land Management.

“In written questions for the record, I specifically asked her, ‘Did you have personal knowledge or participate in, or in any way directly or indirectly, support activities associated with the spiking of trees in any forest during your lifetime?’ Her response was ‘no.’ Tracy Stone-Manning is lying,” Barrasso said.

Sen. James Risch (R-Idaho), also with tree spike in hand, likened the impact of the rods when shattered by a saw to hand grenades and shrapnel. “It will either kill or injure anyone that is within range,” he said. “That’s what tree spiking is. You put this in a tree to kill somebody.

“Somewhere in the deep recesses of her heart and her soul is something so malignant and so bad that she would try to take another life,” Risch said. “If you want to confirm her, you absolutely can, but believe me, this stain on this administration will last for the next three and a half years.”

Arriving late at the hearing, Sen. Lisa Murkowski (R-Alaska) said she was disturbed about the allegations but would be opposing her nomination based on significant concerns about “her broader view of [and] understanding of multiple use.”

“When it comes to the multiple-use mandate of the Bureau of Land Management and all that it administers, she doesn’t have the balanced approach that I am looking for in a nominee,” Murkowski said. “It is very clear the bureau is there to manage, but also balance, the use of



Sen. Martin Heinrich (D-N.M.) | Senate ENR Committee

both renewable and non-renewable resources on our public lands. It does not appear to me that she holds that value of a true balance, and that, in my view, disqualifies her from this office.”

What the Democrats Said

The Democrats countered the Republicans’ blown-up quotes and spikes with an examination of the 1,800-page record of the 1993 grand jury and trial of the men convicted in the tree spiking.

“I have been unable to find any credible evidence in the exhaustive court trial record at the tree-spiking case that shows that Ms. Stone-Manning was an eco-terrorist, that she spiked any trees, that she conspired with eco-terrorists to spike trees or that she lied to the committee,” Manchin said in his opening statement. “What I find instead is compelling evidence that she built a solid reputation over the past three decades as a dedicated public



Sen. Lisa Murkowski | Senate ENR Committee



Sen. Maria Cantwell (D-Wash.) | Senate ENR Committee

servant and as a problem solver who brought people together ... and that is the evidence on which I will base my vote in support of her nomination.”

Responding to Barrasso and Risch, Sen. Martin Heinrich (D-N.M.) said the labeling of Stone-Manning as an “eco-terrorist” was “the worst case of character assassination I’ve ever seen on this committee.”

“We know a lot more about domestic terrorism than any of us would like because we had a front row seat to it on Jan. 6 of this year,” Heinrich said, referring to the attack on the Capitol. “And more than a few members of this committee refused to hold the instigator of that responsible, and yet they’re hell-bent on dragging Ms. Stone-Manning’s name through the mud.”

Sen. Bernie Sanders (I-Vt.) went even further, attacking Republican senators charging Stone-Manning with dishonesty for themselves supporting former President Donald Trump’s false claims of a “stolen election.”

“Why do we have people in this room who are undermining democracy?” Sanders said.

“This vitriol against her is not about Ms. Stone-Manning. What’s really on trial here is the future of America’s public lands,” Sen. Maria Cantwell (D-Wash.) said. “Basically, the issues that are at stake here [are] oil, gas and mineral extraction — and where we’re going in the future.”

With public lands, especially in the West, now under threat from climate change, Cantwell said, “there’s too much at stake we have to get right.” Stone-Manning “is going to work with all of us to move forward on these important issues that are now at a big crisis point.” ■

FERC/Federal News



ACORE Panelists: Resilient Tx Needed for Severe Weather



Clockwise from top left: Michael Goggin, Grid Strategies; Katherine Blunt, *The Wall Street Journal*; consultant Alison Silverstein; Audun Botterud, MIT; Jennifer Curran, MISO; and Adrienne Mouton-Henderson, REBA. In the center is FERC Commissioner Neil Chatterjee. | ACORE

By Amanda Durish Cook

Major transmission construction will help the grid tolerate increasingly severe weather, but bickering over cost sharing needs to end, panelists said during an American Council on Renewable Energy (ACORE) webinar Thursday.

"Making the grid bigger than the weather is what we need to do to integrate large amounts of wind and solar," said Grid Strategies Vice President Michael Goggin, author of a [report](#) on transmission.

"If you make the grid large enough and strong enough," Goggin said, imports from neighbors can help a region withstand even the most widespread weather event.

ACORE's webinar highlighted the Grid Strategies report, "Transmission Makes the Power System Resilient to Extreme Weather." The report examined five recent extreme weather events and how transmission buildout either helped or could have helped mitigate the severity of the grid emergencies. It

concluded that:

- During mid-February's winter storm, each additional gigawatt of tie capability between ERCOT and the Southeast could have saved the Texas grid operator almost \$1 billion with power flowing to "hundreds of thousands" of customers.
- During an August 2019 heat wave in Texas, each additional gigawatt of tie capability between ERCOT and the Southeast could have saved ratepayers nearly \$75 million.
- During the Northeast's "bomb cyclone" arctic blast December 2017-January 2018, each additional gigawatt of interregional transmission ties "could have saved New England, New York and the Mid-Atlantic regions \$30-40 million" apiece.
- More transmission ties between New England, New York and the Mid-Atlantic region during the 2014 Polar Vortex event would have saved ratepayers tens of millions.
- Had MISO and PJM added a gigawatt of

transfer capability between their footprints, they could have together saved \$2.4 million during the Midwest's Polar Vortex event in early 2019.

Goggin said MISO and SPP were able to largely keep power flowing during the winter storm because of their well-established transmission systems. ERCOT could have greatly reduced the disaster and kept the lights and heat on for hundreds of thousands of customers "had [it] had stronger ties, particularly to the Southeast," he said.

"Much like we built the national highway system for security and economics, we need to build the national grid," Goggin said.

Webinar panelists agreed that fast and comprehensive transmission buildout will allow the grid to deliver, even in dire weather.

"I couldn't agree more with the takeaway that we need more transmission buildout," FERC Commissioner Neil Chatterjee said of the report. "It's clear to anyone paying attention that

FERC/Federal News



we're experiencing more frequent and more severe weather events."

Chatterjee said he'd like to see larger regional and interregional projects built. He said FERC's Order 1000, meant to foster competition, has "sadly" become a barrier to backbone transmission projects and has instead driven more local projects.

Factoring resilience into transmission planning "makes a lot of sense," Chatterjee said. He said he hoped that resilience considerations in the planning process could be handled in a "non-political" fashion, especially when dealing with cost allocation.

"In the MISO space, cost allocation is the problem," said Jennifer Curran, MISO's vice president of system planning. The RTO's membership is in the throes of a heated cost-allocation debate over the RTO's burgeoning long-range transmission plan. (See [South Regulators Lambast MISO Long-term Tx Planning](#).)

Curran said that for resilience benefits to be divvied up in cost allocation, the advantages

must be demonstrated in a "believable and consistent" way.

Calls for a National Plan

Independent energy consultant Alison Silverstein said she supports a national, taxpayer-funded macro grid agency to oversee major transmission development.

"RTOs and utilities have been too local, if I can say that of a 15-state footprint. It's too parochial a set of calculations ... for national, massive, long-term grid benefits," Silverstein said. "We are using process to kill speed. And we are using process to kill production of new transmission to deliver energy."

Silverstein said it remains to be seen whether Texas will lose its cherished regulatory "sovereignty" over grid decisions.

"I will tell you as an ex-Texas regulator, it's fun to be king. It's fun to have your own patch," she said. But she said Texas has not been eager to share infrastructure costs with other states, "unless we're going to make out like bandits, like with pipelines."

"I think the cost of reliability and resiliency is very different region-by-region. We can't keep piecemealing it ... and operating in our own silos," said Adrienne Mouton-Henderson, deputy director of policy innovation at Renewable Energy Buyers Alliance.

Mouton-Henderson called for a federal-level development of "best practices across the entire United States" to guide grid planning. She said grid planners can no longer afford to ignore intensifying weather threats.

Goggin said transmission belongs in a federal infrastructure bill and that it could be funded in part by the tax code. He said national leadership could use the more progressive income tax to help build transmission instead of the "regressive" method of cost recovery through electric bills. Goggin said that while electric bills vary between economic classes, it's not by much and it unfairly straps disadvantaged populations with transmission infrastructure costs.

He said MISO's 2011 portfolio of multi-value projects are a success story of major transmission projects that have broad cost allocation.

"If we continue with the status quo of fighting over who pays for which lines, we're not going to make progress," Goggin said.

Curran said extreme weather and renewable penetration muddles the straightforward transmission planning that has occurred thus far.

"We've had the luxury of using history to plan for the future," she said.

Curran said the east-to-west power flows during the February winter storm were highly abnormal and the unusual flows highlight that transmission planners have much more to consider in the future.

"When we designed the transmission, it was designed for west-to-east flows," she said.

"Trust me, widespread misery accompanied the five days we were out of power," Silverstein, a resident of Austin, Texas, said.

Silverstein said had ERCOT had just a few hundred megawatts of transfer capability, it could have slowed the rate of frequency decline and secured more time, allowing utilities to better prepare and restore power faster. She reminded the audience that an estimated 700 people died and ERCOT was a mere four minutes away from total grid collapse.

"No one should have to go through those kinds of human trauma" because we don't have sufficient transmission, Silverstein said. ■



© RTO Insider LLC

FERC/Federal News



Collaboration, Cultural Shift Key to Utility Transformation

SEPA Report Finds Utilities with Strong Clean Energy Goals are Industry Leaders

By K Kaufmann

Decarbonizing the U.S. transmission grid will also mean expanding it and overcoming communities' aesthetic objections to siting large projects with towers and wires that run across their regions, said Debra Smith, general manager and CEO of Seattle City Light.

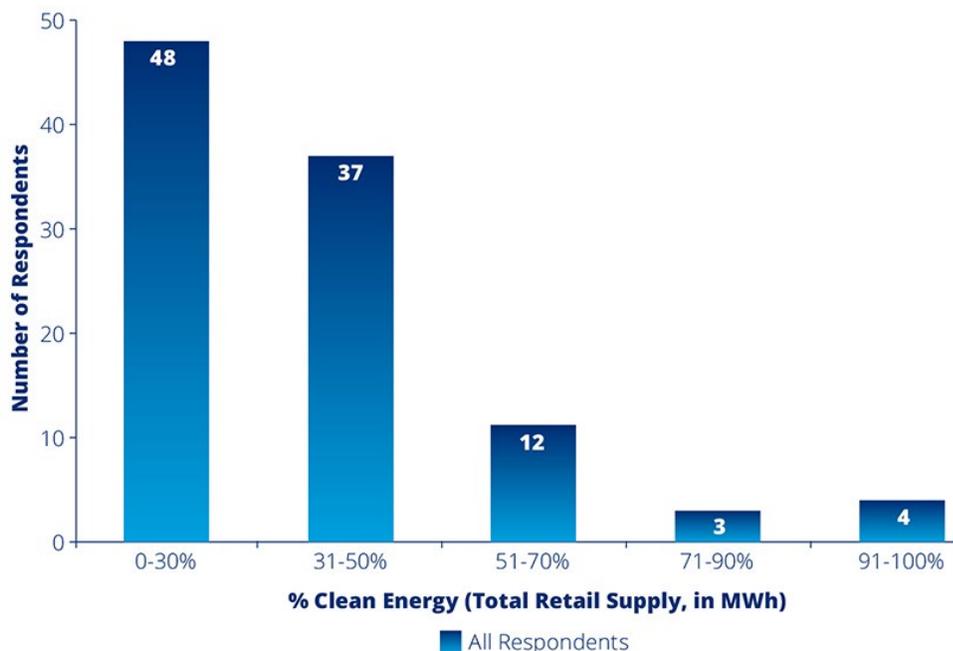
"We could cram it down people's throats, and it may come to that at the end of the day," Smith said during the opening session at the Smart Electric Power Alliance's virtual *Grid Evolution Summit* on Monday. "But I honestly believe there's an educational component; people need to understand ... why, what's best for me, I may need to let that go."

Collaboration will be critical, Smith said, "because if I truly care, if I want to 1) make sure that me, my neighbors, my friends and the people around me have adequate resources; and 2) if I believe that climate change is real and that the solution is to integrate more renewables, then perhaps, just perhaps, I am able to let go of my own concerns about the aesthetics."

Smith and Ralph Cavanagh, co-director of energy at the Natural Resources Defense Council, were speaking with SEPA President and CEO Julia Hamm about the cultural shift going on at utilities across the country as an increasing number are making commitments to decarbonize their generation mix in the coming decades. SEPA earlier this year released its *Utility Transformation Profile* report, tracking the changes being made at 135 utilities across the country, and Seattle City Light was one of



Seattle City Light CEO Debra Smith | SEPA



U.S. utilities' clean energy supplies. | SEPA

10 utilities the report identifies as industry leaders.

A key finding of the report is that utilities with strong carbon reduction commitments are also the ones making the most progress on clean energy and decarbonization. For example, 67% of the survey respondents with 100% targets are providing 30% or more clean energy in the power they supply to their retail customers, while 57% of those without strong commitments are providing 30% or less.

At the same time, Cavanagh said, U.S. utilities deserve credit for "continual environmental improvement" from 2007 to 2019. The electric power industry as a whole cut its carbon emissions 30% during that time, he said. "But even more significant reductions are in the toxic pollutants in nitrogen and sulfur. Nitrogen oxides [were] down more than 70%; sulfur dioxide, down almost 90%."

He also stressed the role of energy efficiency, noting that the U.S. economy expanded 22% between 2007 and 2019, but energy consumption only increased 1%.

Both Cavanagh and Smith said that the approach going forward should be a mix of distributed energy resources and large, well

integrated regional grids. Calling out a *recent article* in *The New York Times* titled "More Power Lines or Rooftop Solar Panels," Cavanagh said, "I utterly reject that" premise.

"What I see across the West, across the nation, now are effective efforts ... by mobilizing the distributed resources; by finding ways to integrate them more effectively, but also to support the enhanced integration of big regional grids."

Smith agreed, "*The Times* missed it. ...

"The new movement towards distributed energy resources — whether it's energy efficiency [or] load-shedding technologies that are just emerging — they create the dispatchability that allows us to continue to invest in renewable resources," she said.

Investing in the Future

Seattle City Light is one of five municipal utilities that made SEPA's 2021 Utility Transformation Leaderboard. The others were Austin Energy, Holyoke Gas & Electric Department, the Los Angeles Department of Water and Power and Sacramento Municipal Utility District.

As municipals, these utilities are less regulated,

FERC/Federal News



and more open to experimentation, than investor-owned utilities, and they all generally serve a more progressive customer base.

Under a city mandate, Seattle City Light is committed to providing 100% clean energy by 2045, according to Smith. About 80% of its power already comes from hydro, but it has also expanded its access to a mix of clean energy resources by joining CAISO's Energy Imbalance Market. It continues to add solar and wind to meet the needs of big customers, like Google and Amazon, which have set their own carbon-reduction goals.

"They're really players in the additivity world," Smith said, meaning the companies want to back projects that add new clean power to the grid. "So, we are just coming out with what we call 'Renewable-Plus,' which will be a program that is available to our largest customers who want to contribute in that way. We will go out and purchase or invest in new renewable resources on their behalf, with their commitment, so our bread-and-butter customers won't share the risk."

Seattle City Light also has a very tech-savvy customer base that wants to participate in energy efficiency and demand flexibility programs, Smith said. "We're looking at microgrids; we're looking at how do we use battery storage," as well as the possibility of vehicle-to-grid, she said.

Smith sees electrification as "a primary focus



SEPA CEO Julia Hamm | SEPA



Ralph Cavanagh, NRDC | SEPA

for solving our climate problems." But it's also "a hard challenge culturally" for utilities, she said. "The cultural changes are huge because you've got one foot in the process and then you have a foot looking to the future. What we talk about at City Light a lot is that electrification and that cultural shift [are] the way we invest in the future."

Cavanagh sees electrification as "very much part of the core utility mission going forward. You're not fighting against your fundamental business model."

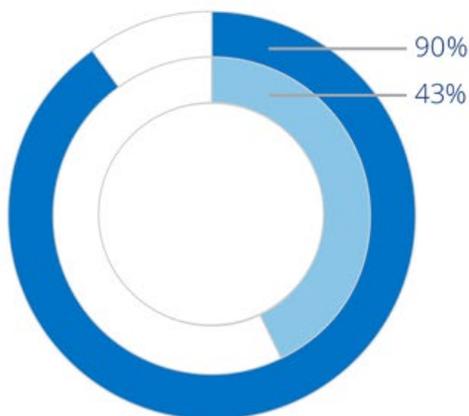
But, he said, one part of the transformation that still needs attention is "the tradition of thinking of the electric industry, in some

respects, as a commodity business, whose financial interests lay in maximizing sales of kilowatt hours."

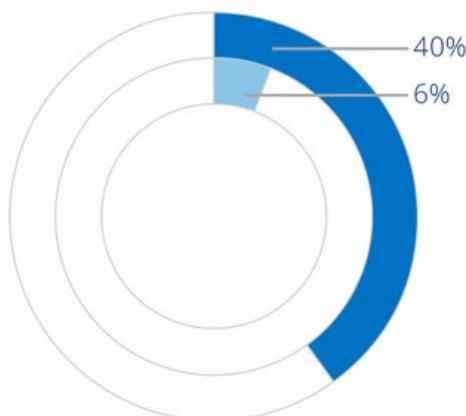
Breaking the links between utilities' financial health and sales is still incomplete across the country, he said, and those changes are needed to ensure the transition stays focused on efficiency.

"There's going to be electrification; there are going to be increased applications of electricity," Cavanagh said. "We don't want utilities simply grabbing for the solutions that maximize kilowatt-hour sales in the short term, because that will undercut energy efficiency progress in the long term." ■

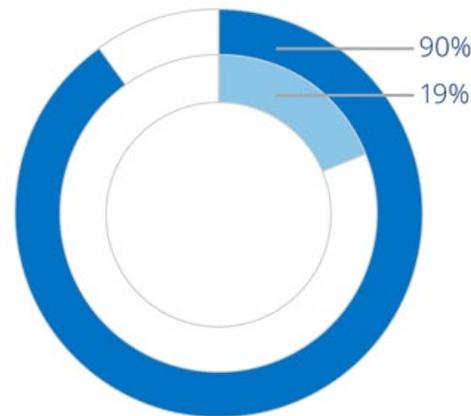
Have Adopted 100% Carbon-Reduction Target



Target 100% Reduction By 2035 or Sooner



Target 100% Reduction by 2045 or Sooner



■ Leaderboard ■ Other Respondents

Industry leaders are setting aggressive clean energy targets. | SEPA

CAISO/West News

PG&E Proposes Undergrounding 10K Miles of Distribution

By Hudson Sangree

Pacific Gas and Electric proposed the largest undergrounding effort in U.S. history on Wednesday, saying it would bury 10,000 miles of distribution lines in high-threat fire areas of Central and Northern California.

PG&E CEO Patti Poppe made the announcement at a news conference in Chico, near where the PG&E-caused Camp Fire destroyed the town of Paradise in November 2018 and where the Dixie Fire is now burning, possibly sparked by a PG&E line on July 13. (See [PG&E Says Its Line May Have Started Dixie Fire.](#))

“We are here in Chico today because there’s a cloud of smoke in the air, and for many people that brings back traumatic memories and difficult times,” Poppe said. She said she understood that for many worried residents, “the Dixie Fire is a punch to the gut.”

She vowed, however, to make the utility safer after years in which it started catastrophic wildfires that killed more than 100 people, including at least 84 in Paradise.

“PG&E’s commitment represents the largest effort in the U.S. to underground power lines as a wildfire risk-reduction measure,” the company said in a news release.

Undergrounding will reduce the need for public safety power shutoffs, the intentional blackouts that are now a mainstay during the state’s prolonged fire season, PG&E said. It will also reduce the need for vegetation management, it said.

PG&E’s power shutoffs and faulty tree maintenance have subjected it to public outrage and heavy criticism from the federal judge overseeing the utility’s criminal probation stemming from the 2010 San Bruno gas explosion.

The Dixie Fire may have started near where a 70-foot pine tree fell onto a PG&E distribution line, Poppe said.

The Zogg Fire started when a pine tree struck a PG&E line, killing four people in a rural area near Redding, investigators with the California Department of Forestry and Fire Protection determined. (See [PG&E Equipment Started Zogg Fire, Investigation Finds.](#))

Undergrounding often has been dismissed as too costly to perform on a large scale, potentially costing around \$4 million per mile. PG&E owns 25,000 miles of overhead distribution lines in high-threat fire areas in the Sierra Nevada foothills and the state’s rugged coastal ranges.

But a series of PG&E demonstration projects have suggested that a massive effort could be possible, with cost savings achieved through scale and falling prices during years of work, Poppe and the utility said Wednesday.

“We don’t have a total price tag because we know it’s going to get cheaper over time,” Poppe said. “It will over time become even more affordable.”

The California Public Utilities Commission would need to approve the undergrounding proposal, and commissioners have repeatedly expressed concerns about rising utility bills as consumers are saddled with the costs of infrastructure upgrades and wildfire-prevention efforts. ■



PG&E CEO Patti Poppe made the announcement in Butte County, Calif. | PG&E

CAISO/West News

Arizona to Weigh RTO Membership

ACC Chair Requests New Docket on Potential Benefits

Continued from page 1

The move followed a July [meeting](#) in which the commission agreed to hold workshops as part of its biennial transmission assessment (BAT) to study issues such as the potential for increased participation by transmission owners in regional markets.

Márquez Peterson encouraged the studies in an April 23 [letter](#) that mentioned possibilities such as joining CAISO or SPP, forming a separate RTO or gaining access to ERCOT.

"I believe the technical transmission system reliability studies ... could help the commission learn the potential reliability impacts and needs for the future transmission system under a number of different load and generation assumptions," she wrote.

At the ACC's July 14 meeting, representatives of APS and TEP supported holding the workshops.

Amanda Ormond of Western Grid Group, an organization that advocates for transmission improvements to deliver clean power, said the raft of proposed studies could take up to three

years and urged a more intensive focus on RTO membership.

RTO participation would have "significant effects on transmission — what we build, how we build, how we use the transmission system — and so we recommended that the commission have a workshop to talk specifically about regional transmission organizations and the different component pieces that go into participating," Ormond said.

She cited a study funded by the U.S. Department of Energy that found a Western RTO that included California and all other states in the Western Interconnection could save \$1.2 billion annually. (See [Study: Western RTO Could Yield \\$1.2B in Yearly Savings](#).) A subsequent study found the savings could be as much as \$2 billion per year. (See [Study Shows RTO Could Save West \\$2B Yearly by 2030](#).)

The Arizona development builds on a growing initiative to develop a Western RTO after several failed attempts by California lawmakers to expand CAISO into a multistate entity. (See [CAISO Expansion Bill Dies in Committee](#).) SPP is preparing to allow members of its Western

Energy Imbalance Service to fully join the RTO. (See related story, [Commitment Deadline Set for SPP West Participation](#).)

Meanwhile, Oregon lawmakers have [instructed](#) the state's Department of Energy to look into the benefits of joining an RTO. Avangrid's planned \$4.3 billion merger with the parent company of Public Service Company of New Mexico contains language regarding potential RTO membership. (See [FERC OKs Avangrid PNM Purchase](#).) Nevada's governor is convening a task force to explore RTO membership. (See [Many Next Steps to Follow Passage of Nevada Energy Bill](#).) And Colorado lawmakers ordered TOs to join an RTO by 2030 or explain why they could not. (See [Polis Signs Bipartisan Bill to Support Interstate Tx](#).)

"Arizona doesn't want to get behind in looking at market development because it'll keep us competitive," Ormond said. "It'll save customers money. So that's why in the BTA today I'm advocating that we ... do a deep dive on RTO development because it is very complicated, and we really haven't had any conversation about it at all in Arizona." ■



A transmission line runs through a desert landscape near Phoenix. | © RTO Insider LLC

CAISO/West News

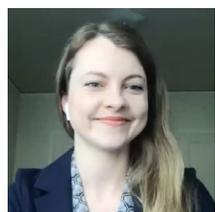
Calif. Needs New Tx for 100% Clean Energy

Lines Could Bring Wind from New Mexico, Wyoming and Idaho

By Hudson Sangree

The West needs new transmission in the near term and far more in the long term for California to meet its goals of providing retail customers with 100% clean energy by 2045 under the requirements of Senate Bill 100, presenters said in a day-long workshop Thursday.

The session was the second SB 100 workshop held jointly this year by CAISO, the California Public Utilities Commission (CPUC) and the California Energy Commission (CEC), which have planning, procurement and operational responsibilities for the state's power grid.



CPUC Senior Analyst Karolina Maslanka | California Energy Commission

The first workshop in June focused on the need for an unprecedented buildout of generation resources to meet SB 100 mandates. (See *Calif. Needs Tx and Gas to Decarbonize, Advocates Say* and *Calif. Must Triple Capacity to Reach 100% Clean Energy.*)

The transmission need to carry so much new capacity occupied Thursday's workshop.

CPUC Senior Analyst Karolina Maslanka said that the CPUC's current integrated resource plan includes 1,000 MW of out-of-state resources from New Mexico, Wyoming and Idaho requiring transmission upgrades.

"Connecting these resources would require transmission expansion to bring the power to the CAISO system border," Maslanka said. "I highlight this because, as we plan for the SB 100 goal, it's important not only to think about what upgrades may be necessary within the CAISO system but also what transmission expansions may need to take place to bring generation from other states to the CAISO load."

CAISO is studying the CPUC IRP in its 2021/22 transmission planning process (TPP), with a draft expected in November.

In the last few years, the state seemed to have "sufficient headroom on the transmission system" to accommodate an influx of new resources," Maslanka said. "But we are we are beginning to see a shift from an era of available transmission headroom to one where

transmission development will be necessary to accommodate the large amount of resources expected to come online in the next 10 years."

CAISO opened a 20-year TPP in May to look more broadly at the clean energy transition. The long-term TPP runs in parallel with CAISO's traditional 10-year planning cycle and coordinates with its 2021/22 plan, said Jeff Billinton, the ISO's director of transmission infrastructure planning. (See *CAISO Launches 20-year Transmission Planning Process.*)

Billinton said in May that the CPUC's IRP portfolio envisions importing 3,000 MW of wind from Wyoming and New Mexico, potentially requiring both in-state and out-of-state transmission upgrades.

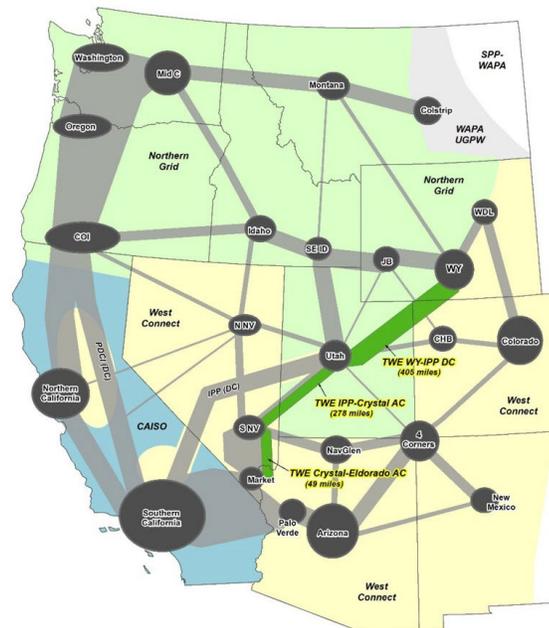
On Thursday, he touched on potential in-state needs, such as lines to carry offshore wind to major urban areas and out-of-state transmission projects to serve CAISO load.

In the long- and short-term planning process, "we're welcoming and wanting to encourage and incorporate stakeholder input and consultation," he said.

Tx in the Works

Transmission developers pitched their projects at Thursday's workshop. Some of the *projects* are still in early planning; others are close to construction. They included:

- The Pacific Transmission Expansion Project, an underwater line to carry renewable power from the Central California coast directly to the Los Angeles Basin, bypassing congestion.
- TransWest Express, a transmission project intended to carry large amounts of wind power from Wyoming to California that is "nearly shovel ready," said David Smith, its engineering and operations director.
- The Southwest Intertie Project, North, the final link in a three-part project to carry wind power from Idaho to CAISO through eastern Nevada.
- The Sunzia Southwest Transmission Project, connecting wind resources in central New



Transmission flows to California with planned lines, in green, bringing wind power from Wyoming. | TransWest Express

Mexico to Arizona and Southern California.

- And the Lucky Corridor Transmission Project, intended to bring wind energy from northeastern New Mexico to Arizona and California.

Jim Avery, an independent consultant, presented the Pacific Transmission Expansion Project. (Avery is also a member of the WECC Board of Directors.)

He emphasized "the need for planning for the future, especially when you consider that the electric load on the grid has to increase dramatically in order to deal with the decarbonization of [the transportation, residential, industrial and commercial] sectors" as the state seeks to eliminate natural gas from its resource mix.

The decarbonization "will place traumatic stress on the grid," requiring new transmission from "the renewables zones, where the potential energy is going to come from ... [and] getting that power to California," Avery said.

A third workshop in August will focus on resource mapping and land use, a touchy topic given the vast acreage needed for new solar arrays, wind farms and transmission rights-of-way. ■

ERCOT News



ERCOT Briefs

Staff File for \$2.9B in Debt Recovery from Winter Storm

ERCOT has filed two applications for debt-obligation orders with the Texas Public Utility Commission to finance \$2.9 billion in market debt stemming from high prices during February's devastating winter storm.

The first application proposes a \$2.1 billion market uplift to cover short pays during the storm's Feb. 12-20 emergency period (52322). The second proposes financing the \$800 million owed to ERCOT by market participants (52321).

As of Friday, the ERCOT market was still *short \$2.97 billion* from transactions during the storm. Brazos Electric Power Cooperative (\$1.88 billion), which declared bankruptcy shortly after the storm, and Rayburn Country Electric Cooperative (nearly \$640 million) account for the bulk of the short pays.

Both proposals are a result of legislation passed earlier this year during the 87th Texas Legislature, allowing the securitization of various debts incurred during the storm. (See *Securitization Offers Texas a Way Forward*.)

The \$2.1 billion debt obligation would cover "extraordinary" uplift charges assessed to the market's load-serving entities for energy consumption during the emergency period, including reliability deployment price adder charges and ancillary service costs above the commission's systemwide offer cap.

The grid operator has asked to recover the amount financed by imposing monthly uplift charges to qualified scheduling entities, based on the load ratio share of their eligible LSEs. ERCOT said it doesn't have the financial relationships between LSE and QSEs and can't determine the eligible costs without quantifying the LSEs' actual exposure. It asked the PUC to open a parallel proceeding to allow LSEs and the commission to determine the final uplift balance.

The \$800 million debt obligation would apply to amounts owed to ERCOT by market participants during the emergency period and subject to market uplift; the revenue auction receipts staff used to temporarily reduce short-pay amounts; and reasonable costs incurred by a state agency or ERCOT to implement the debt-obligation order.

It would impose a non-bypassable default charge on all wholesale market participants,

except those exempted by statute from payment of default charges, and use the proceeds to pay debt obligations. It would not affect Lubbock Power & Light, which joined the ERCOT system on May 29, and those market participants subject to a default charge by acting as a central counterparty clearinghouse in market transactions.

The default charges would be charged on a monthly basis and allocated among market participants using the same allocated *pro rata* methodology under which the charges would otherwise be uplifted.

PUC staff have set *procedural schedules* in both dockets, with prehearing conferences scheduled for Wednesday. Hearings could be held in September. The commission faces an Oct. 14 deadline to issue final orders.

The commission on Wednesday *asked* market participants to help the PUC develop the debt-financing mechanism for the \$2.1 billion debt obligation, with briefs to be filed by Aug. 4 (52322).

In its filing, the PUC asked whether the phrase "exposed to the costs included in the uplift" suggests offsetting payments above the systemwide offer cap with amounts received above the cap. The commission also asked market participants for the appropriate definition of entities affiliated with the entity that made such payments.

As of Friday, six parties have intervened in the dockets.

'Strong Upward Pressure' on Budget

During a special Board of Directors meeting Friday, ERCOT staff told the directors that the grid operator faces "strong upward pressure" on its budget and the administrative fee as it continues to recover from the winter storm and COVID-19's effects.

Together with the added costs to incorporate new legislative mandates from Texas lawmakers, ERCOT's budget could reach \$296 million in 2022, up from this year's \$221 million.

"We think we can manage that in the next few years," interim CEO Brad Jones said.

ERCOT currently faces \$10.5 million in unexpected annual insurance and legal costs following the storm. Staff expect to ultimately take on an estimated \$10.6 million in annual costs for weatherization inspections and cybersecurity responsibilities.



Interim ERCOT CEO Brad Jones (right) answers reporters' questions as PUC Chair Peter Lake listens. | *Texas Admin Monitor*

The grid operator's administrative fee of 55.5 cents/MWh, which funds 95% of its operations, has been held flat since 2016. Staff are recommending the fee stay at that level when the 2022-2023 budget comes up for board approval Aug. 10.

The city of Dallas' Nick Fehrenbach, representing the commercial consumer segment, spoke for board members opposed to keeping the fee flat. He said he is concerned over the market's uncertain future design and deficit spending in the interim.

"The new board could be put in a position where a fee increase is almost necessary," Fehrenbach said. "I think we should bite this bullet now. We can cut elsewhere."

The board meeting was held to review ERCOT's annual financial audit, which was delayed by the winter storm. Public accounting firm Baker Tilly expects to issue a clean report following receipt of legal documents from the grid operator. The Finance and Audit Committee and the board were both unanimous in accepting the report.

The directors also agreed to let Demand Control 2's Shannon McClendon, the retail electric provider segment's representative, begin drafting governing documents for a transition committee between the current board and the new one, which must be selected by Sept. 1.

Texas *Senate Bill 2* replaces the current setup of five independent directors and eight market segment representatives with eight Texas residents with executive-level experience in finance, business, engineering, trading, risk management, law or electric market design. No more than two board members from institutions of higher learning will be allowed.

ERCOT News



SB2 also sets up a three-person selection committee, with one member each appointed by the governor, lieutenant governor and the speaker of the House of Representatives. The committee will also choose the board's chair and vice chair, retaining an outside consulting firm to help with the process.

Lt. Gov. Dan Patrick on July 20 selected G. Brint Ryan, owner of a Dallas-based global tax consulting firm and chair of the Texas Association of Business, as his appointee to the committee.

Lake, Jones Hold Joint Presser

Jones and PUC Chair Peter Lake joined for a press conference Thursday to update Texans on the operational changes they have made to

improve grid reliability in advance of potential record demand this week.

The Weather Channel forecasts temperatures above 100 degrees Fahrenheit in the Dallas-Fort Worth metroplex for much of the week, thanks to a massive heat dome settling over the central part of the U.S. With projected heat indexes above the century mark in the rest of the state, Jones said the grid operator expects record demand as high as 76 GW.

"We want to make sure you are each aware that summer has arrived," Jones said, addressing his in-person and virtual audience. "As it stands today, looking at our conditions and what we expect next week, we expect a suffi-

cient amount of generation to serve all Texans."

That is standard operating language when ERCOT discusses long-term resource adequacy. However, Jones bolstered his argument by explaining how the grid operator is increasing its supply of operating reserves to strengthen grid reliability. (See *ERCOT Stakeholders Sign Off on More Ancillary Services.*)

"We need a cushion of reserves going into the deepest summer months," Lake said. "It's going to be tight for the rest of the summer. We all know the heat is coming, but we're ready for it."

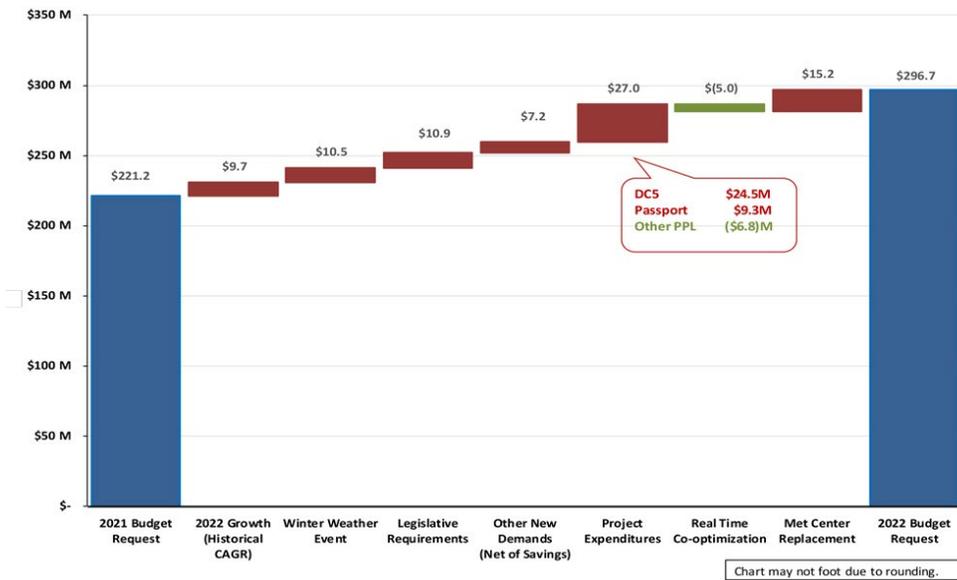
Lake said the PUC, working with ERCOT and its stakeholders, are redesigning the Texas market "from scratch." Whereas the emphasis used to be on affordability over reliability, with generators earning greater revenues for producing when supplies are scarce, he said, the market will now prize reliability over cheap power.

"Our goal is to reallocate the payments currently being made to the most reliable source of power," Lake said. "We don't want to raise costs. We're just shifting payments to the generators that provide the most reliable energy."

Jones urged consumers not to panic over ERCOT calls for conservation, as it issued in April when a perfect storm of low wind production, thermal outages and unexpected demand almost required a return to energy emergency alerts.

"It's a tool we need to keep in our toolbox. It's something that is used across the country, across the world," he said, pointing to similar conservation alerts during April in Chicago and on both coasts. ■

— Tom Kleckner



ERCOT is requesting a 34% increase in its budget for 2022 as a result of Winter Storm Uri-related expenses. | ERCOT

ippny
INDEPENDENT POWER PRODUCERS OF NEW YORK

36th Annual Fall Conference
Tuesday, September 14, 2021
The Gideon Putnam / Saratoga Springs, NY 12866

Featuring:
Keynote Speaker - MELISSA LOTT
Senior Research Scholar & Director of Research, Columbia Center on Global Energy Policy

Panel Discussions:
-New York's Climate Leadership and Community Protection Act at a Glance
-Cryptocurrency Mining & Impacts on the Energy Industry

REGISTER at ww.ippny.org
Sponsorship opportunities available!

Save your 10 to 1 odds for Vegas.

You never want to chance too much in this market.
RTO Insider. Stay informed.

GCPA
Gulf Coast Power Association

SAVE THE DATES!
GCPA Fall Conference
We're Going LIVE!

GCPA 2021
AT&T CONFERENCE CENTER
AUSTIN, TX

SEP 21ST - SEP 22ND REGISTRATION OPENS IN JULY

WATCH FOR YOUR EMAIL IN JULY FOR REGISTRATION DETAILS

ISO-NE News

ISO-NE to Study Additional Model for Capacity Market

By Jason York

ISO-NE last week *summarized* a hybrid model for its capacity market that it plans to study, featuring both net carbon pricing and a variant of a forward clean energy market (FCEM) or integrated clean capacity market (ICCM).

The inclusion of the hybrid pathway will require additional modeling time, pushing the deadline for a report on the “pathways” from February 2022 to April, the RTO told a NEPOOL Participants Committee working group session on “Pathways to the Future Grid.”

The New England States Committee on Electricity originally floated the idea of a hybrid model and further refined the approach and assumptions in a June 22 *memo* to the PC. It would be based on the FCEM/ICCM-only model and include an incremental carbon price as an input, allowing it to only solve for the clean energy certificate price.

Based on the memo and related discussions, the RTO said that a net carbon price applied to all emitting resources increases revenues. In comparison, the FCEM/ICCM pathway awards clean energy credits (CECs), and their

corresponding revenues, to all resources that provide clean energy. The hybrid model awards CECs to new resources.

Market Outcomes

ISO-NE said that the model aims to achieve two market outcomes simultaneously: reduce carbon emissions in the electricity sector, and produce average energy market prices that are no less than some administratively determined value.

In the first outcome, the central case assumes the same level of decarbonization as other pathways and status quo, corresponding with an 80% carbon reduction relative to 1990 levels.

In the second, NESCOE proposes that modeling parameters be set to produce an average annual LMP of \$41, which is calculated using average historic hub LMPs and a contract rate of \$49.99/MWh from the Millstone nuclear plant. NESCOE contends that such energy market revenues may support Millstone’s continued operation.

The RTO and its consultant, Analysis Group, continue to evaluate how to best model the hybrid pathway, which may evolve based on

stakeholder feedback and design details. ISO-NE said the hybrid approach might be more challenging and time-intensive to model than the two other pathways, which seek to satisfy a carbon emissions outcome. The hybrid approach cases must additionally meet the average LMP value.

Preliminary Policy Observations, Stakeholder Feedback

While ISO-NE has agreed to study the hybrid approach to provide information to the region, the RTO highlights two ways the hybrid pathway appears to be inconsistent with sound market design.

The hybrid approach limits CEC awards to new resources only and does not pay a uniform price for the desired clean energy attribute. It also does not let the market decide how the desired environmental attributes can be provided at the least cost. Instead, it aims to set energy prices to ensure the operation of selected resources.

ISO-NE seeks stakeholder feedback on the model’s design elements, including target LMP level and limitation of CECs to new resources. The RTO plans to present preliminary modeling results in the fourth quarter of this year. ■



ISO-NE control room | ISO-NE

ISO-NE News

ISO-NE Planning Advisory Committee Briefs

By Jason York

Eversource Replacing Conductors

Eversource Energy will replace more than 12 miles of 115-kV high-pressure, fluid-filled (HPFF) underground conductors between Waltham and Watertown in central Massachusetts to mitigate environmental and reliability issues, according to a [presentation](#) to the ISO-NE Planning Advisory Committee last week. The project is estimated to cost \$69.6 million.

The existing 1250 kcmil paper-insulated copper conductor will be replaced with a 2000 kcmil laminated paper-polypropylene-insulated copper conductor, which is standard for Eversource in replacement considerations to minimize the number of spare reels and accessories on hand. Larger conductors also allow the cable to run cooler, which increases asset life and ratings.

There is only one remaining supplier of HPFF cables in the world, and the potential loss of that supplier would make replacement with solid dielectric cable or cross-linked polyethylene the only technically viable option, adding time and considerable cost to the preferred solution, according to Eversource's Christopher Soderman.

The project will address safety and environmental risks associated with a cable failure or pipe breach. There have been six leaks since 1985 that have spilled more than 24,000 gallons of dielectric fluid/mineral oil, including 45% of those total gallons leaked in two significant events in the last six years. There is also increasing scrutiny from state and federal

regulators to eliminate or reduce leaks. In addition, leaks result in high cleanup costs from fluid entering waterways and roadways, resulting in shutdowns.

The alternative is to "do nothing," which is not an option because of the demonstrated asset condition issues, Eversource said. In addition, rebuilding the lines with cross-linked polyethylene requires new duct banks, civil work and lengthy siting, permitting and construction processes that do not quickly address the critical condition of the HPFF cables.

The proposed in-service date is the third quarter of 2023.

More Results from Tx Planning Pilot Study

ISO-NE's Dan Schwarting and Meenakshi Saravanan [presented](#) additional preliminary results from the RTO's "Transmission Planning for the Clean Energy Transition" pilot study, quantifying the tradeoffs between cost and the ability of the transmission system to accommodate high amounts of renewable resources.

Among the key takeaways of the study, ISO-NE found that generation reductions in southeastern Massachusetts/Rhode Island would be sufficient to relieve overloads on the Stoughton-K St. 345-kV line caused by future renewable resource additions, including over 3,100 MW of offshore wind and 2,300 MW of solar PV. The study kept approximately 5,150 MW of fossil-fuel generation offline to avoid cable overloads.

The study found that thermal overloads in real-time operations could be "relatively



ISO-NE headquarters in Holyoke, Mass. | ISO-NE

easily managed," and many options exist for generation reduction that would alleviate the constraint. Operators can quickly identify post-contingency thermal overloads before a contingency occurs and make system adjustments, such as reducing generation to avoid overloads.

In a needs assessment, a thermal overload is not considered a need if it could be resolved by reducing generation. Currently, enough capacity is available outside of SEMA/RI that the reduction does not cause a reliability concern. If significant generator retirements occur, some fossil-fuel capacity may be needed to serve load. The RTO will continue the current practice of reducing generation when necessary to avoid overloads.

ISO-NE will next month make its final PAC presentation on steady-state and stability results and share its proposal for new study assumptions for load, solar generation and wind generation. New study conditions for load, solar generation and wind generation will be finalized and documented at the September PAC meeting. ■



ENERGY & ENVIRONMENTAL SUSTAINABILITY:
PATHWAYS TO TRANSFORMATION
 NEW ENGLAND - CANADA BUSINESS COUNCIL
 2021 ANNUAL US / CANADA EXECUTIVE ENERGY CONFERENCE
 NOVEMBER 4-5, 2021
 SEAPORT HOTEL, BOSTON
 REGISTER AT [NECBC.ORG/PAGE/ENERGYCONFERENCE](https://necbc.org/page/energyconference)

WEEKLY VIRTUAL PRESENTATIONS

NECA
 NORTHWEST ENERGY AND COMMERCE ASSOCIATION
 Bringing a World of Energy Experience Together

Wednesday
WEBINARS
 with Q&A

Sept 24, 2021
 9:00 am - 12:00 pm

Future of Transmission:
 Keynote FERC Chairman Glick
 &
 Panel: Improving Transmission
 Planning, Investment, and Siting

Restructuring Roundtable
 RAAB ASSOCIATES, LTD.
 FOLLY BRIDGE

REGISTER HERE

MISO News

South Regulators Lambast MISO Long-term Tx Planning

By Amanda Durish Cook

Southern state regulators last week didn't disguise their distaste for MISO's long-range transmission plan, with one Mississippi regulator drawing comparisons to the much-maligned Entergy System Agreement.

The contentious exchange occurred during Entergy's Regional State Committee (ERSC) meeting July 20. The meeting was held less than a week after some transmission owners and the Environmental sector suggested MISO adopt a subregional postage stamp rate. They proposed MISO devise separate postage stamp rates for the Midwest and South to split some costs of its long-range transmission plan. (See [MISO Members Revive Debate over 'Postage](#)

[Stamp' Cost Allocation.](#))

Mississippi Public Service Commissioner Brandon Presley said the postage stamp proposal seemed — “God forbid” — reminiscent of the now-terminated Entergy System Agreement, which allocated production costs among Entergy's half dozen operating companies under its multistate system from 1982 until 2013. Interpretation of the system agreement has been a source of disagreement at the FERC level for more than a decade. (See [La. PSC Complaints Denied in Entergy System Disputes.](#))

“I'm old enough to remember ... the reason this committee was formed,” Presley told other MISO South stakeholders at the ERSC.

He said a postage stamp rate would force

some states to pay for the “political choices” of renewable energy goals of other states.

“Tell me where I'm wrong,” Presley said.

MISO Executive Director of System Planning Aubrey Johnson said MISO's long-term planning is simply based on members' plans. Currently, more than 95% of MISO members have carbon emissions reduction goals.

Johnson also said MISO South players could advance their own cost-sharing proposals for the long-range transmission plan.

Entergy itself has a net-zero emissions goal by 2050. Entergy Texas CEO Sallie Rainer has said that meeting the goal will initially require replacing coal with solar.



| Entergy

MISO News

"I think post-2030, it's going to be all about technology [innovation] helping us," Rainer said during the Gulf Coast Power Association's spring conference in April. She said that Entergy is investigating using carbon capture and burning renewable-created hydrogen at its newer natural gas plants at night when renewables aren't available.

Presley said having reservations about cost allocation on MISO's long-range plan doesn't equate to an anti-environmental sentiment.

"From my perspective, that couldn't be any further from the truth," he said. "When some of us ask these types of questions about cost allocation, [some say], 'You must be against goals related to renewable energy development.' ... If you want to have a dictatorship, we'll stand up and salute MISO. But that's not how this works."

"I'm just throwing up the cautionary flag very nicely and politely," Presley said, adding that a postage stamp treatment could begin to "smell like and look like an Entergy System Agreement."

"I don't think anyone wants to go back to those nightmares," he said, adding that MISO should take care to avoid the "undue and unjustified spreading of costs to just everyone."

"The increasing of electric rates in Mississippi hurts us more because we've got less money than other states," Presley explained.

Noel Darce, counsel for the Louisiana Public Service Commission, pressed on whether MISO's long-range plan is really intended to facilitate new wind generation built far from load centers.

"I would not frame it that way," Johnson responded. He said MISO's modeling has indicated new resources will be sited all over the footprint, though he acknowledged that some renewable resources would cluster where natural conditions are more optimal.

"Our message throughout all this is: 'It's going to be expensive.' ... As we see today, the retirements are actually outpacing our predictions," Johnson said.

Conservatively, MISO expects 77 GW of thermal generation retirements and 120 GW of mostly renewable additions over the next two decades, Johnson said. He said the added generation will double MISO's current capacity supply.

Johnson said MISO is not trying to "lean into" one generation technology over another.

"This has to do with member goals. This is about our members' plans. This is about ensuring the system holds up over the 8,760 hours in a year," Johnson said.

To accommodate a transformed resource mix, Johnson said MISO must do more than the "very linear" and largely local need-planning focus of MISO's annual Transmission Expansion Plans.

"With the long-term transmission plan, that's not how we expect things to flow," Johnson said. "We recognize that this will be a challenging process."

Johnson also said MISO's long-term transmission planning might necessitate upgrades on the lower-voltage system, as the increased transfers could affect smaller systems.

Werner Roth, economist with the Public Utility

Commission of Texas, asked if MISO is willing to consider separate cost allocation methodologies for MISO South versus MISO Midwest.

Johnson said MISO will consider alterations, where appropriate, between the regions.

"Ultimately, what we believe is the best cost allocation is the one the most can agree on," Johnson said.

Johnson said MISO has not yet identified projects that could be readied for the RTO's approval by the end of this year. He also said the RTO has yet to tackle solution ideas that would directly address the Midwest-South transfer constraint. The subregional postage stamp proposal is predicated on a continued limited transfer capability between Midwest and South.

So far in 2021, flows on the limit moved North-to-South 57% of the time. MISO Independent Market Monitor Jason Fogarty said flows bind most often in the South-to-North direction. MISO's agreement with SPP and other neighbors restricts flows to 2,500 MW in the South-to-North direction and 3,000 MW in the North-to-South direction.

MISO will hold another stakeholder workshop on its long-range plan this Friday.

At an Organization of MISO States meeting Wednesday, North Dakota Public Service Commissioner Julie Fedorchak voiced apprehension over her state funding transmission projects that are "hundreds of miles away."

"Signing on to cost allocation without knowing the impacts to our ratepayers is problematic," Illinois Commerce Commission Chairman Carrie Zalewski agreed. ■

Save your obstacle courses
for weekend Mud Runs.

Getting the information you
need shouldn't wear you out.
RTO Insider. Stay informed.



Midwest Energy
Policy Series
Energy Efficiency
Virtual Event
Aug 12 & 13

> REGISTER NOW

20% off using the
promo code RTO20

Save your acrobatics
for Cirque de Soleil.

Jumping through hoops was
never really your thing anyway.
RTO Insider. Stay informed.



NYISO News

NY Enviros Push Officials on Climate Policy for Power Industry

By Michael Kuser

Environmental justice advocates on Thursday told New York officials to consider smoke from western wildfires a week after torrential rains flooded the subway as a sign to hurry up on forming climate policy for the power sector.



Eddie Bautista, NYC Environmental Justice Alliance | NYDPS

“In a week where we’re seeing red moons and yellow skies ... we’re talking about a moratorium on fossil fuel when it should be a no-brainer,” said Eddie Bautista, executive director of the New York City Environmental Justice Alliance.

“Don’t be the mayor in Amity Island [Jaws] that doesn’t listen to the sheriff. Close the beaches. This is that analogy.”

Members of the Climate Justice Working Group (CJWG) on July 22 gave [feedback](#) to the New York State Climate Action Council (CAC) on policy [recommendations](#) from its Power Generation Advisory Panel.

The 22-member council is working to complete a scoping plan by year-end to help achieve the state’s goals under the Climate Leadership and Community Protection Act (CLCPA).

In its recommendations to the council, the Power Gen panel said that electrifying buildings and transportation will be crucial to meeting the state’s ambitious goal to reach net-zero electricity by 2040. It recommended minimizing electrification costs by balancing behind-the-meter with grid-side costs and using bulk and local solutions. It also said that storage, managed load and clean dispatchable generation could optimize deployment and operation of resources: “Look to utilities, DER providers and bulk providers for this — as makes most sense, and with steady improvement and rules.”

Affordability, False Promises

On affordability, Sonal Jessel of WE ACT for Environmental Justice, sought an emphasis on the need for major reform for utility bill assistance.

“If we move towards more electricity, what is that going to do to people’s utility costs, especially for lower income individuals?” Jessel asked.



Sonal Jessel, WEACT for Environmental Justice | NYDPS

It’s important to have no energy burden exceed 6% of income, but there are 1.2 million New Yorkers over that line, which proves the need to prioritize modifications to the state’s low-income home energy assistance program, she said.

The CJWG supports launching an assessment and planning process to determine emissions-reduction targets to reach net-zero by 2040, Bautista said. Grid reliability can be maintained and adequate CLCPA-compliant resources like clean generation, battery storage, demand response, etc., can be planned for and implemented as fossil generation resources are retired in order to achieve the 2040 target.

Environmentalists like the Power Gen panel’s interest in expanding workforce development and renewable energy and to phase out existing fossil fuel plants, but are concerned about the promotion of “false solutions” like green hydrogen, renewable natural gas and waste-to-energy, Bautista said.

In terms of the achievement of power production, 100% free of emissions by 2040, the CJWG is concerned about demonstration projects distracting from the clear renewable energy goals, he said.

The CJWG highlighted the recommendation for further research and consideration of life-cycle GHG accounting and potential air quality and health impacts of “unproven” technologies, Bautista said.

“Industry-supported technology fixes promise to reduce emissions despite their questionable legality under the CLCPA, but research shows they often do the opposite and often don’t reduce pollution burden,” he said.

In addition, NYISO should be more transparent, with more checkpoints and opportunities for public input and critique, Bautista said. “For example, the NYISO’s reliability needs assessment can be better disseminated and shared with local energy advocates ... and there needs to be more energy advocates considered for appointment to the board of NYISO.”

Equitable Benefits

The state needs to make a careful examination of the equitable development of infrastructure, including the distribution system, in the con-



Raya Salter, NY Renewables | NYDPS

text of the CLCPA mandate to spend between 35% and 40% of clean energy investments in low-income communities, said Raya Salter, lead policy organizer for NY Renewables.

The CLCPA mandate on clean energy investments in low-income communities could include rate cases as well, Salter said.

“We do not have the complete roadmap on how we’re going to get there in a way that fulfills the mandate and provides a complete equitable solution across all ratepayers,” Public Service Commission Interim Chair John B. Howard said.

The commission hopes to conclude its low-income proceeding relatively soon, over the next month or two, but it will be an ongoing proceeding because these issues become more acute as you add more costs to the system, Howard said.

New technologies and rebuilding the entire electric generation system are enormously expensive, and funding the rebuilding entirely on ratepayer bills “will be nearly impossible,” Howard said. “We’ll need other sources of funding. ... We have mandates, so we must spend the money.”

The Climate and Community Investment Act (CCIA) ([S4264A](#)), which proponents *estimate* could raise up to \$15 billion per year over the next decade via a carbon tax, could pay for a large part of the costs of rebuilding the state’s power grid and infrastructure, Bautista said.

“It will be helpful if we can get our partners in government to sit down and actually look at the CCIA that was introduced in both houses last session,” he said. “We have a budget coming up and that’s a perfect opportunity to see where the CCIA could add value.”

CAC Executive Director Sarah Osgood laid out a timeline for the Council, which aims to issue a draft scoping plan by year-end and hold public meetings throughout 2022 before issuing a final plan in 2023. ■



Sarah Osgood, NYCAC | NYDPS

PJM News



PJM MRC/MC Preview

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

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

Markets and Reliability Committee

Consent Agenda (9:05-9:10)

B. Stakeholders will be asked to *endorse* proposed revisions to *Manual 13: Emergency Operations* to address conservative operations, PJM's emergency protocols to ensure the bulk electric system remains reliable during extreme events. The manual changes were endorsed at the July Operating Committee meeting. (See "Manual 13 Changes Endorsed," *PJM Operating Committee Briefs: July 15, 2021*.)

C. Members will be asked to *endorse* conforming revisions to *Manual 14A: New Service Request Process* to address the new service requests deficiency review requirements. The revisions were endorsed at the July Planning Committee meeting. (See "Manual 14A Revisions Endorsed," *PJM PC/TEAC Briefs: July 13, 2021*.)

D. The MRC will be asked to *endorse* conforming revisions to *Manual 18: PJM Capacity Market*, *Manual 20: PJM Resource Adequacy Analysis*, *Manual 21: Rules and Procedures for Determination of Generating Capability* and *Manual 21A: Determination of Accredited UCAP Using Effective Load Carrying Capability Analysis* to address the effective load-carrying capability (ELCC) for limited-duration resources and intermittent resources. The revisions would require a unit's ELCC accreditation to be updated annually based on system conditions and unit performance. (See "ELCC Manuals," *PJM MRC/MC Briefs: June 23, 2021*.)

E. Stakeholders will be asked to *endorse* a proposed revision to *Manual 33: Administrative Services* for the Operating Agreement around the operating reserve demand curve (ORDC) data in accordance with FERC transparency requirements. The new section states that PJM may publish annual information on aggregated forced outages for the RTO and other reserve zones directly relevant to the ORDC calculations. (See *FERC Approves PJM Reserve Market Overhaul*.)

F. Members will be asked to *endorse* proposed *revisions* from the Governing Document Enhancement and Clarification Subcommittee (GDECS) addressing administrative changes and clarifications in the tariff and OA.

Endorsements (9:10-9:35)

1. Non-firm Transmission Service Pre-emption

(9:10-9:35)

The MRC will be asked to *endorse* proposed revisions to *section 14.2* of the tariff related to pre-emption of non-firm transmission service. The committee will be asked to endorse the proposed *solution* upon first read, and MC endorsement will be sought on the same day. The tariff language revisions exclude the right of first refusal (ROFR) process from PJM's evaluation of non-firm transmission service requests. (See "Non-firm Transmission Service Pre-emption," *PJM Operating Committee Briefs: July 15, 2021*.)

Members Committee

Consent Agenda (1:10-1:15)

D. Stakeholders will be asked to approve proposed revisions to *Manual 34: PJM Stakeholder Process* to address clarifications within the newly revised section 9.5: Motion Amendments.

E. Members will be asked to *endorse* tariff *revisions* to address concerns associated with the pro forma interconnection construction service agreement's lack of superseding language and current automatic termination provision. The revisions were endorsed at the June MRC meeting. (See "ICSA Revisions Endorsed," *PJM MRC/MC Briefs: June 23, 2021*.) ■

— Michael Yoder

Save your acrobatics for Cirque de Soleil.

Jumping through hoops was never really your thing anyway.

RTO Insider. Stay informed.

Staying on top of the trends and policy changes in the wholesale energy market is a mighty challenge. That's why you subscribe to *RTO Insider*. Offering unlimited access to comprehensive coverage, timely unbiased reporting and information delivered directly from reporters inside the room at almost all RTO/ISO meetings, *RTO Insider* makes staying informed and prepared effortless.



SPP News

Commitment Deadline Set for SPP West Participation

By Tom Kleckner

SPP staff will bring a document before the Board of Directors and Members Committee this week that sets terms and conditions for new and existing members adding their Western Interconnection facilities under the RTO's tariff.

The document applies to participants in the grid operator's Western Energy Imbalance Services (WEIS) market, which went live Feb. 1, and who may be contemplating full RTO membership. (See [WEIS Market 'First Step' to Full RTO Membership](#).)

"SPP West sets up a foundation to build on that and add additional parties," Bruce Rew, SPP's senior vice president of operations, told the Strategic Planning Committee during its July 14 meeting.

"There's a lot of interest in the RTOs in the West," he said, pointing to recent directives in Colorado and Nevada that transmission owners join an RTO by 2030. (See [Xcel Delays Joining EIM to Examine Options](#).) "This gives us something to build on. Building on it is a lot cheaper than starting from scratch."

Assuming board approval, the terms and conditions will only be valid until April 15, 2022. West parties intending to financially commit to the RTO will execute another commitment agreement before that date, with a projected go-live date of March 1, 2024.

The document would establish a single balancing authority encompassing the Western Area Power Administration Colorado-Missouri and



SPP's Bruce Rew explains the latest developments in western expansion to SPC members. | SPP

SPP WEST ENGAGED PARTIES

- Seven evaluating RTO membership or expansion of facilities in RTO:
 - Basin Electric (to include WMPA)
 - Deseret G&T Cooperative
 - Municipal Energy Agency of Nebraska
 - Tri-State G&T
 - WAPA Colorado River Storage Project (CRSP)
 - WAPA Rocky Mountain Region (RMR)
 - WAPA Upper Great Plains Region (UGP)



WEIS members considering RTO membership in SPP | SPP

Upper Great Plains West BAs. The new SPP BA would become a member of the Northwest Power Pool Reserve Sharing Group.

SPP's Integrated Marketplace would solve for a single market solution in both BAs across the four DC ties linking the two interconnections. A single FERC Order 1000 planning process would be used in both footprints, and grandfathered service agreements would be converted to SPP service under the RTO's current process.

Two of the ties are fully subscribed by grandfathered agreements, and a third is nearing the same condition. Rew said a DC tie task force has been formed to work through those issues, and it will present its findings in the fall.

"We know all the reservations. We're working with those parties to determine what would be appropriate for SPP moving forward," he said. "The DC ties are an important aspect of how this will operate."

The document was hammered out by staff and SPP's Western stakeholders during monthly Members Forum meetings designed to reach agreement on necessary governing document and operational changes necessary for RTO membership. Rew said stakeholders reviewed every page of the SPP tariff and that the terms and conditions have been reviewed by the Regulatory State Commission.

Seven WEIS participants — Basin Electric Power Cooperative, Deseret Generation and Transmission Cooperative, Municipal Energy Agency of Nebraska, Tri-State Generation and Transmission Association, WAPA Colorado

River Storage Project, WAPA Rocky Mountain Region and WAPA Upper Great Plains — are evaluating SPP West membership. Colorado Springs Utilities will join the WEIS next April and is also considering RTO membership.

SPP cites an independent study in saying that WEIS participants' RTO membership will save them \$49 million annually: \$24.2 million in new savings for current members, and \$25.1 million in savings for new Western participants.

The SPC endorsed the document during its meeting July 14.

The committee also endorsed eight of nine recommendations, most of them unanimously, related to SPP's transmission owner selection process for competitive projects. Only a motion to reduce the incentive points used to grade applications, from 100 to 50, failed to pass, falling 3-8 with three abstentions.

Other endorsed recommendations included setting parameters for the scoring methodology's implementation, clarifying cost terms and cost estimates, and adding greater transparency to the process by developing a list of items not to be treated as confidential.

A task force working since January to improve SPP's selection process identified 35 process improvements and issues that have been combined into nine key areas. It will continue its analysis as well as preparing language for revision requests and FERC filings. The team plans to bring a final recommendation to the October governance meetings. ■

SPP News



FERC Upholds Decision on MISO-SPP Overlapping Charges

By Amanda Durish Cook

FERC last week defended its prior ruling directing MISO and SPP to fix overlapping congestion charges on pseudo-tied loads and resources (*EL17-89*).

Responding, in April, to a 2019 complaint from American Electric Power subsidiary Southwestern Electric Power Co. and the city of Prescott, Ark., the commission ordered the RTOs to mitigate the overlapping charges through a rebate mechanism. (See *MISO, SPP Ordered to Resolve Overlapping Charges*.)

MISO sought a rehearing of the ruling, arguing that FERC lacked evidence in its decision-making because the grid operators managed their interface within the bounds of their joint operating agreement and respective tariffs. MISO also said FERC improperly relied on the “potential” for unjust charges, not actual transactions.

But FERC said in its July 20 order that the Federal Power Act doesn't require it to “identi-

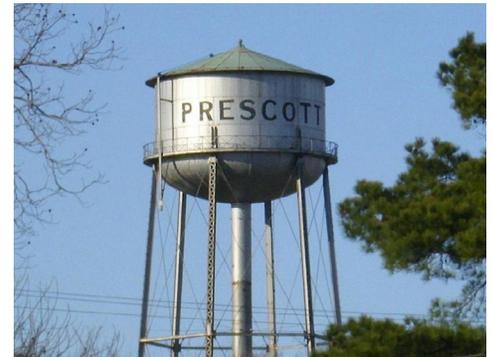
fy unjust and unreasonable charges in specific timing intervals as a prerequisite to exercising its power to remedy an existing unjust and unreasonable rate applicable to an entire market.”

“Instead, as long as the remedy the commission directs is proportional to the identified problem, the commission may make a generic finding of a systemic problem to support a market-wide solution,” the commission wrote. “Here, the commission has appropriately identified a systemic problem, and any remedy will be proportional to the identified problem.”

FERC said it had “sufficient evidence to conclude that the RTOs have assessed unjust and unreasonable overlapping congestion charges, despite lacking the information to quantify the exact amount.”

The commission has yet to assess whether AEP, Prescott, or any other parties are owed refunds stemming from the overlapping charges.

FERC also said that it was within its rights to



City of Prescott, Ark., water tower | Waymarking

find that the RTOs' existing hedging mechanisms to alleviate duplicative transmission charges — auction revenue rights, financial transmission rights, and virtual transactions — are inadequate.

FERC said while it doesn't expect that the hedging mechanisms will perfectly address congestion, the current array of tools aren't removing unjust and unreasonable charges. ■

NetZero Insider

Your Eyes and Ears on Climate Policy and Adaptation
Building & Transportation Electrification ■ Federal & State Policy



NetZero Insider is live!

The only publication covering climate policy from inside the room in D.C. and the state capitals.

NATIONAL/FEDERAL

Solving for Equity in the Rates and Climate Policy Equation

Talking to Alexa: Transactive Energy Markets are Coming

DOE: Building Codes Key to Net-zero Economy

Collaboration, Cultural Shift are Key to Utility Transformation

NARUC Panel: EE Needs New Metrics to Help Reach Net-zero Goals

MIDATLANTIC

NJ Enviro Squeeze Governor on GHG Goals

DC PSC Says Renewables Make Up 12.2% of City's Fuel Mix

MD Consumers May Pay High Heating Costs to Cut Building Emissions

Pa. DEP Touts Gains on EVs, Solar

NORTHEAST

Mass. Sets 1st Emission-reduction Goal for Efficiency Program

\$536M in Pandemic Aid Tagged for Climate, Energy Across New England

VT Climate Council - First Look at Climate Plan Recommendations

New Yorkers Oppose NRG Repowering Astoria Peaker

WEST

Washington Moving to Adopt Calif. Vehicle Emission Rules

RTO Insider subscribers have access to two stories each month. Use your RTO Insider credentials to log in at rtoinsider.com/netzero

Company News

DOJ Orders \$230 Million Fine for FirstEnergy

Deferred Prosecution Agreement Implicates Former PUCO Chair in Alleged Bribery Scheme

Continued from page 1

Within 60 days of the filing, FirstEnergy must pay \$115 million to the U.S. government and \$115 million to the Ohio Development Services Agency's Percentage of Income Payment Plan Plus, a program that assists Ohioans in paying their regulated utility bills.

Vipal J. Patel, acting U.S. Attorney for the Southern District of Ohio, said the \$230 million fine was the largest in the history of the district and would be a significant deterrent to corporate crime.

"The principle here is trying to come up with a number that stings but doesn't annihilate," Patel said.

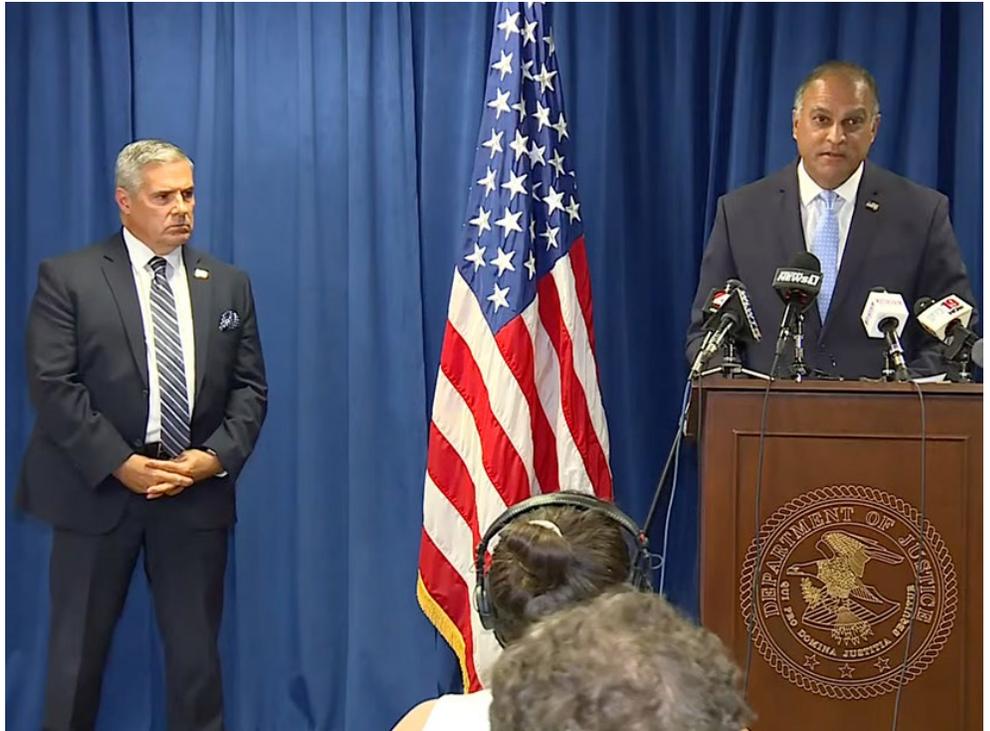
'Statement of Facts'

FirstEnergy announced last October it had fired CEO Charles Jones and Michael Dowling, senior vice president of external affairs, after an internal investigation determined they had violated the company's code of conduct in the alleged scheme. (See [FirstEnergy Fires Jones over Bribe Probe.](#)) While not directly named in the deferred prosecution agreement released Thursday, Jones can be identified as "Executive 1" and Dowling as "Executive 2" based on company records and news reports.

Also featuring prominently in the deferred prosecution agreement are Householder, listed as "Public Official A," and Sam Randazzo, former chair of the Public Utilities Commission of Ohio (PUCO), listed as "Public Official B." Randazzo resigned in November after the FBI raided his house in Columbus. (See [PUCO Chair Randazzo Resigns.](#))

While many of the high-level details of the alleged conspiracy between FirstEnergy, Ohio government officials and social welfare organizations (501(c)(4)s) had been disclosed in previous court documents, some new specifics about the case emerged Thursday in the agreement.

Officials said Partners for Progress Inc., which appeared to be an independent 501(c)(4) on paper, was "controlled in part by certain former FirstEnergy Corp. executives, who funded it and directed its payments to entities associated with public officials." Partners for Progress was incorporated in Delaware in February 2017, just a few weeks after senior FirstEnergy executives traveled with Householder on the company's private jet to President Donald



Acting U.S. Attorney Vipal J. Patel speaks at the podium with FBI Special Agent in Charge Chris Hoffman to announce charges against FirstEnergy. | WKYC

Trump's inauguration in January 2017.

The agreement said FirstEnergy executives directed the formation of Partners for Progress and incorporated the entity in Delaware, rather than Ohio, because "Delaware law made it more difficult for third parties to learn background information about the entity." Before it was officially organized, Dowling directed that \$5 million be "designated for an unnamed 501(c)(4) in December 2016."

Officials said that between 2017 and March 2020, FES paid more than \$59 million (\$16.9 million attributed to FirstEnergy and \$43 million attributed to FES) to Generation Now, the 501(c)(4) entity controlled by Householder, in return for him pursuing legislation to benefit the company. The agreement said the use of 501(c)(4) entities was "central to the scheme" because it allowed FirstEnergy executives and co-conspirators to "conceal from the public the nature, source and control of payments" to Householder.

The agreement said on March 7, 2017, an unnamed "Individual A" emailed wiring instructions for Generation Now to Dowling, saying that "this is the organization that [Jones] and

[Householder] discussed." In his response, Dowling forwarded the email internally and carbon copied Individual A, stating, "Let's do \$250,000 asap, and we will do \$1 million by year-end 2017."

The FirstEnergy payments began in 2017 as Householder began his bid to regain the house speaker role, officials said, which was "consistent with the strategy" that Dowling outlined in an internal presentation. Dowling's presentation explained that political contributions were "strictly money spent to influence issues of key importance to FirstEnergy in 2017, such as saving our baseload generation" and that FirstEnergy's "preferred manner of giving is through section 501(c) groups, as these are considered 'dark money' because they are not required to disclose where the donations come from."

In 2017, the agreement said, FirstEnergy, through FES, wired \$1 million to Generation Now consisting of four quarterly payments for Householder's "benefit" following the inauguration trip.

"These payments were intended to contribute to [Householder's] power and visibility for the

Company News



Former FirstEnergy CEO Charles Jones | *First Energy*

speakership and allowed him to support other candidates who would in turn support his speakership,” the agreement said.

In another episode in October 2018, FES paid Generation Now \$500,000 to Householder, \$400,000 of which was hand-delivered during an in-person meeting. About a week before the payment, officials said, Dowling told Jones, “I know you know this, but this is where companies and people get in political trouble — everyone is in a rush, and they all need a ton of hel\$[sic]. Let me gather everything. I’ll bring it to you, and you/we can decide.”

On the day of the meeting, Jones texted Dowling, saying, “FES meeting with [Householder] today. I told him to be nice but listen to us.”

Dowling replied, “He’ll learn about the \$400k at this [meeting],” and Jones responded by saying, “They better get it done quick or he won’t be able to spend it.” Following the meeting, Householder thanked Jones via a text for the money from FES, stating, “\$400k... thank you.”

Officials said that when H.B. 6 was signed into law on July 23, 2019, Dowling texted Jones a screenshot showing the bill passing with 51-38 votes and a message that said, “Boom! Congrats. This doesn’t happen without CEO leadership.” Jones responded by saying, “We made a bbiiiiig bet and it paid off. Actually, two big bets. Congrats to you and the entire team! See if [unnamed person] has any Pappy, and we’ll all head to Columbus tonight,” referring to the rare and expensive Pappy Van Winkle’s Family Reserve bourbon.

In February 2020, officials said, Householder approached FirstEnergy about funding a ballot initiative to change Ohio law to increase term limits for Ohio public officials, which would allow Householder to potentially remain in

power as speaker for up to 16 additional years.

The agreement said Jones had a text conversation with an unnamed individual, with Jones calling Householder an “expensive friend” after talking to him about his term limit initiative. In the messages, Jones says, “[Householder] told me he’ll retire from there but get a lot done in 16 more years,” with the unnamed individual responding, “Probably more than five previous speakers combined. He will make Ohio great again.”

On March 2, 2020, FirstEnergy wired \$2 million from Partners for Progress to Generation Now for Householder’s term limits initiative.

Randazzo’s Part

Besides payments to Householder, officials said FirstEnergy paid more than \$4.3 million to Randazzo through his consulting company in return for his actions as chair of PUCO to “further FirstEnergy’s interests relating to passage of nuclear legislation and other specific FirstEnergy legislative and regulatory priorities, as requested and as opportunities arose.”

In December 2018, Randazzo discussed the \$4.3 million payment with Jones and Dowling, with the FirstEnergy executives meeting at Randazzo’s condominium, prosecutors said. After the meeting, Randazzo texted Jones and Dowling detailing the remaining payments under his consulting agreement with FirstEnergy from 2019 to 2024.

In the text, Randazzo said, “Thanks for the visit. Good to see both of you,” to which Dowling immediately responded, “Got it, [Randazzo]. Good to see you as well. Thanks for the hospitality. Cool condo.”

Later that day, Jones texted Randazzo and Dowling, “We’re gonna get this handled this year, paid in full, no discount. Don’t forget about us, or Hurricane [Jones] may show up on your doorstep! Of course, no guarantee he won’t show up anyway.” Jones then attached an image of a venomous snake protruding from a hurricane.

Randazzo replied, “Made me laugh — you guys are welcome anytime and anywhere I can open the door. Let me know how you want me to structure the invoices. Thanks.” He then added, “I think I said this last night, but just in case — if asked by the administration to go for the chair spot, I would say ‘yes.’”

After Randazzo was appointed as PUCO chair, officials said, he performed official actions related to H.B. 6 and the elimination of FirstEnergy’s requirement to file a new base rate case

in 2024, which the company was seeking.

When H.B. 6 passed in July 2019, Jones sent a “photoshopped” image to Randazzo of Mount Rushmore with the face of Randazzo, Dowling, the “Ohio Director of State Affairs” and “Company C Executive” imposed over the four presidents’ faces. A caption read, “HB 6 FUCK ANYBODY WHO AINT US,” and Randazzo wrote back, commenting that his picture was “smaller than the others.”

In another incident in November 2019, after a PUCO rate case policy change that benefited FirstEnergy, Jones thanked Randazzo through a text message and an image showing the company’s stock increase, saying, “Thank you!!” Randazzo responded, “Ha — as you know, what goes up may come down.”

FirstEnergy Actions

Aside from the wire fraud charge and the deferred prosecution agreement, FirstEnergy also agreed to engage in “appropriate reviews of its existing internal controls, policies and procedures and to address any deficiencies in its internal controls, compliance code, policies and procedures regarding compliance with U.S. law.”

The agreement said FirstEnergy will modify its compliance program, including internal controls, compliance policies and procedures to “ensure that it maintains an effective system of internal accounting controls designed to ensure the making and keeping of fair and accurate books, records and accounts.”

FirstEnergy must also report to the U.S. Attorney’s Office “periodically” during a three-year term regarding “remediation and implementation of the compliance program and internal controls, policies and procedures.” The reports will include “proprietary, financial, confidential and competitive business information.”

“All of these efforts, along with today’s agreement, demonstrate that we are positioned to move forward as a stronger, integrity-bound organization,” FirstEnergy CEO Steven Strah said in a videotaped message to the company on Thursday.

Reaction

Reaction to FirstEnergy’s decision varied from outrage and the assertion that the company is ducking real punishment, to calls for Ohio lawmakers to finish abolishing H.B. 6.

H.B. 6 also created a publicly funded bailout of two aging coal-fired power plants, one of which is in Indiana. The plants are operated by the Ohio Valley Electric Corp. (OVEC), a

Company News

consortium of utilities including AEP Ohio and Duke Energy.

"A paltry \$230 million for admitting to a bribery scheme to gouge consumers for more than \$2 billion is a small drop in a very large bucket for FirstEnergy," fumed Tom Bullock, executive director of the Citizens Utility Board of Ohio.

Bullock said the agreement does nothing to end the \$700 million subsidy of the OVEC power plants. H.B. 6 also dismantled energy-efficiency programs aimed at helping consumers save on energy bills.

"For a company that made \$1.1 billion last year, this penalty doesn't seem to sufficiently 'sting,' to quote the U.S. Attorney's office. This penalty should sting a lot harder if it's going to discourage corruption," said Environmental Law & Policy Center Senior Attorney Rob Kelter.

Neil Waggoner, senior campaign representative for Sierra Club's Beyond Coal Campaign in Ohio, also said the fine was insufficient, calling it "a drop in the bucket compared to the incalculable cost from a loss in trust in the elected officials and regulators who are supposed to safeguard against corruption." He called upon the governor and the legislature to repeal the

OVEC subsidies.

The Ohio Environmental Council Action Fund also used FirstEnergy's admission as an occasion to push for the complete repeal of H.B. 6.

"Today's FBI announcement confirmed what we already knew: FirstEnergy bribed former Speaker Householder and former PUCO Chair Sam Randazzo to pass legislation and influence decisions benefiting their bottom line at the expense of Ohioans," the organization's president, Heather Taylor-Miesle, said in a statement. "Even with this settlement, rate-payers continue to pay the egregious costs of H.B. 6 and this corruption scandal every month on their electric bills. The legislature has only repealed portions of H.B. 6. Leaving the coal plant subsidies in place fails to restore the public's trust in the legislative process, hurts Ohioans' health and pocketbooks, and sets Ohio further back in the fight against climate change."

Ohio Consumers' Counsel Bruce Weston, whose agency testified against H.B. 6 and has in recent months waged a legal battle before PUCO to reverse all of FirstEnergy's subsidies, called the agreement only a beginning.

"Today the public got some justice regarding the Ohio House Bill 6 scandal and FirstEnergy. But justice is also a longer road. And that road should lead to government reforms — reforms that curb the utilities' political influence. Utility influence has been costing Ohioans money on their utility bills."

"We are thrilled to see this decision come out today," said Jason Smith, associate director of advocacy for AARP Ohio. "We have been very concerned from the onset that H.B. 6 did not prioritize consumers and put them first."

State Rep. Casey Weinstein (D) called for his GOP colleagues, who control both the House and the Senate, to repeal the last remnants of H.B. 6.

"FirstEnergy has undermined the integrity of our democracy while costing Ohioans millions in corruption taxes. We must continue to call for the full repeal of H.B. 6," he said.

FirstEnergy's share price spiked upward upon news of the agreement, which was announced the day before the company's second-quarter earnings call. The company's stock ended Thursday up \$1.61 (4.29%), closing at \$38.85. ■

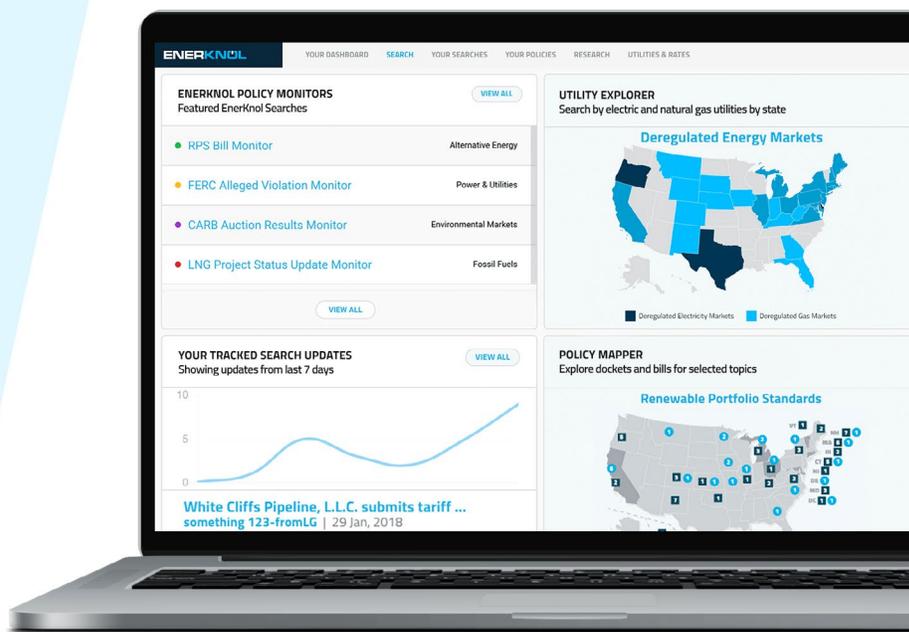
ENERKNOL

Our users don't have FOMO.

Don't miss out on real-time regulatory and legislative updates with EnerKnol, the comprehensive platform of US Energy Policy data.

START DISCOVERING TODAY

BEGIN YOUR FREE 7-DAY TRIAL AT ENERKNOL.COM



20+ Million Filings at Your Fingertips • One-Click Tracking
Automated Real-time Updates • Proprietary Research

ENERKNOL.COM

Company News

FirstEnergy to Sell Shares of Assets to Boost Equity

Q2 Earnings Call Overshadowed by DOJ Agreement

By Michael Yoder

FirstEnergy

FirstEnergy officials said Friday they expect to sell

minority interests in their distribution or transmission assets to raise capital following fallout from the Ohio House Bill 6 scandal.

News of FirstEnergy's (NYSE:FE) deferred prosecution agreement with the federal government and its \$230 million fine dominated the company's second-quarter earnings call Friday as its CEO vowed to raise the company's ethics.

CEO Steven E. Strah said the conduct that led to the action by the Department of Justice was "wrong and unacceptable," and that the board and management team have done "extensive work" to regain trust of customers and are "committed to make the necessary changes to move on from this."

Federal attorneys on Thursday filed a 49-page deferred prosecution *agreement* against FirstEnergy in U.S. District Court in Cincinnati, charging the company with conspiracy to commit honest services fraud. (See *DOJ Orders \$230 Million Fine for FirstEnergy.*)

In the agreement, FirstEnergy acknowledged to paying \$61 million in bribes and "dark money" campaign contributions and advertising to elect Larry Householder as speaker of the Ohio House of Representatives and help his allies, who in turn helped pass \$1.5 billion in subsidies in 2019 for the company's struggling nuclear plants.

"We will continue to cooperate fully with the ongoing investigations, audits and related matters as we work to resolve these issues and rebuild trust with our employees, customers, regulators and investors," Strah said. "We are intently focused on fostering a strong culture of compliance and ethics and assuring that we have robust processes in place designed to ensure that nothing like this happens again."

Equity Needs

FE's second quarter *10-Q filing* with the Securities and Exchange Commission said the company "believes that it is probable that it will incur a loss" over the resolution of an SEC investigation over possible security law violations from the scandal although it has not



A FirstEnergy employee works on a transmission line in northern Ohio in 2020. | FirstEnergy

set aside a contingency and cannot estimate the size of the loss. The report also mentions more than a half-dozen class action lawsuits by shareholders accusing company executives and the Board of Directors of breaches of fiduciary duty.

CFO Jon Taylor declined to respond to a stock analyst's question on whether the company was considering the sale of its MonPower or Jersey Central Power & Light units, but he said the company is considering "a minority sale of distribution and/or transmission assets, which would raise substantial proceeds and eliminate all of our expected non-SIP [stock investment plan] equity needs."

"With respect to the different assets, I'm not going to get into specifics," Taylor added. "We are getting more and more comfortable with a minority interest sale in one of our assets, and we're fairly confident that that's the right path forward. We think we can do this in a way that limits dilution to shareholders but can raise a significant amount of capital."

Strah said he "would be very pleased to resolve the Ohio issues by year end, for sure, but I am determined to do it in a way in which it truly is collaborative. So, we are not going to be in a

rush to do something that's going to upend the process unnecessarily, but my true hope is that everybody will come to the table with progress and openness on their minds."

Ethics Steps

Strah also said FE will remain engaged in the political "arena," but that it would "do that in a much more limited basis."

He pointed out several steps FirstEnergy has already taken. In May, the company held its first compliance town hall with employees to discuss the "importance of building a culture of trust" through ethics, integrity and compliance of all its workers.

Following the town hall, Strah said, FirstEnergy's management team responded to employee questions and concerns to continue dialogue. He said another town hall meeting with employees is planned to be held this week to introduce the company's updated mission statement while "reinforcing the role of uncompromising integrity as the cornerstone of FirstEnergy's identity and business strategies."

Strah highlighted two new hires: Michael Montague joined the company earlier this month as vice president of internal audit, and Soubhagya

Company News

Parija, the former risk manager for the New York Power Authority, was named vice president and chief risk officer effective Aug. 16.

“Our leadership team is committed to modeling the behaviors and the humility necessary to restore trust with our stakeholders,” Strah said. “We look forward to continuing this work and achieving the milestones that will mark our progress.”

John Somerhalder, vice chairman of the FirstEnergy Board of Directors, spoke about the company’s updated internal code of business conduct, called *The Power of Integrity*, saying the updates included the importance of reporting ethical violations and policies around corporate lobbying efforts.

“While the transformation of our culture and our steps to restore trust with all stakeholders will be long-term endeavors, this team has started building a stronger company built around a foundation of ethics, honesty and accountability,” said Somerhalder, who joined the board earlier this year.

Earnings

Taylor *reported* second-quarter earnings of \$58 million (\$0.11/share), compared to 2020’s second-quarter earnings of \$309 million (\$0.57/

share). Taylor said the second-quarter results include the \$230 million DOJ fine.

The company generated revenues of \$2.6 billion in the second quarter, which missed the Zacks consensus estimate of \$2.69 billion by 2.7%. For the third quarter of 2021, Taylor said, FirstEnergy is providing a GAAP and a non-GAAP operating forecast range of \$380 million (\$0.70/share) to \$435 million (\$0.80/share).

Taylor said second-quarter operating results benefited from higher revenues related to capital investment programs in Ohio and Pennsylvania, the implementation of the base distribution rate increase in New Jersey and lower expenses. He said those factors were offset by the lower distribution revenues in Ohio and higher interest expense compared to the second quarter of 2020.

Total operating expenses in the quarter under review came in at \$2.3 billion, up 15.1% from \$2 billion in 2020.

Residential sales decreased 3.3% on a year-over-year basis, Taylor said, while commercial deliveries increased 9.8% and industrial sales improved 11.4% year over year. Total distribution deliveries climbed 5.3% from 2020.



Steven E. Strah, FirstEnergy CEO | *First Energy*

“We think more permanent work from home initiatives could impact our longer-term load forecast, and we will be watching closely to see if the structural shift in our residential customer class continues,” Taylor said.

FirstEnergy shares rose from \$39 to \$39.15 Thursday after the deferred prosecution agreement was announced, then closed at \$38.47 Friday after earnings were announced. ■

Save your obstacle courses for weekend Mud Runs.

Getting the information you need shouldn't wear you out.

RTO Insider. Stay informed.

Staying on top of the trends and policy changes in the wholesale energy market is a mighty challenge. That's why you subscribe to *RTO Insider*. Offering unlimited access to comprehensive coverage, timely unbiased reporting and information delivered directly from reporters inside the room at almost all RTO/ISO meetings, *RTO Insider* makes staying informed and prepared effortless.



Company News

Avangrid CEO Says Park City Wind Pushed Back to 2026

By Jason York



Avangrid CEO Dennis Arriola said during an earnings call Wednesday that the company *expects* the Park City

offshore wind project to begin commercial operations in 2026 instead of the 2025 date it *previously announced*.

Arriola said Park City will begin generating electricity in 2025 and that the shift in the operating date, though pushed to the following year, is “by months, not a year.”

“I think that we’re being conservative here based upon the *notice of intent* that came out,” Arriola said.

Arriola said he hopes that completing construction of Vineyard Wind I, the 800-MW joint venture between Avangrid and Copenhagen Infrastructure Partners off the coast of Martha’s Vineyard in Massachusetts, for which the U.S. Bureau of Ocean Energy Management *approved its final permit in May*, will provide “additional synergies and learnings that will adapt to Park City.” Vineyard Wind I will feature 84 turbines and produce electricity starting in 2023 ahead of full commercial operation in 2024.

“I think one of the things that give us confidence that we’re going to get through this again is because we’re the first ones with Vineyard Wind,” Arriola said. “We know how the process works; they’re comfortable with how we provide information, and we’ve learned a lot, and they have as well.”

Avangrid Senior Vice President and CFO Doug Stuver added that 2026 was “always assumed” to be the first full year of operation for Park City despite previous assertions.

BOEM also granted an extension of the operations term for Vineyard Wind I from 25 years to 33 years that also applies to Park City and Vineyard Wind South.

Development of the Kitty Hawk Offshore project off the coast of North Carolina, which has the potential to deliver 2,500 MW of clean energy into Virginia and North Carolina, is progressing, and Arriola said Avangrid expects to receive the notice of intent “soon.” He added that Avangrid has access to lease areas with as much as 7.5 GW of OSW capacity. In terms of future opportunities, Massachusetts has released its third request for proposals for up

to 1.6 GW with bids due in September, which is expected to be followed by more than 3 GW in Rhode Island, New York and Connecticut starting next year.

NECEC, PNM Merger Talk

Construction of the \$1 billion New England Clean Energy Connect (*NECEC*) transmission line with Central Maine Power is “ongoing in all parts” after an injunction to halt work on the northern portion of the project was lifted in mid-May. NECEC would span 145 miles with the capacity to carry 1,200 MW of Canadian hydropower from the Maine-Québec border to Lewiston, Maine, where it will connect to the New England Control Area. The HVDC project includes upgrading 50 miles of existing AC transmission and a new converter station and substation. It has an in-service date of 2023, which Arriola said remains “on track.”

Avangrid’s acquisition of PNM Resources also continues to churn along. The New Mexico Public Regulation Commission is the

only remaining approval necessary to close the merger. Evidentiary hearings are set for mid-August on the stipulated agreement among PNM, Avangrid and 13 other parties. New Mexico Gov. Michelle Lujan Grisham has also expressed support for the merger.

Arriola said that conversations continue with other stakeholders to have them join the stipulation agreement. He ultimately expects the New Mexico PRC to approve it and for the transaction to close by year-end.

Earnings

Avangrid reported earnings of \$122 million (\$0.35/share), up \$24 million from the same period in 2020 (\$98 million; \$0.32/share). Avangrid Networks earned \$108 million during the quarter, up from \$82 million in June 2020. Avangrid Renewables posted earnings of \$41 million during the quarter, compared with \$30 million in June 2020.

Call transcript courtesy of *Seeking Alpha*. ■



Avangrid headquarters in Orange, Conn. | Avangrid

Company News

NextEra Energy Bullish on Future Tx Investments

By Tom Kleckner

Renewables Leader Beats Expectations with Q2 Results



NextEra Energy highlighted the importance of new transmission facilities and

the support of regional grid operators during its second-quarter earnings call last week with financial analysts.

CFO Rebecca Kujawa said the company is following the infrastructure discussions at the federal level and has an eye out for opportunities for *NextEra Transmission*, its competitive wires company.

“We’re looking out decades and looking at the enormous renewables build opportunity across the U.S. It is clear that over time, new transmission needs to be built to support some of that buildout,” Kujawa said during a conference call Friday. “It certainly is important to start today to build the type of infrastructure that’s needed over time. ... From a broader policy standpoint, we saw that it is important for the regional ISOs to continue to focus on how you support that transmission build out.

“I think there’s a receptive audience in the Biden administration, making sure that they support laying a foundation that’s supportive of renewables, not just in the next couple of

	2021 – 2022 Signed Contracts	2021 – 2022 Expectations	2023 – 2024 Signed Contracts	2023 – 2024 Expectations	2021 – 2024 Expectations
Wind ⁽²⁾	4,096	3,700 – 4,400	710	2,250 – 3,500	5,950 – 7,900
Solar	4,232	4,800 – 5,600	4,739	7,000 – 8,800	11,800 – 14,400
Energy Storage	1,346	1,650 – 2,000	1,464	2,700 – 4,300	4,350 – 6,300
Wind Repowering	549	375 – 700		200 – 700	575 – 1,400
Total	10,223	10,525 – 12,700	6,913	12,150 – 17,300	22,675 – 30,000
Build-Own-Transfer	110		690		

Energy Resources now has ~16,700 MW in its backlog of signed contracts, supporting our industry-leading long-term growth expectations

NextEra Energy Resources continues to add to its massive backlog of renewable projects | *NextEra Energy*

years, but in the next couple of decades. Transmission moves slowly, so stay tuned,” Kujawa said.

The Juno Beach, Fla.-based company beat expectations in *reporting* earnings of \$256 million (\$0.13/share), compared to \$1.28 billion (\$0.65/share) for the second quarter of 2020. NextEra’s adjusted earnings of 71 cents/share outperformed the Zacks Consensus Estimate of 67 cents.

NextEra said it surpassed 40% completion during the quarter of its “30-by-30” plan to install more than 30 million solar panels by 2030. It expects to reach the halfway point early next year.

The company’s development arm, NextEra

Energy Resources (NEER), added about 1.8 GW of renewable and storage projects to its backlog since the release of first-quarter results in April. NEER expects to add between 22.7 and 30 GW of renewable power projects within the 2021-2024 time frame.

NextEra’s share price opened at \$76.12 on Friday and was at \$77.10 in after-hours trading.

AEP Beats Analysts’ Expectations



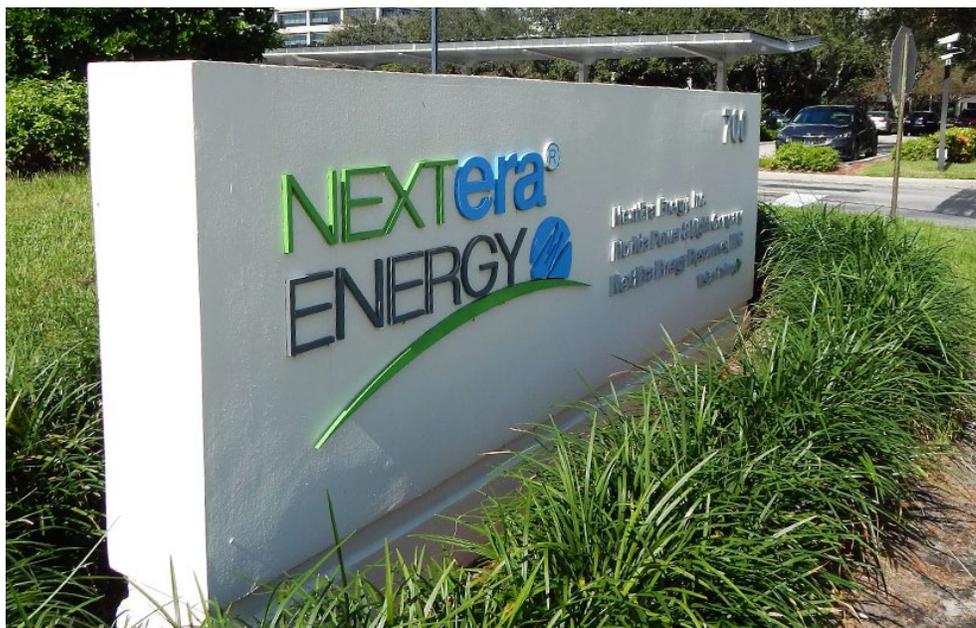
American Electric Power on Thursday reported second-quarter earnings of \$578 million (\$1.16/

share), compared to 2020’s second-quarter earnings of \$521 million (\$1.05/share). The company’s adjusted earnings of \$1.18/share beat the Zacks Consensus Estimate of \$1.14 by 3.5%.

“We are seeing positive signs of economic improvement as the nation recovers from the pandemic,” AEP CEO Nick Akins said. “Commercial and industrial sales have bounced back throughout our service territory across nearly all sectors. Residential sales are down compared with the second quarter last year as many customers we serve are now returning to the workplace.”

The Columbus, Ohio-based company said it is advancing its plan to transition generation capacity to approximately 50% renewables by 2030. It has recently issued requests for proposals for two large-scale renewable energy resources as it works to bring up to 16.6 GW of new, clean energy online this decade.

AEP’s share price opened Thursday at \$84.61 and spiked to \$86.22 shortly after the earnings call with analysts. The share price ended the week at \$85.98. ■



NextEra Energy beat analysts’ expectations with its second-quarter results. | © RTO Insider LLC

Company Briefs

ACP, ESA Announce Intent to Merge



The American Clean Power Association (ACP) and the Energy Storage Association (ESA) boards

of directors last week voted to pursue a merger of the two trade associations.

The groups will combine staff, programs and members, and “will enhance the American Clean Power Association’s efforts to advocate for the economic and environmental advantages of the clean power economy and further position the renewable energy and storage industries for success as they move into a decade of transformative growth.”

The merger will take effect on Jan. 1, 2022, subject to final approval from ESA’s members.

More: [American Clean Power](#)

CenterPoint Energy Board Ousts Executive Chairman

CenterPoint Energy announced that its



board of directors voted to replace long-time Executive Chairman

Milton Carroll on Thursday, eliminating his position entirely, and to implement new independent board leadership and governance.

Carroll, a director since 1992, will remain on the board until Sept. 30, two years before his mandatory retirement date in 2023. He has been executive chairman since 2013 and chairman since 2002. The board named Martin Nesbitt, chair of the Nominating and Governance Committee, as its new independent board chairman effective immediately.

The board said it made the decision after evaluating its governance practices and getting feedback from stakeholders. It also inked a “multiyear retention grant arrangement” with company President and CEO Dave Lesar, awarding him 1 million shares of common stock.

More: [Houston Chronicle](#)

FPL: Demand for Solar Outstrips Capacity

Thirteen months since Florida Power & Light debuted its community solar program, all its available solar power has been sold, company officials said Wednesday.

More than 48,000 residential customers have subscribed, and another 2,000 customers are on a waiting list so they too can be part of what company officials say is the nation’s largest community solar program. On the commercial side, demand outpaces capacity, according to an FPL news release.

“We developed the FPL SolarTogether program because customers wanted access to clean, cost-effective solar energy, and the response to the program was almost immediate,” FPL CEO Eric Silagy said. “By participating, our dedicated FPL SolarTogether customers are encouraging the buildout of cost-effective solar across the state, making Florida the largest, most affordable and most accessible solar state in the nation.”

More: [Florida Politics](#)

Federal Briefs

Regulators Plan to Fine Pipeline Operators for Safety Issues

The Pipeline and Hazardous Materials Safety Administration last week said it plans to fine the operator of the Dakota Access Pipeline, Energy Transfer, \$93,200 over safety violations.

Some of the violations cited by the agency include improper placement of valves for storm water drainage on tanks at six facilities in western North Dakota, as well as a failure to correct a condition related to the line’s ability to relieve pressure. The pressure issue is partly to blame for triggering more than 9,000 alarms within Energy Transfer’s systems since oil began flowing through Dakota Access in 2017.

The company has 30 days to reply to the agency or request a hearing on the matter. Spokeswoman Vicki Granado told *The Bismarck Tribune* that the company has already dealt with or is in the process of addressing all but one of the violations. She said it will respond to the remaining issue “shortly.”

More: [The Associated Press](#)

Analysis: Electric Cars to Outsell Combustion Vehicles by 2036



A newly conducted *analysis* predicts that sales of electric vehicles will outpace combustion vehicles by 2036 in the U.S.

Consulting firm EY released an analysis stating that Europe will sell more zero-emission vehicles than combustion vehicles by 2028 and that China and the U.S. are expected to reach that threshold in 2033 and 2036, respectively. Within the next 10 years, EVs are expected to outsell combustion vehicles in the main global markets. In the next 25 years, combustion vehicles or nonelectric cars are expected to only make up 1% of the global market.

“The view from the millennials that we’re seeing is clearly more inclination to want to

buy EVs,” Randy Miller, EY’s global head of advanced manufacturing and mobility, told *Business Insider*.

More: [The Hill](#)

Top DOE Official Calls Pace of Clean Energy Transition ‘Unacceptable’

Jigar Shah, head of the Department of Energy’s Loan Programs Office, said the U.S. needs to scale up its investments in clean energy fivefold if it is to meet President Biden’s climate change goals.

Shah estimated that government and private industry were spending about \$200 billion a year combined on climate solutions and that “probably needs to be a trillion dollars a year.”

“The pace at which we are deploying climate solutions is wholly unacceptable,” he said in an episode of the CERAWEEK Conversations series, which is hosted by the consulting firm IHS Markit.

More: [Houston Chronicle](#)

State Briefs

CALIFORNIA

Lawmakers Agree to Pay Off \$2B in Residents' Utility Debt

Lawmakers last week agreed to pay off \$2 billion in customer utility bills by using one-time federal relief money.

The deal is a patchwork of new programs to forgive \$2 billion of utilities debt and old programs to help households chip away at the rest. However it does not extend the shutoff moratorium past Sept. 30.

The result is two budget bills that would create new programs that pay utilities directly to forgive customer debt accrued during the pandemic. The Arrearage Payment Program would forgive \$994 million in energy debt, while the Water and Wastewater Arrearage Payment Program would forgive \$985 million. Utilities must opt in.

More: [Cal Matters](#)

San Francisco Embraces New Climate Change Goals

The San Francisco Board of Supervisors last week set new climate change goals, including getting to net zero greenhouse gas emissions in the city by 2040.

The board also approved an update to the environment code that pledges the city will cut its greenhouse emissions to at least 61% below 1990 levels by 2030. The city wants to reduce emissions generated outside city borders for products consumed in San Francisco — such as the carbon footprint of SFO air travel — by 40% by 2030 and 80% by 2050.

San Francisco's previous goals aimed to reduce greenhouse emissions by 40% below 1990 levels by 2025, a target the city reached in 2019.

More: [San Francisco Chronicle](#)

ILLINOIS

Commerce Commission OKs Nicor Gas RNG Pilot Program

The Commerce Commission recently approved Nicor Gas' Renewable Gas Interconnection Pilot program, paving the way for new renewable natural gas (RNG) facilities to be interconnected.

The project will convert methane to RNG to replace geologic natural gas. Nicor hopes to determine how the gas could be efficiently

integrated into its natural gas distribution system and fill out its offerings with cleaner, reliable fuel.

More: [Daily Energy Insider](#)

IOWA

Alliant Energy Renewables Use Jumps in 2020



More than 40% of Alliant Energy's power sold in the state in 2020 came from

renewable sources, according to a report released last week, as the company strives toward its goal of net-zero carbon emissions by 2050.

The 43.8% of renewable power from utilities was up from 26.5% in 2019 and 9.9% in 2018.

Alliant also unveiled plans to add 400 MW of solar energy in the state by 2023, as well as plant 1 million trees in Iowa and Wisconsin over the next decade.

More: [The Gazette](#)

MAINE

House Upholds Mills' Veto of Bill to Create Consumer-owned Utility



The House last week voted 68-65 to uphold Gov. **Janet Mills'** veto of a bill seeking a forced buyout of the state's two largest electric utilities.

The consumer-owned utility bill would have dramatically reshaped

Maine's electricity landscape by forcing Central Maine Power and Versant Power to sell their assets to a newly created Pine Tree Power Company. The measure grew out of ratepayer frustration over prolonged storm-related outages, billing problems and rising electricity rates.

Mills vetoed the bill two week ago, claiming the proposal to create a consumer-owned utility from Central Maine Power and Versant Power assets was "hastily drafted and hastily amended." However, supporters of the bill say they will work to send the issue directly to voters next year via a statewide referendum.

More: [Portland Press Herald](#)

OHIO

GenOn Sells Coal Plant for Teardown, Redevelopment

Charah Solutions last week announced the purchase of the Avon Lake coal-fired power plant from GenOn for teardown and redevelopment of its 40 lakefront acres.

As part of the agreement, Charah will acquire the area located on Lake Erie, which consists of multiple parcels of land adjacent to the generating plant. Charah subsidiary Avon Lake Environmental Redevelopment Group will oversee the redevelopment of the property and will work with the city "to expand economic activity and benefit the surrounding communities."

The transfer of ownership is scheduled for early April 2022 after the station ceases operation.

More: [Cleveland.com](#)

TENNESSEE

State Parks, Rivian Partner on EV Charging Stations

The Department of Environment and Conservation last week announced it is partnering with electric vehicle automaker Rivian to install Waypoint EV charging stations at all 56 state parks.

Rivian will oversee the design and installation of the Level 2 chargers, which are compatible with all EV models. Charging at the park initially will be free. Any potential future cost may be dependent on system-wide utilization to recover electricity costs.

Rivian will begin site surveys and engineering over the summer, with installation beginning as early as this fall.

More: [The Pulse](#)

WEST VIRGINIA

Raleigh County Solar Project has New Owner

Enel Green Power last week announced it has taken over a 90-MW utility-scale solar project in Raleigh County that county officials and regulators approved last year.

The solar farm, which consists of 250,000 panels over 530 acres, is expected to be operational by 2023.

More: [Charleston Gazette-Mail](#)

Save your 10 to 1 odds for Vegas.

You never want to chance too much in this market.



RTO Insider. Stay informed.

Staying on top of the trends and policy changes in the wholesale energy market is a mighty challenge. That's why you subscribe to *RTO Insider*. Offering unlimited access to comprehensive coverage, timely unbiased reporting and information delivered directly from reporters inside the room at almost all RTO/ISO meetings, *RTO Insider* makes staying informed and prepared effortless.

