

## Green Groups Pressure TVA on Open Meetings, Decarbonization

By Amanda Durish Cook

Environmental groups allege they're being iced out of meaningful participation during Tennessee Valley Authority's quarterly board of directors meetings as they call the federally owned utility's aspiration for net-zero carbon emissions by 2050 painfully drawn out.

The agency has not held a meeting with live public input since February 2020. Before the COVID-19 pandemic, it held regular listening sessions a day prior to board meetings, giving residents a chance to speak directly to the board.

The Tennessee Valley Energy Democracy Movement (TVEDM), a grassroots organization, held a "Take Back TVA" rally outside of the agency's Knoxville, Tenn., headquarters Wednesday, the same day as TVA's board meeting. The event also involved Southern

Alliance for Clean Energy (SACE), Appalachian Voices, Center for Biological Diversity and Sunrise Movement, a climate activist group.

The groups said their list of demands include a 100% clean energy goal by 2030, a commitment to retire all remaining coal plants and not build new fossil plants, protection of communities and workers facing exposure to coal ash, and good-paying union jobs during the clean energy transition. They've also demanded TVA restore public listening sessions.

Board Chair John Ryder said the agency was holding the board meeting without a live audience to follow the Centers for Disease Control and Prevention's protocols.

"I have to confess I have a great deal of disappointment over that," he said, urging residents to get vaccinated. "The TVA board misses the

*Continued on page 5*

## Oregon Study to Examine Benefits, Risks of RTO Participation

By Robert Mullin

Oregon's Department of Energy (ODOE) is seeking input from power industry stakeholders to help produce a study that could convince lawmakers to obligate the state's utilities to participate in an RTO.

The effort comes on the heels of the passage of *Senate Bill 589*, which requires the department to prepare a report outlining the "benefits, opportunities and challenges posed by development or expansion of regional transmission organization" in Oregon.

In kicking off the initiative last month, the ODOE appointed an Oregon RTO Advisory Committee to help guide the process. The committee includes representatives from the state's two investor-owned utilities (Portland General Electric and PacifiCorp), consumer-owned utilities, independent power producers, the legislature, the governor's office, organized labor and environmental groups.

The department took its second step last

week by creating a *portal* on its website to solicit opinions and expertise from a broader sweep of stakeholders and residents. The questionnaire begins with a survey asking respondents to share their opinions about the top benefits and challenges of developing an RTO for Oregon. It then poses a series of "foundational" questions that seek stakeholders' insight into:

- any legal barriers Oregon entities might face in joining an RTO;
- whether Oregon's net benefits from an RTO might be greater or less than those benefits identified in previous technical analyses, and whether further analysis is needed;
- what costs retail customers might assume from utility membership in an RTO — and how those costs might be balanced against benefits; and
- what core principals should guide the

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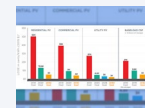


Connecticut Gov. Ned Lamont inspects utility restoration in Canterbury, a small town in the eastern part of the state. | Office of Gov. Ned Lamont

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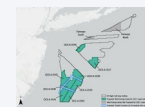
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Your Eyes and Ears on the Organized Electric Markets  
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## FERC/Federal News



# Pitching Proposals for the Budget Reconciliation Bill

*Advocates Call for Tax Credits and Paying Utilities to Go to Clean Energy Faster*

By K Kaufmann

A group of former campaign staffers for Washington Gov. Jay Inslee wants the federal government to pay utilities to accelerate their transition to clean energy and penalize them if they lag on mandated targets. Fifty clean energy advocacy groups and private businesses want a new investment tax credit (ITC) to help shovel-ready transmission projects get built. And the Department of Energy would settle for an extension of the existing solar ITC to help cut the levelized cost of utility-solar to 2 cents/kWh by 2030.

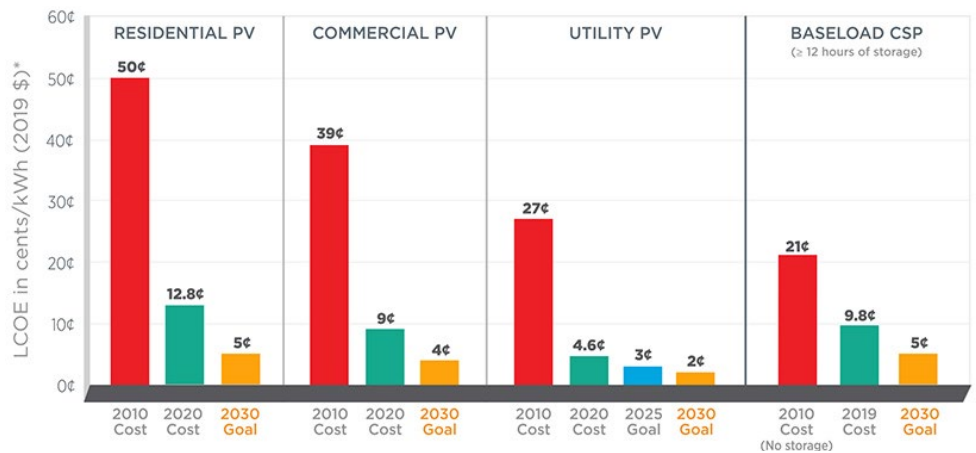
Congress may officially be on summer break, but Democratic lawmakers continue to work on getting the \$1.2 trillion bipartisan infrastructure package and their own \$3.5 trillion budget reconciliation bill ready for passage when they return. The Senate passed both bills earlier this month, which means the focus for many clean energy advocacy groups and agencies has now shifted to the House of Representatives, where progressives have been pushing for more aggressive climate and clean energy policies and spending. (See [Senate Democrats OK \\$3.5T Spending Package After Bipartisan Accord on Infrastructure.](#))

While advocating for specific policies — and billions in added spending — the challenge for these groups is to avoid even the appearance of “double dipping”: using the reconciliation bill to increase funding for programs already in the bipartisan package. In a series of recent reports, briefs and letters, advocates and their allies attempt to navigate that landscape via various alternatives and new initiatives.

### Clean Energy Payment Program

The Clean Energy Payment Program (CEPP), in which the U.S. government would pay utilities to decarbonize, is one of the more aggressive of the provisions in the budget reconciliation package. A report from Evergreen Action — the group of Inslee’s former campaign staffers — argues that, as a budget item, the program can be passed as part of the reconciliation bill and is needed to push U.S. emission reductions beyond the uneven progress of state and corporate commitments to clean power.

Federal incentives would also mean that utility customers would not be picking up the tab for new clean energy infrastructure or



DOE’s new targets for solar LCOE could make utility-scale projects the cheapest form of new power generation by 2030. | DOE

stranded fossil fuel assets, the report says.

While not mentioning specific dollar amounts, the report states a “well designed” CEPP would pay utilities “for building or procuring clean electricity at the pace and scale necessary for an 80% clean nationwide average by 2030” and 100% by 2035. Clean energy targets would vary from utility to utility, depending on size and current progress on decarbonization, with payments based on megawatt-hours of power produced with zero or low emissions, as a percentage of their overall demand.

The “clean” megawatt-hours could be produced by wind, solar and hydropower as well as geothermal, nuclear, carbon capture and other technologies, the report says. The utilities would also be required to use these “clean energy performance payments” for specific purposes, such as reducing customer bills, supporting clean energy, paying off debt on fossil assets, or investing in distribution, transmission or storage.

Utilities not meeting their megawatt-hour targets would pay penalties. Evergreen Action says the initial appropriation for the program should be \$150 billion to \$180 billion.

### The 30C Tax Credit

Getting more money for electric vehicle charging stations into the reconciliation bill will be tricky because the bipartisan infrastructure package already includes \$7.5 billion for “alternative vehicle fueling infrastructure,” \$5 billion of which is specifically

earmarked for EV charging.

A [recent report](#) from Third Way, a center-left think tank, calls that money a good first step that would get about 400,000 new chargers installed — not quite the 500,000 envisioned in President Biden’s American Jobs Plan and well below the 1 million chargers Third Way says are needed.

Third Way’s solution to the double-dipping dilemma is for Congress to “extend and expand the 30C Alternative Fuel Refueling Property Credit, which provides a 30% tax credit to help people install chargers in their homes and helps businesses install chargers at workplaces and in public charging locations.”

The estimated cost to the government would be \$1.95 billion over 10 years, the report says.

Beyond extending the credit, which will otherwise expire at year-end, the report recommends raising the credit cap from \$30,000 to \$200,000 for businesses, making it per charger rather than per location and making it “refundable,” so that it could be monetized even if an individual or business does not have a tax liability.

### Accelerating Solar

To meet Biden’s 2035 clean energy goals, “solar deployment would need to accelerate three to four times faster than its current rate by 2030,” which would move solar from 3% to 40% of U.S. power generation by 2035, according to a [DOE brief](#) issued Aug. 17.



# FERC/Federal News



But getting there will require ever deeper cuts in solar costs. DOE is setting new targets for reductions in the levelized costs of energy for all solar, with residential going from just under 13 cents/kWh in 2020 to 5 cents/kWh by 2030. The goal for the LCOE of commercial solar is 4 cents/kWh by 2030, and 3 cents by 2025 and 2 cents by 2030 for utility-scale.

Outlined in the brief, the department's wish list for the reconciliation bill focuses primarily on tax credits, extending existing incentives like the production tax credit (PTC) for wind and the ITC for solar, along with similar, new credits for standalone storage and transmission. The PTC is due to sunset at the end of this year, and the ITC will step down for residential solar in 2023 and for commercial and utility-scale solar in 2024.

Ongoing funding for research and development, especially for building domestic clean energy supply chains, is also mentioned, along with support for low-income and community solar programs.

## Electrons Need Wires

Whatever incentives offered, higher penetrations of clean energy, EVs and EV chargers cannot be achieved without more modern distribution and transmission. A recent report from Princeton University said Biden's goal of a net-zero economy by 2050 will require a 60% expansion in high-voltage transmission by 2030. Another study from the American Council on Renewable Energy identified 22 high-voltage transmission projects that are "ready to go" with a little help from a transmission ITC. (See [Transmission ITC Could Add 20](#)

*GW of New Capacity to Grid.*)

Sent to key members of the House Ways and Means Committee on Aug. 11, a letter from 50 clean energy advocacy groups, utilities, businesses and labor called for a transmission ITC to help such "interregional, interstate, highway-type lines" that, it says, were cut out of the bipartisan infrastructure package. Further, it argues that the \$73 billion for transmission in the package only earmarks \$2.5 billion in borrowing authority for new transmission.

A transmission ITC would also offset the cost allocation issues that, the letter says, are not well addressed in the current U.S. regulatory structure.

"Even if the Federal Energy Regulatory Commission decides to act on its own authority in this area, that process has historically been time-consuming, characterized by significant uncertainty and subject to lengthy judicial review. A federal transmission ITC would give private capital the certainty it needs now to invest in the national, high-priority lines that will serve as the backbone for America's clean energy grid," the letter says.

## Making the Transition Faster

The coming debates over the bipartisan infrastructure package and budget reconciliation bill will likely take place under multiple pressures, with the urgency called for in the recent climate report from the U.N. Intergovernmental Panel on Climate Change offset by hearings on the U.S. withdrawal from Afghanistan.

Committees across the Senate and House will be working out the details on different parts of the reconciliation package, with intensive negotiations and tradeoffs likely before both the bipartisan infrastructure and reconciliation bills get to Biden's desk. For example, Leah Stokes, senior policy adviser to Evergreen Action, acknowledges that many details remain to be worked out about how to implement the CEPP, such as how much utilities would be paid or penalized and how the program would be administered, but she remains confident it could remain in the final bill.

DOE as program administrator would be able to draw on the experience and best practices of state agencies that have administered their own renewable standards, she said. In addition, some utilities are voicing support for a national clean energy standard, Stokes said, pointing to an [April letter](#) from 13 utilities to Biden. The utilities, including investor-owned, municipal and cooperative organizations, called for "a broad suite of regulatory and legislative policies to enable deep decarbonization of the power sector, including a clean electricity standard that ensures the power sector, as a whole, reduces its carbon emissions by 80% below 2005 levels by 2030."

That support could be shifted toward the CEPP, Stokes said. "Many other utilities also are sort of coming around to: 'Maybe we do want to make this transition faster, and maybe it does make sense to have support from the federal government so that we cannot push the costs onto our electricity customers,'" she said. "That support from the industry is going to be really important." ■

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## Southeast

# Green Groups Pressure TVA on Open Meetings, Decarbonization

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opportunity to hear directly from the public.”

Ryder said that although all board members are vaccinated, they continue to sit six feet apart during meetings.

Ombudsman Wilson Taylor said TVA was eager to begin in-person listening sessions as soon as the pandemic eases. In the meantime, he urged stakeholders to reach out to him with input. TVA accepts written comments ahead of board meetings, and Ryder assured a virtual, muted audience that directors read the submissions.

But the groups say TVA's explanations for abandoning all live public input are flimsy.

“Legislative bodies and agencies across the country have adopted virtual participation and public comment sessions in response to COVID-19, but TVA still hasn't opened the door to public participation — even virtually — during its board meetings,” TVEDM countered in a press release.

Maggie Shober, SACE's director of utility reform, said barring the public means the TVA board doesn't have to hear from widows or ailing workers affected by the 2008 Kingston Fossil Plant coal-ash disaster.

“It's a different thing to read comments at a meeting,” Shober told *RTO Insider*. “The idea that COVID [means] that they can't listen to the public at all is ridiculous.”

Shober said SACE and TVEDM have held their own public listening sessions on Zoom with 100 speakers and attendees.



TVA Board of Director Chair John Ryder | TVA

“We're going to keep up the pressure. This is the beginning,” Shober said. “We're not giving up.”

### Decarbonization Calls

TVA is targeting an 80% reduction in carbon emissions by 2035 before reaching a net-zero carbon goal by 2050. The agency's goal falls short of the Biden administration's aim to decarbonize the nation's electric grid by 2035.

By 2038, TVA still plans to emit more than 34 million tons of carbon dioxide on an annual basis, according to its latest 20-year integrated resource plan. It has shrunk carbon emissions 63% from 2005 levels.

SACE criticized the decarbonization timeline as too sluggish. It has said TVA's plans for new fossil fuel plants makes meeting its 2050 decarbonization target improbable.

“While a step in the right direction, being coal-free is not equivalent to being carbon-free,” the group wrote in a May press release. “Without announcing formal resource plans that greatly increase utilization of clean energy like solar, energy efficiency, and battery storage that can be analyzed through an integrated resource planning process, there is no guarantee TVA will reach net-zero emissions even by 2050.”

TVA CEO Jeff Lyash has said decarbonization will require license extensions at its three nuclear plants, adding small modular reactors, and making considerable investments in energy storage and carbon capture and sequestration. The agency has said it won't extend the life of any of its coal units but only has one planned retirement: the 865-MW Bull Run Fossil Plant, which dates back to the 1960s, by December 2023. Lyash has indicated TVA will retire its five remaining coal-fired plants by 2035. (See [TVA May Retire All Coal by 2035](#).)

Most of TVA's coal units began operations between 1951 and 1973. A decade ago, the federal corporation operated 11 coal plants. TVA is moving ahead with plans to build and energize 1,500 MW of natural gas capacity by 2023. It could add up to 17 GW in natural gas generation additions over the next 20 years, according to its latest IRP.

Shober said TVA's plans to build up to three large gas plants to replace its retiring coal generation could saddle it with significant stranded costs.

“Planning to build gas plants after 2025, in



TVA CEO Jeff Lyash | TVA

2028, 2030, is just not in line with what the Biden administration has planned,” she said.

The TVA board could look very different soon. President Biden in April [nominated](#) Beth Geer, chief of staff for former Vice President Al Gore; Robert Klein, vice president with the International Brotherhood of Electrical Workers; Kimberly Lewis, first minority owner of North Alabama's only locally owned broadcast television station; and Michelle Moore, who led President Obama's sustainability team, to the TVA board, a move that stands to make the federal corporation more climate conscious.

“It is the reality that TVA is living in a Biden administration with a Trump board,” Shober said. “The big question is how long it takes them to come to that realization [that 2050 is too late for decarbonization]. Because every day, week and month is time we're losing if we want to limit warming.”

### Escalating Peaks

COO Don Moul told the board that TVA has contended with 30-GW summer peaks, its highest since 2012, during July and August. He credited the organization's coal, nuclear, gas, and pumped storage fleets for reliably managing the record demand.

“TVA's fleet is one of the most diverse in the nation,” Lyash said. “That diversity enables us to deploy the most cost-effective resources.”

Lyash also touted Watts Bar Unit 2 as the “first new nuclear generation of the 21st century.” He said nuclear, storage and solar generation additions will help TVA meet its



## Southeast

decarbonization goal. The green investment initiative includes about 2,000 MW of solar power currently, with a plan to have 10 GW of solar capacity by 2035.

“We’re proud of these reductions, but we’re not satisfied,” Lyash told directors. “We have much to do.”

TVA’s board meeting featured a prerecorded message from Knoxville Mayor Indya Kincannon, who thanked TVA for its decarbonization

efforts and solar development. She said Knoxville’s emissions goals wouldn’t be possible without TVA’s dedication to clean energy.

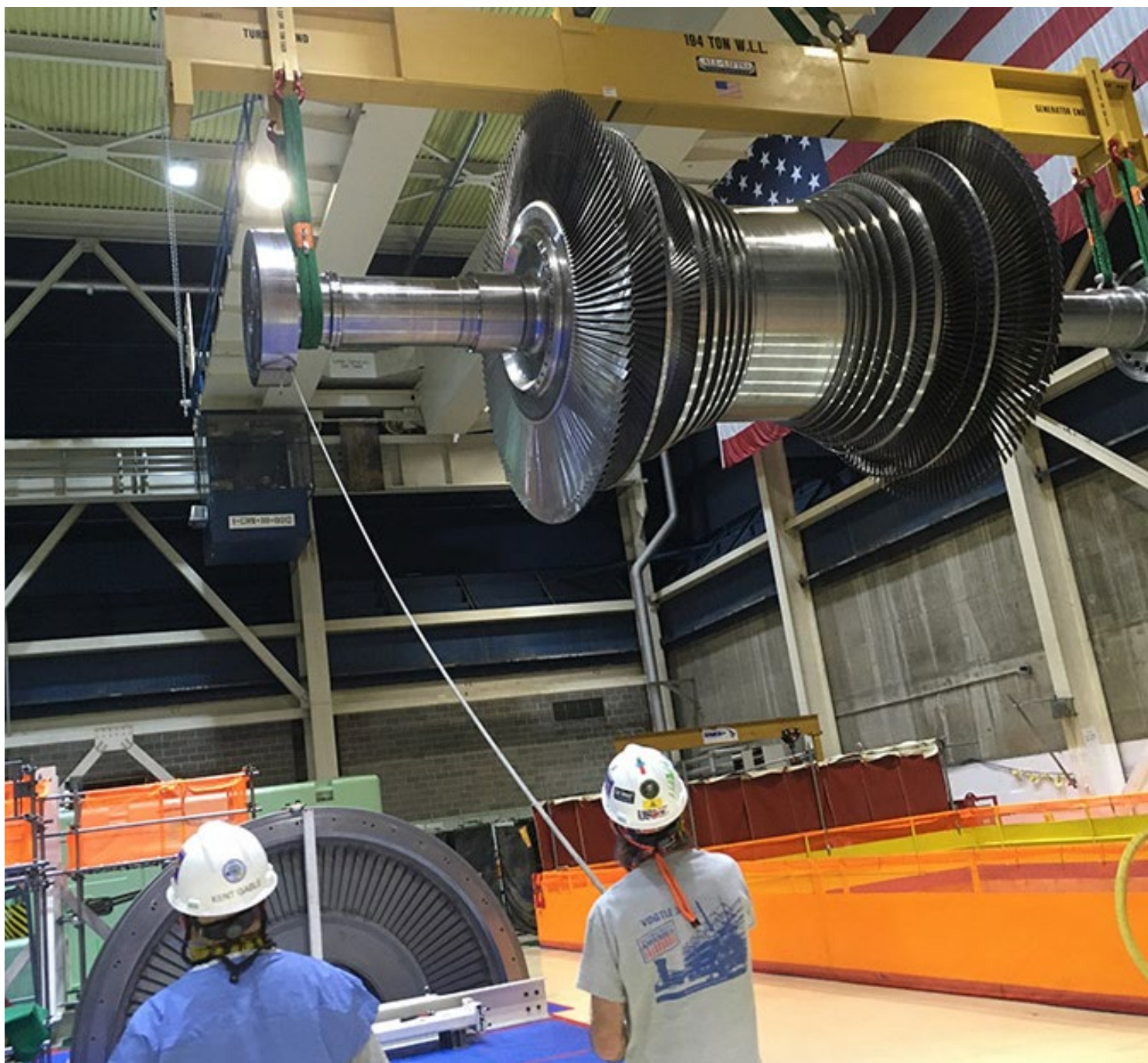
But Lyash said most importantly, TVA supplies cost-effective power.

“It doesn’t matter how reliable, resilient or clean you are if no one can afford it,” he said. He added that TVA’s wholesale rates are projected to remain flat over the next decade.

Shober said the clean or inexpensive energy choice is false dichotomy.

“We’ve heard this for years. It stopped being a relevant talking point years ago,” she said. “TVA needs to update their talking points.”

Clean energy is more cost effective, and gas prices are on the upswing, Shober said. She said increasing gas prices are especially concerning for TVA, which passes fuel costs directly to its customers. ■



Browns Ferry Nuclear Plant Unit 2 rotor replacement in March | TVA



## CAISO/West News

# CEC to Issue Emergency Gas Generation Permits

State Faces up to 3,500-MW Shortfall this Summer and 5,200 MW Next Summer

By Hudson Sangree

The California Energy Commission on Aug. 17 adopted new rules allowing it to issue emergency licenses to natural gas-fired generators of 10 MW or more to help alleviate potential energy shortfalls.

The move ran counter to the CEC's aggressive pursuit of clean energy goals, but commissioners emphasized they were acting under an emergency proclamation by Gov. Gavin Newsom that ordered state entities to waive clean air rules and other regulations to bolster generating capacity.

The state faces an energy crisis this summer as Newsom faces a recall election Sept. 14. (See [Calif. Governor Proclaims Emergency as Blackouts Loom.](#))

"Gov. Newsom's emergency proclamation makes it very clear that all of our energy agencies have to act immediately to establish energy stability during this emergency as well as accelerating plans for construction, procurement and rapid deployment of new clean energy and storage projects," Commissioner Karen Douglas said.

The governor's July 30 proclamation authorized the CEC to license gas-fired generators that can deliver energy this summer and fall during evening net-peak hours, after solar goes offline. The generators must meet criteria such as operating on a "previously disturbed site" with an existing grid connection.

In response to the proclamation, the State Water Project (SWP), a major user and generator of electricity, plans to add five 30-MW units to be installed at three locations statewide this summer.

"These will be natural gas units that are hydrogen capable," said SWP Deputy Director Ted Craddock. "So [the units] will meet our current needs and will have the capability to utilize future fuel blends of hydrogen as we move forward in our clean energy goals."

### Dire Forecast

The two orders that the commissioners unanimously approved last week deal with generators that can come online before Oct. 31.

A third order that the CEC plans to take up at a future meeting will deal with emergency generation in the summer and fall of 2022,



Lake Oroville in Northern California is one of the state's major hydroelectric reservoirs that has dropped to record levels in an extended drought. | [Public Policy Institute of California](#)

which could be worse than this summer, commission staff said.

California's push to rely on 100% clean energy by 2045, coupled with record-breaking heat waves in the West and massive wildfires, have severely strained the state's grid several times this year after a series of blackouts and close calls last summer.

An extended drought, worsened by the driest year on record in 2021, has severely curtailed in-state hydropower. The drought could continue through at least next summer, according to a recent forecast by the National Oceanic and Atmospheric Administration.

NOAA predicted that precipitation in California will be far below average during the winter months of 2021-22, when the state receives most of its rainfall and snowfall.

In a meeting the previous week, the Energy Commission heard from staff members in charge of extended supply-and-demand forecasts. They said the state faces up to a 3,500-MW shortfall this year and a 5,200-MW shortfall next summer in extreme circumstances.

"Given the more extreme weather trends experienced so far this year and projections

for the 2021 California drought possibly persisting into 2022, an outlook now for summer 2022 is critical," Angela Tanghetti, a CEC electric generation program specialist, said at the commission's Aug. 11 meeting.

CEC forecasters decreased the summer 2021 supply outlook by 1,000 MW because of low reservoir levels behind major hydroelectric dams, some of which, such as Lake Oroville, are no longer generating. (See [Feds Invoke First-ever Colorado River Water Restrictions.](#))

Next summer could see an additional 500-MW decrease in hydropower output, totaling a 1,500-MW decline, the CEC predicted.

In June, the California Public Utilities Commission ordered load-serving entities under its jurisdiction to procure 11.5 GW of new resource starting in 2023. (See [CPUC Orders Additional 11.5 GW but No Gas.](#))

That order could start closing the gap between supply and demand two years from now, but "I think 2022 is still going to be difficult for us, even under good circumstances," Commissioner Siva Gunda said.

"We are not out of this," Gunda said. "It is going to be like this for at least a year, if not more." ■

## CAISO/West News

# Oregon Study to Examine Benefits, Risks of RTO Participation

*Continued from page 1*

state's evaluation of joining an RTO.

A series of technical questions asks respondents to share their thoughts on:

- transmission rates and revenues in an RTO;
- transmission planning and operations, including generator interconnection processes, planning and expansion, and cost allocation;
- potential benefits or consequences with respect to renewable resources, including deployment, location and impacts on in-state manufacturing of clean energy technologies and related jobs; and
- possible environmental impact from an RTO, such as changes to the dispatch of thermal generating units and the challenges from greenhouse gas accounting over different regulatory regimes.

The questionnaire additionally seeks input on RTO governance design, asking participants to identify best practices and to consider how a governance structure would ensure “meaningful” state oversight and protections for retail customers. The survey concludes with questions about the best market design, alluding to examples such as the real-time Western Energy Imbalance Market (EIM), the EIM plus a day-ahead market, a full West-wide RTO or multiple RTOs.

Responses are due by Sept. 13. The Advisory Committee will hold its first meeting Sept. 20, followed by another on Oct. 6. The ODOE expects to deliver a draft report to the committee by Nov. 24, and the final study will be submitted to the legislature by Dec. 31.

### Momentum Building?

Oregon's move to examine RTO participation is part of a growing trend among Western states. In May, Nevada lawmakers passed a sweeping energy bill (*SB448*) that included a provision requiring the state's transmission owners to join an RTO by 2030. (See [Colorado Utilities Examine Market Membership](#).) Colorado followed suit with a similar bill (*SB 72*) in June.

And last month the Arizona Corporation Commission asked to establish a new proceeding to investigate the “question of mandatory or voluntary participation in regional transmission organizations” by the state's



Transmission line in Umatilla County, Ore. | © RTO Insider LLC

utilities. (See [Arizona to Weigh RTO Membership](#).)

The Western power sector has for decades flirted with the idea of a West-wide RTO or subregional organized markets, but agreement has proved to be elusive in a region in which many participants are suspicious of the increased federal oversight an organized market entails and wary of any arrangement dominated by California.

In 2016, California Gov. Jerry Brown postponed CAISO's efforts to extend its own market into other parts of the West after in-state critics expressed fears that the plan was being rushed to meet legislative deadlines, while out-of-state critics remained apprehensive of what they called a “California-centric” proposal. (See [Governor Delays CAISO Regionalization Effort](#).)

The following year, legislators failed to pass a bill outlining mandatory steps for CAISO to follow as it pursued regionalization. (See [CAISO Regionalization, 100% Clean Energy Bills Fizzle](#).)

Another regionalization bill, introduced in 2019, would have transformed the ISO's governance structure from one controlled by California officials to a multistate body, addressing a key concern of Westerners reluctant to sign up to a market subject to the outsized influence of California. That bill died in committee, in part because of opposition from labor unions concerned about a loss of in-state renewable energy project construc-

tion jobs. The bill also divided environmental groups, with some — including the Sierra Club — worried that a more closely integrated market relationship with coal-burning states would compromise California's aggressive environmental objectives. (See [CAISO Expansion Bill Dies in Committee](#).)

But where CAISO's regionalization efforts have sputtered, the expansion of its voluntary, real-time EIM has progressed steadily since it was launched in 2014. By 2023, it will include 21 members representing about 78% of the electricity load in the WECC area. The ISO is also working to expand the scope of the market with day-ahead trading, a measure that falls far short of creating an RTO. (See [CAISO Proposal Sets Course for EIM Day-ahead](#).)

A recent U.S. Department of Energy-funded study initiated by Utah Gov. Spencer Cox's Office of Energy Development in collaboration with state energy offices in Colorado, Idaho and Montana found that a West-wide RTO would yield about \$2 billion on annual benefits by 2030, nearly triple the returns of an EIM day-ahead market, reducing production and capacity costs by \$599 million and \$718 million, respectively. (See [Study Shows RTO Could Save West \\$2B Yearly by 2030](#).)

The study found that Oregon would be the third-largest beneficiary of annual benefits at \$148 million, behind Washington (\$351 million) and California (\$319 million). ■



## CAISO/West News

## Schwarzenegger Pumps Calif. Offshore Wind

Cites Findings from His Public Policy Research Institute at USC

By Hudson Sangree

Former California Gov. Arnold Schwarzenegger took to Zoom on Wednesday to extoll the virtues of offshore wind, basing his arguments on new findings by researchers at his public policy think tank in Los Angeles.

"This wind energy that we're talking about here will be another powerful weapon in our fight to terminate pollution once and for all," Schwarzenegger said before turning over the virtual lectern to researchers from the Schwarzenegger Institute for State and Global Policy at the University of Southern California.

Those researchers, USC professors Adam Rose and Dan Wei, examined the state's "core study scenario" of establishing 10 GW of offshore wind by 2040 to help meet the state's 100% clean energy mandate.

In their *study*, they determined that installing 10 GW of floating turbines and building the infrastructure to support the effort would create up to 65,000 jobs during construction

and 4,500 jobs in operation and maintenance for the lifetime of the floating wind farms.

Offshore wind turbines replacing fossil fuel generation would reduce CO<sub>2</sub> emissions by 4.73 million metric tons by 2040 — equal to taking a million cars off the road — and result in \$1 billion in savings and benefits annually, the researchers concluded.

"In effect, what we performed was a benefit-cost analysis of the inclusion of offshore wind in the energy mix for the next couple of decades," Rose said. "This consists of direct benefits in terms of lowering electricity prices and several co-benefits."

Many residents would consider the first two co-benefits, improved electricity reliability and reduction in greenhouse gases, "just as important as lowering electricity prices, and so we've made them the primary area ... in our analysis," he said.

Offshore wind could take at least a decade to become a reality in California, though the process has taken on new momentum as the

state faces ongoing capacity problems.

In May, the Biden administration announced it would offer leases for California's first offshore wind areas, a 399-square-mile block off Morro Bay in Central California that could support 3 GW of OSW and the Humboldt Call Area off the coast of Northern California, which could add an additional 1.6 GW. (See *BOEM to Offer Leases for Calif. Offshore Wind*.)

Each area would require major port upgrades and undersea transmission cables to connect the turbines to CAISO's onshore grid, perhaps the biggest impediment to more rapid development. (*Port System Big Challenge for Calif. Offshore Wind*.)

## Schwarzenegger as Cheerleader

The cigar-smoking, Humvee-driving, Republican former governor has defied stereotypes by championing *environmental causes* and working with liberal Democrats for decades. Among other actions during his administration, he promoted the "hydrogen highway" for fuel-cell vehicles and laid out a goal of creating 1 million solar rooftops across the state.

Schwarzenegger said he spent Wednesday morning pumping iron at Gold's Gym in L.A. with U.S. Environmental Protection Agency Administrator Michael Regan, and he noted that former movie actor and California governor Ronald Reagan had signed the bill in 1967 that created the state Air Resources Board.

"And this was actually the year before I even moved to the United States, and since then, of course, it built with Jerry Brown and all the other governors, [including my administration]" Schwarzenegger said.

The former governor said California has become the world's environmental leader because it established legislative requirements and stuck to them. Senate Bill 32 by his Democratic ally, former Sen. Fran Pavley, who emceed Wednesday's Zoom session, required the state to reduce its greenhouse gas emissions by 40% below 1990 levels by 2030. SB 100, by Sen. Kevin de León, a fellow at the Schwarzenegger Institute, requires the state to supply retail customers with 100% clean energy by 2045.

Schwarzenegger compared the state's clean energy agenda to his time as a body builder.

"This is no different than when I was in body-



Arnold Schwarzenegger spoke about the potential benefits of offshore wind in a Zoom meeting Aug. 18. | *University of Southern California*

# CAISO/West News

building,” he said. “I could say at the age of 15, ‘I want to be the bodybuilding champion of the world,’ but I had to have a plan ... [of] exactly how much weight to lift every day, how many reps I’d have to do, how many sets ... what kind of exercises to do [and] what kind of a diet to have.

“There was a plan, and that’s why, by the age of 20, I became the youngest world champion in bodybuilding ever,” Schwarzenegger said.

California needs to stick to a similar regimen of greenhouse gas reductions, he said.

## ‘Really Ramped Up’

Energy Commission Chair David Hochschild spoke at Wednesday’s event, praising Schwarzenegger for his environmental leadership.

“In our country, we have a surplus of carbon and a shortage of courage, particularly political courage to take on climate solutions,” Hochschild said. “You’ve shown incredible vision and passion and commitment.”

“I’m mindful of the fact that, when the million solar roofs goal was set some years ago during the Schwarzenegger administration, a lot of people dismissed it as mythology, and today we’re at 1.3 million solar roofs and we’re adding 400 solar roofs a day,” he said.

Tesla and other carmakers are producing 1,000 electric vehicles per day in California, and EVs have become a major state export, Hochschild said.

“It speaks to California’s role as an incubator of new technologies,” he said.

Offshore wind is further along on the East Coast and in Europe, but California has an opportunity to catch and surpass those early adopters, the CEC chair contended.

Assembly Bill 525, now under consideration in the state Senate, would require the CEC to develop a strategic plan for offshore wind by the end of 2022. (See [Developer: 10 GW of Offshore Wind Insufficient for California.](#))

“We’ve got a long way to go, but once we turn our focus to this, I believe we can scale up and get a very sizable deployment of this technology off the West Coast,” he said.

“That will help position it to grow even faster around the world and get that innovation engine really ramped up.” ■



The Morro Bay area could support 3 GW of offshore wind, and the Humboldt Call Area off Northern California is big enough for an additional 1.6 GW, according to the U.S. Bureau of Ocean Energy Management. | BOEM



## CAISO/West News

# SCE to Install 4,500 Miles of Covered Conductor

## CPUC OKs Rate Hike to Pay for Wildfire Prevention Project

By Hudson Sangree

The California Public Utilities Commission approved a major rate hike for Southern California Edison on Thursday, much of which will pay for the utility's plan to install 4,500 miles of insulated wire in high-risk areas to prevent its equipment from igniting wildfires.

The proposal would be the largest rollout of overhead covered conductor so far in the state's efforts to prevent catastrophic blazes. The CPUC approved \$3.3 billion in spending on SCE's Wildfire Mitigation Programs, nearly \$2 billion of it for the covered conductor project.

"The Wildfire Covered Conductor Program is SCE's primary grid hardening wildfire mitigation solution in this [general rate case], representing over 90% of SCE's capital expenditure forecast for wildfire management," Administrative Law Judge Sophia Park wrote in her proposed decision, which commissioners unanimously adopted.

In its rate case, SCE sought to deploy 6,272 cumulative miles of covered conductor between 2019 and 2023, or 60% of its overhead conductor circuit miles, in its Tier 2 and Tier 3 high fire-risk areas at a total cost of \$3.4 billion, Park noted.

The Utility Reform Network and others objected to the proposal as unnecessarily costly and expansive.

In response, Park scaled back SCE's proposal to 4,500 circuit miles.

"The deployment of 4,500 circuit miles would address 98% of the wildfire risk in SCE's [high fire-risk areas] at a cost that is \$1.5 billion less



Workers unspool covered conductor as part of Southern California Edison's grid hardening efforts against wildfires. | *Elisa Ferrari/SCE*

than SCE's request," she wrote.

Park allowed that more might be better, and the CPUC said in a statement following the vote that SCE could increase its covered conductor deployment if needed, subject to further review.

"This proceeding created the opportunity for the CPUC to make strategic decisions on the future of Southern California Edison's capital investments, including grid modernization ... and safety investments in response to climate change risks such as wildfires," lead Commissioner Genevieve Shiroma said in the statement.

### Lines and Fires

The effort to harden the state's grid against wildfires has grown urgent following years of immense and highly destructive blazes started by power lines. The Camp Fire in November 2018, ignited by a fallen Pacific Gas and Electric transmission line, was the deadliest and most destructive on record.

A tree falling on an uninsulated PG&E line is suspected of starting the Dixie Fire, the second largest wildfire in state history, which is still burning in the Sierra Nevada of Northern California after more than a month. As of Thursday, the fire had grown to more than 678,000 acres and was 35% contained. It

has destroyed 1,217 structures and threatens thousands more homes, the California Department of Forestry and Fire Protection reported.

PG&E, too, has plans to install insulated wires in the tinder-dry foothills and coastal ranges of its vast service territory. Its 2021 wildfire mitigation plan called for 180 miles of new covered conductor. (See [PG&E Files Wildfire Plan Under Intense Scrutiny](#).)

Last year the CPUC approved an SCE proposal to install 600 miles of covered conductor, which at the time was unprecedented. The utility estimated the cost at \$428,000 per circuit mile, including replacing wooden poles with stronger composite ones and installing fiberglass crossarms as needed. (See [CPUC OKs Largest Rollout of Covered Conductor](#).)

To allow SCE to work toward its new goal of 4,500 circuit miles, the CPUC approved a nearly 8% increase in the utility's 2021 general rate case and authorized a revenue requirement of \$6.9 billion for operations and investments. The amount was \$730 million less than what SCE had requested and will result in an average increase of about \$12 in residential customers' bills.

The decision excluded \$131 million in executive pay and bonuses that the company requested. ■



Insulated lines run above an arid, fire-prone landscape in SCE's service territory. | *Elisa Ferrari/SCE*

## CAISO/West News

# CAISO Agrees to Share More Power with EIM

## Joint Decision Delegates Greater Authority to EIM Governing Body

By Hudson Sangree

The CAISO Board of Governors and Governing Body of the ISO's Western Energy Imbalance Market voted unanimously Friday to approve a new delegation of authority over EIM matters, including a process by which FERC could resolve disputes between the two bodies.

The adopted decision resulted from a stakeholder process in which the EIM Governance Review Committee (GRC) considered revisions to EIM rules under a reassessment required by the market's founding charter.



CAISO Board of Governors Chair Angelina Galiteva | CAISO

"Because the Western EIM will continue to expand and evolve, the important steps we've taken today help make sure we have the right governance structure in place for greater collaboration and coordination among the growing Western

EIM membership and the California ISO," CAISO Board Chair Angelina Galiteva said in a statement following the vote.

The vote dealt with the second, more controversial component of the GRC's *recommendations* about relations between CAISO and its real-time interstate trading market, made up of entities from across the West. The two bodies approved a first set of changes in May that covered topics such as the selection of EIM Governing Body members and stakeholder engagement. (See [CAISO Board Approves EIM Governance Changes](#).)

Both sets of changes were generally supported by stakeholders, though some expressed concern about FERC intervention in Western disputes. (See [Joint CAISO-EIM Authority Debated in West](#) and [Solid Support for EIM Joint Authority Plan](#).)

The expanding EIM now includes 14 participants in addition to CAISO, with more scheduled to join in the next two years. Its footprint encompasses portions of 10 Western states.

CAISO said the market has saved members more than \$1.4 billion since its launch six years ago.

### Expanded EIM Authority

Friday's decision increases EIM authority over issues affecting the market. CAISO tariff changes that apply to the EIM and its stakeholders now will require Governing Body and Board of Governors approval. The new shared authority will be exercised at joint meetings of the two groups, with decisions requiring majority approval by both.

"Currently, the EIM Governing Body has primary authority only for changes to real-time market rules that are EIM-specific, meaning that they apply uniquely or differently to EIM entity balancing authority areas, or for changes to generally-applicable real-time market rules where the primary driver for the change is an issue specific to the EIM entity balancing authority areas," CAISO Vice President of External and Customer Affairs Stacey Crowley wrote in a memo to the governors and Governing Body members.

"In practice, this has meant that some tariff proposals that apply to EIM Entities or to other market participants within EIM balancing authority areas in their role as EIM participants have been outside the EIM Governing Body's approval authority," Crowley said.

The GRC recommended expanding the Governing Body's scope, "so that the applicability of a proposed tariff rule in the EIM context determines whether or not it is subject to approval by both bodies," she said.

The Board and Governing Body adopted the GRC's recommendation that joint authority should extend to all proposals to "change or establish any CAISO tariff rules applicable to the EIM entity balancing authority areas, EIM entities, or other market participants within the EIM entity balancing authority areas, in their capacity as participants in EIM."

In the event the two bodies cannot agree on a course of action, the revisions lay out a process that could, in rare circumstances, refer matters to FERC for dispute resolution.

In the case of an impasse, an additional staff and stakeholder process would be undertaken to resolve the matter. If that does not work, the Board of Governors and Governing Body could agree to abandon the proposal or remand it for another round of stakeholder consideration.

"Alternatively, the Board alone could autho-

rize a FERC filing if, and only if, three conditions are met: (1) the Board, by unanimous vote, makes a finding that the bodies have reached an impasse and that exigent circumstances exist such that a revision to the tariff is critical to preserve reliability or protect market integrity; (2) the ISO would be required to include in its FERC filing any written opinion or other statement the EIM Governing Body may want to offer regarding the proposal; and (3) the EIM Governing Body would have the option to retain outside counsel to assist in preparing its written opinion or statement," Crowley wrote.

### 'A Turning Point in Collaboration'



EIM Governance Review Committee Chair Therese Hampton | CAISO

On Aug. 2, when the GRC approved its own recommendations, GRC Chair Therese Hampton said the multi-step dispute resolution plan "provides a strong incentive for both boards to resolve differences before going to FERC while also recognizing that there may be some

circumstances where a filing is needed." (See [EIM Governance Review Committee OKs Power Share with CAISO](#).)

In the joint CAISO-EIM statement Friday, Governing Body Chair Anita Decker said that "the Western EIM's Governing Body and the ISO's Board of Governors approval of the Governance Review Committee's recommendations is an important milestone and marks a turning point in collaboration and decision-making that will benefit an expanded Western market."

"The Governance Review Committee's recommendation was founded in substantial stakeholder engagement and symbolizes a dynamic time for the West," Decker said. "We commend the Governance Review Committee's impressive effort to work together with stakeholders to create this framework."

The CAISO governors next must make implementing amendments to governance documents. The EIM Governing Body is scheduled to provide its advisory opinion on the amendments Sept. 8, followed by the Board of Governors' consideration on Sept. 22. ■



## ERCOT News



# ERCOT TAC Cancels Workshop on Future Structure

ERCOT's Technical Advisory Committee canceled last Wednesday's scheduled workshop to discuss its future membership and interaction with the incoming Board of Directors.

Chair Clif Lange, of South Texas Electric Cooperative, and Vice Chair Eric Blakey, with Just Energy, said in an email to stakeholders Aug. 16 that they decided to cancel the workshop "given feedback from multiple parties and after much consideration."

The workshop was to be a follow-up to the committee's testy July meeting, when members pushed back against interim CEO Brad Jones' proposal to convert the committee into one "comprised of senior-level members from each ERCOT member organization." (See "Members Push Back Against Revamped TAC Structure, Conservative Ops," *ERCOT Technical Advisory Committee Briefs: July 28, 2021*.)

The TAC currently has 30 members comprising primarily subject-matter experts representing six different market segments. Some members argued last month that adding officer-level representatives would only slow the committee's work down. Jones responded by saying state lawmakers have lost confidence in ERCOT's market participant-driven processes.

"If you don't think TAC is in the crosshairs, you're not paying close attention," Jones said during the July 28 meeting.

Lange and Blakey told members they will defer discussion of the committee's structure until the new board and/or the Texas Public Utility

Commission "initiate[s] discussions on it." ■

— Tom Kleckner



TAC Chair Clif Lange (right), with ERCOT's Kenan Ogelman, canceled the committee's Aug. 18 workshop to discuss its future structure. | © RTO Insider LLC

## GCPA Fall Conference Back to Virtual Format

The Gulf Coast Power Association had planned to return to an in-person gathering for its annual Fall Conference but will instead revert back to a virtual format because of the Delta variant-fueled rise in COVID cases and hospitalizations.

GCPA told attendees in an email Aug. 17 that its Board of Directors had decided that converting the Sept. 20-22 conference to a virtual affair was "the most prudent course of action."

"We'd very much hoped for a return to gathering in person, but the health and safety of attendees and speakers and sponsors and ex-

hibitors guided the board's decision," GCPA's Penny Sullivan said.

The conference will be streamed over three afternoons. Interim ERCOT CEO Brad Jones and Public Utility Commission Chair Peter Lake are both scheduled to deliver keynote addresses.

GCPA has not met in person since early last year. It canceled last year's spring summit and conducted virtual conferences last fall and this spring. ■

—Tom Kleckner



The GCPA's fall and spring conferences always draw a crowd. | © RTO Insider LLC

## ERCOT News



# ERCOT Delays In-person Meetings Until 2022

ERCOT has delayed the return of in-person stakeholder meetings until 2022, citing recent increases of cases of the COVID-19 Delta variant and the grid operator's upcoming move to a new headquarters facility in Austin, Texas.

The grid operator said it expects to resume in-person gatherings with the Technical Advisory Committee's meeting Jan. 26. The TAC get-together is scheduled to be held in ERCOT's new facilities in the MetCenter business park.

In a market notice sent to members and market participants last week, ERCOT said it had determined "that it is prudent and reasonable to delay resumption of in-person stakeholder meetings."

ERCOT had planned to resume in-person meetings in September. ■

— Tom Kleckner



ERCOT plans to move into new facilities in Austin's MetCenter complex before the year is up. | LoopNet

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*'Transformative Procurement' Key to Corporate Clean Energy Goals*

#### MIDATLANTIC

*Virginia Replacing Diesel School Buses with Low-Carbon Vehicles*

*NJ Backs EV Incentive Program for Local Government*

#### NORTHEAST

*Conn. DEEP Commissioner Still Stumping for TCI-P Passage*

*Vt. Climate Council Searches for Equitable Social Cost of Carbon*

*Equity, Lowering GHGs Could Become Quantified Goals in Mass. Efficiency Plan*

*'Carbon-better' is OK for Vt. Heating Sector, Climate Council*

#### Member Says

*Meet the Electric Cooperative Pushing Mass. Solar Capacity Forward*

*Roadmap Initiative Set to Hone Maine's OSW Goal*

#### WEST

*Trees, Composting Key to Capturing CO<sub>2</sub>, Hawaii Task Force Hears*

*Hawaii Wave Energy Project Gets \$6M in U.S. Navy Funding*

*EV Growth Prompts Need for Managed Charging*

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## ERCOT News



# Texas PUC Hearings Begin on \$2.9B ERCOT Securitization

By Tom Kleckner

Hearings began Monday before the Texas Public Utility Commission over ERCOT's request for a pair of debt-obligation orders to finance \$2.9 billion in market debt stemming from high prices during February's devastating winter storm.

The grid operator's first application proposes financing the \$800 million owed to ERCOT by market participants during the storm's Feb. 12-20 emergency period (52321). The second proposes a \$2.1 billion market uplift to cover short pays to the market (52322). (See "Staff File for \$2.9B in Debt Recovery from Winter Storm," *ERCOT Briefs: Week of July 19, 2021*.)

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*.)

As of Aug. 2, the ERCOT market was *short \$2.98 billion* from transactions during the storm.

ERCOT CFO Sean Taylor and Kenan Ögelman, vice president of commercial operations, were the only witnesses to take the stand Monday morning. They were briefly cross examined by

attorneys representing Calpine and Golden Spread Electric Cooperative and fielded a few questions from the commissioners before the hearing was adjourned after 92 minutes.

Hearings on the \$2.1 billion request will resume today at 1 p.m. CT.

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.

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 (QSEs) 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



Chris Reeder, an attorney representing Calpine, speaks during the first day of hearings on ERCOT's request to securitize \$2.9 billion in market transactions. | *Texas Admin Monitor*

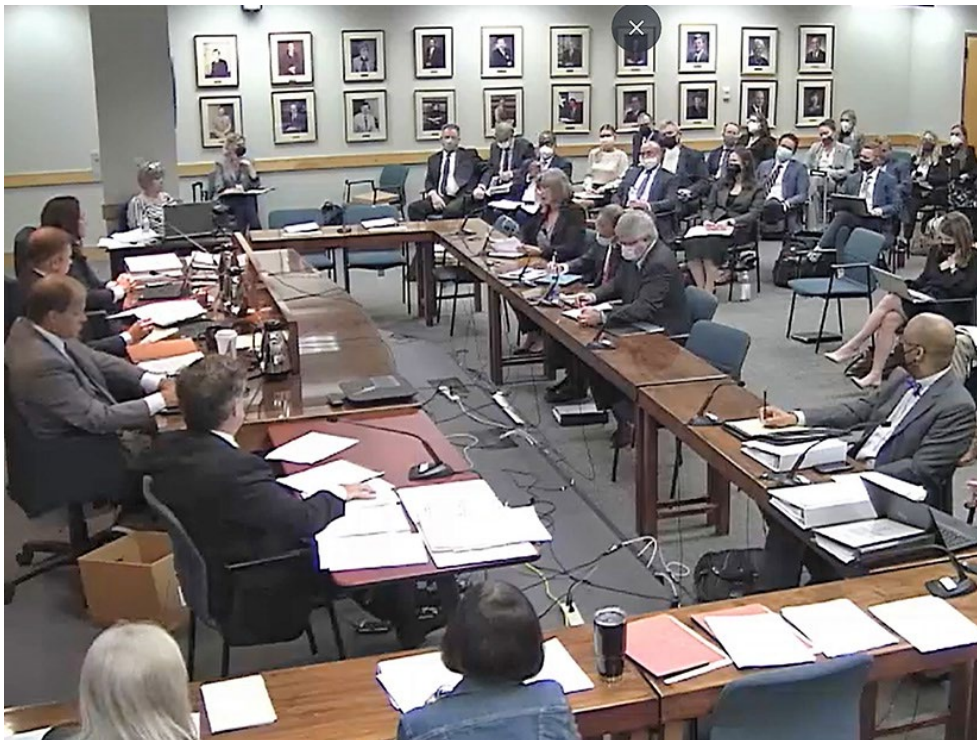
quantifying the LSEs' actual exposure. It asked the PUC to open a parallel proceeding to allow LSEs and the commission to determine the final uplift balance.

A group of *Texas lawmakers* and Lt. Gov. *Dan Patrick* have both filed comments in the \$2.1 billion docket urging the PUC to follow the intent of *House Bill 4492*, which authorized the securitization, by "netting" the amount of debt generated during the storm that would be passed on to ratepayers. Netting would help account for companies that own both generators and retailers, canceling out debt so that only the net is used to determine whether ERCOT will allow a member to qualify for its debt to be paid off by ratepayers.

Rep. Chris Paddie (R), the bill's author, earlier filed a letter saying his bill "does not contemplate or authorize any 'netting' between companies."

"If it was his intent to give taxpayer dollars to companies that profited during the storm instead of to those who were actually exposed to extraordinary costs and damages, I can confidently say that was not the understanding or intent of the Texas Senate when it passed HB 4492," Patrick said in his filing.

During Thursday's open meeting, the PUC opened a parallel proceeding to split the docket into a depository for comments and the verification of the type of market participants involved. The latter proceeding will be used to document the process for allocating funding; determine the amount, if any, of



Hearings begin on ERCOT's application to securitize \$2.9 billion in market transactions. | *Texas Admin Monitor*

# ERCOT News



eligible charges that exceed \$2.1 billion; and develop a methodology for pro-rating those amounts.

## ERCOT Sees Demand Picking up

ERCOT's Kristi Hobbs told the commission during its open meeting that summer heat and demand will pick up this week after state-wide rains last week helped tamp down both.

Hobbs, the grid operator's vice president of corporate strategy and PUC relations, said staff expect demand to return to the 70- to 73-GW range. ERCOT's projected record peak of 77.1 GW this summer would break the all-time record of 74.8 GW set in August 2019, but demand has topped out at 72.9 GW so far.

Wednesday's peak barely climbed over 60 GW as rain and cloud cover enveloped much of Texas. The week's high peak came on Friday, when demand topped out at nearly 72 GW.

Hobbs said ERCOT is continuing its conservative operations approach, procuring greater amounts of ancillary services and doing so

earlier. The grid operator began the summer with a reserve margin of 15% but has had to compensate for continued forced thermal outages and intermittent renewable resources.

"We'll continue to evaluate our ancillary services [procurement] to ensure we're operating in a conservative manner," Hobbs said. "We want to make sure we continue to remind people that we have conservation in our toolkit to ask Texans to help keep the grid reliable."

## AEP Tx Project Remanded

The commission remanded AEP Texas' application for a 345-kV transmission line in South Texas to the Office of Administrative Hearings, saying that the proposed route was \$20 million more expensive than other alternatives (51912).

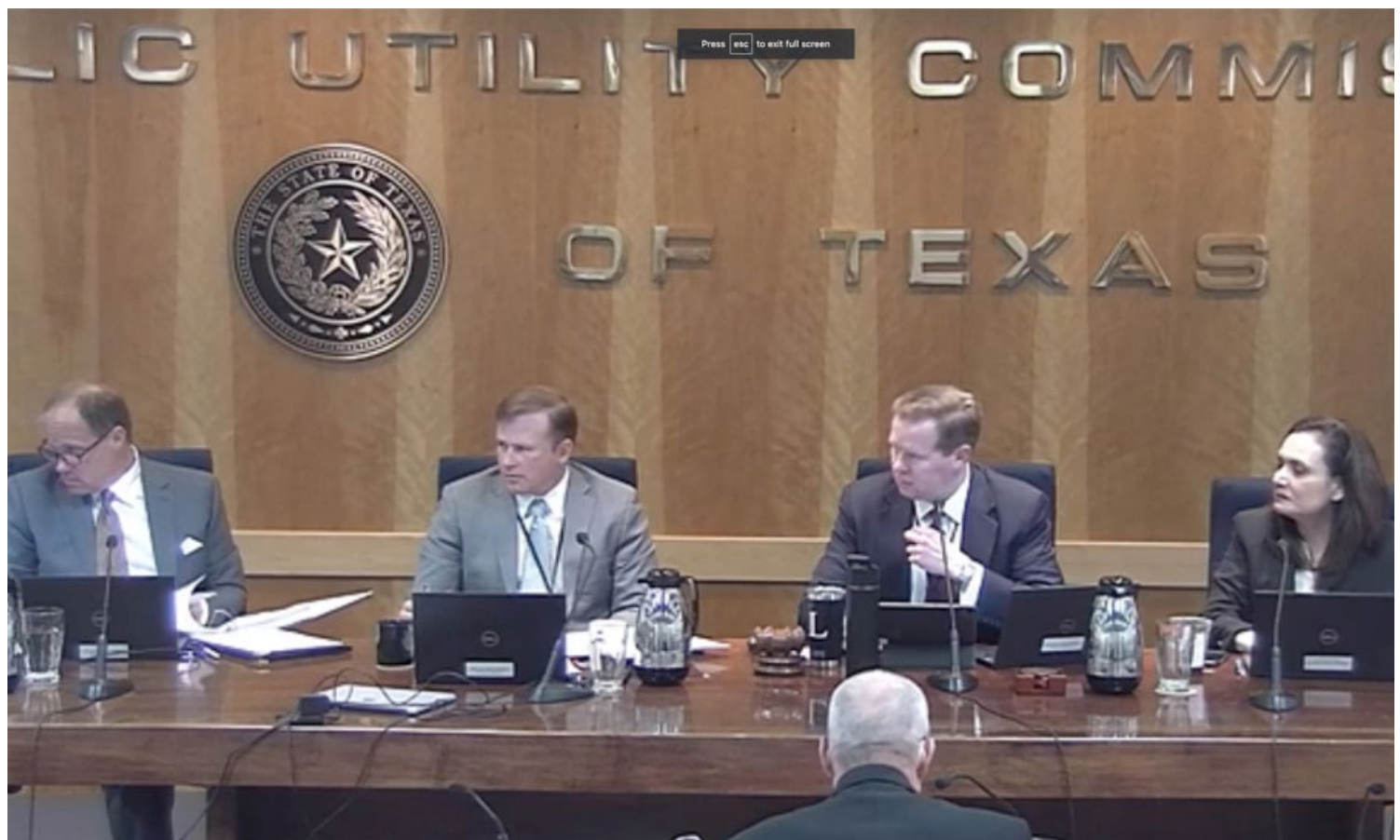
AEP reached a settlement with landowners over the \$71.9 million project, endorsed by ERCOT as a reliability need to serve growing industrial load in the Corpus Christi area, but that did little to sway the commissioners. The agreed-upon route is at the high end of the

utility's \$51.8 million to \$72.9 million range.

"I don't hear a lot of enthusiasm for a 40%, \$20 million increase," Lake said. "The fastest way to get this done would be for the parties to find a reasonable settlement that doesn't cost the ratepayers an extraordinary amount of money."

In other actions, the PUC:

- approved Rayburn Country Electric Cooperative's sale of a 30-mile segment of a 138-kV line to East Texas Electric Cooperative (51776). The joint application was made in January, before Rayburn was hit with sky-high invoices during the February storm that have left the cooperative more than *\$640 million short* to the market.
- rejected a rulemaking request by electric retailers to limit the length of disconnection moratoriums, saying it would "jeopardize" the PUC's ability to "align its rules with statute in a timely fashion" (52200).
- signed off on 14 rule changes endorsed by ERCOT's stakeholders and Board of Directors (52307). ■



The PUC meets with four commissioners for the first time: (left to right) Jimmy Glofelfy, Will McAdams, Chair Peter Lake and Lori Cobos. | *Texas Admin Monitor*



## ISO-NE News

# Restoration Efforts from Tropical Storm Henri Nearly Complete

By Jason York

Most of the remaining power outages in Connecticut from Tropical Storm Henri, primarily concentrated in the eastern part of the state serviced by Eversource Energy, will soon be restored, according to the utility.

As of 8:30 a.m. Tuesday, Eversource reported that only 1,270 out of its 1.28 million customers in Connecticut were without power. Its crews — boosted by thousands of additional utility workers from Texas, Oklahoma, Florida and Canada — have restored power to more than 67,000 customers. Crews also repaired or replaced 44 broken poles, removed more than 240 trees and restrung more than 25 miles of downed wire. Eversource *said* it had prepared for up to 69% of customers in Connecticut to lose power during the storm and that restoration work could last as long as three weeks.

To facilitate restoration efforts, Eversource prepositioned crews in cities and towns across Connecticut and at multiple staging areas across the state, including the Pratt & Whitney airfield in East Hartford.

Eversource spokesperson Tricia Tasky Modifica told *RTO Insider* that “we were fortunate that Tropical Storm Henri didn’t materialize as

expected here in Connecticut” and “planned accordingly.”

“We knew our communications efforts were a key element in the response and worked to be sure they were where we believe they needed to be,” Tasky Modifica said. “We coordinated with Gov. [Ned] Lamont, state officials and all 149 communities we serve.”

Tasky Modifica added that once restoration work finishes, Eversource will “thoroughly review our storm preparation and response to identify any areas where we can improve.”

“Our customers expect a great deal from us,” Tasky Modifica said. “We understand that and take that responsibility very seriously.”

United Illuminating (UI), which serves the greater New Haven and Bridgeport areas of Connecticut, had no reported outages on Tuesday morning. UI also doubled the size of its field crews ahead of the storm, including line workers, tree trimming and damage assessment teams. In addition, UI pre-staged crews throughout its service territory to limit travel to damaged locations.

In Rhode Island, where the storm made landfall near Westerly on Sunday, National Grid still had 11,353 outages from approximately 500,000 customers, mostly in Washington

County. National Grid estimated that power would be restored to most of its customers by late Tuesday night. (See related story, *Conn., RI Take Substantial Hit from Tropical Storm Henri*.)

### PURA’s Preliminary Assessment

Marissa Gillett, chair of the Connecticut’s Public Utilities Regulatory Authority, told *RTO Insider* that she has positive initial assessments of the utilities’ preparation and performance for the storm. Gillett said she has not heard any of the widespread communication “horror stories” with customers and municipal officials that followed Tropical Storm Isaias last August, which knocked out power to hundreds of thousands and led to nine days of restoration work. Gillett added that while Connecticut did not take a direct hit from Henri, the prepositioning of restoration resources by Eversource and UI was “significantly better” than what she saw last year.

In the aftermath of Isaias, Eversource and UI made changes mandated by the *Take Back Our Grid Act*, which directed the PURA to develop and implement performance-based regulations, including fines and reduced returns on equity. In addition, the PURA recently finalized a \$28.6 million civil penalty and annual profit reductions of about \$31 million against Eversource following an investigation into its Isaias response. Eversource has *appealed* the ROE reduction in state court. Still, the preparation for Henri, and Tropical Storm Elsa earlier this summer, indicates to Gillett that the legislative and regulatory remedies are getting through to the utilities.

“I would really like to believe that they have received the message, but more importantly, if they haven’t received the message, I think PURA and the legislature and the governor have demonstrated that we’re capable of reinforcing that message should it need to be,” Gillett said.

One point that Gillett said she is still trying to drive home with Eversource and UI is that she is happy to collaborate on enhancing emergency response and grid resilience programs. But ultimately, she is the utilities’ chief regulator and has to deliver an objective assessment of their performances.

“I think there’s a negative connotation associated with having tension in the relationship; I think there should always be tension,” Gillett said. “It’s my job to drive them to do better.” ■



Connecticut Gov. Ned Lamont inspects utility restoration in Canterbury, a small town in the eastern part of the state. | Office of Gov. Ned Lamont

## ISO-NE News

# Conn., RI Take Substantial Hit from Tropical Storm Henri

## Heavy Rain and Wind Lead to Significant Power Outages

By Jason York

Tropical Storm Henri slammed into southern New England on Sunday with heavy rain and winds leading to thousands of power outages in Connecticut, Rhode Island and parts of Massachusetts.

Henri made landfall near Westerly, R.I., around 12:30 p.m. Sunday, the National Weather Service reported, and later slowed down over the area with maximum sustained winds of 50 mph.

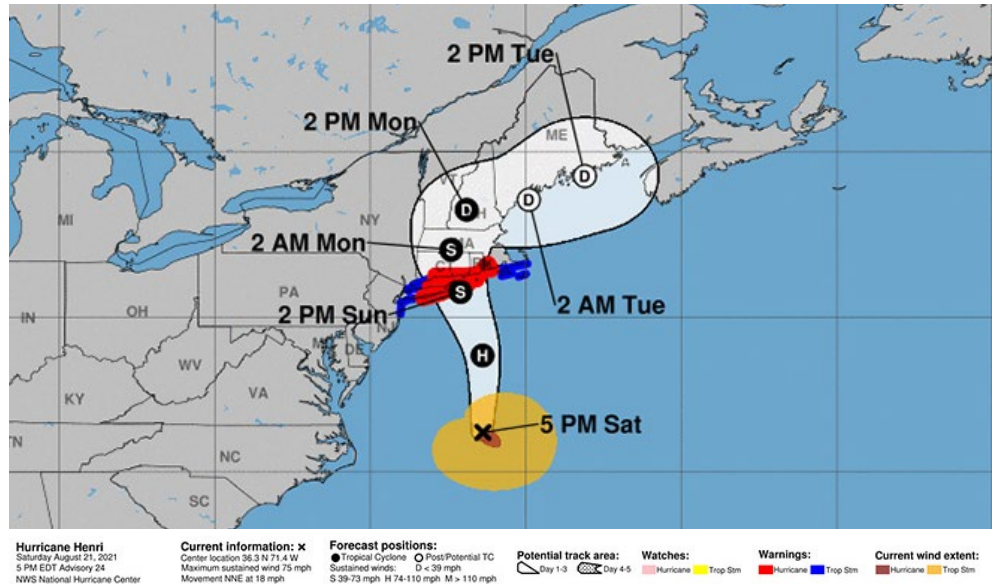
At 4 p.m. Sunday, Eversource Energy had reported 29,277 out of its 1.28 million customers in Connecticut were without power, mainly concentrated east of the Connecticut River. National Grid said there were 72,438 outages in Rhode Island, including 49,050 in Washington County, where Westerly is located. Between National Grid and Eversource in Massachusetts, about 12,000 were without power in their respective service territories. United Illuminating (UI), which serves the greater New Haven and Bridgeport areas of Connecticut, had just two outages out of its more than 340,000 customers.

At a [press conference](#) Saturday, Connecticut Gov. Ned Lamont said Eversource and UI assured state officials that they had doubled the number of workers on the ground to restore potential power outages after their inadequate response during Tropical Storm Isaias, which was primarily a wind event, last August. Connecticut also received a pre-landfall presidential emergency declaration to provide the state with federal assistance in anticipation of the impacts of the storm.

### Eversource, UI Prepared for Major Outages

Eversource declared level 2 of its emergency response plan to prepare for up to 69% of customers in Connecticut losing power during the storm. That restoration work could have lasted anywhere from eight to 21 days in that scenario, the utility said. Eversource [tweeted](#) Sunday that, “at this point, we expect to be on the lower end of the range. This means we do not expect a 21-day restoration effort.”

Eversource initially expected outages to as many as 50% of its customers on Friday but revised its projections upward after multiple weather forecasts and the University of Connecticut's [Outage Prediction Model](#) showed high



The track of Hurricane Henri as of 5 p.m. on Saturday. | National Hurricane Center

winds and heavy rain, potential storm surge along the shoreline and flooding in communities across the state. In addition, trees already weakened because of insects and saturated soil from recent thunderstorms could also come down by the thousands, complicating restoration work.

To facilitate restoration efforts, between its workers and outside contractors from as far away as Canada, Eversource had 4,000 field crews positioned in cities and towns across Connecticut and at multiple staging areas across the state, including the Pratt & Whitney airfield in East Hartford.

Eversource and UI were forced to make changes in the wake of Isaias by the [Take Back Our Grid Act](#), which directed the Public Utilities Regulatory Authority (PURA) to develop and implement performance-based regulations, including fines and reduced returns on equity. After releasing an April assessment of Eversource's storm performance, PURA recently finalized a \$28.6 million civil penalty and annual profit reductions of about \$31 million against the company. The utility has [appealed](#) the ROE reduction in state court.

In June, in preparation for Tropical Storm Elsa, which produced heavy rain and wind but not widespread power outages and restoration problems, Eversource brought in 500 extra line crews and tree-trimming teams and prepositioned them with its 700 line crews and 250 tree teams. There was also an online

portal for cities and towns to prioritize repair sites for Eversource's teams. Eversource CEO Joe Nolan said it was “a good exercise” for the utility to show that “a lot of things have changed for our business.” (See [Eversource Focuses on Connecticut amid Appeal of Penalties.](#))

UI, a subsidiary of Avangrid, [said](#) it also had doubled the size of its field crews ahead of the storm, including line workers, tree trimming and damage assessment teams. UI also pre-staged crews throughout its service territory to limit travel to damaged locations.

PURA Chair Marissa Gillett [said](#) during a [press conference](#) with Lamont on Sunday that the proactively deployed damage assessors from Eversource and UI, which state regulators mandated after investigating the Isaias response, would be working “as soon as safe to do so” to speed up restoration efforts. That work would focus on essential safety activities such as removing downed wires and working with municipalities to clear blocked roads.

ISO-NE [said](#) it was monitoring the storm's path and its impact on the region's power system. In addition, the RTO issued a precautionary operational alert on Friday in advance of the storm. It also activated its emergency preparedness plans, including increased staffing, and remained in regular communication with Eversource, UI, generators and other resource owners throughout the storm. ■



# ISO-NE News

## Maine Environmental Regulator Considering Suspension of NECEC Permit

By Jennifer Delony

An environmental permit granted last year for the New England Clean Energy Connect (NECEC) transmission line could be in jeopardy after a court ruling earlier this month vacated a land lease for the project.

Maine Department of Environmental Protection (DEP) Commissioner Melanie Loyzim told the project's developers in a [letter](#) Aug. 13 that she is opening a proceeding to consider suspending the permit granted to the project.

The Maine Superior Court's Aug. 10 decision to vacate a 1-mile public land lease to Central Maine Power (CMP) "represents a change in circumstance that may warrant a suspension" of the May 2020 order approving the project, Loyzim said. (See [Maine Judge Vacates Public Land Lease for NECEC Tx Line](#).)

NECEC includes construction of 145 miles of transmission from the border with Québec to interconnect with an existing line in southern Maine for the delivery of Canadian hydro-power to ISO-NE. The project received a presidential permit in January, completing the U.S. permitting process and signaling the start of construction.

But the court ruling, which said the Maine Bureau of Parks and Lands (BPL) mishandled the land lease, signals a new round of challenges for the project.

The BPL, along with Avangrid subsidiaries NECEC Transmission and CMP, filed a notice on Aug. 13 to appeal the court's decision, Thorn Dickinson, CEO of NECEC Transmission, said in a statement to *RTO Insider*.

Maine Attorney General Aaron Frey and the Maine Department of Agriculture, Conservation and Forestry, a defendant in the lease case, are appealing the decision too, according to the *Portland Press Herald*.

The Natural Resources Council of Maine (NRCM), which is a plaintiff in the lease case, filed a petition following the court ruling asking the DEP to "issue a stay halting all new clearing and construction" for the project by Aug. 17. It claimed that the public would "suffer irreparable injury" if construction continues on a project the company "can't complete."

The environmental group included the Maine Board of Environmental Protection, which is part of the DEP but has independent decision-making authority, on its stay request. Board Chair Mark Draper immediately replied, saying it is "more appropriately addressed by and is referred to [Loyzim]."

But on Friday, Loyzim denied NRCM's request, saying it did not meet the criteria for a stay. She did, however, recognize that the court's ruling "has created some uncertainty," according to a letter to NRCM. The proceeding to consider suspension of NECEC's permit, she said, "is the appropriate department mechanism to consider the change in circumstance represented by the Superior Court's decision."

Last June, NRCM filed a request to stay the DEP's approval of the project. The department denied it, saying that it was not urgent because CMP did not have all the necessary permits at that time to begin construction.

Neither NECEC Transmission nor NRCM responded to *RTO Insider's* request for comment on Loyzim's decision to initiate suspension proceedings.

If a suspension is imposed, it will be in effect until the Superior Court's decision is reversed, the developer obtains a new lease or the DEP approves a new route for the line, according to Loyzim's letter. ■



The New England Clean Energy Connect transmission line is planned to interconnect with an existing line near the Androscoggin River, seen here in Lewiston, Maine. | Shutterstock



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## ISO-NE News

# ISO-NE Planning Advisory Committee Briefs

## UI Moving Ahead with Substation Floodwall in Bridgeport

United Illuminating (UI) *told* the ISO-NE Planning Advisory Committee on Wednesday that it intends to construct a floodwall protection system at the 345-kV Singer substation in Bridgeport, Conn., even as the cost estimate had nearly doubled from when it was first introduced in 2016.

A few substations flooded during hurricanes Irene and Sandy in 2011 and 2012, respectively. As a result, UI performed a coastal substation flood mitigation study that identified Singer as one of five substations at risk of failure from a 100-year flood event.

The project includes a floodwall reinforcement of the existing building, as well as an upgraded drainage system. The 2016 cost estimate was \$12.9 million, though now it has ballooned to approximately \$24 million based on updated construction pricing, according to Katelyn Davenport, lead engineer for transmission and substation asset strategy and planning at Avangrid, UI's parent company.

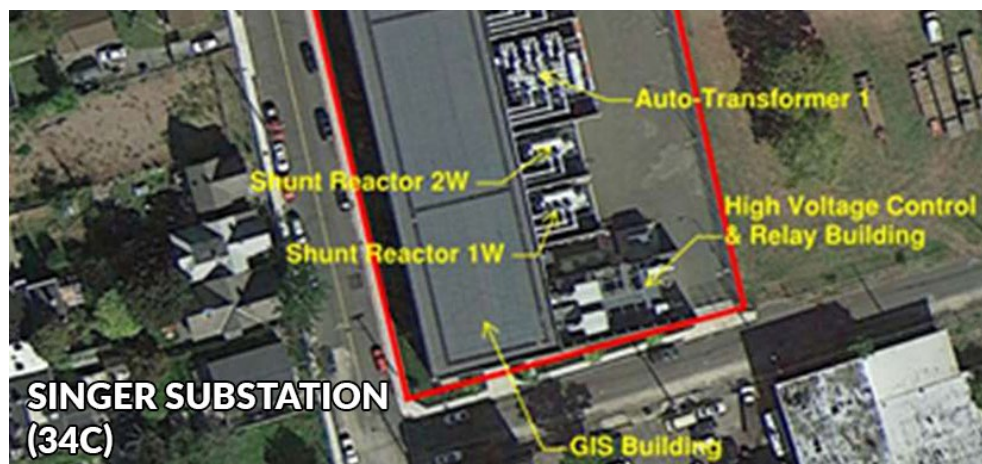
Davenport added that UI's work would also be independent of the Bridgeport Area Resiliency Project under development and funded by a grant from the U.S. Department of Housing and Urban Development.

While Singer is located within the area that is part of the resiliency project, there is insufficient detail to confirm if the project would adequately protect the station from flooding at this time, Davenport said. UI's other prominent reasons for moving ahead include Singer's importance to the New England bulk electric system and the risk of catastrophic flooding, which is still high 10 years after Irene and Sandy. The resiliency project also remains partially funded, and it does not meet ISO-NE's *recommended* design floor elevation.

UI will get a transmission control agreement, and Davenport said it is ready to award construction contracts by the third quarter of this year and begin construction by the second quarter of 2022, with an in-service date at the beginning of 2023.

## Additional Tx Pilot Study Results, Proposed Changes to Assumptions

ISO-NE *shared* summary results from its "Transmission Planning for the Clean Energy Transition" pilot study, which tested grid performance assumptions under high renewable



Layout of Singer 345kV Substation in Bridgeport, Conn. | United Illuminating

penetration scenarios and quantified the tradeoffs between transmission investment and less system flexibility. The results, which could also inform future transmission needs assessments, included:

- No potential needs were identified as a result of the proposed assumptions, and results of generator outage sensitivities were similar to results of comparable needs assessments.
- No potential needs were identified related to low-voltage violations, though needs may arise from high-voltage results under minimum-load conditions. Under the future system predictions used for the study, potential steady-state high-voltage needs identified can likely be resolved for a cost of approximately \$50 million.
- Initial analysis revealed the potential for needs related to the performance of distributed energy resources during and after transmission system faults. Any future stability analysis in needs assessments will depend on answering questions about the details of DER modeling and performance criteria.
- Stability concerns are not easily observed or addressed in real time. Large amounts of DER could trip or enter temporary power reduction during a significant number of hours per year. According to the study, to the extent that needs do exist related to stability, they will need to be addressed through system upgrades.

The RTO also proposes adopting the assumptions used in the study for needs assess-

ments, solutions studies and competitive requests for transmission solutions. These assumptions are not likely to lead to thermal or steady-state low-voltage needs that are more extensive than with today's assumptions. Steady-state high-voltage needs are not overly severe, and addressing them is relatively inexpensive.

Ongoing transient stability work regarding the modeling of DER and performance criteria will continue but will not affect assumptions on resource availability. The assumptions will ensure the continued reliability of the New England transmission system with increasing levels of clean, distributed and intermittent resources.

Draft and final reports documenting the analysis performed in the study are expected to be published by the end of the year. ■

— Jason York



# MISO News

## MISO Central Tx Projects Face \$2B in Upgrade Costs

By Amanda Durish Cook

A group of generation projects in the MISO Central planning region has amassed an eye-popping \$2 billion in network upgrades.

The cluster of 102 projects, representing 15.7 GW of capacity, entered the generator interconnection queue in 2019 and will need \$1.9 billion in upgrade costs to synch to the grid, MISO planners said during a Central Subregional planning meeting on Aug. 17. The Central planning region contains portions of Missouri, Illinois and Indiana and part of Kentucky.

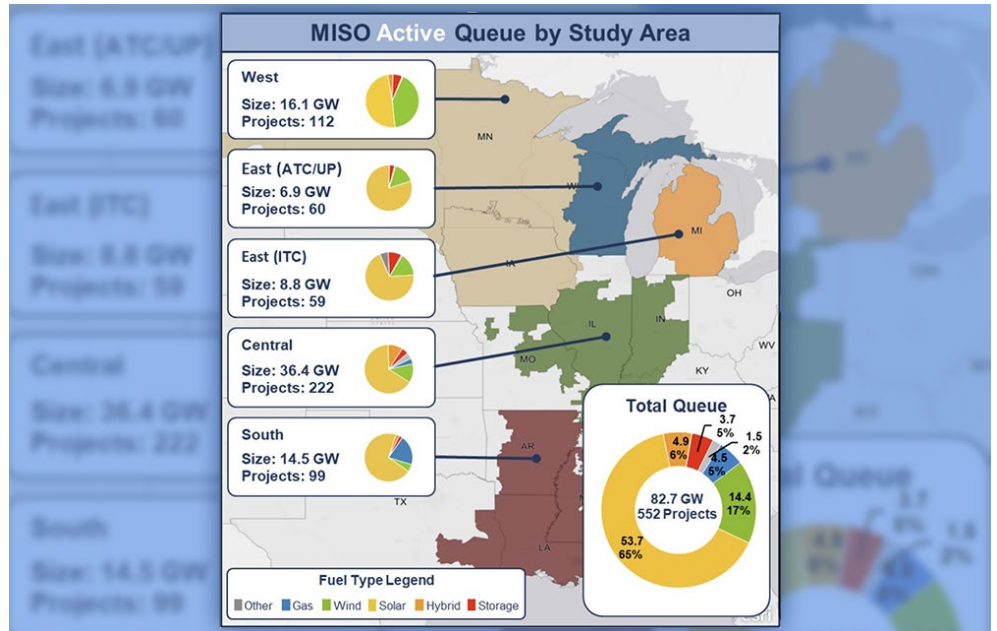
Solar and wind projects account for the bulk of the cluster. Hybrid resources, storage facilities paired with onsite renewable generation, are also included.

MISO engineer Miles Larson said the upgrade costs will dwindle as more developers in the 2019 schedule reach decision points and cancel their project plans.

“You’re going to see this number continue to drop for the rest of the study cycle,” Larson told stakeholders.

Historically, only about 20% of generation projects that enter the queue eventually connect to the MISO system. The grid operator completed a record number of interconnections the past two years, bringing about 10 GW of capacity online both years.

Stakeholders pointed out that the Central 2019 cycle’s upgrade costs account for about half of those in MISO’s 2021 Transmission Expansion Plans (MTEP 21). The portfolio



Current MISO queue | MISO

contains 368 projects costing \$3.4 billion. The Central region accounts for 95 of the projects at about \$590 million, but upgrade costs in the queue are separate from the MTEP’s annual transmission spending.

The GI queue currently contains 552 projects representing 83 GW of capacity. Staff is still processing interconnection requests from a July application deadline that are all but certain to send the queue ballooning to the 100-GW highs seen in 2020.

“We have every indication that we’re going to have a large study cycle,” Larson said. He also predicted high upgrade costs for the Central

region’s 2020 batch of projects.

MISO’s Central region currently contains the most active projects in the queue at 222. They could add an additional 36.4 GW of capacity to the region.

The Central project count nearly doubles that of the East (119 projects, 15.7 GW). MISO South has 99 project hopefuls representing 14.5 GW of capacity. The West planning region – often criticized for its inadequate transmission capacity that hinders new generation – contains the fewest projects with 94, accounting for 13.7 GW. ■

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# MISO News

## MISO Fined \$500,000 for CIP Violations

By Amanda Durish Cook

ReliabilityFirst has assessed MISO a \$500,000 fine for violating critical infrastructure protection standards.

The violations' details are scant. The reliability entity and RTO reached a settlement in late July after confidential talks.

Keri Glitch, MISO's chief information security officer, said all but one of the violations were discovered over the course of a regular assessment of business operations that covered 2017 to 2019. MISO self-reported nine of the violation's 10 issues, she said.

Glitch said none of the issues put the RTO's security at risk.

"Because of the confidentiality, MISO is limited in what it can say," Glitch said during an Aug. 18 Advisory Committee teleconference. "All of the compliance issues have been remediated, and there was no security threat."

MISO will spread the penalty across market participants on a pro rata share for the operating days when the violations occurred. Glitch said all recovery is planned to take place this year.

The penalties are being assessed under the MISO tariff's Schedule 34, "Allocation of Costs Associated with Reliability Penalty Assessments." The provision allows staff to assign penalty costs to members if NERC or an RE finds that they "directly contributed to or were a root cause(s) of a confirmed violation."



MISO's Carmel headquarters | © RTO Insider

Most members will be charged \$500-\$8,000, Glitch said. The largest assessed penalty will be \$24,000.

Glitch said MISO has only one previous fine, of \$79,000, over the last decade.

"NERC enforcement is getting tougher, and the penalties are getting larger," Glitch said. "We were not provided any details of how the

fine was actually calculated."

"We did our best to provide as much information as we could but still stay within those bounds of confidentiality," the grid operator's chief customer officer, Todd Hillman, told members.

MISO offered no other comment about the violations. ■

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# NYISO News

## BOEM Preps New Wind Leases off NYC

### Draft Environmental Study Covers Pre-construction Impacts

By Michael Kuser

The U.S. Bureau of Ocean Energy Management (BOEM) this month issued a draft environmental assessment that evaluates the potential impacts of siting new offshore wind within nearly 800,000 acres of the New York Bight.

BOEM will conduct hearings on the EA tomorrow and Wednesday before a Sept. 9 deadline for public comment on the environmental impacts of the agency granting of rights of way (ROW) and rights of use and easement (RUE) in the region.

The American Clean Power Association on Aug. 16 issued a [statement](#) lauding BOEM for “identifying the offshore locations that are most suitable for wind energy development in the New York Bight while taking into consideration other ocean users. Commercial and recreational fishing, maritime navigation and Department of Defense activities have all been accounted for in the proposed lease areas, and potential space-use conflicts have been appropriately avoided.”

The EA covers the effects of routine and non-routine activities associated with lease and grant issuance, site characterization and site assessment, using scenarios based on BOEM’s guidance for lessees, previous lease applications and plans, and previous EAs, the agency said.

Non-routine and low-probability events and hazards that could occur include severe storms, such as hurricanes and extratropical cyclones; allisions and collisions between the site assessment structure or associated vessels and other marine vessels or marine life; spills from collisions or fuel spills resulting from generator refueling; and recovery of lost survey equipment, BOEM said.

The study did not consider the construction and operations of any commercial wind farm, which would be evaluated as part of a separate process under the National Environmental Policy Act if a lessee submits a construction and operations plan (COP).

Impact-producing factors associated with pre-construction activities include noise; air emissions; lighting; habitat degradation; vessel traffic; routine vessel discharges; bottom disturbance; and entanglement.

### Comments

As part of the environmental scoping process, BOEM sought comments on the issues and alternatives to be considered in the assessment and received approximately 3,000 [comments](#) (BOEM-2021-0021).

The National Wildlife Federation, Natural Resources Defense Council and other environmental groups [said](#) they support responsible development of offshore wind energy that:

- avoids, minimizes, monitors and mitigates adverse impacts on marine and coastal wildlife and their habitats;
- reduces negative impacts on other ocean uses;
- includes robust consultation with Native American Tribes and communities;
- meaningfully engages state and local governments and stakeholders from the outset; and
- uses the best available scientific and technological data to ensure science-based and stakeholder-informed decision-making.

Anbaric Development Partners [said](#) its Ocean-Grid is “a reasonably foreseeable project” in the bight and that “BOEM should issue its Determination of No Competitive Interest for this nonexclusive grant both expeditiously and prior to issuing the draft EA to facilitate development of planned transmission to support the upcoming lease sales.”

Further, because ROW/RUE grants do not authorize the holder to begin any construction activity, or any other activity for which an approval is required, prior to approval of a general activities plan (GAP), the potential environmental effects related to the issuance of such a grant are limited, Anbaric said.

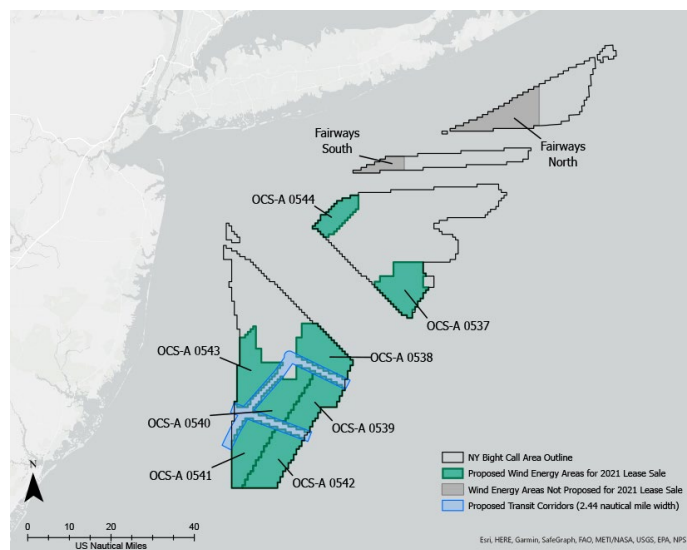
“Lease areas should be sized to ensure that sufficient acreage is available, after avoidance of significant marine use and natu-

ral resource constraints, to support the wind energy development required to meet state procurement goals,” [commented](#) Atlantic Shores Offshore Wind, a joint venture between Shell New Energies US and EDF Renewables North America. The partnership holds a commercial lease off New Jersey for which it recently filed a COP with BOEM.

Leaseholders also require flexibility to scale up wind energy output within a lease area, which would lower the projected cost of energy, allowing for better pricing and a more competitive auction for the lease award process, Atlantic Shores said.

The EA scoping process should continue to encourage communication, coordination and cooperation among stakeholders to lend greater certainty to the development process, as opposed to a “first come, first served” approach to development, where one leaseholder is left to accommodate all development choices of an adjacent leaseholder, Atlantic Shores said.

The Fairways North and South wind energy areas, lease areas closest to Long Island, are not being considered for leasing at this time partly because of conflicts with the proposed U.S. Coast Guard shipping safety fairway, maritime traffic concerns, commercial fisheries, state preferences, marine protected species and commercial viability, BOEM said. ■



New York Bight wind energy areas (WEAs) | BOEM

# NYISO News

## NY Generators Seek State Incentives for New Clean Energy Resources

By Michael Kuser

The Independent Power Producers of New York (IPPNY) on Wednesday petitioned the New York Public Service Commission to set up a market-based program — and provide incentives for — the resources for meeting the state's goal of net-zero electricity by 2040 (15-E-0302).

"If New York state executes properly, our grid can handle the transition to 70% renewables by 2030. But how we reach zero emissions by 2040 while maintaining reliability is a massive question mark. There is no single technology that is the answer, and we need all solutions on the table," IPPNY President and CEO Gavin Donohue told *RTO Insider*.

The New York State AFL-CIO and the NYS Building & Construction Trades Council joined IPPNY in filing the petition. They urged the commission "to initiate a proceeding or establish a new tier under its Clean Energy Standard to determine by July 1, 2022, after appropriate notice and comment, the zero-emissions energy systems that are likely to be technically capable by 2030 of providing the operating flexibility and dispatchability required."

### 'Silence'

The commission's November 2020 *order* modifying its CES established policies and mandates to achieve the 70-by-30 target under the state's Climate Leadership and Community Protection Act (CLCPA), but it was silent on how the state should achieve the 2040 zero-emission target or did not designate the



NYPA is studying the effects of blending green hydrogen with natural gas at its Brentwood peaker plant on Long Island. | NYPA

types of resources that could be used to meet it, the organizations said.

The PSC's "silence on these matters creates uncertainty in the electricity market and investment community," potentially delaying development of resources that make up for the deficiencies of intermittent solar and wind resources, they said.

"The PSC can send the needed investment signal to foster the development of the zero-emission, dispatchable resources we need to keep the lights on. This is a great opportunity to build out New York's green economy, create important 21st-century jobs and foster new economic development," Donohue said.

The organizations cited several recent studies and reports to make its case, including NYISO's Climate Change Impact Phase II *report*, which assessed climate change impacts on power system reliability in New York, and

the state's own June 2020 *study* on deep decarbonization.

They also drew attention to the policy *recommendations* from the New York Climate Action Council's Power Generation Advisory Panel. The recommendations, which Donohue helped formulate as a council member, urged optimizing deployment and operation of resources through storage, managed load and clean dispatchable generation. (See *NY Enviro Push Officials on Climate Policy for Power Industry*.)

The organizations argued that the CLCPA gives the commission legislative authority to establish the incentives they seek. They also said that the PSC also should include quality-based contracting and labor provisions within the program, especially in light of the complexity and time sensitivity of affected projects and to achieve the just transition envisioned by the state in terms of prevailing wage and project labor agreements. ■

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## PJM News



# Mixed Stakeholder Reception to PJM MOPR Replacement

By Michael Yoder

More than two dozen comments poured in to FERC on Friday regarding PJM's proposed [replacement](#) for the extended minimum offer price rule (MOPR-Ex), with a healthy mix of support and opposition (ER21-2582).

The RTO's proposal, filed with the commission July 30, received criticism from merchant generators, electric cooperatives and state utility regulators. But some entities in those same groups took the opposite outlook.

Stakeholders approved the [proposal](#) in an 87-18 vote at a special Members Committee meeting held June 30. The Board of Managers gave final approval July 7, setting in motion the FERC filing. (See [PJM Board Approves MOPR Rollback](#).) Chair Mark Takahashi had said the board selected PJM's proposal because it "accommodates state policy and self-supply business models," addresses "attempted exercises of buyer-side market power (BSMP)" and creates a "sustainable market design" by "keeping clearing prices consistent with supply and demand fundamentals."

The PJM MOPR proposal calls for "maximiz[ing] transparency and market confidence" through identification of BSMP by the RTO and Monitor and proposes to "further clarify the actions of a state" that may "improperly interfere with bidding in PJM's capacity market and FERC's ratemaking authority."

Market participants would be asked to sign attestations declaring they are not exercising market power or receiving state funds tied to clearing in the auction, while PJM and the Monitor would conduct "fact-specific, case-by-case reviews" if market power is suspected. Referrals would be made to the commission for a final determination.

The new rules would eliminate both the expanded MOPR created by FERC's December 2019 ruling and PJM's prior MOPR, which was limited to new natural gas resources. (See [FERC Extends PJM MOPR to State Subsidies](#).)

PJM officials vowed to have the proposed changes incorporated into the 2023/24 delivery year Base Residual Auction scheduled for December pending approval by the commission. (See [PJM Proposes Shifting MOPR Determinations to FERC](#).)

### Protests

Calpine and LS Power issued a joint [protest](#),



| Shutterstock

saying the proposal "fails to include critical information" and that the MOPR modifications are "patently unjust, unreasonable, and unduly preferential and discriminatory."

The merchant generators said the proposal resulted from a "rushed and skewed stakeholder process [after] a directive from the PJM Board of Managers to accommodate state-subsidized resources." It would permit subsidized resources to "drive down capacity prices, without any consideration of the impact on merchant generators, who have invested billions of dollars in this market, or any concrete plan to ensure that resources required for reliability have an opportunity to recover their investment and a return on that investment."

The Pennsylvania Public Utility Commission and the Public Utilities Commission of Ohio [said](#) the proposal would make "improvements for state policy accommodation by removing capacity resources participating in competitive and nondiscriminatory state default service procurements from being subject to buyer-side market power mitigation and affording the same treatment to competitive new natural gas capacity resources that receive no state support."

But they said the proposal "fails to provide

the necessary checks and balances to ensure that sufficient market power protections exist" through its attempt to accommodate state policies. The "unsupported and experimental accommodations" in the proposal "threaten to destabilize PJM's capacity market" through "gaming of generally permissive rules" by market participants.

The proposal "unjustly transfers the consequences of a particular state's policy preference(s) to all states and consumers within the PJM region," the commissions argued. They recommended that FERC direct PJM to continue studies of the impacts of MOPR policies on competitive markets.

"Generally, we support the accommodation of state policies within the PJM markets where such policies do not lead to an unjust and unreasonable outcome," they said. "But the state policy choices of one state should not be unreasonably foisted upon or burdensome to other PJM states when those choices result in reliability concerns or the premature displacement of competitive merchant resources."

The Independent Market Monitor [said](#) PJM's markets would be "better off, more competitive and more efficient with no MOPR" rather than with the RTO's proposal, saying its solution would "effectively eliminate the MOPR

# PJM News



while creating a confusing and inefficient administrative process that effectively makes it both unnecessary and impossible to prove buyer-side market power as PJM has defined it." It said the commission should initiate a proceeding to establish an "orderly process to produce a balanced and effective rule for PJM."

Old Dominion Electric Cooperative's [protest](#) said PJM's proposal could be interpreted to "exclude certain public power entities from accommodation of their longstanding business models while providing such protection for others." ODEC said the tariff revisions must be clarified to "preserve the outcome and expectations from the stakeholder process and accommodate certain self-supply from electric cooperatives acting under longstanding business models."

"Absent the assurance that they qualify as self-supply sellers and their resources can qualify for the non-exhaustive list of resources that would not be subject to a buyer-side market power inquiry," ODEC said, "indicated cooperatives will face the same threat to their longstanding business models that Chairman Richard Glick cautioned against with the expanded MOPR. Therefore, this issue is too critical to leave any ambiguity or lack of clarity in the tariff."

Vistra [said](#) that under the revised MOPR, the only state programs that would trigger the rule would be those that meet PJM's definition of conditioned state support and that its application toward state programs "turns exclusively on whether PJM and the commission find that the state program at issue meets the criteria" established by the U.S. Supreme Court in *Hughes v. Talen*, in which the court found state policies "tethered" to federally regulated electricity markets unconstitutional.

"This approach fails because the legal framework set forth in *Hughes* — which the court explained was unrelated to interference with auction price signals — bears no relationship to whether a seller's offer reflects an attempt by a state to exercise buyer-side market power," Vistra said. "In short, PJM's conditioned state support proposal will not provide any protection against the exercise of buyer-side market power associated with state programs."

Vistra said the commission should reject the proposal and instruct PJM to "work towards establishing a durable MOPR framework, based on objective, economically sound principles, consistent with the commission's statutory mandate."

"This structure inherently invites litigation, both before the commission and in the courts, regarding the validity of state programs," Vistra said. "A decision by PJM and the commission that a state program meets the criteria for pre-emption set forth in *Hughes* would lay the groundwork for subsequent court challenges seeking to invalidate the state program or policy at issue. The result would be to create additional investment uncertainty for the renewable and low-carbon resources being developed through these programs."

## Support

Although the Pennsylvania and Ohio commissions opposed the proposal, other state regulators gave their support.

The New Jersey Board of Public Utilities [said](#) it welcomed PJM's recognition that the expanded MOPR "goes far beyond addressing the exercise of buyer-side market power" and inappropriately mitigates "nearly all resources supported by state actions."

"The proposal provides a clear definition of buyer-side market power that is narrowly and appropriately tailored to conduct that inappropriately impacts capacity clearing prices," the BPU said. "Regarding state policies, the proposal limits MOPR application to specifically defined conditioned state support."

In its [comments](#), the Maryland Public Service Commission said PJM's proposal "rightfully recognizes the legitimate actions states have taken to shape their resource mix and refrains from applying MOPR to resources associated with these actions."

"PJM's filing observes that the expanded MOPR 'ignores that state support for renewable resources has become a well established determinant of supply in the PJM region, and thus ignores the region's actual supply-demand fundamentals,'" the PSC said. "Reforming the MOPR to account for 'the reality of state policies' will remove an 'overcorrection that ... works against just and reasonable rates."

Exelon and Public Service Enterprise Group filed joint [comments](#) saying the MOPR is an "essential element of PJM's capacity market design that protects suppliers and consumers from the effects of buyer-side market power." But they said an "overbroad MOPR ensnares legitimate transactions, with severely detrimental effects for the market." The companies said it is "critical" for the commission to "strike an appropriate balance" to "capture anticompetitive behavior without impeding legitimate

transactions" in a new MOPR decision.

"PJM's proposal avoids interfering with states' efforts to account for the significant externalities of fossil fuel generation, which is of increasing importance to states throughout the PJM footprint," they said. "It therefore allows the capacity market to operate more efficiently by reflecting the actual economic conditions resulting from these state initiatives. At the same time, the revised MOPR will effectively mitigate attempted exercises of buyer-side market power. PJM's proposal therefore strikes a just and reasonable balance between deterring manipulative behavior and not burdening legitimate activity."

The Organization of PJM States Inc. (OPSI) [said](#) it appreciated PJM's "expedited efforts" to file tariff changes as soon as possible. It said it's "looking forward to" the RTO taking up additional discussions on changes to the capacity market that were not addressed in the filing.

"OPSI sees an opportunity here for the commission, when approving the filing without delay, to signal to PJM the importance of continuing to work to more fully accommodate state policies and address remaining, but important, issues ... to ensure states can rightfully continue as laboratories of energy innovation," the organization said.

## Additional Comments

Electric Power Supply Association (EPSA) CEO Todd Snitchler [said](#) the "weakened" MOPR proposed by PJM "infringes on states' rights by allowing some states to impose their policy choices on others and shift the cost of subsidized power generation to out-of-state producers and consumers."

Snitchler said the competitive results from the May capacity auction demonstrated that changes to the MOPR are not necessary right now and that PJM and its stakeholders should spend more time considering alternatives. (See [Capacity Prices Drop Sharply in PJM Auction.](#))

Travis Kavulla, vice president of regulation for NRG Energy, [tweeted](#) that the "vestigial MOPR" proposed by PJM would "actually encourage disingenuousness in state policymaking" because one of the revisions would "tie MOPR to 'intent' to suppress market prices." Kavulla said such a policy "rewards obfuscation," noting the "recent shenanigans" in Ohio and Illinois, referring to scandals involving FirstEnergy and Commonwealth Edison. (See [DOJ Orders \\$230 Million Fine for FirstEnergy and Ex-ComEd CEO, Officials Charged in Ill. Bribery Scheme.](#)) ■



## PJM News

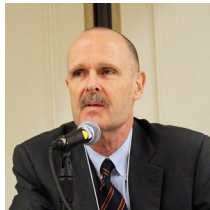


# Monitor: PJM Energy Prices Rising but Still Competitive

By Michael Yoder

Energy prices in PJM increased “significantly” in the first half of 2021 compared to last year, but prices remained lower than historical levels, the Independent Market Monitor reported.

In the second quarter *State of the Market report for PJM* released Aug. 12, Monitor Joe Bowring said the load-weighted average real-time locational marginal pricing was 57.8% higher in the first six months of 2021 than the same period in 2020, coming in at \$30.62/MWh versus \$19.40/MWh. Almost 92% of the increase was a result of higher fuel costs, especially higher natural gas prices, Bowring said.



Joe Bowring, IMM |  
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The report said energy prices in the first half of 2021 remained 9.5% below the five-year average for the first six months of the period from 2015 through 2019. Energy prices were lower in 2020 than any year since PJM markets were established in 1999. (See “Prices, Load Down,” *PJM Monitor Sounds Market Power Alarms*.)

Despite the increased energy prices, the Monitor said, “Our analysis concludes that the results of the PJM energy market were competitive in the first six months of 2021.”

### By the Numbers

PJM load increased by 5.9% in 2021 compared to the first six months of 2020, the report said, citing colder winter temperatures, hotter summer weather and the economic recovery following the disruptions from the coronavirus pandemic.

The report said the cost of transmission continued to be greater than the cost of capacity in the first six months of 2021, with the total cost of wholesale power increasing by 28%, from \$43.03/MWh in 2020 to \$54.97 during the same period in 2021. 2020 marked the first time since the start of the PJM capacity market in 2007 that the cost of transmission was greater than the cost of capacity for an entire year, the Monitor said.

Higher energy prices and higher gas costs have made coal units more economic so far

in 2021, the report said, with the total share of PJM energy produced from coal increasing from 17.6% in 2020 to 23.5% this year. The share of energy produced from natural gas decreased from 39.2% in 2020 to 35.6% in 2021, the report said, but remained the largest segment of generation in PJM.

“The role of gas fired generation highlights the importance of ensuring that PJM has current, detailed and complete information on the gas supply arrangements of all generators and that PJM consider rules requiring capacity resources to have firm fuel supplies,” the report said. “It is also essential that FERC consider and address the implications of the inconsistencies between the gas pipeline business model and the power producer business model and the issue of market power in the gas commodity market under extreme weather conditions.”

Theoretical net revenues from the energy market increased for all unit types in the first half of the year, the report said, jumping by 69% for a new combustion turbine, 53% for a new combined-cycle unit, 3,288% for a new coal unit and 57% for a new nuclear plant compared to 2020. Total energy uplift charges increased by \$55.7 million (236.8%), the report said, from \$23.5 million in the first six months of 2020 to \$79.2 million in 2021.

Total congestion increased by \$174.2 million (97%), from \$179.8 million in 2020 to \$354 million in 2021. The report found that only 46% of total congestion paid by customers for the 2020/21 planning period was returned to customers through the auction revenue right and self-scheduled financial

transmission right (FTR) revenues offset, while the goal of the FTR market design is to “ensure that customers have the rights to 100% of the congestion that customers pay.”

“When there are binding transmission constraints and locational energy price differences, customers pay more for energy than generation is paid to produce that energy,” the report said. “The difference is congestion. Congestion belongs to customers and should be returned to customers.”

### Recommendations

The Monitor made two new recommendations for PJM and stakeholders to examine.

In the energy market, the IMM recommended that PJM calculate the probability of reserves falling below the minimum reserve requirement based on a 10-minute forecast error rather than a 30-minute forecast error and on forced outages in the 10-minute rather than the 30-minute look-ahead window if the RTO implements extended downward sloping operating reserve demand curves. The change would model the uncertainty in the inputs to real-time security-constrained economic dispatch, the Monitor said. (See *FERC Approves PJM Reserve Market Overhaul*.)

The IMM also recommended that units not be paid lost opportunity cost uplift when PJM directs a unit to reduce output based on a transmission constraint or other reliability issue. The report said there is no lost opportunity because a unit is required to reduce for the reliability of the unit and the system. (See “Fast-start Pricing Revisions Endorsed,” *PJM MIC Briefs: Aug. 11, 2021*.) ■



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# PJM News



## PJM MRC Preview

Below is a summary of the issues scheduled to be brought to a vote at the PJM Markets and Reliability Committee meeting 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.

### Consent Agenda (9:05-9:10)

B. Stakeholders will be asked to *endorse* proposed revisions to *Manual 3A: Energy Management System (EMS) Model Updates and Quality Assurance (QA)* resulting from the periodic cover-to-cover review. The changes were endorsed at the August Operating Committee meeting. (See "Manual 3A Updates Endorsed," *PJM Operating Committee Briefs: Aug. 12, 2021*.)

C. Members will be asked to *endorse* proposed revisions to *Manual 6: Financial Transmission Rights* resulting from the periodic cover-to-cover review. The changes include an update to section 6.8 to align language with the current approach for addressing a defaulting member's financial transmission rights with various

options. (See "Manual Revisions Endorsed," *PJM MIC Briefs: July 14, 2021*.)

D. The committee will be asked to *endorse* proposed revisions to *Manual 11: Energy & Ancillary Services Market Operations* addressing five-minute long-term changes and transparency. The manual revisions were endorsed at the August Market Implementation Committee meeting. (See "Fast-start Pricing Revisions Endorsed," *PJM MIC Briefs: Aug. 11, 2021*.)

E. Stakeholders will be asked to *endorse* proposed revisions to *Manual 11: Energy & Ancillary Services Market Operations*, *Manual 18: PJM Capacity Market* and *Manual 28: Operating Agreement Accounting* to address the implementation of fast-start pricing. FERC accepted PJM's filing in May on related tariff changes with an effective date of July 1. (See "Fast-start Manual Revisions," *PJM MRC/MC Briefs: July 28, 2021*.)

F. Members will be asked to *endorse* proposed revisions to *Manual 20: PJM Resource Adequacy Analysis* resulting from the periodic cover-to-cover review. PJM said the minor changes included cleaning up outdated and redundant language and ensuring the manual language follows current processes in the RTO. (See "Manual 20 Endorsed," *PJM PC/TEAC*

*Briefs: Aug. 10, 2021*.)

G. The committee will be asked to *endorse* proposed revisions to *Manual 28: Operating Agreement Accounting* resulting from the periodic cover-to-cover review. The manual changes were first endorsed at the July MIC meeting. (See "Manual Revisions Endorsed," *PJM MIC Briefs: July 14, 2021*.)

### Endorsements (9:10-9:30)

#### 1. Uniform Cure Periods (9:10-9:20)

Stakeholders will be asked to *endorse* proposed tariff *revisions* to address making cure periods uniform across the tariff and the Operating Agreement. The proposed solution calls for eliminating duplicative specification of cure periods for transmission customer payment violations in section 7.3 of the tariff by referencing section 15.1.5 of the OA.

#### 2. Working Credit Limit Definitions (9:20-9:30)

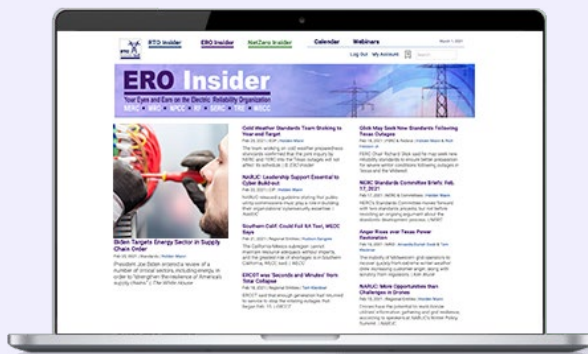
The committee will be asked to *endorse* the proposed solution and tariff *revisions* to address making the definitions of working credit limits uniform across the tariff. ■

— Michael Yoder

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# PJM News



## FERC Seeks Evidence in PJM TOs' Bid to Rate-base Network Upgrades

By Rich Heidom Jr.

FERC staff on Friday directed PJM's transmission owners to provide evidence to back up their claims that their ability to raise capital is being threatened because they are being forced to absorb the risks of the increasing transmission without earning any return on the assets (ER21-2282).

The TOs asked FERC on June 30 to allow them the option to fund network upgrades and add them to their rate bases. Under PJM's "participant funding" model approved in 2004, generators provide the capital for network upgrades, and the additional infrastructure is added to rate bases at zero cost, allowing TOs to recover only their operations and maintenance expenses from network transmission customers.

As the number of network upgrades has grown to support new renewable generation, the risk of owning and operating those facilities has also increased, leaving the existing

funding model "unsustainable," the TOs said.

Environmental groups, state regulators, generators, industrial customers and the RTO's Independent Market Monitor filed comments opposing the proposal in July, contending there is no evidence that the TOs are having trouble attracting capital. (See *PJM Stakeholders Blast TOs' Petition to Rate-base Network Upgrades*.)

In a deficiency notice Friday, FERC staff also appeared skeptical, asking the TOs to provide evidence that their current return on equity rates "do not currently account for the risks of owning and operating the transmission system with the network upgrade additions" and whether the TOs' ROE would decrease if they obtained the ability to put the upgrades in ratebase.

Staff also asked the TOs to provide a comparison of their gross plant for all transmission assets to the gross plant for participant-funded network upgrades and "any available evidence that investors have informed the PJM TOs that they hold concerns over future invest-

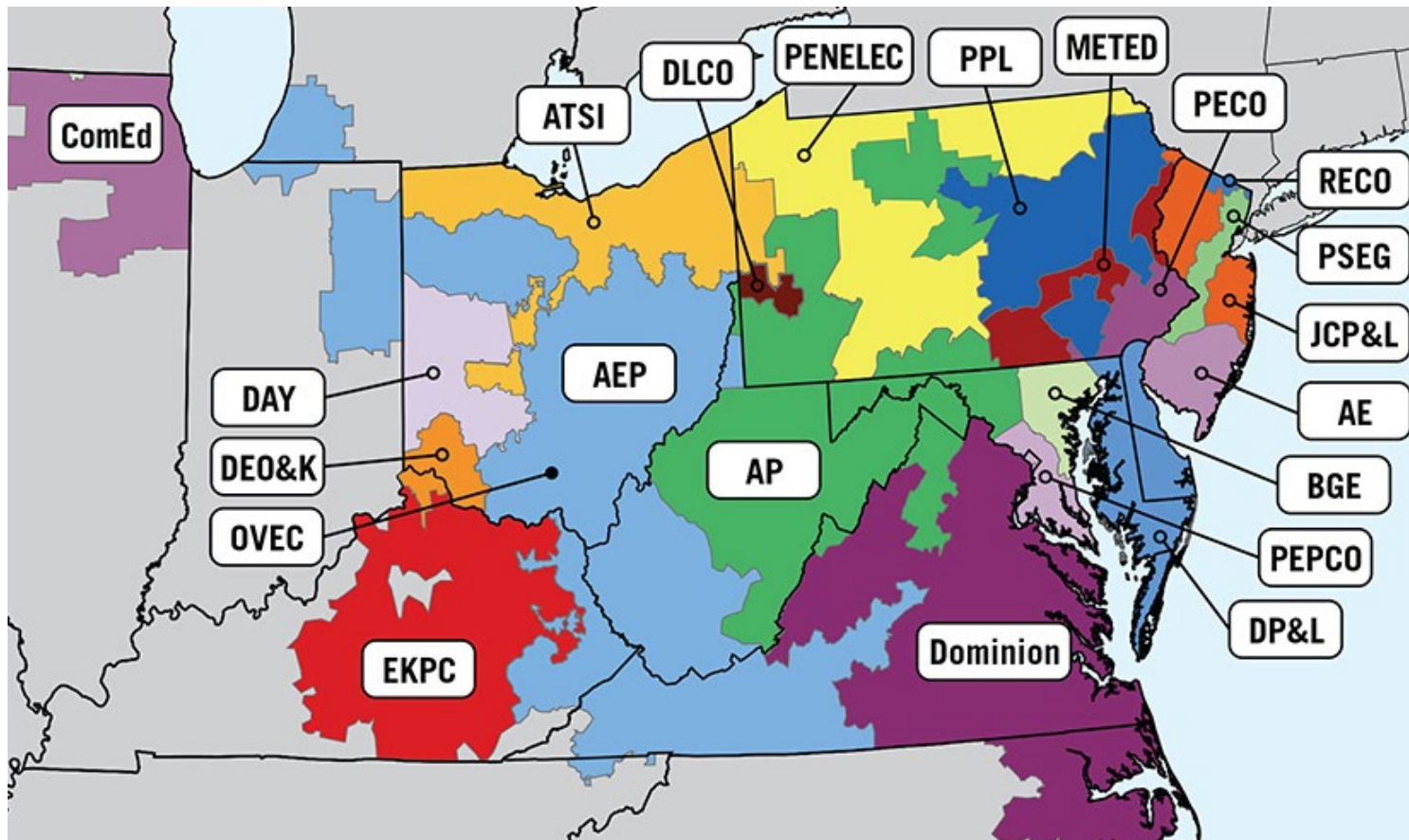
ments in the PJM TOs given the projected increase in network upgrades, including whether any PJM TO has been unable to raise capital for a transmission project as a result of risks associated with network upgrades."

The TOs also were asked to describe the criteria they will use in deciding whether to initially fund individual upgrades and the disclosures they would make about their decisions.

The TOs' response is due 30 days from the filing.

As of October 2020, PJM's interconnection queue listed about 1,600 requests totaling 147,000 MW in new generation. Only 23% of projects and 15% of requested capacity megawatts in the queue are ultimately developed and interconnected, according to PJM's 2020 Regional Transmission Expansion Plan report.

PJM's TOs include Exelon, American Electric Power, Duke Energy, Dominion Energy, PPL and Public Service Enterprise Group. ■



PJM transmission zones | PJM

## PJM News



# Pa. Senate Committee Disapproves of RGGI Entry Again

By Michael Yoder

Members of the Pennsylvania Senate Environmental Resources and Energy Committee voted last week to approve sending another *letter* to regulators protesting the state's entrance into the Regional Greenhouse Gas Initiative (RGGI).

In a 7-4 vote, the committee voiced its disapproval to the Independent Regulatory Review Commission (IRRC) of *Reg. 7-559*, which would establish a carbon dioxide budget trading program and pave the way for Pennsylvania to enter RGGI. The letter also announced that the committee intends to exercise its authority to extend its review of the final rulemaking for 14 days if the IRRC approves the regulation.

The committee issued a similar *letter* to the IRRC in February, explaining its "serious legal and policy concerns" regarding decisions by the Environmental Quality Board (EQB), the state agency tasked with crafting and evaluating the RGGI regulations.

The EQB voted 15-4 in July to back the *final* RGGI rules, sending them to the IRRC and state Attorney General Josh Shapiro for final review. (See *PA Backs Final Rule for RGGI Entrance.*) The IRRC will review the letters during its Sept. 1 meeting, and the Pennsylvania Department of Environmental Protection (DEP) expects the state to join RGGI in 2022.

Committee Chair Gene Yaw (R) said he agrees climate change is happening, but he disagrees humans are its primary driver. Yaw also denounced the promotion of clean energy production over existing coal and natural gas energy production in the state, saying green energy projects would not exist without the use of fossil fuels and mining for raw materials.

Republicans in the legislature have consistently criticized Gov. Tom Wolf (D) over his *executive order* in October 2019 directing state officials to develop a rulemaking for joining RGGI, arguing that the legislature is the only governmental body that can endorse such interstate compacts. (See *GOP Continues Opposition to Pa. RGGI Plans.*)



Sen. Gene Yaw (R) | Pa. Senate



The Pennsylvania Senate Environmental Resources and Energy Committee | Pa. Senate

Yaw said Pennsylvania "loses total control" over its own energy policies and environmental concerns by joining RGGI, as carbon allowances are collectively approved by the program's states.

"In effect Pennsylvania's saying, 'OK, we're going to put our electric prices up to a popular vote. And what we have to do with our environmental concerns, you determine,'" Yaw said. "There's nothing clearer that should go before the legislature than issues like that."

### Letter

In the letter approved last week, senators continued to argue that there is no statutory basis for the RGGI regulation and that the EQB failed to comply with the state's Regulatory Review Act.

Republicans and other RGGI opponents have asserted that the Pennsylvania Air Pollution Control Act requires the DEP to submit regional air pollution programs to the legislature because they are a tax requiring legislation and cannot be instituted by an executive order.

The Wolf administration has argued that because RGGI auction proceeds would be used for initiatives to reduce CO<sub>2</sub> emissions, the

proceeds would be considered the administrative costs of implementing the state's air pollution control program and not a tax. (See *Pa. Releases Rulemaking to Join RGGI.*)

"Suffice to say, DEP's reliance upon *section 5(a)* of the Air Pollution Control Act, which was enacted in 1972, requires a monumental and unprecedented stretch of the concept of legislative intent to conclude that the 1972-73 General Assembly intended to provide DEP with the power to restructure Pennsylvania's electricity generation through a rulemaking process," the letter said.

Senators said information they received from PJM indicated that the RGGI regulations will "trigger double-digit consumer electricity rate increases" for customers in Pennsylvania, going as high as 18% for low- and fixed-income households. They point out that the current electricity prices for several RGGI states — Connecticut at 18.66 cents/kWh, Rhode Island at 18.49 cents, Massachusetts at 18.40 cents and New Hampshire at 17.15 cents — are the highest in the continental U.S., while Pennsylvania's average electricity price is 9.81 cents/kWh.

"RGGI states have seen their electricity prices rise three times faster than Pennsylvania's," the letter said. "It would also render uncom-



# PJM News



petitive or significantly less competitive two-thirds of our state's current electric generation capacity."

The committee said the DEP disregarded the IRRC's recommendation earlier this year to delay RGGI entrance by at least one year to allow for impacted industries and communities to engage. It said it received "countless comments" from organized labor, business and community leaders, and local government officials over fears RGGI will "trigger enormous economic disruptions" within Pennsylvania.

"We believe IRRC's rejection will help pave the way for a more constructive dialogue between the governor's office and the General Assembly to consider common-sense energy policy reforms that do not impair our economy and harm our constituents," the committee said.

The Pennsylvania House Environmental Resources and Energy Committee endorsed a similar letter in July, saying the DEP and EQB "vastly overreached in their role as part of the executive branch of government" and are "making a serious policy decision here, which is the purview of the General Assembly."

## Senator Opinions

Sen. Carolyn Comitta (D), minority chair of the committee, asked what the committee wished to accomplish by sending another



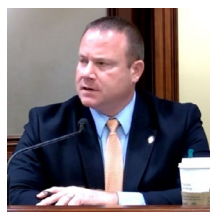
Sen. Carolyn Comitta (D) | Pa. Senate

letter to the IRRC. She said a vote in favor of the letter was supporting "the past and the status quo" and the "continuation of carbon emissions impacting the environment."

Coal generation in Pennsylvania is declining because of current market forces in favor of moving away from fossil fuels, Comitta said, not because of regulations coming from RGGI states. She said that without RGGI, there is no plan to help coal workers and communities transition to clean energy, pointing to current bills like SB15, the RGGI Investments Act, or the corresponding HB 1565 that calls for making "substantial investments" in communities impacted by the decline of fossil fuels.

"Joining RGGI at this point is a key step in stopping the worst impacts of climate change," Comitta said. "Joining RGGI is a reasonable, effective action we can take right now."

Sen. Scott Martin (R) gave his support of the letter, citing the economic impacts of energy costs in RGGI states. Martin said he was surprised to learn that the four highest energy cost states and eight out of the top 10 are RGGI states.



Sen. Scott Martin (R) | Pa. Senate

Calling it "terribly frightening," Martin said implementing RGGI by the executive branch of the government without the support of the legislature could have major implications for future legislation. He said the legislature has

always been the entity to approve interstate compacts.

"The fact that these discussions aren't going through the legislature, with over a half-billion dollars at stake, to me is very troubling, and the precedent that it's sending is equally as troubling," Martin said.



Sen. Joe Pittman (R) | Pa. Senate

Sen. Joe Pittman (R) said voting on the letter was "not a waste of time" and that its content "represents thousands of families who rely on carbon-emitting electricity generation for their livelihoods."

Pittman said there is no guarantee of RGGI revenues coming to Pennsylvania because the auctions are based on the number of generators emitting carbon and willing to pay for credits. Pittman said estimates for the amount of money Pennsylvania would receive from RGGI has fluctuated anywhere from \$180 million to \$500 million.

Pittman said February winter storm in Texas showed the importance of having a diverse generation mix. He also said Pennsylvania joining RGGI will shift power production to West Virginia and Ohio and negate any environmental benefits.

"It's easy to talk about the impacts when you don't live in the backyard of 6,000 MW of carbon-emitting electricity that happens to be keeping our lights on right now," Pittman said ■.

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## Company News

# Calpine Sticking with Natural Gas

## Company Issues First-ever Sustainability Report

By Rich Heidorn Jr.

Calpine says it is concerned about climate change. But that doesn't mean it will quit natural gas-fired power generation any time soon.

In its first-ever *sustainability report*, the privately held independent power producer — the biggest generator of electricity from natural gas and geothermal in the U.S. — rejects the notion that falling prices for renewables and energy storage will eliminate the need for gas-fired power to fill gaps in intermittent generation.

“Cost-effective pathways to deep decarbonization require that modern natural gas power plants continue to operate for decades to come,” CEO Thad Hill says in the report. “Although the use of carbon capture and sequestration and possibly the increased combustion of hydrogen in these plants can help with carbon emission levels, these plants and the combustion of some natural gas will continue to be necessary, albeit at much lower capacity factors than today.”

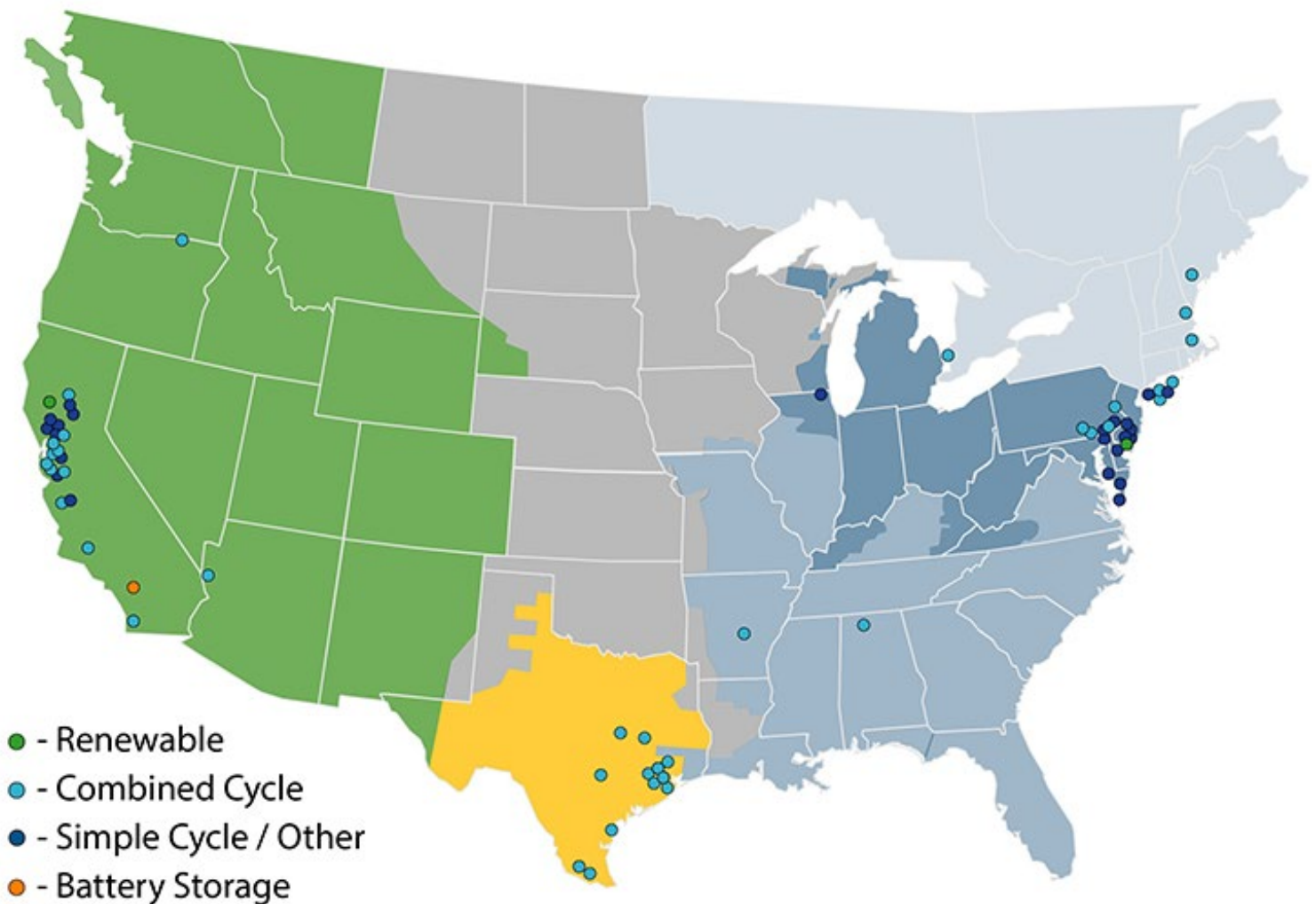
Despite the increasing penetration of renewables and addition of battery storage, Calpine says “existing gas-fired generation capacity

will be needed for many years to come and may even need to be expanded in some regions as demand for electricity increases as other sectors seek to decarbonize.”

### ‘Benchmark’ of Performance

Jill Van Dalen, an assistant general counsel who oversaw the report, said the company issued it “as a benchmark of our performance to date.”

“We really think it demonstrates our commitment, our leadership, our credibility in the energy sector, which is obviously undergoing fairly rapid change,” she said in an interview



Calpine operates 76 generation plants totaling 26,000 MW, all of it natural gas except for 725 MW of geothermal capacity in California and a 4-MW solar plant in New Jersey. | Calpine



# Company News

with *RTO Insider*.

Calpine operates 76 generation plants totaling 26,000 MW, all of it natural gas except for 725 MW of geothermal capacity in California and a 4-MW solar plant in New Jersey that came as part of its acquisition of Conectiv Energy from Pepco Holdings Inc. in 2010. Only 3% of its generation in 2020 was renewable.

But the company's retail electric providers have served as off-takers for renewable energy projects, helping them to obtain financing. In January, CDP (formerly the Carbon Disclosure Project), a nonprofit that runs a global disclosure system, *named* retailer Calpine Energy Solutions as a "silver accredited renewable energy provider," saying it has been "one of the largest buyers of renewable energy and environmental attributes" in the U.S. over the last 20 years.

In 2019, Calpine says its "steam adjusted" CO<sub>2</sub> emission rate was 0.4 Mt/MWh, below the 0.67 average for all thermal generation.

The company touts its membership in the Natural Gas Supply Collaborative, a voluntary initiative of gas purchasers that supports reducing upstream methane emissions. And it says it conducts annual optical gas imaging to identify leaks in its own gas infrastructure.

The company also is expanding into storage and carbon capture. *Last month*, its first battery project, the 20-MW/80-MWh Santa Ana Storage Project in Southern California, went into commercial operation under a 20-year resource adequacy power purchase agreement with Southern California Edison.

Last November, the company announced a partnership with Colorado-based *ION Clean Energy* to build and operate an engineering-scale carbon-capture project at its Los Medanos Energy Center cogeneration plant in Pittsburg, Calif., supported with funding from the Department of Energy's National Energy Technology Laboratory. The project, which will demonstrate ION's solvent technology, is the first carbon-capture pilot at a commercially dispatched natural gas combined cycle plant in the U.S., according to Calpine.

Calpine also is working with *Blue Planet* on a pilot-scale CCS facility at Los Medanos. Blue Planet has developed a way to sequester carbon in cementitious building materials for use in light-weight concrete. The pilot is expected to be in operation later this year.

## Founding

Van Dalen said Calpine was "founded on the

principles of sustainability."

Launched in 1984, Calpine went public in 1996, raising capital that allowed it to acquire more than 60 gas turbines and The Geysers, the world's largest complex of geothermal power plants, over the next four years.

Following the California energy crisis of 2000/1, the company found itself overleveraged. By the end of 2005, it had declared bankruptcy with \$22 billion in debt, and its CEO and CFO had departed.

After selling off some assets and eliminating one-third of its workforce, it *emerged* from bankruptcy in 2008, again as a publicly traded company. Over the next decade, it acquired Conectiv, retail provider Champion Energy and *Noble Americas Energy Solutions*, an independent supplier of power to commercial and industrial retail customers. In 2018, it went private in an acquisition by an affiliate of Energy Capital Partners and other investors, including Access Industries and the Canada Pension Plan Investment Board. Hill, who joined the company as chief operating officer in 2010, was named CEO in 2014.

Calpine says it has long advocated for reducing power plant emissions as a supporter of the Paris Agreement on climate change and the Obama administration's Clean Power Plan. In recent years, it has supported an economy-wide carbon price. But with carbon pricing a political nonstarter in most of the country, Calpine's simultaneous advocacy for competitive electric markets has gotten it cross threaded with environmentalists. It was one of three owners of gas-fired generation in PJM that filed a complaint in 2018 that prompted FERC to order the RTO to expand its minimum offer price rule (MOPR) to include renewables receiving state subsidies. (See *Gas Gens Ask FERC for 'Clean MOPR' in PJM*.) Urged on by new FERC leadership, PJM stakeholders voted in June to reverse the expanded MOPR. (See *Stakeholders Back PJM MOPR-Ex Replacement*.)

## Bridge or Dead End?

The future of gas-fired generation has been the subject of increasing debate at industry conferences over the last three years. (See *How Long a Bridge for Natural Gas?* and *Electrification Raises Concerns over Stranded Gas Assets, Customers*.)

"Clean energy is canceling gas plants," the Rocky Mountain Institute said in a *blog post* last September, citing the "remarkable shift from gas to clean energy" in the generation interconnection queues of ERCOT and PJM.

"Gas generation is now attracting only a small fraction of investor interest compared to clean energy and will soon likely see its market share decline accordingly," it said.

The International Energy Agency said in a *study* in May that "there is no need for investment in new fossil fuel supply in our net-zero pathway" to escape the worst impacts of climate change. (See *IEA Paints Daunting Path to Net Zero by 2050*.)

Calpine insists, however, that its gas fleet is well positioned for a future in which transportation and buildings are increasingly electrified.

"If you electrify everything, you're going to need more power. The idea that you're somehow going to magically do away with the only dispatchable fuel type that can help the transition in times of dark or non-windy days is not realistic," Brett Kerr, vice president of external affairs, said in an interview. "Our units will be needed far into the foreseeable future. We may run less, and renewables may run more, and that's OK. But we're absolutely going to be needed to ensure the successful transition to a lower-carbon future."

The company says it is among the lowest emitting fossil fuel generators because its natural gas plants have low heat rates and are "relatively young," at a capacity weighted average age of 20 years.

But will the company invest in any new natural gas?

"It's tough for us to say," Kerr responded. "We're always looking to do more development in markets where we think it's needed and we're a good fit. But we generally, as a matter of course, don't comment publicly on specific development plans. It's fair to say we're looking at development across the spectrum in all types of resources, but we won't get into any of the specifics."

How about investing in other renewables? "I would not be surprised if you saw something [additional renewable capacity] certainly within a year, if not sooner," he responded. "I wouldn't want to characterize it as, 'Yes, we're absolutely going to build own and operate [renewables].' But we're absolutely going to be engaged, and we view the changing dynamics of the market to be something we're going to be heavily involved in." ■

## Company Briefs

### EPE Reaches Settlement on Gas Plant



El Paso Electric (EPE) reached a settlement last week with the Sierra Club and the Chaparral Coalition for

Community Health and the Environment, clearing the way for the utility to add a gas-fired generator to its Newman Generating Station near the Texas-New Mexico state line.

The Newman 6 project, estimated to cost \$163.8 million, drew opposition from the environmental groups over health and environmental concerns. With the settlement, they will withdraw their opposition. EPE agreed to reduce nitrogen oxide and carbon dioxide emissions from the new unit by an additional 40% from amounts allowed under the pending air permits. The utility also promised to never construct additional fossil fuel-fired generators at the plant and agreed to a four-year moratorium on adding fossil generators to company power plants.

The Texas Public Utility Commission approved the project last October over the city of El Paso's opposition. New Mexico regulators, however, rejected the project. That means most of the Newman addition's costs will be borne by El Paso area customers.

More: [El Paso Times](#)

### Federal Judge Orders PG&E Worker to Appear in Court

U.S. District Judge **William Alsup** last week ordered PG&E to bring the employee who found damaged power equipment near the Dixie Fire origin point to a hearing for questioning on Sept. 13.

PG&E previously said one of its employees found a tree on a power line, blown fuses and flames spreading near where the Dixie Fire started last month. The fire has since destroyed more than 1,200 structures and

burned 635,000 acres, making it the second largest wildfire in California's recorded history.

More: [San Francisco Chronicle](#)

### Louisiana Commission Rebuffed on Entergy Appeal

An appellate court Friday rejected the Louisiana Public Service Commission's appeal of a FERC ruling that excluded a portion of \$56.3 million in purchased power by Entergy Louisiana from annual "bandwidth" proceedings to ensure all of Entergy's five operating companies have "rough equalization" in their production costs.

The expenses in question were incurred in 2005 and amortized in 2008 and 2009. FERC ruled that a 2009 amendment to the bandwidth formula applies to costs that are amortized after its adoption but rest on deferral decisions that predate it. The LPSC contended that it does not apply.

"We agree with FERC, for nothing in the amendment turns on the timing of a deferral decision," the D.C. Circuit Court of Appeals wrote, adding, "LPSC's interpretation defies grammar" and that its three "fallback arguments ... are unpersuasive."

More: [Louisiana Public Service Commission v. FERC \(20-1024\)](#)

### Sierra Club Battles Internal Fight over Founder's Racial History

An internal battle over the allegedly racist views of Sierra Club founder John Muir came to a head in July just before Executive Director Michael Brune announced he would step down.

Following the murder of George Floyd, Brune stated in a post that the Sierra Group must "take down some of our own monuments, starting with some truth-telling about the Sierra Club's early history" and chastised Muir for his "derogatory comments about Black people and Indigenous peoples that drew on deeply harmful

racist stereotypes."

However, former club president and board member Aaron Mair, said the post overlooked years of organizational work on environmental justice, including committees that reviewed monuments and leaders who were racist. He said Brune did not consult him or the other two Black board members before pushing ahead on what he called a "revisionist" and "ahistorical" account of Muir's writings, thoughts and life.

More: [POLITICO](#)

### Vistra Completes Phase II of Largest Battery System in Moss Landing



Vistra last week completed Phase II at its Moss Landing Energy Storage

Facility in California, adding 100 MW to the previous 300 MW it brought online in December 2020.

Vistra plans on two more phases to attain its 1,500 MW goal for the site. Phase III is planned to expand with an additional 350 MW, while Phase IV will expand another 750 MW.

The facility is the largest battery storage system in the world.

More: [Monterey Herald](#)

### Xcel Energy Names Frenzel New CEO

Xcel Energy last week announced that Bob Frenzel has been appointed the company's new president and CEO.

Frenzel joined Xcel as CFO in 2016 before being named president and COO in March 2020.

Ben Fowke, the current chairman and CEO, will remain with the company as executive chairman of the board of directors. Tim O'Connor was also named executive vice president and chief operations officer.

More: [Xcel Energy](#)

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## Federal Briefs

### Biden Admin to Appeal Order Blocking Oil, Gas Lease Pause

The Biden administration last week filed notice that it's appealing a federal judge's order that blocked suspension of new oil and gas leases on federal land and waters.

The judge issued the ruling in June, siding with Louisiana's attorney general and officials in 12 other states, who claimed the administration bypassed comment periods and other steps required before such delays can be undertaken. The Interior Department said it will proceed with leasing, consistent with the judge's ruling, while its appeal proceeds.

More: [The Seattle Times](#)

### Chatterjee to Leave FERC at the End of August



FERC Commissioner **Neil Chatterjee** last week said he will exit the commission at the end of this month, leaving Democrats and Republicans with two seats apiece on the regulatory board.

Chatterjee's term expired earlier this year, but he continued to serve under a grace period that extended until his replacement is sworn in. However, President Biden has yet to nominate anyone to replace him.

More: [The Hill](#)

### DOE: Solar Could be 40% of US Power by 2035

The Department of Energy published a memo last week suggesting solar energy could supply more than 40% of the nation's electricity by 2035, if Congress adopts policies such as tax credits for renewable energy projects and component factories.

To propel solar to nearly half of U.S. generation, the industry needs to grow at three or four times its current rate and create up to 1.5 million jobs, according to analysis by the National Renewable Energy Laboratory.

More: [Reuters](#)

### Energy Department Proposes Reversal of Furnace Efficiency Rollback

The Energy Department last week proposed reversing a Trump-era rule that was expected to undermine the department's

ability to regulate the efficiency of residential furnaces and commercial water heaters.

The rule, completed five days before President Biden's inauguration, was expected to keep inefficient heaters on the market for more time by dividing heaters into two categories based on how they're vented. By creating a new class of furnaces that had noncondensing venting, they would have needed to be regulated separately and could not be phased out. In its proposed reversal, the Biden administration announced an initial finding that the noncondensing technology doesn't provide "unique utility" to consumers, so it shouldn't be considered a separate product.

The Trump administration took similar approaches with other appliances, including washers and dryers, dishwashers and shower heads, which the Biden administration is also moving to reverse.

More: [The Hill](#)

### Ex-Westinghouse Exec. Charged in Failed Nuclear Project



**Jeffrey Benjamin**, a former Westinghouse senior vice president, was charged last week with 16 felony counts for his alleged role in concealing cost overruns and delays that dogged the now-abandoned

construction of two nuclear reactors at the V.C. Summer project in South Carolina.

The indictment says that between 2016 and 2017, Benjamin "made materially false and misleading statements in an effort to continue the project by minimizing the project's failures." The misrepresentations resulted in billions of dollars in losses to the project's owners, SCANA and Santee Cooper, the indictment says.

Benjamin is the fourth person to be charged in connection with an ongoing investigation of the circumstances surrounding the failed project, which cost \$9 billion before being scrapped.

More: [Reuters](#)

### National Laboratory Achieves 'Wright Brothers moment' in Nuclear Fusion

The Lawrence Livermore National Laboratory last week announced it was able to

produce 1.3 megajoules of energy at its National Ignition Facility, albeit very briefly, on Aug. 8.

At the facility, which is the size of three football fields, powerful laser beams recreate temperatures and pressures similar to what exists in the cores of stars, giant planets and inside exploding nuclear weapons. A laser light was focused onto a target the size of a BB which resulted in "a hot-spot the diameter of a human hair, generating more than 10 quadrillion watts of fusion power for 100 trillionths of a second," a statement said.

"Our result is a significant step forward in understanding what is required for it to work. To me, this is a Wright Brothers moment," Omar A. Hurricane, chief scientist for the Inertial Confinement Fusion Program, said. "It's not practical, but we got off the ground for a moment."

More: [CNBC](#)

### TVA to Switch 1,200 Vehicles to Electric by 2030



The Tennessee Valley Authority last week announced plans to switch out 1,200 of its 3,800 vehicles for electric ones by 2030.

The plan includes downsizing the fleet's 600 light-duty vehicles to 400 electric versions and initially changing out 800 medium-duty vehicles. The utility is also evaluating reductions in its medium-duty vehicles through efficiency and retirements.

More: [The Associated Press](#)

### US Large-scale Battery Storage Capacity up 35% in 2020

The United States reached 1,650 MW of large-scale battery storage last year, which was a 35% increase over the previous year and a 300% increase over the last five.

The trend is expected to continue, as utilities have reported plans to install more than 10,000 MW of additional large-scale battery power capacity from 2021 to 2023.

Five states accounted for more than 70% of the capacity as of December 2020. California had the largest share at 31% (506 MW), while Texas, Illinois, Massachusetts and Hawaii each had more than 50 MW.

More: [EIA](#)

# State Briefs

## REGIONAL

### NARUC Announces Leadership Appointments

The National Association of Regulatory Utility Commissioners last week announced new appointments in several key roles.

NARUC President Paul Kjellander named Commissioner Beth Trombold of the Public Utilities Commission of Ohio as the new co-vice chair of the Committee on Electricity, while Kentucky Public Service Commission Chairman Kent Chandler was chosen to represent NARUC on the EPRI board.

New Jersey Board of Public Utilities Commissioner Dianne Solomon was also selected as chair of the Committee on Critical Infrastructure.

More: [NARUC](#)

## CALIFORNIA

### San Diego County Approves Jacumba Solar Project

The San Diego County Board of Supervisors last week voted 5-0 to approve a major use permit for the construction of a the JVR Energy Park after developer BayWa r.e. agreed to spend \$4 million in community benefits and expand the project's buffer zones.

The 600-acre park, east of the town of Jacumba Hot Springs, will consist of nearly 300,000 PV panels and produce 283,000 MW. It will also include a 70-MW storage facility.

However, many in the town have argued against the size of the project and will challenge the county's decision in court.

More: [The San Diego Union-Tribune](#)

## IOWA

### Iowa City Awards \$60K in Climate Action Grants

Iowa City last week announced it awarded \$60,000 in climate action grants to seven projects.

One \$10,000 grant will go to the city's Domestic Violence Intervention Program for a solar installation. The Shelter House also received a \$10,000 grant to go toward putting solar panels on its roof.

More: [The Gazette](#)

## LOUISIANA

### Calcasieu Zoning Signs off on Solar Project Proposal

The Calcasieu Parish Planning and Zoning Board last week voted 6-4 to approve a zoning exception, allowing for a 2,400-acre solar project.

The request by Sweetlake Land and Oil and others includes roughly 3,400 acres zoned agricultural and commercial that would be leased to Aurora Solar. Because the application was for a zoning exception, the board's action is final.

Construction could start as early as the fourth quarter of 2023.

More: [kplctv.com](#)

### DEQ Awards Grants for EV Charging Stations



The Department of Environmental Quality last week awarded \$1.7 million in grants for 82 electric vehicle charging stations. The state will use money from

its \$19.8 million share of a settlement in 2016 between the Justice Department and Volkswagen over violations of the Clean Air Act.

Almost \$12 million of the state's share was set aside to replace 351 diesel engine buses owned by 16 local school boards. Another \$7.3 million was given to the Department of Transportation and Development and the Department of Agriculture to replace old diesel equipment and vehicles.

More: [The New Orleans Advocate](#)

## MINNESOTA

### DNR Asks Federal Court to Block Line 3 Tribal Lawsuit



The Department of Natural Resources last week filed for an injunction in U.S. District

Court to annul a lawsuit filed weeks ago over Enbridge Energy's Line 3 oil pipeline project. The suit, filed in White Earth Band tribal court, names Manoomin, wild rice, as lead plaintiff. DNR claims the tribal court doesn't have jurisdiction to hear the case because the DNR and its employees

named in the lawsuit are not members of the White Earth Band. It also argues that the tribe lacks jurisdiction over non-members for actions occurring off the reservation.

The lawsuit, which advances a legal theory that nature itself has the right to exist and flourish, is the first "rights of nature" enforcement case brought in a U.S. tribal court and the second such case to be filed in any U.S. court.

The tribal court ruled last week that the lawsuit can proceed. The next hearing is scheduled for Aug. 25.

More: [MPR News](#)

## MISSOURI

### Court of Appeals: Ameren Must Install Scrubbers at Coal Plant

The U.S. Court of Appeals for the Eighth Circuit last week upheld a judge's 2019 ruling that ordered Ameren Missouri to install pollution controls at its coal-fired Rush Island power plant.

The ruling is the latest in a lawsuit filed at the request of the EPA more than a decade ago, which accused Ameren of violating the Clean Air Act by making upgrades to the plant that increased sulfur dioxide emissions without proper permits.

Ameren said it was "disappointed" in the decision and noted air quality monitors near Rush Island meet federal and state standards.

More: [St. Louis Post-Dispatch](#)

## NEVADA

### NV Energy Asks Gov., Other Leaders to Back Dalzell for FERC Nomination



NV Energy lobbyist Tony Sanchez emailed Scott

Gilles, a top adviser to Gov. Steve Sisolak, on June 9 saying that Sens. Catherine Cortez Masto and Jacky Rosen had sent letters to the White House in support of International Brotherhood of Electrical Workers Attorney Tom Dalzell's FERC nomination and wondered if the governor "would consider doing the same."

Dalzell, along with two-term Massachusetts state legislator Maria Duaine Robinson and D.C. utilities regulator Willie Phillips, are



reportedly on President Biden's shortlist to replace Neil Chatterjee and break a 2-2 partisan tie.

More: [The Nevada Independent](#)

## NEW HAMPSHIRE

### Petition Asks Gov. to Tell Utilities to Invest in OSW

**SUNRUN** Activist group 350-New Hampshire last week created a petition asking Gov. Chris Sununu to order electric companies to invest in 800 MW of wind projects by the end of this year, with conditions to ensure that the energy benefits the state as directly as possible.

The petition also asks Sununu's order to require in-state job creation and other environmental justice benefits as part of the wind investment.

Sununu has been a supporter of wind as a climate change solution but hasn't issued the mandates many other East Coast states

have used to require their utilities to buy into planned offshore projects.

More: [New Hampshire Public Radio](#)

## NEW MEXICO

### PNM, Avangrid Merger Hearings Offer Little Hint of Final Decision

Despite seven days of hearings about the Public Service Company of New Mexico's proposed merger with Avangrid and its parent firm, Iberdrola of Spain, there is little indication of how hearing examiner Ashley Schannauer will advise the Public Regulation Commission or what ruling the commission will make.

Avangrid and Iberdrola have promised investments and the ability to move the state more deftly into the era of renewable energy, while critics fear a loss of local control of the state's largest utility. They also express concerns about an Avangrid subsidiary's service record in Maine and Iberdrola's link to an investigation of alleged corporate spying.

Schannauer said the participants should submit position statements by Aug. 30, legal briefs by Sept. 21, and responses to those briefs by Sept. 28. He said he would make his recommendation based on where the elements of the proposed deal stood at the end of the hearing and would not factor in any negotiations after the hearing.

If the merger is rejected by the PRC, PNM would still have the chance to come back with a revised proposal.

More: [Santa Fe New Mexican](#)

## SOUTH CAROLINA

### Anderson County Gets New Solar Farm

Cypress Creek Renewables last week said it will build a \$68 million, 50-MW solar facility in Anderson County.

The company currently operates 27 solar facilities that can generate a total 520 MW of solar capacity across the state.

More: [GSA Business Report](#)

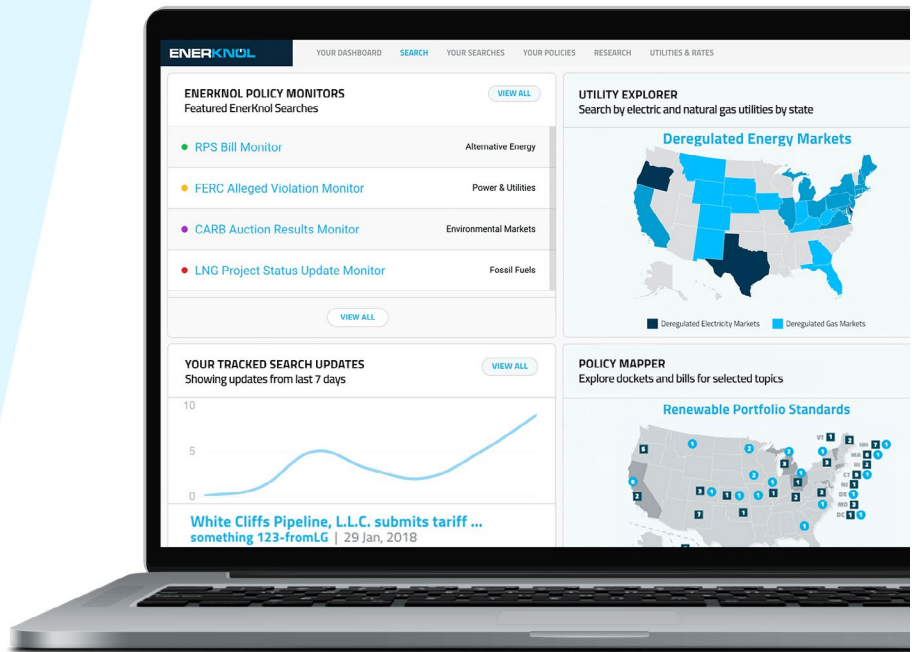
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