

## Interior Greenlights South Fork Wind Project COP

By Michael Kuser

The U.S. Department of the Interior on Wednesday approved the construction and operations plan for the 132-MW South Fork Wind Project being built for the Long Island Power Authority, the second major offshore wind project in the country to move forward following the July permitting of Vineyard Wind.

“We have no time to waste in cultivating and investing in a clean energy economy that can sustain us for generations,” Interior Secretary Deb Haaland said in a [statement](#). “Just one year ago, there were no large-scale offshore wind projects approved in the federal waters of the United States. Today there are two, with several more on the horizon.”

A joint venture between Ørsted and Ever-source Energy, South Fork will be located approximately 19 miles southeast of Block Island, R.I., and 35 miles east of Montauk Point, N.Y.

“New York state is facing the challenges of climate change head-on, and we thank the Biden-Harris administration for their steadfast support,” Gov. Kathy Hochul said in a [statement](#). “With today’s permitting milestone, South Fork Wind is set to be New York’s historic first off-shore wind farm providing clean energy where it is needed most. Our nation-leading climate and offshore wind goals demand bold action, and moving South Fork Wind forward brings us closer to a cleaner and greener future.”

Interior’s approval of South Fork’s plan to install 12 or fewer turbines is conditioned on several measures to avoid, minimize and mitigate potential impacts. Prior to construction, the developer must submit to Interior’s Bureau of Ocean Energy Management a facility design report and a fabrication and installation report.

The Environmental & Energy Law Program at Harvard University [forecast](#) that BOEM’s final approval might indicate how the agency “will

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## Conservatives Tout RTOs over Regulations as Enviro Solution

By Michael Kuser

A panel of conservative electricity market experts last week argued that markets work better than public policy at encouraging and developing clean energy resources.

“Private capital is foaming at the mouth to get in these markets, and the obstacle is outdated regulation,” Devin Hartman, director of energy and environmental policy at conservative think

tank R Street Institute, said at a webinar Nov. 23 hosted by [ConservAmerica](#), a conservative environmental advocacy group. Formerly known as Republicans for Environmental Protection, the group [argues](#) that “the most efficient way” of developing clean energy resources “is through policies that encourage competitive markets, private investment and expanded trade.”

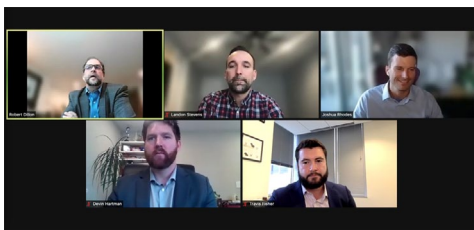
The private sector wants to invest in building the infrastructure needed for a clean energy future, said Hartman, former CEO of the Electricity Consumers Resource Council (ELCON). He called for re-evaluating the regulatory structure.

Hartman was joined by current ELCON CEO Travis Fisher.

“A different way to view it is the difference between a state-level mandate versus a corpo-

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**ACORE Report: Time to Rethink Resource Adequacy** (p.3)



Clockwise from top left: Robert Dillon, Energy Choice Coalition; Landon Stevens, Conservative Energy Network; Joshua Rhodes, University of Texas Austin; Travis Fisher, ELCON; and Devin Hartman, R Street Institute | [ConservAmerica](#)

## Renewable Advocates Troubled by Tradeoffs in NC Climate Bill

*‘Least Cost’ Promises Undermined by Monopoly Ownership*

By Rich Heidom Jr.

CHARLOTTE, N.C. — Renewable power advocates said earlier this month that they remain troubled by the concessions legislators made to utilities in return for the carbon-reduction goals of House Bill 951, saying the law fails to protect low-income residents, undermines competition and excludes renewable technologies other than solar.



Adam Will Foodman, Solar Operations Solutions | © RTO Insider LLC

The law, enacted in October, directs the [North Carolina Utilities Commission](#) to take the “least cost path” to cut electric-sector carbon emissions by 70% from 2005 levels by 2030 and reach carbon neutrality by 2050. The law also requires the state’s utilities — including Duke Energy Progress, Duke Energy Carolinas and Dominion North Carolina Power — to add 2,660 MW of new solar

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**SEEM Members Embrace Market Changes** (p.7)

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**NRC Inspectors Find 5 Safety Violations at Davis-Besse Nuke** (p.16)

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## FERC/Federal News



# ACORE Report: Time to Rethink Resource Adequacy

## 'Capacity is not Technically a Reliability Need,' Report Author Says

By K Kaufmann

A new report from the American Council on Renewable Energy argues that industry needs to rethink the concept of resource adequacy to get more renewable energy online and decarbonize the U.S. electric power sector by President Biden's target of 2035.

Creating a level playing field for renewables in capacity markets is one of several recommendations in the report, released Nov. 23 and a joint effort of ACORE, the American Clean Power Association (ACP) and the Solar Energy Industries Association.

"Capacity is not technically a reliability need," author Rob Gramlich, president of Grid Strategies, said during a webinar launching the report. "What you want is performance at the time and place you need it. It's getting increasingly hard to rely on a single construct of capacity when there might be multiple products that you actually need."

The report intends to provide a counternarrative to industry views that inextricably link capacity and reliability to firm, dispatchable power, traditionally provided by fossil fuels.

"Achieving a net-zero emissions grid by 2035 will require a major shift in the resource mix and a reassessment of grid operations and market design to ensure clean power is reliably delivered to consumers," ACP CEO Heather Zichal said in an ACORE press release announcing the report.



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announcing the report.

Sean Gallagher, SEIA's vice president of state and regulatory affairs, called solar and storage "some of the most predictable technologies on the grid." Following the report's recommendations could, he said, "unlock new market opportunities for clean energy resources while improving reliability and resilience."

But even with FERC Order 2222, the 2020 ruling that opened wholesale power markets to aggregated distributed energy resources, longstanding industry biases remain, Gramlich said.

For example, the report notes that "correlated outage risk is now being widely applied to renewable energy sources but not to fossil resources." While effective load-carrying capability — a prediction of how much power any one resource will be able to deliver at times of high demand — is a metric widely applied to wind and solar, it was originally developed for fossil fuel generation and thus should be applied to all technologies, the report says.

Capacity valuation should also take into account "portfolio effects," such as the flexibility and backup power available from solar and storage, the report says.

"It's important to make sure the rules are right," Gramlich said. "First of all, to achieve reliability; second, to make sure consumers are paying a fair price and not excessive prices, but then also to avoid the situation where resource adequacy regimes are effectively a way to subsidize nonrenewable, nonclean resources in a way that sort of crowds out the clean and renewable sources from the market."

Michelle Gardner, NextEra Energy's senior director of regulatory affairs for the Northeast, pointed to ISO-NE's capacity market as having "a lot of disadvantages for seasonal resources. It's not dynamic. I don't think it supports a changing resource mix as we look across summer and winter periods; as we look across the day, and new technologies."

One of four industry panelists speaking at the webinar, Gardner also questioned whether three-year forward capacity markets — based on "assumed development cycles for gas turbines" — will provide "the right timing going forward."

The industry is often reacting to "the crisis of the moment," she said. "We don't often take

the time to really step back and say, 'Is this the right market? What is the product we're purchasing? Can we define this? Does it still make sense?'"

### Seasonal, Granular, Regional

Along with current high energy prices, the 2020 rolling blackouts in California and last February's unprecedented winter storm and resulting power outages in Texas and the Midwest have intensified the urgency of the power industry's current discussions on resource adequacy and, by extension, grid planning. Federal and state regulators, utilities, RTOs and ISOs, investors and other stakeholders each have different and sometimes conflicting concerns, and the report acknowledges solutions will likely be regionalized, based on specific market structures that, it says, are not likely to change.

For example, the report recommends ensuring FERC does not have jurisdiction over markets for environmental attributes, invoking the commission's recent experience extending PJM's minimum offer price rule (MOPR) to state-subsidized resources. The rule was rolled back in October, but it could have priced renewables out of wholesale markets, the report says.

The report cautions that votes on the MOPR fell along party lines, and the balance of power on the commission could easily change if power also shifts in Congress or the White House.

For RTOs and ISOs with capacity markets, the report recommends a more seasonal and "granular" approach to capacity, and a move toward greater reliance on energy and ancillary services markets.

"Seasonal capacity products are incredibly important, especially for offshore wind, where we have significant capacity in the dead of winter, when other renewables are generally not performing well," said Eric Wilkinson, electric policy market director for Ørsted Offshore North America.

Energy markets also tend to give developers "better information and that allows us to better value the generation ... we are building," said John Brodbeck, senior manager of transmission for EDP Renewables. Better information and valuation also mean "we are likely to make the appropriate investments and convince our investors to do the right thing and give us money to build," he said.



# FERC/Federal News



For states with vertically integrated, “balkanized” utilities, the report pushes for regionalization — similar to the West’s Energy Imbalance Market and, now, the Southeast Energy Exchange Market.

The report’s other recommendations range from a call for competitive procurement for new generation — widely supported by renewable developers and trade groups — to improved preparation for extreme weather events through regional “stress testing” that goes beyond basic resource adequacy.

Along the same lines, new metrics for capacity and reliability will also be needed, Gramlich said. “There probably isn’t a single new future metric,” he said. “There will certainly need to be more focus on all hours of the year, not just the single, peak summer hour. We can find system stress conditions in any season now, depending on generation outages and weather patterns.”

## Resistance to Change

While most panelists voiced broad support for the report’s recommendations, Goldman Sachs Vice President Harry Singh had questions about one suggestion: creating buyers with creditworthiness to procure power through long-term contracts that developers need to secure low-cost financing for their projects.

Gramlich said that in many of the states with competitive, restructured power markets, retail providers are not required to be creditworthy and, therefore, may not be able to

enter into long-term contracts that can ensure both reliability and low costs for consumers.

Singh did not see an immediate need for any regulatory requirement for such accountability, such as setting up state-level authorities to ensure creditworthiness, even in states with competitive retail markets. The U.S. already has “a very active marketplace of energy contracts,” he said. “You have utility [power purchase agreements]; in parts of the country, you have corporate PPAs, which inherently include environmental attributes, and that’s a very big part of the contracting for clean energy resources today.”

Such contracts can and, especially in the utility sector, already do encompass capacity, Singh said, and contracts are themselves evolving, as the industry looks at new market designs and transaction structures for renewables.

Brodbeck also interjected one subject omitted in the report: interconnection, and the hundreds of gigawatts of renewable projects sitting in queues across the country. “We can have all sorts of desires to reform and rebuild the system, but until we can get something like a smooth interconnection process in any of the RTOs, we’re living in a fantasy,” he said.

Still another core issue the report does not address is how to motivate an industry that recognizes the need for change but remains highly resistant to external recommendations.

Simply put, said NextEra’s Gardner, “there tends to be huge resistance to being told what

to do. Each of the RTOs kind of likes their own playground.”

What is needed instead, she said, is a resetting of priorities and “thinking a lot bigger than what each region is dealing with, whatever crisis they’ve created at the moment.”

“Going forward, we may be better off keeping resource adequacy as kind of a peak [demand] product and looking to improve ancillary and reliability products,” Gardner said.

Brodbeck also stressed the role of stakeholders in RTO decision-making and resistance to learning new ways to address resource adequacy.

“Every stakeholder has a different set of goals, and there are many stakeholders whose main goal is to reduce costs,” he said. “They don’t like the idea of building additional transmission ... and that all goes against a fast and smooth transition” to clean energy.

Ørsted’s Wilkinson sees an incremental process going forward. Capacity markets may not be a primary revenue stream for renewables, he said, but will still provide significant value for technologies, such as offshore wind, which require high, upfront capital expenditures.

“The good thing is, as grid operators become more knowledgeable and gain experience operating a grid that has a lot of renewables on it, we can take steps in the future to adjust how capacity is valued and exactly who gets credit for what capacity and when.” ■

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# FERC/Federal News



## Conservatives Tout RTOs over Regulations as Enviro Solution

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rate goal,” said Fisher, previously economic adviser to former FERC Commissioner Bernard McNamee. A corporate goal can be dropped if things go poorly, there are reliability issues or the cost is too high, he said.

“It doesn’t take an act of state or Congress to drop that,” Fisher said. “The more rigid and the more top-down mandated it is, that’s where you get into problems. [Policy questions] can be borne out through voluntary transactions ... instead of saying, ‘We know the answer has to be X, and we have to do it by year Y.’ I don’t think that’s the correct way to go about it.”

The discussion was framed the around a new report by the Energy Choice Coalition (ECC) on the environmental benefits of competition in electricity markets, which found that RTO/ISO regions have reduced their power sector CO<sub>2</sub> emissions by about 35% from 2005 levels, while non-RTO regions have reduced theirs by about 27%.

Furthermore, the report found that RTO regions with more competitively owned generation, such as ISO-NE, NYISO and PJM, posted even deeper reductions: 61%, 56% and 41%, respectively, said Joshua Rhodes, research associate at the University of Texas at Austin

and a founding partner of energy consultancy IdeaSmiths, which conducted the study.

The study also found that RTO/ISO regions deployed almost 80% of all utility-scale renewable generation capacity, despite accounting for 67% of all existing power plant capacity. In addition, RTO/ISO regions have seen stronger growth in distributed solar PV, increasing by about 214% versus non-ISO regions at 199%.

“You’re never going to get a pure market in this area because there are a lot of different drivers,” said Robert Dillon, executive director of the ECC and a member of the leadership team at ConservAmerica.

The environmental and regulatory aspects of the wholesale level also apply to retail, whether for the large corporations like Google and Microsoft wanting a certain supply of clean energy, or private homeowners that want to install storage or solar, Dillon said.

“Their ability to choose is a market driver; [it’s] a great principle compared to government saying, ‘You’re going to build this traditional huge coal or gas or nuclear plant on the edge of town and running wires through the city,’” Dillon said.

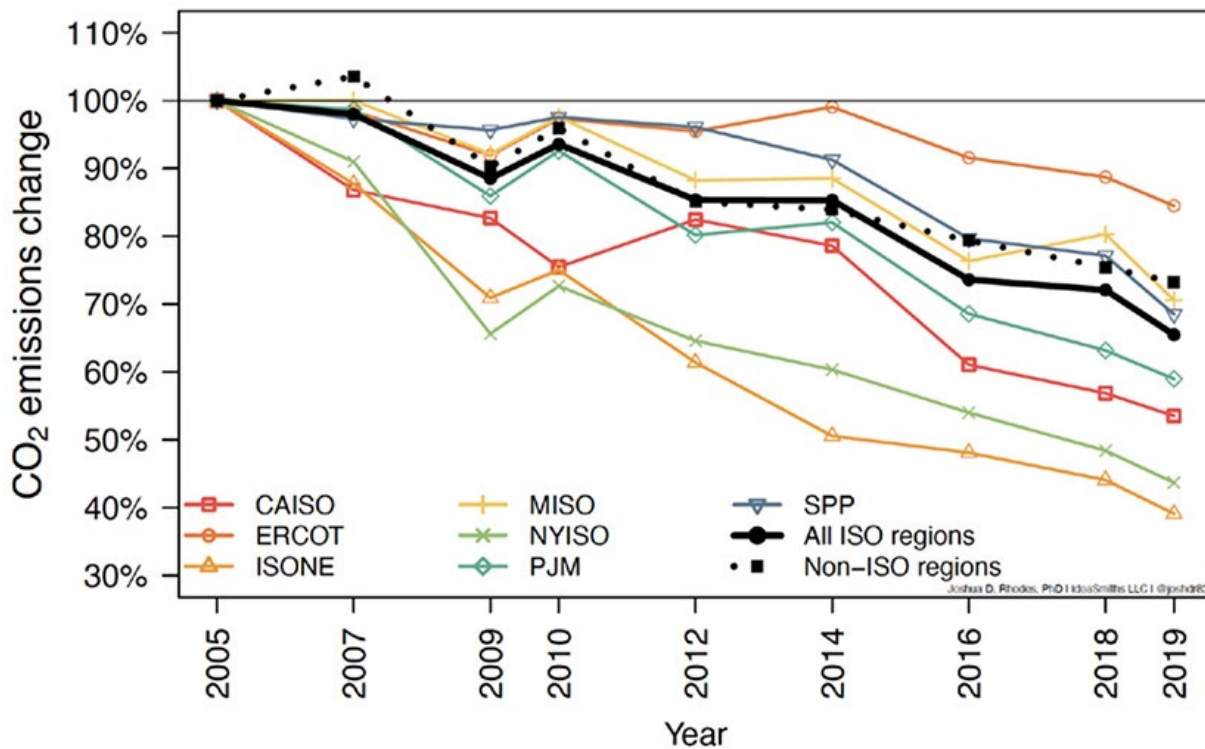
The discussion of the clean energy transition

tends to get stuck in a dichotomy of either the Texas model on one hand or vertically integrated markets on the other, said Landon Stevens, director of policy at Conservative Energy Network (CEN), a group of state-based clean energy advocacy organizations.

“There’s actually a lot of different policy decisions that can be made along the way,” said Stevens, who described himself as a “recovering regulator.” He previously served as policy adviser to former Arizona Corporation Commissioner Andy Tobin and his successor, current Commissioner Lea Marquez Peterson.

It’s a big opportunity when about half of the country is trying to consider what the next market designs look like, he said, referring to the West.

The West is considering “an RTO model that we designed in 1995, and I would say there’s probably a lot of changes you can make to that model that would be more tailored to today’s solutions,” Stevens said. “We need to look at those really long and hard, and that’s where we have a lot of research coming down the pipe. ... What does an RTO 2.0 look like, or is there a whole new model paradigm that we need to consider to incorporate some of these new technologies and leave room for that innovation?” ■



Total CO<sub>2</sub> emissions and emissions intensity for each RTO/ISO and year available, benchmarked to their 2005 levels | ECC/IdeaSmiths

# SunZia Capacity Allocation

SunZia Transmission, L.L.C. (SunZia) has commenced an open solicitation process for capacity on the proposed SunZia Southwest Transmission Project (Project). SunZia intends to allocate approximately 1500 MW of the Project's remaining capacity through an open and transparent solicitation and capacity allocation process.

The Project consists of a single-circuit 500-kV high-voltage direct current (HVDC) line and associated substations that is expected to deliver primarily renewable energy on an approximately 550-mile route from central and southwestern New Mexico and southeastern Arizona to load-serving entities in Arizona, California, and other western markets. SunZia is offering firm transmission service from SunZia East to Pinal Central and Owl Head. SunZia expects to achieve commercial operation in 2025, with construction commencing in 2023.

Interested parties can learn more about the SunZia Southwest Transmission Project open solicitation process and how to participate by visiting [www.sunzia-os.net](http://www.sunzia-os.net). For more information about the Project visit <https://sunzia.net>.

In order to obtain transmission capacity rights on the Project, interested parties must submit a nonbinding Expression of Interest Form through the Open Solicitation website by **December 17, 2021**.



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## Southeast

# SEEM Members Embrace Market Changes

## Previously Proposed Revisions up for FERC Approval

By Holden Mann

In a filing with FERC on Wednesday, members of the Southeast Energy Exchange Market (SEEM) confirmed they would implement the “transparency enhancements” to the market that they previously promised, despite the lack of a commission order requiring them to do so (ER22-476).

The SEEM agreement went into effect Oct. 12 after FERC split 2-2 on approval. With the commission unable to form a majority for or against it, the agreement became effective under *Section 205* of the Federal Power Act. (See *SEEM to Move Ahead, Minus FERC Approval*.) FERC has since approved revisions to four of the participating utilities’ tariffs implementing the special transmission service used to deliver the market’s energy transactions. (See *FERC Accepts Key Tariff Revisions to SEEM*.)

Earlier this year SEEM members — a group of utilities that includes Southern Co., Dominion Energy South Carolina, LG&E and KU, the Tennessee Valley Authority and Duke Energy — proposed several modifications to the agreement in response to FERC’s deficiency letter and objections from the market’s detractors. (See *SEEM Members Offer Rule Changes*.)

### Changes Offered in Previous Deficiency Response

Because the agreement entered operation by default rather than via a commission order,

it did not include any of those modifications; however, according to the latest filing, SEEM members “have always intended to fulfill the commitments” they made both because “it is the right thing to do and ... to do otherwise might raise questions” regarding the market’s legitimacy. The proposed changes include:

- weekly submissions of confidential market data to FERC and the market auditor, and periodically providing additional information publicly;
- disclosure of regulators’ questions and answers, as well as market auditor reports, to participants, subject to restrictions on access to confidential information by marketing function employees;
- clarification that available transfer capacity calculated by participating transmission providers must be provided to the SEEM administrator and must be used in the algorithm for each leg of any contract path to ensure transmission will not exceed available capacity;
- updating market auditor functions to clarify that the auditor will verify compliance with market constraints;
- use of randomization to resolve ties or ambiguities between multiple bids or offers;
- prohibiting market-based rate holders from providing false or misleading information to the SEEM administrator or market auditor; and

- implementing a posting requirement for complaints submitted to the market auditor.

In addition, members promised to make the “just and reasonable standard” the default for most SEEM rules rather than the lower *Mobile-Sierra* public interest standard. The use of *Mobile-Sierra* was a sticking point for FERC Chair Richard Glick, who in a statement explaining his vote against SEEM said the commission’s monitoring capabilities and enforcement authorities would be “hamstrung” by the doctrine’s application. (See *FERC’s Christie Accuses Glick, Clements of Prejudice for RTOs*.)

Commissioner Allison Clements also cited the use of *Mobile-Sierra* in her statement against SEEM. Several of the market’s most vocal critics have criticized the doctrine as well, even going so far as to say that proponents’ offer to voluntarily restrict the application of *Mobile-Sierra* would still unacceptably limit market participants’ negotiating power. (See *SEEM Opponents File Rehearing Requests*.)

### Nov. 25 Effective Date Requested

SEEM members asked that their proposed changes become effective Nov. 25, one day after their filing, and that the commission waive prior notice requirements in order to allow the new revisions to become effective before the incurrence of vendor costs, which could begin as early as next month. Members noted that if prior notice requirements are not waived, the commission is required to act on the filing within 60 days. They also reminded the commission that *Section 205* mandates that FERC “not go ‘beyond approval or rejection’” of an amendment proposal.

“Rejection or acceptance of the amendments are the only permissible outcomes of this *Section 205* proceeding,” the members said. “The commission cannot, in this proceeding, revisit the justness and reasonableness of the existing provisions of the [SEEM] agreement, except and only to the extent that the members propose ... to change such provisions.”

FERC is also considering a rehearing request filed earlier this month by two *ad hoc* groups of SEEM’s opponents. The fate of both filings may be impacted by the U.S. Senate’s recent confirmation to FERC of D.C. Public Service Commission Chair Willie Phillips, who will join Glick and Clements as the third Democrat on the commission. (See *Senate Confirms FERC Nominee Willie Phillips*.) ■



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## Southeast

# Renewable Advocates Troubled by Tradeoffs in NC Climate Bill

## 'Least Cost' Promises Undermined by Monopoly Ownership

Continued from page 1

generation, 45% through power purchase agreements and the remainder utility-owned. Utilities will be limited to securitizing only 50% of the remaining book value of coal generators retired early. But it also ensures any other new generation will be utility-owned and subject to cost-of-service rates. (See *New Era for Grid Planning in North Carolina?*)

The 11-page bill that emerged from the North Carolina Senate was less prescriptive than the initial 50-page House bill, leaving much of the policy decisions to the NCUC.

"But from my perspective, what happened is it got much more prescriptive about the renewable resources that have the opportunity to compete in a marketplace," Adam Will Foodman, CEO of Solar Operations Solutions and chair of the *Carolinas Clean Energy Business Association* (CCEBA), said during a panel discussion Nov. 16 at Infocast's *Southeast Renewable Energy* conference. Aside from the 2,660-MW carve out for solar and solar plus storage, "everything else is considered regulatory assets of the utility," he said.

"Innovation, competition, is the lifeblood of an economy," he said. "And absent those items, I think it's difficult to see us charting the most efficient path to an energy transition. ... We want a broader opportunity for technologies to compete in the transition that is going to take place with the retirement of coal. There are some opportunities there opened up in the bill. I think it remains to be seen how they will be implemented by the utility commission."

Consultant Diane Cherry, whose clients include renewable energy developers, the Sierra Club and *Carolina Utility Customers Association*, a group of manufacturers and other large consumers, said she was disappointed that the law lacked a carve out for stand-alone storage. She also expressed concern that the design of customer programs will be subject to commission rules, making the upcoming dockets — as many as seven of them may be needed to implement the law — a "full employment" guarantee for regulatory attorneys.

Stephen Kalland, executive director of the *North Carolina Clean Energy Technology Center* at North Carolina State University, said he was disappointed that the final bill did not address distributed generation, community solar, net metering or rooftop solar. But he said the com-



Betsy McCorkle, Kairos Government Affairs | © RTO Insider LLC

promises could not obscure the historic nature of the bill's carbon-reduction goals.

"To see legislated carbon goals ... in a bill sponsored by Republicans in both chambers and signed by Democratic governor [is] pretty much unprecedented nationally. I think it was something that was somewhat breathtaking as an example of what states could actually do if they really wanted to drive the train forward in the clean energy space."

Kalland said the current commission is knowledgeable about the technical issues the law presents. "And so if I had to pick between the legislature writing detailed rules for the energy market, and that utility commission writing those rules, I think it was actually a pretty good outcome," he said.

Betsy McCorkle, a partner in the lobbying group *Kairos Government Affairs*, which represented the *North Carolina Sustainable Energy Association* (NCSEA), said she fears the compromises made to win the carbon cuts may undermine renewable energy advocates in the future.

"In the decade that I've been advocating for clean energy, mostly in front of conservative audiences, we have built the case that clean energy is an economically competitive technology. ... And I think having [the perception that] the carbon standard be the driver ... for these new clean energy technologies in North Carolina, it kind of takes us back a little bit on advocacy perspective. It's, 'Democrats got a carbon standard and, Republicans got things that were good for the vertically integrated



Ivan Urlaub, North Carolina Sustainable Energy Association | © RTO Insider LLC

monopoly' ... I think you all know it's not that simple. But as someone who has to constantly advocate in front of people who don't look at energy every day of their lives, and they get a sound bite here and there, I'm a little bit concerned."

"There's going to be a lot of work to do at the commission," she said. "No doors have truly been closed. We're just kind of moving the venue."

Ivan Urlaub, chief of strategy and innovation for the NCSEA, said the NCUC will need to be innovative to overcome the Achilles' heel of the law: the utility ownership provision.

"The evidence has shown that the utility is not least-cost; it's just not," he told the audience. "Your businesses are. ... And when your businesses and the customer work together, that's where we most often see the least-cost options."

"The law is basically inviting the regulator to come up with one integrated solution and innovate in how they do planning," he continued. "The ball's in the commission's court. Are they going to pick it up and play a good hard game with it, and, and really be aggressive [or] are we going to get some status quo?"

Urlaub urged those participating in the upcoming dockets to be suspicious of short-term wins in settlement discussions.

In short-term deals, "the carrot ... gets dangled to slam the door on the next 12 carrots," he said. ■



## CAISO/West News

# CARB Approves \$1.5B Clean Transportation Package

By Elaine Goodman

The California Air Resources Board on Nov. 19 approved a \$1.5 billion clean transportation funding plan that includes \$515 million for the Clean Vehicle Rebate Project, the state's popular electric car incentive program.

The plan also includes \$10 million for a new electric bike incentive program and \$75 million for *Clean Cars 4 All*, a program that offers lower-income residents incentives to scrap their old cars and replace them with zero- or near-zero emission vehicles. The program is available in five of the state's 35 air districts, but an expansion is planned.

On the heavy-duty side, the funding package contains \$570 million for the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (*HVIP*). Within that amount, \$70 million is set aside for zero-emission transit buses; \$130 million for zero-emission school buses; and \$75 million for zero-emission drayage trucks.

The spending plan allocates \$195 million to the Clean Off-Road Equipment Voucher Incentive Project (*CORE*), which provides incentives for equipment such as zero-emission tractors and forklifts.

CARB staff said funding for the *CORE* program had been increased and that the range of eligible equipment was expanded. The program sets aside \$30 million in incentives for small business and sole-proprietor landscaping companies.

### Record-setting Funding

The board approved a *resolution* adopting the fiscal year 2021/22 funding plan. The agency described the funding package as its largest for clean transportation, more than twice the amount of the previous largest investment.

"This unprecedented mix of incentives and funding will continue to support our equitable transition to zero-emission cars and accelerate the commercialization of zero-emission technologies for medium and heavy-duty trucks and buses," CARB Chairwoman Liane Randolph said in a *release*.

The state general fund will contribute \$838 million of the funding, and \$595 million will come from the state's cap-and-trade program. The Air Pollution Control Fund and the Air Quality Improvement Program account for the remainder.

Other pieces of the plan include \$45 million for replacing diesel trucks with trucks that meet a low-nitrogen oxide standard through the state's *Carl Moyer* program. There's also \$180 million in incentives for alternatives to agricultural burning in the San Joaquin Valley.

### CVRP Changes

CARB announced in April that funding was rapidly running out for its Clean Vehicle Rebate Project (CVRP), as electric-vehicle purchases rebounded more quickly than expected during the COVID-19 pandemic. (See *Shortfall Looms for Calif. EV Rebate Program*.)

According to CARB, almost 65% of EV owners in the state have received a rebate through CVRP, a program that was launched in 2010 and had issued more than \$926 million in rebates as of April.

The \$515 million approved this month for CVRP is intended to last for three years, CARB staff said. During that time, CARB plans to "ramp down" the program and shift the focus to lower-income car buyers.

A first phase of changes will be implemented after 1 million EVs are sold in California, but not sooner than February 2022. At that point, CARB has proposed lowering the income cap for standard rebates and reducing the cap on manufacturer's suggested retail price for smaller vehicles.

When EV sales in the state hit 1.25 million, but not sooner than February 2023, the income cap for standard rebates will be further lowered, rebate amounts will be reduced and plug-in hybrids will be dropped from the program.

Some members of the public who commented during the Nov. 19 board meeting objected to the proposed changes to CVRP.

Anthony Bento, director of legal and regulatory affairs at the California New Car Dealers Association, said the incentive program is valuable but is "undermined by its complexity, particularly with respect to eligibility."

Bento said the group is concerned that the proposed changes would make matters worse.

"In particular, that two-phase reduction in income caps and vehicle eligibility creates needless confusion," he said.

Eileen Tutt, executive director of the California Electric Transportation Coalition, said in a *letter* to CARB that reducing the CVRP income cap "serves only to confuse and frustrate both



Trdat Khachik Ohanian received funding to buy a Toyota Prius plug-in hybrid through Clean Cars for All, one of several clean transportation programs that will receive additional funding through CARB. | CARB

middle-class consumers and auto dealers and reduce the market for EVs."

Tutt described the proposed changes in income caps as arbitrary.

"The phases are proposed even though there is no data indicating these phases are related to consumer response or market viability of EVs," she said.

CARB Member Daniel Sperling also urged the agency to be cautious in making changes to CVRP. He disagreed with the idea of dropping plug-in hybrids from the program as part of the second phase of changes.

While many people can switch to battery-electric vehicles without much trouble, especially if they own multiple cars, the change may be more difficult for others such as apartment dwellers, said Sperling, who is founding director of the Institute of Transportation Studies at the University of California, Davis.

In addition, Sperling called for using some of the money in the spending package to assess the effectiveness of programs being funded.

"Making sure we're investing our money wisely and especially looking to the future," Sperling said. "It can be built into every program, and I think we need to be thinking along those lines more." ■

## CAISO/West News

# Calif. Governor Names Next CPUC President

## Newsom Appoints Top Energy Adviser to Key Role

By Hudson Sangree

California Gov. Gavin Newsom last week named his senior energy adviser, Alice Reynolds, as the next president of the California Public Utilities Commission, a body under intense pressure to ensure resource adequacy and prevent utilities from igniting wildfires.



Alice Reynolds | Alice Reynolds

"As my lead energy policy expert, Alice has been indispensable in our work to move California toward a cleaner, affordable and reliable energy future, navigate the bankruptcy of the state's largest investor-owned utility

[Pacific Gas and Electric] and accelerate the state's progress toward meeting our clean energy goals, among other critical issues," Newsom said in a statement. "I look forward to her leadership as President of the California Public Utilities Commission."



CPUC President Marybel Batjer | California State Assembly

Reynolds will replace outgoing President Marybel Batjer at the end of December. Batjer announced in September that she planned to step down at the end of the year with five years left in her seven-year term. (See [California PUC President to Step Down.](#))

"I have had the privilege of serving four California governors and have given my all to public service for many decades," Batjer wrote in a letter to CPUC staff. "I am now ready for a new challenge and adventure."

Newsom had named Batjer, then the state's government operations secretary, to fill out the term of retiring President Michael Picker in July 2019. He reappointed her to a full term last year.

Under Batjer's leadership, the CPUC oversaw PG&E's Chapter 11 reorganization and obtained greater oversight of the troubled utility, which has been blamed for starting catastrophic wildfires since 2015. The commission worked to prevent more wildfires through vegetation management and grid-hardening and to rein in the overuse of public safety power shutoffs.



CPUC headquarters in San Francisco | © RTO Insider LLC

The CPUC came under fire for failing to anticipate the capacity shortfalls that have plagued the state in the past two years and are expected to continue next summer. Commissioners responded by ordering record amounts of procurement, including requiring the state's three big investor-owned utilities — PG&E, Southern California Edison and San Diego Gas and Electric — to find 11.5 GW of new resources by mid-decade. (See [CPUC Orders Additional 11.5 GW but No Gas.](#))

As adviser to Newsom since early 2019, Reynolds was instrumental in PG&E's reorganization and in enacting a controversial measure, Assembly Bill 1054, that sought to shore up the IOUs against wildfire liability through a state insurance fund. (See [Calif. Wildfire Relief Bill Signed After Quick Passage.](#))

Reynolds was former Gov. Jerry Brown's senior adviser for climate, the environment and energy from 2017 to 2019 and served as deputy secretary for law enforcement and general counsel at the California Environmental Protection Agency (CalEPA) from 2011 to 2017.

A lawyer by training, Reynolds worked for two law firms from 1998 to 2001 and as a state

prosecutor before taking the job with CalEPA.

Industry and environmental groups congratulated Reynolds or offered praise for her appointment after Newsom's announcement.

"We have worked with Alice Reynolds during her years of service with Governors Brown and Newsom and believe that she is superbly qualified to lead the California PUC at a critical time," Victoria Rome, director of California government affairs for the Natural Resources Defense Council said in a statement. "She has unmatched expertise on California energy issues. Over the next few years, the PUC will help ensure that California's clean energy transition is built on a foundation of reliable electric service and equity."

Others noted the difficult job ahead.

"California has a lot of work to do to make its energy more reliable, affordable, and cleaner, and we look forward to working with the CPUC to make that happen," Advanced Energy Economy tweeted.

The state Senate must confirm Reynolds' appointment as CPUC president, a position that pays \$229,000 per year. ■



# ERCOT News



## Texas PUC Ponders Alternatives to LSE Obligations

*Commission's Latest Market-design Session Looks at Backup Power*

By Tom Kleckner

Texas regulators this month continued to explore load-serving entity resource obligations (LSEROs) with an emphasis on dispatchable resources in their quest to modify ERCOT's market design after its near collapse during the February winter storm.

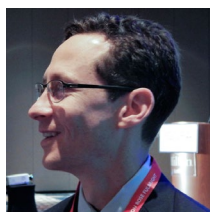
"There's no silver bullet, no readily apparent solution," Public Utility Commission Chair Peter Lake said during the commission's latest ERCOT market work session Nov. 19.

"The first crack we take won't be the right answer," he said. "We very much want to capture the good elements of all these proposals and continue to work going forward to the best solution. We're in the business of vetting ideas and getting closer and closer to the right solution or the right set of solutions."

One possible solution is the load-serving obligation that Lake has been championing and that still remains atop the list of potential answers. As proposed by NRG Energy and Exelon, the LSERO would directly address resource adequacy concerns by introducing a formal reliability standard and a mechanism to

ensure sufficient resources meet this standard. (See *Study Suggests Texas LSEs Can Provide Reliability.*)

At staff's request, Brattle Group's Sam Newell shared his analysis of the LSERO and another alternative to solving ERCOT's resource-adequacy issues — targeted fuel and backup reserves — to help inform the commission's decision-making.



Sam Newell, Brattle Group | © RTO Insider LLC

He suggested an "LSERO plus" version that would require generators to bid in their capacity at cost to mitigate market power and allow LSEs to procure their obligation just before the season starts. Newell said this would be the most direct way to address resource adequacy, the PUC's primary concern.

"If you want to look at the fleet and say, 'Yup, we're prepared'; if you think you're able to look at the fleet and say, 'That's what we want — we're prepared for any plausible event' — this option is the most direct way to express that

to the market," Newell said. "This is the most direct way to export a resource adequacy objective to the market."

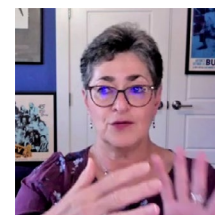
He expressed concern about LSERO plus's effect on forward bilateral contracts and the likelihood that LSEs wouldn't know the prices ahead of the auctions and, thus, couldn't hedge.

And then there's the not-so-small matter of costs. Newell said Brattle has estimated the proposal would shift about a third of the ERCOT's market value to LSEROs and cost "roughly" \$300 million a year. The high costs stem primarily from staff managing an accreditation process for each resource and awarding reliability credits.

"A lot of administrative judgment goes into this, which will be the subject of ongoing argument," Newell said. "The money subject to regulatory capture ... [is] the biggest downside."

"This is a major problem," Stoic Energy consultant Doug Lewin said as he *live tweeted* the work session. It's "a step toward an administered market where market participants spend more time working the refs for more money than providing innovation and lower-cost options."

Independent consultant Alison Silverstein told *RTO Insider* that large industrial customers might be tempted to opt out of another ERCOT charge and "dump reliability assurance costs onto small customers."



Alison Silverstein | ACEE

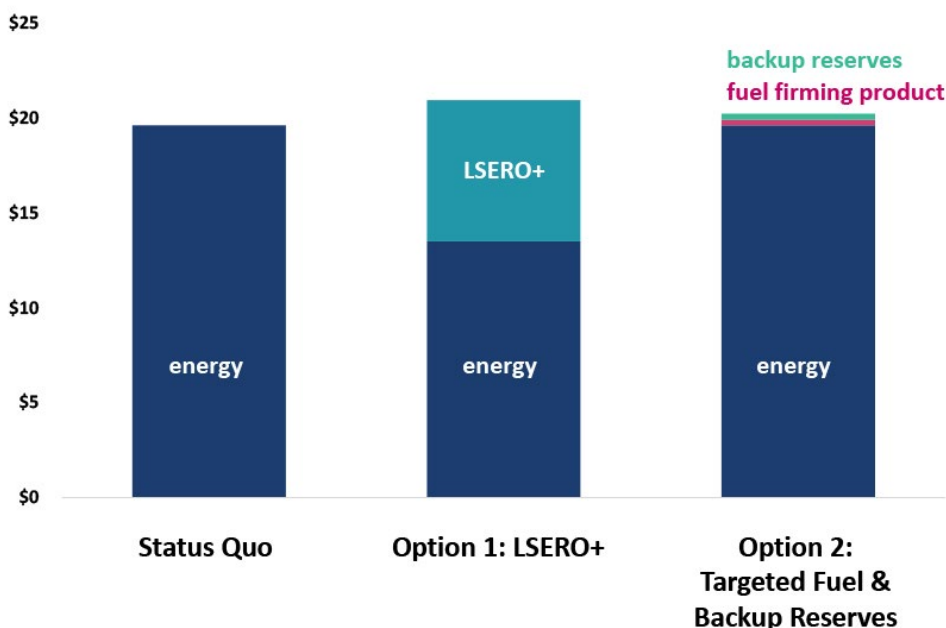
As an alternative, Newell suggested a targeted fuel and backup reserves option that would require four days of on-site fuel. He said the gas-fired fleet would be the most likely candidate for that requirement, but it would necessitate the units being "satisfactorily winterized" and would only apply to about 25 GW of resources.

The proposal's increased generation costs would be about half that of LSERO plus, Newell said.

"Holding out a few megawatts from the energy increased the price signals," Newell told the PUC. "That can attract capital too. It does depend on people believing in [the proposal]."

Brattle's alternative is similar to a *strategic reliability service* (SPS) proposed by Commission-

**Customers' Annual Generation Costs (\$billions)**



The Brattle Group's preliminary estimates indicate that LSE resource obligation could cost \$300 million a year. | *The Brattle Group*



# ERCOT News



er Lori Cobos that she called a “dynamic and flexible reliability tool” that would act as an insurance policy against reliability issues. She said the service would “prospectively target” and meet specific reliability needs not already addressed by ERCOT’s real-time and ancillary services markets.

Under Cobos’ plan, ERCOT would procure SPS through a competitive request-for-proposals process or auction to ensure the selection of the lowest-cost dispatchable resources. Eligible resources would have to meet weatherization requirements, fuel-supply arrangements and other accreditation requirements to ensure availability and firmness. They would also have to be capable of synchronizing to the grid within two hours and run for at least eight hours a day for multiple consecutive days.

Cobos said SPS would be deployed last in the bid stack to minimize its effect on real-time energy prices. Qualifying resources would be paid the market-clearing price, with those failing to perform assessed a “stringent” nonperformance penalty and its participation payment clawed back.

“We want to give ERCOT the flexibility to procure more than peakers. We need to send stronger price signals because we’re moving away from a crisis-based model,” Cobos said, referring to ERCOT’s current dependence on high prices during scarce times to incent new generation.

Newell pointed out that prices are only high during generation shortages.

“It’s not desired,” he said. “We want more supply and more cushion. The only two thematical ways to get that is to increase total demand, either through real-time reserves or through demand for capacity, as with an LSE obligation.”

The other theme?

“Make a side payment, but hold [the resource] out of the market,” he said. “There’s only so much room for supply and only so much demand. You don’t want to expand demand and pay everything that’s reliable. You want to hold some things out of the market.”

The discussion will continue in December, with the PUC committed to releasing a blueprint of its proposed market redesign before the year is up.

Silverstein, who sat in on the work session, questioned the rush for an LSE obligation when real-time co-optimization won’t be added to the market until 2025 at the earliest. The market tool clears energy and ancillary services every five minutes in the real-time market and would simplify a much more complex security-constrained economic dispatch problem when multiple resources and services are juggled over different interdependent time periods.

“I would prefer to see the commission do more, consistent analysis of every new option in the table ... before they pick a single option like LSEO to move forward,” Silverstein said. She added that the PUC should analyze the major changes it’s already made to winterization requirements, the operating reserve demand curve and emergency response service, and determine their effect on reliability, market performance and costs.

“This should be the baseline against which they analyze the next set of potential market modifications,” Silverstein said.

## Salty Public Comments

The PUC got more than it bargained for when it resumed in-person public comments during

its open meeting Nov. 18. The commission took comments over the phone during the COVID-19 pandemic.

One speaker said she was upset over seats that some stakeholders reserved for others. “There are more suits in this room than the people who were affected” by the winter storm, she said.

A self-described organizer related a story of a person stuck in her home, battling 20-degree temperatures and ice in her sink.

That prompted a response from the woman who followed her: “We didn’t have ice in our sink, but we had ice on our asses.”

During the open meeting’s normal course of action, the commission also:

- approved a \$41.6 million rate-increase request from Southwestern Electric Power Co. but lowered its return on equity rate from 9.45% to 9.25%. SWEPCO had asked for a \$90.2 million increase (51415).
- agreed to a certificate of convenience and necessity for CenterPoint Energy’s 345-kV interconnection project southwest of Houston that will cost at least \$22 million. Commissioner Jimmy Glotfelty dissented from the decision. An administrative law judge ruled that CenterPoint should work with a planned solar farm and existing land-owners as it links another solar farm to the grid (51568).
- learned from Cobos that she has been selected as vice president of *Entergy’s Regional State Committee*. The E-RSC comprises regulators from Arkansas, Louisiana, Mississippi, Texas and the city of New Orleans and provides input to Entergy about its operations and transmission upgrades. ■

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# ISO-NE News

## ISO-NE Presents Preliminary 2050 Tx Study Scope

By Jason York

ISO-NE on Nov. 17 *presented* to the Planning Advisory Committee its scope of work for the 2050 Transmission Study, which will examine high-level scenarios for incorporating clean energy and distributed energy resources beyond the RTO's current 10-year planning horizon.

The New England States Committee on Electricity had recommended such a study as part of its *vision statement* in October 2020. ISO-NE said it developed the study with NESCOE and would also work with the states to draft corresponding tariff changes to enable the study at regular intervals.

The study is the first effort in ISO-NE's effort to implement a proactive, scenario-based planning process. The study's objectives include determining transmission needs to serve load while satisfying reliability criteria and transmission upgrade "roadmaps" for 2035, 2040 and 2050. Pradip Vijayan, principal engineer for transmission planning at ISO-NE, said the original proposal was only for 2050 and that the RTO added 2035 and 2040 to the study.

Future load and resource assumptions will be based on the "All Options" pathway in the "Energy Pathways to Deep Decarbonization" report, which is also the basis for part of Phase I of NEPOOL's Future Grid Reliability Study.

ISO-NE will develop "snapshots" of the worst expected cases – periods with the highest load and lowest renewable energy output:

- summer daytime peak: May-September, 9 a.m.-5 p.m.

- summer evening peak: May-September, 7-10 p.m.
- winter evening peak: January-April, 4-10 p.m.

One stakeholder asked why only peak-load conditions were considered as options when more transmission could be needed during a light-load condition. Vijayan said that the RTO was focused on scenarios where the transmission system serves periods of higher demand.

"I think that as a knock-on effect, you would have transmission for low-load scenarios as well, but as we unlock all the resources that we are evaluating, extended under those conditions, curtailing resources might be an option," Vijayan said.

The projected peak "All Options" pathway load is significantly higher than that reported in the RTO's latest annual Capacity, Energy, Loads and Transmission report: 56,000 MW for 2050 and 27,500 MW for 2030. The RTO attributed the load growth to electric vehicle charging and heating. This led it to use two categories of load for the study: EV and non-EV.

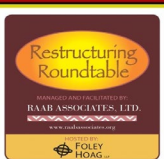
The study will assume all oil, coal, diesel and municipal solid waste resources are retired by 2035. Natural gas, nuclear and biomass will be carried at 100% availability for all of the snapshots for the three study years. Assumed hydropower dispatch in the summer peak snapshots will be consistent with the RTO's current practice in Needs Assessments, while it will be based on 2019 historical outputs for winter peak load conditions for the winter snapshot.



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ISO-NE asked stakeholders to provide written comments on the presentation through Dec. 2, and the RTO will finalize the scope of work by the end of the year. It expects to discuss initial results during the first quarter of 2022. ■

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- Himanshu Saxena, Starwood Energy Group
- Sarah Wright, Hull Street Energy

**Innovation in Electricity**  
**MIKE CUZZI, MODERATOR**  
 Principal, Cornerstone

- Carrie Cullen-Hitt, National Offshore Wind Research & Development Consortium
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- Lidija Sekaric, Sunrun

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 Summit- 1-5pm  
 Networking Reception- 5-6:30pm

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## ISO-NE News

# NECEC Halts Tx Line Construction, Regulators Suspend Env. Permit

By Jennifer Delony

In a fast-moving series of recent events surrounding the New England Clean Energy Connect (NECEC) transmission line, the project's developer halted line construction and Maine regulators suspended its environmental permit.

The Maine Department of Environmental Protection issued a suspension [order](#) on Nov. 23 for the permit it granted last year authorizing construction of the line.

In the order, the DEP said that "all construction must stop." NECEC Transmission, however, had announced on Nov. 19 that it is discontinuing construction while it challenges the legal authority of a referendum on transmission development passed by voters earlier in the month.

Gov. Janet Mills certified the referendum vote in a Nov. 19 [proclamation](#) and immediately sent a [letter](#) to NECEC Transmission CEO Thorn Dickenson asking that the company

stop construction.

NECEC's decision to continue work on the line without further legal clarity, she said, "is disrespectful to Maine people."

The referendum authorizes a statutory change requiring legislators to approve high-voltage transmission lines greater than 50 miles that are not necessary for reliability purposes.

### Suspension

While the DEP's May 2020 permit allowed NECEC to start building the line, a Maine court in August reversed a Bureau of Parks and Lands decision to lease a 1-mile corridor to the company for the project.

The court's ruling prompted DEP Commissioner Melanie Loyzim to launch a permit suspension proceeding, saying the ruling represented a "change in circumstance."

In early November, the facts before the DEP for the suspension proceeding changed after voters approved the transmission-related referendum. The DEP then proceeded to seek

additional input from parties to the proceeding regarding the referendum and scheduled a hearing for Nov. 22.

The referendum, NECEC argued during the hearing, does not represent a change in circumstance requiring permit suspension because there will be no environmental impact while work is stopped on the line.

Loyzim, however, determined that because of the statutory changes approved in the referendum, NECEC will not be able to construct the line as permitted, and it will need to find a new project route.

"The law would ban construction of any transmission line defined as a 'high-impact transmission line' in the Upper Kennebec Region," where NECEC is sited now, the order said.

The DEP's suspension order will remain in effect unless the court grants NECEC's request to continue construction while it challenges both the referendum and the BPL corridor decision.

Despite DEP's suspension order, Iberdrola remains committed to developing the line, Dickenson said in a Nov. 23 statement.

Mills reinforced her ongoing support for the project in her Nov. 19 letter to NECEC, saying the line "will usher in substantial environmental and economic benefits for Maine."

"But more than any single policy or project, I support the rule of law that governs our society and the will of the people that informs it," she said.

### Legislators' Plea

Members of the Maine State Senate and House of Representatives urged Massachusetts Gov. Charlie Baker in a Nov. 23 letter to terminate the NECEC project.

NECEC would supply hydropower from Hydro-Québec to the New England grid through a 20-year supply agreement with Massachusetts utilities.

"As a bipartisan group of lawmakers representing regions throughout Maine, we discourage Massachusetts from proceeding with this project after the people of Maine delivered a stunning rebuke of the NECEC," the letter said.

The state's utilities, the group said, received other bids as part of its clean energy generation request for proposals, and they should "move on" from NECEC. ■



A voter-approved referendum on transmission development in Maine would ban construction of the NECEC transmission line in the Upper Kennebec Region, where the project is sited now, according to state regulators. | Shutterstock



# NYISO News



## Interior Greenlights South Fork Wind Project COP

*Continued from page 1*

address the concerns of the fishing industry when considering alternatives, mitigation measures and cumulative impacts under the National Environmental Policy Act.”

Fishermen, environmentalists, labor unions and local residents broadly support the project, but some opponents have filed suits in state courts to have its power purchase agreements nullified. (See *BOEM Hears Public Support for South Fork OSW.*)

*Newsday* reported Wednesday that the non-profit *Government Justice Center* filed a lawsuit in New York State Supreme Court in Suffolk County on behalf of two Long Island rate-payers alleging that the Long Island Power Authority ignored its own criteria for power production resources in entering into a contract for the South Fork Wind Farm. The suit called the project’s power unreliable “because it depends on an intermittent resource to

generate electricity.”

The main point in the September 2021 *complaint* signed by Wainscott resident Simon V. Kinsella, however, was price, not reliability. The PPA pays 22 cents/kWh versus the 8 cents being paid to the neighboring Sunrise Wind Project, the complaint said.

The request for proposals “was a manipulated, noncompetitive solicitation,” Kinsella argued, in which the company administering the procurement, PSEG Long Island, awarded a contract to its existing business partner, Deepwater Wind, at a rate that exceeded the market rate by 53% at the time. Deepwater Wind was the original developer of the South Fork project.

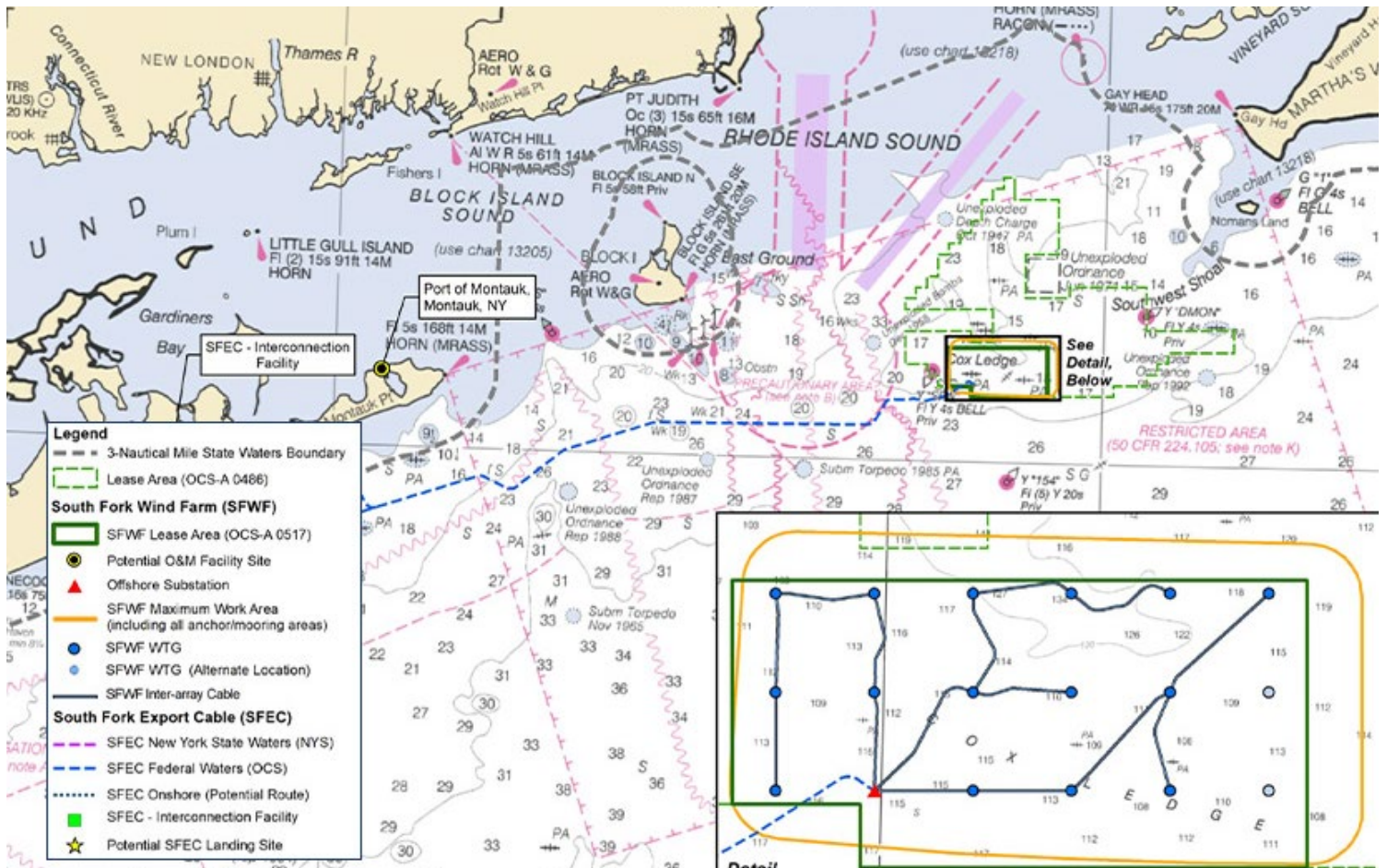
The complaint also alleges that then-Gov. Andrew Cuomo inappropriately interfered with the procurement process earlier this year by pressuring the LIPA Board of Trustees, the majority of whom were appointed by him, to approve a contract for \$1.6 billion, which they did on Jan. 25.

The project’s “gross profit (excluding operations and maintenance) is \$885 million, representing 120% of the cost (\$740 million),” the complaint said.

LIPA determined that the totality of South Fork’s benefits outweighed the variable nature of wind power, spokesman Andrew Berger told *RTO Insider*.

“As part of the solicitation for resources, the South Fork Wind project was paired with transmission, battery storage and demand response. Thus, the awarded portfolio of projects produced more benefits to customers than the alternatives,” Berger said. “As with all LIPA contracts, the procurement was also independently reviewed and approved by the New York attorney general’s office and the state comptroller’s office.”

LIPA also pointed out that larger projects such as Sunrise Wind, able to spread fixed costs over greater energy production, have lower per-unit costs than smaller projects. ■



Map shows the location of the South Fork Wind Project and its accompanying export cables. | *South Fork Wind*

## PJM News



# NRC Inspectors Find 5 Safety Violations at Davis-Besse Nuke

## *Emergency Diesel Generators Failed in Tests*

By John Funk

A special inspection team sent by the Nuclear Regulatory Commission to the Davis-Besse nuclear power plant in Ohio on July 27 has issued five safety findings that it discovered during an examination of the plant's steam system following an automatic reactor shutdown July 8.

NRC on Nov. 19 issued a [69-page report](#) in which inspectors called the shutdown "complicated" because of the failures of a steam system and electromechanical steam line controls.

The problems started when the plant's main steam turbine tripped off, causing the reactor to shut down without incident. But engineers had to manually shut valves to fix steam system problems after the electromechanical controls failed to work, according to the report.

The six-member inspection team concluded that Davis-Besse engineers had installed the

wrong part in a switch controlling the steam valve system and that overall the plant had inadequate "procedural guidance" for control room operators in such a situation.

The commission is still determining the safety significance of two of the five findings, involving the failure of the plant's emergency diesel generators (EDGs) five times over 24 months preceding the July shutdown. The failures occurred during routine testing to make sure the EDGs would instantly start and instantly generate electricity.

The inspection team reviewed the efforts by Davis-Besse's engineers to find the cause of the failures of the large EDGs during routine testing. The inspectors determined that there had been inadequate maintenance in one case and the use of an updated but inappropriate electronic part in another case. The correct, updated parts have been installed since the failures.

NRC is now doing a complicated risk assessment of the failures of the EDGs to start as designed, as failure during an actual emergency involving the reactor could lead to catastrophic consequences.

EDGs must be able to automatically start and immediately generate power when a reactor shuts down and the plant is simultaneously cut off from grid power, making their operability critical during an emergency.

A nuclear power plant requires about 4 MW to run all its operating, safety and control systems. If the generators are inoperable during an emergency, a battery backup system powers certain emergency equipment for a limited number of hours.

Davis-Besse is owned by Energy Harbor, the successor to FirstEnergy Solutions. Energy Harbor did not respond to a request for comment. ■



Davis-Besse nuclear plant in northern Ohio | [Gregory Varnum, CC BY-SA-3.0, via Wikimedia](#)



## PJM News



# PJM to Mandate COVID-19 Vaccines

By Michael Yoder

PJM is mandating COVID-19 vaccines for its employees, contractors, vendors and stakeholders working at or attending meetings at the Valley Forge, Pa., campus or to attend RTO events on and off campus beginning Jan. 4.



PJM CEO Manu Asthana | © RTO Insider LLC

CEO Manu Asthana made the announcement in a letter sent to stakeholders Nov. 19, laying out a path for the return to in-person meetings on the campus and working procedures for employees.

Stakeholders had argued for months at committee meetings that the RTO should mandate vaccinations for all its employees. They received further updates at the September Operating Committee meeting, with PJM staff saying they were reviewing Occupational Health and Safety Administration (OSHA) rules requiring vaccinations or a weekly negative COVID-19 test for any company with more than 100 employees by consulting the RTO's legal counsel, its epidemiologist and the executive team. (See "COVID-19 Update," *PJM Operating Committee Briefs: Sept. 10, 2021*.)

The 5th U.S. Circuit Court of Appeals, in New Orleans, earlier this month granted an emergency stay prohibiting enforcement of the OSHA rules, with the court saying they raised "grave statutory and constitutional issues." The 6th Circuit, in Cincinnati, was selected on Nov. 17 to accept legal challenges to the mandate, and the Biden administration filed an emergency court motion on Nov. 23 seeking the reinstatement of the mandate.

Asthana thanked the membership for their cooperation and flexibility in the stakeholder process as the RTO has "navigated our way through the pandemic."

"At PJM, the safety, security and reliability of the high-voltage electric system and the well-being of our employees and stakeholders are paramount," Asthana said.

### Stakeholder Meetings

PJM had said in August that it expected to resume holding in-person stakeholder meetings on the RTO's campus in the first quarter of 2022, starting with the Members Committee's and Markets and Reliability Committee's meetings.



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Asthana announced that PJM intends to extend an in-person meeting option in the second quarter of 2022 for the RTO's standing committees, including the Planning, Market Implementation, Operating and Risk Management committees, as well as senior task force meetings.

Stakeholders will still have a virtual attendance option that has been available since PJM started emergency procedures for the pandemic in March 2020. Members wishing to attend in-person meetings will be required to be vaccinated.

Asthana said the RTO has been looking for locations for its Annual Meeting, but it has been unable to "secure an appropriate venue." Instead, PJM will hold the meeting at its Conference and Training Center in Valley Forge to conduct necessary business in May, including the election of the Board of Managers, and then hold an event in the fall for "social and leisure activities."

The Annual Meeting will start May 17 with the MC meeting, the board election and the general session. The following day will feature PJM board meetings with the Transmission Owners Agreement-Administrative Committee, the Public Interest and Environmental Organizations User Group, and the Organization of PJM States Inc. board of directors.

### PJM Employees

Asthana also said PJM employees could resume business travel, which has been restricted since January 2020, in the first quarter,

provided the employee is vaccinated.

In-person operator training will also resume next year with the spring PJM operator seminar running from March 7 to May 13. Asthana said details regarding the start of other in-person training seminars will be announced in the future.

When asked if there will be any medical or religious exemptions provided to employees who do not take the vaccine, PJM spokeswoman Susan Buehler said the RTO is allowing for medical and "sincerely held religious exemptions" for employees. Buehler said the exemptions will be handled individually on a case-by-case basis.



Susan Buehler, PJM | PJM

A "majority" of PJM employees have already been vaccinated, Buehler said, and the RTO is working with unvaccinated employees to "provide flexibility and alternative jobs" if it is possible. She said the vaccine mandate does not apply to PJM employees working remotely 100% of the time.

Buehler said PJM has not been influenced by the federal court cases regarding the OSHA mandates and plans on holding to the Jan. 4 timeline.

"PJM is most concerned about the safety of the grid, the safety of employees and those who come on our campuses," Buehler said. ■



## PJM News



# Veteran Litigator Appointed Head of NJ Rate Counsel

*Lipman Ready to Take on Rapidly Changing Energy Sector*

By Hugh R. Morley

New Jersey Gov. Phil Murphy has appointed Brian O. Lipman, a veteran litigator and senior executive at the state Division of Rate Counsel, to lead the consumer advocacy agency through what is expected to be a period of dramatic and unprecedented evolution in the energy sector.

Lipman joined the division in 2013, spending eight years as its litigation manager before being named acting director after Stefanie Brand retired in September. He also spent 10 years, 2003 to 2013, as a deputy attorney general in the state's Division of Law where he represented the New Jersey Board of Public Utilities (BPU).

Lipman takes the position of rate counsel as the state reshapes its energy sector in line with Murphy's *Energy Master Plan* to reduce New Jersey's carbon emissions 80% below 2006 levels by 2050. Strategies to achieve that goal include boosting the use of solar with new programs for community solar and grid-scale development, jumpstarting a new offshore wind industry and aggressively promoting the use of electric vehicles. Murphy has particularly focused on cutting emissions from the transportation sector, which accounts for about 40% of the state's carbon emissions.

Lipman was sworn in as rate counsel on Nov. 8, with Murphy in attendance, as posted on the governor's official Facebook page. "Under his leadership, we will continue to ensure residents receive safe and affordable utility service," Murphy said.

In an interview with *RTO Insider*, Lipman said it is "hard to say" whether he will take the department in a different direction to the one charted by Brand because "a large portion of what we do is reactive." While he worked on numerous issues as the division's litigation manager, market changes mean he will confront others not faced by the agency before, he said.

"We're entering an era of transformation within the energy industry," Lipman said. "There's going to be a lot of things that no one's ever looked at before that we're going to have to look at. And that helps set policy.

"It's a fascinating time," he said. "It's a little bit [of a] scary time because of how much everything is going to cost, but it is also a hopeful time. I think that we'll have a better, safer grid



Brian O. Lipman | *New Jersey Division of Rate Counsel*

at the end of all this. It's just a matter of figuring out how we pay for [it]."

### Holding the Line on ZECs

Lipman foresees no change in direction to the division's vigorous opposition to the zero-emission subsidies the BPU awarded to three South Jersey nuclear units in March 2019, and then again on April 27. On both occasions, the BPU awarded \$300 million in zero-emissions credits (ZEC) to Public Service Enterprise Group (PSEG), which owns two of the plants, and Exelon, which co-owns the third plant with PSEG.

State law allows the award of ZECs to nuclear power plants at risk of closure, but the division, under former Rate Counsel Brand, argued that the BPU failed to show that the nuclear plants would lose money without the subsidies. (See [NJ Nukes Awarded \\$300 Million in ZECs.](#))

The division took the first case to the state Supreme Court, where it was dismissed. On Oct. 12, Lipman, as acting director, appealed

the board's April 27 award to the N.J. Superior Court Appellate Division, again contending that the facts did not support the award. (See [NJ Rate Advocate Challenges 2nd Round of Nuclear Subsidies.](#))

"We're going to continue that challenge," he said. "We're just not convinced that the amount of ZECs that were paid to PSEG were necessary."

Lipman said he is comfortable standing up to PSEG, the state's largest utility. He said he has had numerous interactions with the utility over the years, including as deputy attorney general representing the BPU in an 18-day trial in federal court in 2011. The case involved a lawsuit filed by PSEG against the state's Long-Term Capacity Agreement Pilot Program that awarded subsidies that the utility disagreed with for the construction of three gas-fired generators in New Jersey that would compete with PSEG.

PSEG won the case, Lipman said, "So, I've seen the full weight of the corporation and what

## PJM News



they can bring to bear.”

But that case also brought his work to the attention of Brand and eventually brought him to the Division of the Rate Counsel.

“My goal, and I believe we’ve done very well, is [that] while [the relationship with PSEG] may be adversarial, it’s professional,” he said. “And at the end of the day, we can walk away from each other with mutual respect. I’m not going to agree with everything they want to do; they’re not going to agree with everything I say. And we both know that.”

### Vying for Fair Cost Allocation

Lipman expects “to see a lot more federal and state transmission issues” than his predecessor, such as the BPU and PJM’s recent solicitation for suggestions on how to modernize the grid to accept energy from the offshore wind developments underway. (See [New Jersey Seeks OSW Transmission Ideas](#).)

“Grid modernization is a big issue now,” he said. “That’s obviously more on the distribution level because the BPU regulates the distribution level,” he said, adding that he expects modernization of transmission infrastructure to be significant as well. “PJM is also looking at grid modernization and what they need to do to upgrade their grid.”

On those issues, and others, his office will

monitor how those upgrades are funded to ensure that ratepayers are charged fairly, he said. The rise of the state’s offshore projects will also raise ratepayer and transmission issues that are “much different from anything we’ve ever seen in the state before,” he said.

“Bringing all that power on shore is going to be massive, and making sure that the allocation of those transmission lines is appropriate and that New Jersey is not bearing an unfair weight of that power as it goes into the PJM grid is important,” Lipman said. “And to the extent it goes to New York, to make sure New York is paying its fair share.”

Cost allocation for infrastructure is always an issue, and the rate counsel has been concerned for a while about the allocation of the cost of transmission upgrades in North Jersey, he said.

“Because the lines are in PSEG territory, we are paying for them. We think they should be allocated to New York ratepayers,” he said. “Similarly, lines built in New Jersey for PJM will benefit other states in PJM, and to the extent they benefit, they should pay.”

### Advocating for People

As a member of the executive committee of the Consumer Advocates of PJM States, Lipman will likely have a voice in cost allocation discussions.

The new rate counsel graduated from American University with a bachelor’s degree in political science in 1992 and earned his law degree from Rutgers University in 1995.

As an attorney in private practice from 1997 to 2003, he represented private employers and federal employees in employment litigation matters. He joined the New Jersey Division of Law in 2003, working on a portfolio of cases with periods working at the Division on Civil Rights and Affirmative Litigation Section, both of which are part of the Division of Law.

Lipman said his experience litigating in private practice helped prepare him for the kind of analysis and high-density information absorption he needs as rate counsel.

“I would be lying if I didn’t say I don’t learn something new every day, even now, in the utility world, and you have to be willing to do that — to go out there and just really dig into this stuff to really learn it,” he said.

But Lipman is most motivated in his new role by the opportunity to advocate for those in need.

“I’ve met people out there who have said to me, ‘I have to choose between my medication, my heat and my food. I can’t afford all three. How do I choose?’” he said. “And now I’m advocating on behalf of those people to try and keep their rates down and reasonable.” ■

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## Company Briefs

### Hyundai Affirms EV Production in US



**HYUNDAI**

Hyundai Motor Group Chairman Chung Euisun recently affirmed plans for the company to manufacture electric vehicles in the United States, although he did not offer a firm date.

“Not starting next year, but we are planning to [make EVs in the U.S.], so still looking for a

timing,” Chung said.

In May, the company announced a plan to invest \$7.4 billion in expanding its EV production and recharging infrastructure in the U.S.

More: [The Korea Herald](#)

### Ørsted Buys Wind Farm from Ares to Power Meta, McDonald's

Ørsted A/S recently announced the pur-

**Ørsted** chase of the 302-MW Lincoln Land Wind farm in Illinois with long-term agreements to sell electricity to Facebook parent Meta Platforms and McDonald's.

The deal raises Ørsted's U.S. capacity in operation and under construction to 4.2 GW.

The project is the company's first in MISO territory.

More: [Bloomberg](#)

## Federal Briefs

### US to Miss EV Targets Sans Semiconductor Investments



Commerce Secretary **Gina Raimondo** last week said the U.S. won't meet the Biden administration's goal of widespread electric-vehicle adoption without urgent investment in domestic semiconductor manu-

facturing.

Raimondo urged Congress to pass the Chips Act, which would authorize \$52 billion in subsidies for domestic semiconductor manufacturing and research. The Senate passed the bill in June, but the House has not yet

cleared it.

A global shortage of semiconductors has hobbled the auto industry recently, forcing automakers to suspend production for weeks at a time. Demand for the components is soaring as more consumer goods become computerized and as Americans ramp up spending on electronics. However, chip supply is scarce because semiconductor factories are extremely expensive and time consuming to build.

More: [The Washington Post](#)

### White House Creates Division to Help Craft Climate Change Policies

The White House last week launched a new energy division of its Office of Science and

Technology Policy (OSTP) and appointed Sally Benson, an energy expert at Stanford University, to a high-level position to contribute to climate change policy.

Benson will serve as deputy director for energy and chief strategist for the energy transition at OSTP. She will work closely with Gina McCarthy, the White House national climate adviser, and Jane Lubchenco, deputy director for climate and environment at OSTP.

The new division will help implement the energy provisions in the \$1.2 trillion infrastructure bill Congress passed earlier this month.

More: [The Washington Post](#)

## State Briefs

### CALIFORNIA

#### PG&E Fined \$7.5M for Safety Failures



The Public Utilities Commission two weeks ago issued \$7.5 million in citations to Pacific Gas & Electric over the company's failure to properly inspect

and repair transmission lines and distribution poles in its service area from 2009 through 2018.

A \$5 million citation relates to a notification sent by PG&E to the PUC in 2019 warning that an inspection of the Ignacio-Alto-Sausalito transmission lines revealed “high-

priority deficiencies” on 21 towers. These issues included rusted and damaged tower parts, joints and “C” hooks. The PUC said the company failed to resolve the deficiencies within a proper timeframe.

A second \$2.5 million citation relates to another notification sent by PG&E in 2019 identifying 54,755 distribution poles that required routine inspections. The poles had been inspected under the Wildfire Safety Inspection program, but the program did not meet all criteria laid out in the PUC's General Order. PG&E was directed to work quickly to inspect the poles and update its records, but the work was not completed.

More: [KTLX](#)

#### Power Shutoffs Affect Thousands of SDG&E Customers on Thanksgiving

San Diego Gas & Electric on Thanksgiving Day announced it was shutting off power for public safety reasons to 5,311 customers due to critical fire weather conditions.

The National Weather Service had issued a red flag warning for the San Diego region from last Wednesday night through Friday evening, with the potential for strong, gusty winds and low humidity. Because of that, tens of thousands of homes throughout Southern California were without power on Thursday to prevent equipment from igniting wildfires.

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

## COLORADO

### Xcel Reaches Deal to Close Coal-Fired Comanche Plant



Xcel Energy filed an agreement

with the Public Utilities Commission last week to close the Comanche coal-fired power plant by 2035. The move could slash the utility's carbon dioxide emissions by nearly 90%.

Under the proposed settlement, Xcel would close Comanche by the end of 2034. During the interim, it would transition its reliance to lower-cost generators, running the plant at half-capacity by 2025 and at only a third of its full capacity by 2029.

Comanche was the state's single-largest source of greenhouse gas emissions in 2018, according to EPA data.

The PUC is expected to decide on the proposal early next year.

More: [CPR News](#)

## OHIO

### House Passes Bill Creating EV Commission

The House last week approved legislation that would provide tax breaks for EV manufacturers and set up an Electric Vehicle Commission to advise lawmakers on policy.

The commission would study existing EV policy and write annual reports with recommendations for developing the market. The 10-member panel would be made up of six appointees selected by the governor and two each from the General Assembly and the Senate.

The measure moves to the Senate.

More: [Ohio Capital Journal](#)

## VIRGINIA

### Henry County Board Denies 2 Solar Farm Requests

Following a four-hour public hearing, the Henry County Board of Zoning Appeals last week denied the rezoning of hundreds of acres for two solar farms.

The board killed rezoning requests for the 800-acre Rocky Ford Solar Energy Project, as well as a second request by Axton Solar, which wanted to add 484 acres to 1,203 acres previously approved for solar in the same vicinity and spilling over into Pittsylvania County.

At the end of the hearings, County Director of Planning, Zoning and Inspections Lee Clark recommended both proposals be declined. The board unanimously turned both down.

More: [Martinsville Bulletin](#)

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