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PJM

BOEM to Open Six New Lease Areas in NY Bight

(p.17)

FERC & Federal

DOE to Tackle Tx Siting, Financing, Permitting in Better Grid Initiative

(p.5)

FERC & Federal

Long Permitting, Drought Put US Hydropower at Risk

(p.3)

Southeast

TVA Comes Under Congressional Spotlight

(p.6)

MISO

MISO Walks Back 10 MW Size Limit on DER Aggregations

(p.14)

PJM

PJM Reveals Preliminary Capacity Auction Timeline

(p.16)

SPP

SPP Lays out its Western Expansion Strategic Plan

(p.26)

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In this week's issue

FERC/Federal

Long Permitting, Drought Put US Hydropower at Risk 3
 DOE to Tackle Tx Siting, Financing, Permitting in Better Grid Initiative 5

Southeast

TVA Comes Under Congressional Spotlight 6

CAISO/West

CPUC Takes Heat on Rooftop Solar Plan..... 7
 Western RA Program Readies Governance 8
 Concerns Arise over EV Truck Impact on Calif. Grid 9

ISO-NE

NEPOOL MC Approves ISO-NE Plan to Eliminate MOPR 10
 NEPOOL Markets Committee Briefs 11

MISO

Hearing May Settle Ameren, DOJ Clash over Coal Plant 12
 EPA Coal Ash Enforcement Impacts Midwest Coal Plants..... 13
 MISO Walks Back Size Limit on DER Aggregations 14

NYISO

Con Ed: 2021 DR Programs Rise in MW Value, Enrollment 15

PJM

PJM Reveals Preliminary Capacity Auction Timeline 16
 BOEM to Auction Six New Lease Areas in NY Bight 17
 PJM MIC Briefs..... 19
 PJM Operating Committee Briefs..... 21
 PJM PC/TEAC Briefs 23

SPP

SPP Lays out its Western Expansion Strategic Plan..... 26
 SPP Markets and Operations Policy Committee Briefs 28

Briefs

Company Briefs..... 32
 Federal Briefs..... 32
 State Briefs 33

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FERC/Federal News

Long Permitting, Drought Put US Hydropower at Risk

Senate ENR Hearing Focuses on Permitting and Market Changes, Drought Relief Efforts

By K Kaufmann

The Senate Energy and Natural Resources Committee kicked off its 2022 schedule Jan. 11 with a hearing on hydropower characterized by uncommon agreement among its often adversarial Democrats and Republicans.

Lawmakers on both sides of the aisle agreed that the nation's hydropower projects provide renewable, flexible baseload power that is undervalued in power markets and under-incentivized in federal policymaking. They also agreed that hydro is at risk because of long, expensive permitting and relicensing processes, as well as the ongoing drought in the West, which has threatened water levels and power supplies at major federal projects.

About a third of all nonfederal hydropower projects, representing 14 GW of capacity, will be up for relicensing between now and 2030, committee Chair Joe Manchin (D-W. Va.) said in his opening statement. "Between low hydroelectricity prices and the high capital cost of maintenance and retrofits required for relicensing, there is a real possibility these plants could face closure."



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



Sen. John Barrasso (R.-Wyo.) | *Senate ENR*

Sen. John Barrasso (R-Wyo.), the committee's ranking member, stressed the importance of hydro's use as a black start resource and the need for changes to permitting, both for the relicensing of existing facilities and for adding hydro to

nonpowered dams.

Noting that only 3% of the nation's 90,000 dams produce electricity, Barrasso said, "The glacial pace of permitting is a significant barrier to private sector investment in hydropower. It reduces the likelihood of investment in upgrading existing hydropower facilities such as installing turbines in nonpowered dams."

Citing a Department of Energy study, Barrasso said that installing turbines on nonpowered dams could add 12 GW of power to the nation's grid.



Lake Powell, which provides water to power the Glen Canyon dam, is seeing water levels at historic lows, cutting power production at the dam by 16%, according to the Bureau of Reclamation. | *Bureau of Reclamation*

'Just a Down Payment'

Federal support for hydropower was one of the selling points of the bipartisan Infrastructure Investment and Jobs Act (IIJA), signed by President Biden in November. The law included \$125 million to add hydropower to nonpowered dams and another \$75 million for efficiency improvements at existing hydro facilities, such as installing new low-head turbines that can produce power at lower water levels.

Jennifer Garson, acting director of the Department of Energy's Office of Water Power Technologies, which is administering the IIJA funds, said they "will have an immediate impact on the U.S. hydropower sector and help address some of the critical capital gaps the industry faces."

Garson was one of four federal and industry officials at the hearing. Malcolm Woolf, president and CEO of the National Hydropower Association, said the federal dollars, while vitally needed, are "just a down payment."

"That money will stretch to cover investments in perhaps 150 to 200 facilities across the nation, but there are about 2,200 [hydro projects] in the U.S.," Woolf said.

He also called for a streamlined permitting

process that would allow "facilities that do not have significant environmental issues" to be approved in about two years, such as closed-loop or off-river pumped storage projects or nonpowered dams that have already gone through environmental reviews.

"We need some process discipline in order to be able to make sure that the deadlines established are honored, and the second thing we need is to rein in the agency over-run," Woolf said, pointing to permitting requirements that may not be directly related to a project, such as building community facilities or providing grazing for livestock.

Woolf and others called for FERC to take a stronger role in the permitting process. It is currently the lead agency on hydropower permitting but is often "reluctant to make decisions when there are conflicts between agencies or between the developer and the agency," Sen. Angus King (I-Maine) said. "It basically says, 'Go work it out, and then we'll bless what you agree to.' ... FERC has to be ready to make those decisions on a timely basis."

Hydropower ITC

On the incentive side, Sens. Maria Cantwell (D-Wash.) and Lisa Murkowski (R-Alaska) both promoted *SB 2306*, which would provide a 30% federal income tax credit for hydropower



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

FERC/Federal News



upgrades that improve grid resilience by, for example, providing ancillary services or helping to integrate other renewable resources. The bill also includes a direct-pay option that would allow public power utilities and cooperatives to use the credit.



Sen. Lisa Murkowski (R-Alaska) | *Senate ENR*

The credit would also be available for smaller, run-of-river projects that, Murkowski said, would have a major impact for remote communities in her state.

“When you take a village off diesel, you are making an extraordinary difference in the quality of life and sustainability of that community,” Murkowski said. “We can do more to demonstrate to the public that projects like this are safe; that they can be constructed without detriment to the environment [and] without impact to our fisheries.”

But Scott Corwin, executive director of the Northwest Public Power Association, cautioned that incentives needed to be backed up by changes to electricity markets. “One challenge for hydropower is that traditional energy markets were not designed to provide proper price signals for its value, like ramping capacity and ancillary services,” Corwin said. “We need more market mechanisms that create price formation to compensate hydropower, so it’s available for dispatch when needed most.”

The 500+ Plan

But the greatest threat to hydropower right now is the drought in the Western states, which Sen. Martin Heinrich (D-N.M.) said has passed the point where it can be labeled as a

temporary condition.

“There’s substantial evidence that what we’re experiencing now in New Mexico and other parts of the West ... may be more accurately termed aridification. In other words, it’s a permanent impact of the changing climate,” Heinrich said. “We’re simply not seeing the snowpacks and the precipitation that we used to see, and it doesn’t look like it’s coming back.”



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



Camille Touton, Bureau of Reclamation | *Senate ENR*

Camille Touton, commissioner of the Bureau of Reclamation, provided an overview of the “unprecedented” impacts of the ongoing drought on hydropower dams in the Colorado River Basin. Both Lake Mead at the Hoover Dam and Lake Powell

at the Glen Canyon Dam are at the lowest levels since they came online, Touton said. Lake Mead is currently at 1,066 feet above sea level, uncomfortably close to the 950-foot level at which power could not be produced at the dam.

“When you look at hydropower, there are two components to it,” Touton said. “The elevation of the reservoir, or the head, [and] the flow rate or the amount of water that goes to the turbine. What we’re seeing in the Colorado River is record low capacity.”

To mitigate the impact of low water levels at Lake Mead, the bureau replaced five of the

dam’s 17 turbines with wide-head turbines that produce power at lower water levels, Touton said.

At Lake Powell, recent forecasts show the possibility of the lake dropping below 3,525 feet by next month, she said. “This elevation is critical because it is just 35 feet above the minimum power pool elevation of 3,490,” resulting in “new and unpredictable operational conditions,” Touton said.

In response to the drought, Reclamation and the lower basin states of California, Nevada and Arizona launched the 500+ Plan in December to conserve 500,000 acre-feet of water a year, both in 2022 and 2023, to prop up water levels at Lake Mead, Touton said.

Reclamation will provide \$100 million in federal funds — partly from the IJA — and Touton said the states are also stepping up with financial support.

In yet another unprecedented move, the bureau recently announced it would for the first time “adjust” the water releases from Lake Powell, she said. “The volume stays the same in how much goes out, but we varied how much between months to be able to protect critical times in the power pool.”

Sen. John Hickenlooper (D-Colo.) noted that his state is currently seeing an above-average snowpack, providing some relief for both downstream dams, but it’s not a permanent solution.

Touton agreed that while the snow was welcome, “it’s one data point. It’s like not getting money into your bank account for a year and then all of a sudden getting a paycheck. We’re still at extreme deficits.” ■

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FERC/Federal News



DOE to Tackle Tx Siting, Financing, Permitting in Better Grid Initiative

Department Will Designate Tx Corridors; FERC Will be Able to Approve Projects

By K Kaufmann

The Department of Energy on Wednesday announced the launch of the Building a Better Grid (BBG) Initiative, aimed at attacking the many obstacles to building out the long-distance, high-voltage transmission network that the Biden administration sees as key to decarbonizing the U.S. electric system by 2035.

“The foundation of our climate and clean energy goals is a safe, reliable and resilient electric grid that is planned hand-in-hand with community partners and industry stakeholders,” Energy Secretary Jennifer Granholm said in a [press release](#). Using federal dollars from the Infrastructure Investment and Jobs Act (IIJA), the initiative will “upgrade the nation’s grid, connect more Americans to clean electricity and broadband, and reliably move clean energy to where it’s needed most.”

Getting to President Biden’s goals of a decarbonized grid by 2035 and a net-zero economy by 2050 will require the grid to expand by 60% by 2030, according to DOE, and by three times its size by 2050. Large renewable projects in remote areas, as well as offshore wind, will need transmission to bring power to urban demand centers.

But, according to DOE, about 70% of the nation’s existing transmission lines and transformers are more than 25 years old. At the same time, hundreds of gigawatts of clean power projects sit in grid operators’ queues, unable to connect because of a lack of transmission capacity.

A [2021 study](#) from the Lawrence Berkeley National Laboratory estimated that 750 GW of solar and wind and 200 GW of storage were backed up in U.S. interconnection queues at the end of 2020.

The need for grid flexibility and resilience has also been underlined by power outages caused by extreme weather or other catastrophic events, such as California’s wildfires, this summer’s extreme heat in the Northwest and the winter storm in Texas last February.

As detailed in a [notice of intent](#) released Wednesday, “DOE intends to launch a coordinated transmission deployment program to implement both IIJA and previously enacted authorities and funding.”

A transmission needs study will “identify where new or upgraded transmission facilities

could relieve expected future constraints and congestion driven by [the] deployment of clean energy; ... higher electric demand as a result of building and transportation electrification; and insufficient transfer capacity across regions.” Additional studies will look at viable pathways to a large-scale transmission system over the next 15 to 30 years, as well as transmission pathways for integrating offshore wind.

Provisions of the IIJA allow DOE to participate in public-private partnerships and to become an “anchor customer” for new and upgraded transmission lines, buying as much as 50% of a project’s planned capacity for a term of up to 40 years. The law also provides a \$2.5 billion revolving fund to support the construction of new, replacement or upgraded high-capacity transmission lines, and another \$3 billion in matching grants for grid-enhancing technologies, such as dynamic line ratings, flow control devices and network topology optimization.

The IIJA also gives DOE the authority to designate national transmission corridors in “any area experiencing or expected to experience electricity transmission capacity constraints or congestion that adversely affects consumers.” It also authorizes FERC to issue permits for the construction or upgrade of projects in such corridors. DOE intends to prioritize corridors that “overlap with or utilize existing highway, rail, utility and federal land rights of way.” It will also offer developers pre-application review of projects and coordinate with FERC on permitting.

‘Prioritize and Expedite’

The initiative was announced Wednesday by the Biden administration as part of a suite of [energy initiatives](#).

Interior Secretary Deb Haaland kicked off the day with [the announcement](#) of next month’s auction of six offshore wind lease areas in the New York Bight, off the coasts of New York and New Jersey. The 480,000 acres in the six lease sites, the most ever offered in a single auction, could eventually generate 5.6 to 7 GW of power. The Bureau of Ocean Energy Management will hold the auction Feb. 23. (See related story, [BOEM to Open Six New Lease Areas in NY Bight](#).)

The Interior Department also took the lead on the rollout of a new cross-agency effort to streamline reviews of wind, solar and geothermal projects on federal land. A [memorandum of understanding](#) signed by the Interior, Agriculture,

Defense and Energy departments and EPA calls for the agencies to “prioritize and expedite” reviews of these projects. Interagency teams staffed with subject matter experts will help advance environmental reviews and “accelerate renewable energy decision making,” according to the MOU.

Making a Dent

All three initiatives drew praise from Democratic lawmakers and clean energy advocates, but it came with calls for the Senate to pass the Build Back Better Act, which includes tax credits for a range of renewable technologies and transmission.

While applauding BBG, Rep. Kathy Castor (D-Fla.), chair of the House Select Committee on the Climate Crisis, said, “I am determined to help communities lower costs with the transition to a resilient and clean energy economy, and I look forward to working with my Senate colleagues to ensure that the critical transmission investments in the Build Back Better Act reach President Biden’s desk, so he can sign them into law.”

Gregory Wetstone, president and CEO of the American Council on Renewable Energy, said interagency efforts to streamline permitting “will ensure the American people benefit from the best solar and wind resources this country has to offer.” BBG will “unlock the potential of America’s clean energy economy by catalyzing the nationwide buildout of the long-distance, high-voltage transmission.”

Noting that China is investing 80 times more than the U.S. in transmission, Rob Gramlich, executive director of Americans for a Clean Energy Grid, said that BBG and the federal dollars in the IIJA “could make a big dent in the national transmission challenge.”

But he also cautioned that “the funding levels are nowhere near what is required for a national macrogrid. ... Congress will also need to pass the Build Back Better Act with the tax credit for regionally significant transmission because there is no way to recover costs of large interstate lines presently.” ■



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Southeast

TVA Comes Under Congressional Spotlight

Energy and Commerce Committee Questions Utility on Renewables, Affordability

By Amanda Durish Cook

The U.S. House of Representatives Committee on Energy and Commerce last week put the Tennessee Valley Authority on notice that it's concerned about the federal utility's rates and clean energy goals.

The committee on Thursday sent TVA a [letter](#) posing 16 questions on electricity affordability and renewable energy investment. Representatives said they were troubled that TVA wasn't making enough progress on emissions reduction and that its prices are no longer affordable.

"Specifically, we are concerned that Tennessee Valley residents pay too much for electricity, which particularly impacts low-income households in Tennessee," the committee wrote. "The committee is also concerned that TVA is interfering with the adoption of renewable energy by its commercial and residential customers and, while it is making progress on decarbonization, it must do more this decade."

TVA ratepayers' bills exceed the national average, the committee said. It pointed out that Memphis' low-income residents have among the highest energy burdens in the country while TVA has scaled back its energy efficiency programs in recent years.

The committee said its questioning serves to "understand the extent to which the disparity between TVA's low rates and its high customer bills is driven by the organization's decision to deprioritize energy efficiency and impose fixed fees that keep rates low but cost ratepayers money."

The committee asked whether TVA would commit to more energy-efficiency measures and requested information on the utility's current and future energy-efficiency savings and on its local power companies' energy efficiency programs. It also asked TVA to explain its "underinvestment in solar and wind resources" and detail its wholesale contracts with qualifying facilities under the Public Utility Regulatory Policies Act.

TVA must also furnish information on its rate changes over the last five years and its reasoning behind its 2018 decision to introduce fixed charges to its local power companies.

The committee also said it wants to know "whether TVA plans to update its decarbon-



TVA and BrightRidge's new Martin Solar Farm in east Tennessee | TVA

ization goals and next integrated resource plan (IRP) to comply with President Biden's executive order and to reflect TVA's statutory role as a national leader in technology and environmental stewardship."

It asked what TVA is doing to reduce its natural gas reliance and whether the utility would retire its entire coal fleet earlier than its stated goal of 2035. The committee requested the status of the environmental impact statements for the planned retirements of TVA's Cumberland and Kingston coal plants.

The Biden administration has a goal of zero emissions in the electricity sector by 2035. TVA has a target to lower its carbon emissions 80% from 2005 levels by 2035; it plans to achieve net-zero carbon emissions by 2050. Clean-energy proponents have criticized TVA's goals as sluggish. (See [Green Groups Pressure TVA on Open Meetings, Decarbonization](#).)

Finally, the committee asked the utility to explain its participation in the defunct Utility Air Regulatory Group, a lobbying organization that opposed environmental standards. (See [TVA Sued Over Contributions to Trade Groups](#).) The Center for Biological Diversity sued the TVA for passing on membership dues to ratepayers, leading to a FERC notice of inquiry over the appropriateness of recovering trade association dues in utility rates. (See [FERC Questions Ratepayer Funding of Trade Association Dues](#).)

Reacting to the letter, TVA pointed that it has already reduced emissions 63% from 2005 levels and currently supplies almost 60% of its power from carbon-free resources.

TVA spokesperson Ashton Davies said the utility is "actively pursuing emerging technolo-

gies, from carbon capture to advanced nuclear, while supporting national clean energy initiatives, such as a robust electric vehicle charging infrastructure."

Davies also said TVA's rates are lower than 80% of the nation's largest utilities.

"Even with TVA's low energy costs, we recognize the challenge of high-energy burden in our region. TVA is in partnership with 153 local power companies and other organizations to help address the root-causes of this issue, including the need to weatherize and implement energy efficiency measures in buildings and housing," Davies said in a statement to *RTO Insider*.

TVA has until Feb. 2 to respond in writing to the committee's inquiry.

Southern Alliance for Clean Energy Executive Director Stephen A. Smith lauded the committee's action. In a statement, he welcomed the "renewed Congressional oversight of this unregulated federal monopoly catering to the elite at the expense of the masses."

"TVA has lost its way in serving the salt of the Earth people of the Tennessee Valley," Smith said. "With a board of directors that condones the tasteless acts of cutting efficiency programs to help people lower their bills and blocking customer-owned clean energy, while simultaneously awarding excessive salaries and a jet-setting lifestyle to their executives, TVA has lost touch with its core service mission."

Smith added that the "privileged rubberstamp of the TVA board structure is failing our people." ■

CAISO/West News

CPUC Takes Heat on Rooftop Solar Plan

By Hudson Sangree

The California Public Utilities Commission heard nearly three hours of public testimony Thursday on its proposal to dramatically reduce the amount homeowners receive for sending excess solar power to the grid.

The plan has sparked a heated debate that now includes movie stars, a former NBA great, billionaire Elon Musk and Gov. Gavin Newsom. The CPUC is scheduled to vote on the plan Jan. 27.

At issue is the state's net energy metering (NEM) framework, which pays homeowners full retail rates for electricity without requiring them to fund grid maintenance or pay interconnection fees. (See [California PUC Proposes New Net Metering Plan.](#))

A CPUC proposed decision in December called for wholesale changes to net metering by imposing a new avoided-cost rate that would consider the value of behind-the-meter generation for resource adequacy and grid reliability, potentially slashing the reimbursement rate to less than half the original rate. It would also impose an interconnection fee that does not currently exist, averaging about \$40/month.

The CPUC said the net metering rules in place since the 1990s unfairly require average

ratepayers to compensate homeowners who can afford the upfront costs of rooftop solar arrays.

"Our review of the current net energy metering tariff ... found that [it] negatively impacts nonparticipating customers, is not cost-effective and disproportionately harms low-income ratepayers," CPUC Administrative Law Judge Kelly Hymes wrote.

About half the testimony Thursday came from the rooftop solar industry, homeowners with solar, and others who support their cause. They argued that altering net metering rules will decimate solar adoption and benefit the state's large investor-owned utilities, which stand to profit from utility-scale solar.

"One of the most important policies that helped grow rooftop solar in California is NEM, and with the ongoing climate emergency it's critical that we get buildings off gas and transition to a fossil fuel-free future," Berkeley Mayor Jesse Arreguin said as he urged the commission to reject the proposed decision.

The other half of the public comments came from residents who said their utility bills are too high because they subsidize rooftop solar, and from union workers who build utility-scale solar.

"I support the [proposed] decision," Mark McCray, a member of the International

Brotherhood of Electrical Workers, told the commissioners. "Rooftop solar costs six times more than utility-scale solar, and we simply cannot afford to overpay for a resource, especially now that we have a lot of wildfire costs. People are hurting financially from the COVID pandemic. The decision is what California needs for its clean energy future, so for more affordable electricity and for high quality jobs, please adopt the decision."

The session was the first meeting with new CPUC President Alice Reynolds presiding. She replaced former President Marybel Batjer, who retired in December.

Martha Guzman Aceves, the lead commissioner in developing the proposed net metering decision, also left the CPUC late last year to head EPA's Region 9.

With a new president and without Guzman Aceves, the fate of the net metering plan remains uncertain. Reynolds, a former energy adviser to Newsom, did not give any indication Thursday on whether she would support the proposal.

But on Jan. 10, in a press conference announcing his 2022-23 budget plan, Newsom said he felt the NEM proposal needs more work. "Do I think changes need to be made? Yes, I do," the governor said in response to a reporter's question.

Celebrities also have entered the debate. Actors Edward Norton and Mark Ruffalo opined on Twitter that the CPUC's plan was wrongheaded.

"Please don't let new California net metering rules derail rooftop solar," Ruffalo said on Twitter, addressing Newsom.

Norton posted a dozen times on Twitter about the proposal, saying "California utilities like PG&E want to maintain their monopoly and look for every opportunity to kill rooftop solar which liberates customers from their control."

Tesla CEO Musk tweeted that the net metering proposal was a "bizarre anti-environment move" by the California government.

And former NBA star and commentator Bill Walton wrote an open letter to Newsom urging him to "do the right thing ... and send this disastrous CPUC 'solution' back to the beginning."

None of the celebrities offered public testimony at Thursday's CPUC meeting. ■



Rooftop solar installers are fighting the CPUC's plan to change net metering. | Shutterstock

CAISO/West News

Western RA Program Readies Governance

By Hudson Sangree

The Northwest Power Pool began forming committees last week to nominate directors and shape program design for its resource adequacy effort designed to serve much of the Western Interconnection.

The new stakeholder committees will start to prepare the program's governance for an initial nonbinding "beta test" of the Western Resource Adequacy Program (WRAP) starting next winter and should be in place before NWPP seeks FERC approval for binding phases of the program in late 2023, organizers said.

In standing up the WRAP, NWPP has determined that it must meet FERC requirements for the group's governance and committee structures as well as for the program's design, including the appointment of an independent board of directors to replace its existing board staffed by member representatives. (See [RA Program will Require Restructuring of NWPP](#).)

"We see the need ahead of the nonbinding program [and] ahead of the FERC filing ... of setting up committees," Sarah Edmonds, director of transmission services at Portland General Electric, said Wednesday during an NWPP meeting. "We see the need to get those committees going ahead of official approval of the governance structure, [and] we expect ... that what we're doing will be very easily translatable into the future FERC jurisdictional

governance program with little to no changes."

The two new committees – the Program Review Committee and the Nominating Committee – will be composed of representatives from various sectors, including independent power producers, public interest organizations and advocates for retail customers.

The Program Review Committee "will be charged with receiving, considering and proposing design changes to the WRAP and will serve as the clearing house for most recommended design changes," NWPP said in a [statement](#).

The Nominating Committee will help establish an independent board by working with an executive search firm to identify candidates.

In Wednesday's meeting, NWPP Director of Reliability Programs Rebecca Sexton-Kelly asked sector representatives if they wanted to organize among themselves or needed NWPP's help finding committee members.

Spencer Gray, executive director of the Northwest & Intermountain Power Producers Coalition, volunteered NIPPC to lead committee selection on behalf of independent power producers and marketers.

Nicole Hughes, executive director of Renewable Northwest, offered to head the public interest sector's selection process. And Josh Weber, an attorney representing the Alliance of Western Energy Consumers, said AWEC

would lead industrial sector organizing.

NWPP is planning to help the retail advocacy sector and a sector representing certain types of load-serving entities to find potential committee members.

'Unacceptable Loss of Load'

NWPP began examining the idea of a Western RA program in 2019, as shortfalls loomed because of the retirement of fossil fuel plants, especially coal-fired plants, and the spread of weather-dependent wind and solar resources.

"Soon, areas in the West may face a capacity deficit of thousands of megawatts," NWPP CEO Frank Afranji said in an April 2020 meeting hosted by the Committee on Regional Electric Power Cooperation and the Western Interconnection Regional Advisory Body. "Deficits of that magnitude may result in both extraordinary price volatility and unacceptable loss of load."

The WRAP is intended to increase visibility into existing RA conditions in the West, addressing concerns among industry stakeholders and state regulators that load-serving entities are unknowingly relying on the same capacity resources without realizing it, threatening system reliability during periods of scarcity.

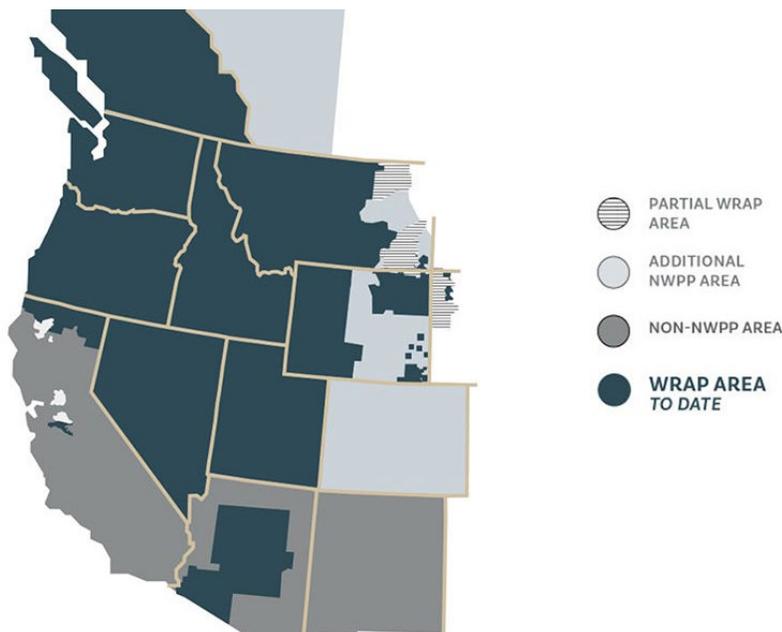
The program is designed to provide participants a framework in which to access capacity resources when a participant is experiencing an extreme event.

In December, NWPP took its first steps in implementing WRAP by inviting participants to submit resource data for a nonbinding phase of the capacity market, which the organization says will serve as a "beta test" for a final program design. (See [Implementation Underway for NWPP's Western RA Market](#).)

NWPP noted that the move to implement the WRAP officially kicks off its working relationship with SPP, which has been retained to administer the program. (See [SPP to Operate NWPP's Resource Adequacy Program](#).)

Last week's start to forming key committees was the next big step.

"The NWPP is looking forward to getting stakeholders engaged in governance and program design updates in this hands-on way," COO Gregg Carrington said in a [statement](#). "It's an exciting evolution of the organization." ■



Map shows area to be covered by the NWPP's WRAP. | NWPP

CAISO/West News

Concerns Arise over EV Truck Impact on Calif. Grid

By Elaine Goodman

As the California Air Resources Board moves toward requirements to electrify truck fleets, concerns are surfacing about the demands large electric vehicles will put on an already-strained grid.

A wide range of stakeholders commented on the issue during a medium- and heavy-duty [infrastructure workgroup meeting](#) that CARB hosted last week as part of its process for developing the Advanced Clean Fleets regulation.

“We obviously have power delivery problems today in California,” said Thomas Jelenic, vice president of the Pacific Merchant Shipping Association (PMSA). “And as we intensify electrification, we become more vulnerable. So what we have been doing in the past is not sufficient.”

Jelenic asked how electric resilience would be provided to ports, which he described as “a node of everything heavy-duty that’s going to be electrified in the future.” He said a PMSA analysis found that California ports would need about 600 MW for future transportation electrification — seemingly more than a micro-grid would provide.

The goal of the Advanced Clean Fleets regulation is to accelerate the adoption of zero-emission trucks and buses by requiring fleets that are well-suited for electrification to transition to ZEVs where feasible. An informal discussion [draft](#) of the regulation was released in September.

Wastewater Worries

Eva Plajzer, assistant general manager for engineering and operations at the Rancho California Water District in Temecula, called the timing of the regulation unrealistic. The proposed rule would require half of new vehicles purchased for public fleets to be electric starting in 2024, increasing to 100% in 2027.

Plajzer asked whether grid reliability issues would be addressed by the time the fleet regulations take effect.

“This is a tremendous concern,” Plajzer said. “When do you see having enough capacity on the grid where this reliability issue is no longer significant?”

Plajzer said Rancho Water, which provides water and sewer service, doesn’t have the luxury of taking several days off because of a power outage, such as a public safety power shutoff.



An Orange EV executive said the around-the-clock charging characteristics of terminal tractors can put localized stress on the grid. | Orange EV

She said the district has about 8 MW of solar power. But it doesn’t have space to add the “football field of batteries” it would take to provide backup power supply, she added.

In a written chat comment during the meeting, Kiel Pratt, vehicle-grid integration unit supervisor at the California Energy Commission, suggested that Plajzer look at the Laguna Wastewater Treatment Plant in Santa Rosa. The plant has engines fueled by biogas produced on-site, he said, as well as a photovoltaic system and battery storage.

Jason Dake, vice president of legal and regulatory affairs for Orange EV, a manufacturer of industrial EVs, pointed to the challenges of terminal tractors that may be used around-the-clock at distribution centers. The trucks are often “clumped together” geographically in warehouse districts, such as those in the Inland Empire, he said.

“Terminal tractors don’t have routes,” Dake said. “They are located on that site. They charge continuously during the day. That presents a very localized stress on the grid.”

Another issue raised during the meeting is that truck fleets are typically in use during the day and therefore can’t charge during off-peak times when solar power is plentiful. Charging

overnight may rely on gas-fueled power that doesn’t have the same emissions-reduction benefits, a participant said in chat-section comments.

Leslie Goodbody from CARB’s Mobile Source Control Division said the agency is aware of the issue.

Planning Ahead

Utility representatives who participated in the meeting urged stakeholders to let them know in advance of plans to electrify fleets.

“The key thing is lead time — letting us know sooner than later that you’re planning to electrify,” said Vishal Patel, principal manager of integrated system analysis at Southern California Edison.

“Getting that discussion started is really important for the utility to be aware so we can put that into our processes.”

The Jan. 12 workgroup meeting was the third in a series of sessions related to [Advanced Clean Fleets](#). The meeting’s focus was electricity and the grid. CARB is now planning a follow-up meeting on a date to be determined.

Another meeting, focused on costs and funding, was scheduled for this week but has been postponed to a date yet to be decided. ■

ISO-NE News

NEPOOL MC Approves ISO-NE Plan to Eliminate MOPR

By Sam Mintz

NEPOOL's Markets Committee on Jan. 11 approved ISO-NE's proposal to eliminate the minimum offer price rule (MOPR), rejecting an amendment that would have created a two-year transition period for the changes to the region's capacity market.

The plan to eliminate the MOPR, which ISO-NE is pursuing after calls from FERC, will head to NEPOOL's Participants Committee in February for final approval before the RTO files a tariff amendment with the commission later this quarter.

The proposal approved by the MC included some *changes* from the previous version, which were outlined by ISO-NE's Ryan McCarthy at the meeting.

Most significantly, the new proposal removes

part of the buyer-side market power review process. Specifically, it would get rid of a requirement that the Internal Market Monitor adjudicate whether a new resource's offer would "materially reduce the clearing price in the auction." The RTO said that provision was redundant with the "incentive rebuttal" process under which new resources receiving out-of-market support can avoid mitigation by proving that they do not have an incentive to exercise buyer-side market power.

Before approving the proposal, the committee voted down an *amendment* from Calpine and Dynegy that would have created a two-year transition period. The companies have argued that the proposal creates market and reliability risks and say their proposed delay would give the grid operator time to develop new mechanisms — such as capacity accreditation and enhanced reserves — to

help mitigate those worries.

Ahead of last week's MC vote, the New England Power Generators Association complained that the proposal still suffers from unresolved flaws. The plan "allows uncompetitive offers to set uncompetitive clearing prices, violating the competitive, wholesale market construct and principles adopted by ISO-NE, agreed to by market participants and the New England states, and accepted by [FERC] decades ago," NEPGA's Bruce Anderson *said*. (See [Monitor, Merchants Challenge ISO-NE Plan to Eliminate MOPR](#).)

Another amendment proposing the creation of a Scarcity Event Reduction Framework was *withdrawn* by its sponsor LS Power because it lacked support from ISO-NE. The plan would have added a new incentive to compensate resources that are able to perform in "very tight" conditions and forestall scarcity. ■



Vineyard wind held its "groundbreaking" ceremony on November 18. | [Vinyard Wind](#)

ISO-NE News

NEPOOL Markets Committee Briefs

Retirement Bid Flexibility Proposal

The NEPOOL Markets Committee on Wednesday approved a proposal from Calpine that would make changes to the resource retirement process to allow retirement bids to be updated later in order to give generators more flexibility.

Currently, retirement bids are due in March, 11 months before the Forward Capacity Auction, a time period that Sigma Consultants' Bill Fowler *said* adds "significant, unnecessary risk." (See *NE Stakeholders Propose Retirement, Financial Assurance Changes*.)

The rule change would allow bids to be updated in October, by at most 25% below their initial submission. The committee approved the proposal by voice vote.

Calpine is planning to bring a second part of its proposed retirement changes — removing the "repowering rule" that requires a minimum investment to re-enter the market after retirement — to a vote in the committee next month. That change is intended to provide generators a way to mothball units and return them to service if there are significant changes in the region, Fowler said.

Financial Assurance Proposal

The committee also discussed a plan from Competitive Power Ventures to hike financial penalties for resources that fail to reach milestones prior to their delivery year and commercial operation — a timely topic as Killingly Energy Center contests a recent FERC ruling affirming ISO-NE's decision to terminate its capacity supply obligation (*ER22-355*). (See



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

FERC Accepts ISO-NE Request to Terminate Killingly CSO.)

Killingly and projects like it have "little financial incentive to withdraw a failed project," CPV's Joel Gordon said in a *presentation*, with penalties currently only assessed after resources have failed to reach their initial commercial operation date. And the only tool that the grid operator currently has to respond to such failures is termination, which Gordon called a "sledgehammer."

When failed projects participate in capacity auctions, it harms other CSO holders through lower clearing prices and higher performance risk, and it can displace "shovel-ready" projects, Gordon argued.

CPV's proposal would create new financial assurance requirements for projects that fail to meet certain milestones. It's similar to a previous proposal by the New England Power Generators Association, which has raised the issue as well in recent weeks in response to Killingly. NEPGA's Dan Dolan told *RTO Insider* that the group would support escalating penal-

ties for delays.

The MC was supposed to vote on the plan Wednesday, but CPV deferred to the committee's next meeting to try to hash out differences with ISO-NE, which said in a *recent memo* that the plan is not complete and needs further development to define the root cause of the conditions it describes.

GIS Revisions

The committee also voted to approve *changes to NEPOOL's Generation Information System*, including:

- metering for certain residential solar generators in the Connecticut Residential Solar Investment Program;
- the treatment of energy storage facilities in the GIS; and
- enhancements to the GIS to address incorrect inputs on fuel splits for dual-fuel units. ■

— Sam Mintz

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MISO News



Hearing May Settle Ameren, DOJ Clash over Coal Plant

By *Amanda Durish Cook*

A federal judge has scheduled a hearing next month to settle a dispute between Ameren and the Department of Justice over the closure of a St. Louis-area coal plant.

In a ruling Jan. 10 out of the U.S. District Court for Eastern Missouri, Chief Judge Rodney Sippel ordered a Feb. 4 hearing over when Ameren should shutter its 1.2-GW Rush Island Energy Center. DOJ has accused Ameren of dragging its feet on pollution mitigation (4:11 CV 77 RWS).

The hearing date gives MISO time to determine whether the plant is needed for system reliability beyond its planned 2024 retirement. The grid operator said it will decide no later than Jan. 28 whether to designate Rush Island as a system support resource that would possibly prevent it from shutting down.

DOJ has accused Ameren of “engineering” a “drawn-out process” rather than simply closing the plant prior to 2024 or installing required sulfur dioxide controls, as directed by the Eastern District Court in 2019.

That decision appeared to conclude a decade-long battle over Rush Island, which was ener-

gized in 1976. The Sierra Club sued Ameren over the redesign and reconstruction of the plant’s Unit 1 and Unit 2 boilers in 2007 and 2010, respectively. The utility carried out the rebuilds without applying for a Clean Air Act permit, which would have required the inclusion of wet flue gas desulfurization pollution controls.

The court has singled out Rush Island as the 10th-highest source of sulfur dioxide pollution in the U.S. It currently operates without any pollution controls. It gave Ameren until 2024 to install up to \$1 billion in emissions controls.

The utility said in December it would meet the court’s deadline rather than bring Rush Island into compliance. According to its 2020 integrated resource plan filed with the Missouri Public Service Commission, the plant would run through 2039.

DOJ argued that Ameren should have been contemplating Rush Island’s closure as early as 2017, when a judge found the company liable for excessive pollution.

“It has been more than a decade since Ameren should have installed life-saving pollution controls when it reconstructed the Rush Island plant,” the department opined in a Dec.

28 filing. “It has been five years since Ameren was found liable under the Clean Air Act for failing to install those controls. And it has been two years since this Court put Ameren on a court-ordered schedule to finally come into compliance. Now, Ameren has decided it would rather just retire the Rush Island plant after all.”

Ameren could have alerted MISO to Rush Island’s retirement and study process in 2018 when the company itself “raised the specter” of retirement, the DOJ said. The utility’s expert economist said it would make better financial sense to close the plant rather than mount pollution controls.

The DOJ said Ameren has already “reaped significant financial benefits” from its illegal modifications to Rush Island and should speed up the closure rather than keep the plant pumping out dollars and toxic gas. The agency said it’s up to the courts, not Ameren, to establish a shutdown date.

“Any delay in the plant’s shutdown will come at the expense of human health and welfare,” DOJ said.

But Ameren said the closure process is not that simple. It also insisted that its retirement decision wasn’t “definitive” until last month and pushed back against the DOJ’s insinuation of a “bad motive.”

“Rush Island cannot be hastily disconnected from the grid without careful evaluation of potential impacts on the stability and reliability of the transmission system, and resolution of any problems identified,” Ameren countered in a filing Friday.

The utility has fought for years to keep Rush Island generating electricity. Now, Ameren says the plant’s early retirement will lead to a healthier public — if MISO doesn’t conclude the plant is needed for the grid’s health.

The Sierra Club has asked that Ameren replace Rush Island’s capacity with a blend of renewable energy, energy efficiency and demand response.

“Given the immense public health harms that Ameren Missouri chose to inflict on the region by operating Rush Island out of compliance with the Clean Air Act, [Ameren] CEO Marty Lyons and utility executives should work with the grid operator to retire the coal plant as soon as possible,” interim Sierra Club Beyond Coal Campaign director Andy Knott said in a statement last month. ■



Upgrade work at Rush Island Energy Center in 2018 | *McCarthy Construction*

MISO News

EPA Coal Ash Enforcement Impacts Midwest Coal Plants

By Amanda Durish Cook

EPA's announcement Jan. 11 that it will crack down on coal-ash ponds has an outsized impact on Midwestern coal plants.

The agency *proposed* that three coal plants in the region stop dumping waste into unlined ash ponds and denied the facilities extensions of an April 2021 deadline to initiate the ponds' closure. Affected plants include the Indiana Kentucky Electric Corp.'s 1.3-GW Clifty Creek Power Station in southern Indiana; American Electric Power's 2.6-GW Gavin Power Plant in southern Ohio; and Interstate Power and Light's 726-MW Ottumwa Generating Station in southeastern Iowa.

The agency opened a 30-day comment period on its proposed determinations. It also said East Kentucky Power Cooperative's 1.3-GW H.L. Spurlock Power Station might receive an extension until Nov. 30, provided it fixes groundwater monitoring problems.

EPA's actions represent the Biden administration's first steps to enforce coal-ash disposal regulations enacted in 2015. The agency's Coal Combustion Residuals Rule required most of the country's 500 unlined ash pits to stop receiving waste and to begin closure activities by April 2021.

Coal ash contains toxic materials that can seep into groundwater, including mercury, cadmium and arsenic.

"I've seen firsthand how coal-ash contamination can hurt people and communities. Coal ash surface impoundments and landfills must

operate and close in a manner that protects public health and the environment," EPA Administrator Michael Regan said in a *press release*. "For too long, communities already disproportionately impacted by high levels of pollution have been burdened by improper coal ash disposal."

4 MISO Plants Deemed Incomplete

EPA also said four coal plants in MISO's footprint submitted incomplete applications to postpone the closures of their ash ponds.

The agency said Ameren Missouri's 1-GW Meramec Energy Center in St. Louis and its 1-GW Sioux Energy Center in West Alton submitted inadequate information in their extension requests. It also singled out the City of Springfield, Ill.-owned 200-MW Dallman Power Station and the Lansing Board of Water & Light's Erickson Power Plant in central Michigan for unfinished applications.

Ameren plans to retire the Meramec's coal-fired units by the end of 2022 and to wind down operations at the Sioux Energy Center sometime in 2028.

The Lansing Board of Water & Light has said it will retire its Erickson Power Plant by 2025. Springfield *retired* an aging unit at Dallman last year following storm damage.

EPA said it will make more decisions on extension applications for ash ponds or pit closure dates in the coming months. It said it has 48 more eligible applications to review from facilities that want to keep dumping waste into their unlined ash ponds.



Erickson Power Plant | Lansing Board of Water & Light

The agency also said Jan. 11 that it will begin contacting facilities with coal ash ponds that have insufficient cleanup information or have poor monitoring records.

"As the transition from coal advances, it is also critical that we responsibly manage the legacy wastes that have been left from our historical reliance on coal," Liesl Clark, director of the Michigan Department of Environment, Great Lakes, and Energy, said in a statement. "We support EPA's ongoing efforts to provide clarity around the coal combustion residuals rules and to ensure that our world-class freshwater resources and the drinking water they provide are not impacted by these legacy wastes." ■



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MISO News

MISO Walks Back Size Limit on DER Aggregations

By Amanda Durish Cook

MISO on Thursday told stakeholders it had removed a 10-MW size limit on aggregations of distributed energy resources from its FERC Order 2222 compliance proposal.

During a Distributed Energy Resources Task Force (DERTF) meeting, DER Program Manager Kristin Swenson said MISO removed the limit and will not propose a size limit on either aggregations or a single asset within an aggregation.

The RTO surprised stakeholders late last year by announcing the 10-MW limit. It has been on record multiple times saying it wouldn't limit the size of aggregations in its markets under Order 2222.

Several stakeholders attending a late November DERTF meeting said it was the first they heard of a maximum threshold on DER aggregations. Staff cited market power concerns and simplified generation outage coordination for setting the size limit.

Swenson said MISO may have to revive discussions on size limits if unusually large

aggregations seek wholesale market access. She said staff expects most aggregations to be relatively small but said it's possible that an 80-MW wind farm on the distribution system could expect to participate in the markets without first entering the generator interconnection queue.

The grid operator plans to rely on its electric storage resource participation model to let DER aggregations participate in the wholesale market. It also said aggregations must be limited to a single pricing node and must self-commit. MISO has said it will not provide output forecasts for the aggregations. (See [MISO Draws on Storage Model for DER Aggregations.](#))

The RTO is currently drafting the compliance filing.

"We're in the crunch time here. There's going to be a lot of tariff language," Swenson warned stakeholders late last year.

Staff has said they don't expect the Order 2222 compliance to cover all DER applications in the wholesale market.

"We have a lot to learn about DERs and how they will participate in the market,"

Swenson said.

MISO is also contemplating whether it needs a forum to discuss DERs after it achieves FERC compliance.

The DERTF is slated to sunset July 31. Stakeholders are debating extending the sunset date by a year or transitioning it into a working group to address evolving and growing DER participation.

MISO says stakeholders can modify the group and reestablish a charter that doesn't explicitly mention Order 2222 compliance once the RTO has a compliance ruling. It is accepting stakeholder input on whether to maintain a dedicated DER stakeholder group.

WEC Energy Group's Chris Plante predicted more DER issues will need to be discussed once states have more assets on their distribution systems.

MISO legal counsel Michael Kessler said he doesn't see a need for stakeholder work on Order 2222 or DER aggregation participation until FERC's ruling.

"We're going to be in a hold mode waiting on FERC," Kessler said. ■



| Advanced Power Alliance

NYISO News



Con Ed: 2021 DR Programs Rise in MW Value, Enrollment

By Michael Kuser

Consolidated Edison on Thursday reported that its demand response programs increased only slightly in megawatt value last year but dramatically in enrollment, which climbed by approximately 250% compared to that of 2020 (Case No. 14-E-0423).

The company and five other investor-owned utilities in New York filed individual dynamic load management (DLM) performance reports for the state's Public Service Commission to consider at a hearing Thursday.

Con Ed's DR programs include its commercial system relief program (CSRPs); distribution load relief program (DLRP); auto DLM; term DLM; and the residential Bring Your Own Thermostat (BYOT) program.

Under the DLRP, customers receive notification two hours before a DR event, which is called to address an isolated need. In contrast, the utility's customers receive notification at least 21 hours before a CSRPs event, which is called in response to systemwide peak demand.

Con Ed reported a slight decrease in enrollment in the CSRPs and DLRPs during 2021, which was the first year of the term and auto DLM programs. The term program is a day-ahead peak-shaving program that incentivizes customers to provide load relief with 21 hours of notice or more, while auto program participants agree to provide load relief on not less than 10 minutes advance notice.

The term and auto DLM programs offer fixed pricing for contract lengths of three to five years and longer-term price certainty compared to tariff-based programs, which can change pricing annually.

The PSC in September 2020 *modified* DLM implementation plans for the six utilities, all related to storage, saying the initial plans "resulted in a bias towards short-term, low-capital-investment solutions" because of their

yearly performance structure (18-E-0130). (See "DLM Incentives Extension," *NYPSC Accepts CLCPA Environmental Review*.)

Hearing facilitator Robert Cully, utility engineering specialist at the New York Department of State, asked whether the increase in term and auto DLM enrollments was related to the decrease in CSRPs and DLRPs enrollments, and whether there was a downward trend in overall enrollments.

A shift in program participation has definitely driven some of the decreases, said Marlon Argueta, energy efficiency program manager at Con Ed, "but when you look at the overall number of available megawatts for DR, it has definitely increased as a whole, and we expect to see that continue over the next few years."

Aggregators drove the growth in participation by leveraging widespread deployment of advanced metering infrastructure to enroll residential and small business customers in their programs, which make up the majority of new customer enrollments, but each contributes much smaller megawatt reductions.

Shifting Load

David Ahrens, managing director at Energy Spectrum, asked why peaks were different within the four different call windows that Con Ed has in its CSRPs program than in previous years.

In general the peaks are shifting more toward the day than the night, Argueta said.

"We are seeing a large movement in terms of how these call windows are aligned ... and we have a sense that this is all being driven by some of the things that are happening right now in the service territory, so COVID-19 brings a lot of folks into working from home and has driven a lot of the load towards residential areas," Argueta said.

This shift is happening across the system, and of the more than 80 networks in the Con Ed system, the company's analysis this year deter-



Con Edison, the largest investor-owned utility in New York, reported commercial dynamic load management participation shifting because of COVID-19 impacts. | Shutterstock

mined that 33 had shifted their peaks, meaning they changed call windows repeatedly, he said.

"This is not arbitrary; really the purpose of this program is to reduce network peaks, and we try to closely align those four hours the best we can to maximize the benefits that these programs bring to our system, and it seems that only one network now is peaking from 7 to 11 p.m., so that's a significant change," Argueta said.

Peter Dotson-Westphalen from CPower, an energy management company that manages some DLM programs for Con Ed and National Grid, asked for clarification on whether events called that may extend past midnight are still considered to be mandatory.

Under tariff revisions pending before FERC, participation will be mandatory before midnight, just as currently anything beyond midnight will only receive performance payments, Argueta said.

Ultimately, the DR programs are about allowing Con Ed to defer the need to build infrastructure, knowing that it has these resources to rely on, said Griffin Reilly, the company's section manager of targeted demand management.

"We have some of these networks peaking for longer than eight hours in the day, and to really be able to defer infrastructure builds, we're going to need resources that can respond for that long," Reilly said. "How we do that is going to be a big part of the discussions we have this coming summer leading into potential changes that we'll make for the program next year." ■

Call Window	MW Enrolled	Average MW Reduction Achieved	Performance Factor Achieved	Call Window Peak Demand (MW)	CSRPs Impact on Peak Demand (% of Call Window Peak)
11 AM – 3 PM	133	106	79%	1,755	6%
2 PM – 6 PM	82	69	85%	3,561	2%
4 PM – 8 PM	75	51	68%	3,142	2%
7 PM – 11 PM	52	41	78%	3,812	1%

Summary of CSRPs reservation payment option enrolled and achieved impact in 2021 | Con Edison

PJM News



PJM Reveals Preliminary Capacity Auction Timeline

By Michael Yoder

PJM staff on Wednesday told stakeholders they were seeking to move the upcoming Base Residual Auction originally scheduled for later this month to the end of June to comply with FERC’s order partially reversing its decision on the RTO’s energy price formation revisions.

Pete Langbein, of PJM’s capacity market and demand response operations, updated the Market Implementation Committee on the capacity auction dates, saying FERC recognized the RTO will need to delay the BRA to implement a revised energy and ancillary services (E&AS) offset, a key variable in calculating the net cost of new entry (CONE) for resources in capacity auctions.

PJM must submit a compliance filing with the commission by Jan. 21 proposing a new schedule for the BRA and subsequent capacity auctions impacted by the delay. FERC reversed its approval of PJM’s forward-looking E&AS offset on Dec. 22 (EL19-58). The commission said PJM must now revert to the previous, backward-looking offset. (See [FERC Reverses Itself on PJM Reserve Market Changes](#).)

Langbein said FERC is not requiring PJM to rerun capacity auctions that utilized the forward-looking offset because doing so would “undermine the expectations of the parties

who are making commitments for the 2022/23 delivery year.”

“This is a little bit of a rock and a hard place based on the holiday gift we got from FERC,” he said. The switch will impact net CONE for the reference resource used in the variable resource requirement curve, the market seller offer cap (MSOC) and the minimum offer price rule. PJM plans on making the compliance filing “as straightforward as possible,” Langbein said.

“We want to make sure we allow time for any activity that gets impacted by the E&AS change.”

PJM needs to maintain the current 120-day time frame for the MSOC unit-specific review process, Langbein said. The RTO also plans to allow sellers to maintain previously submitted and approved gross avoidable-cost rates.

The auction delay will also result in an update to calculations of the capacity emergency transfer objective and capacity emergency transfer Limit and the load forecast. Langbein said the updates impact the reliability requirement, the fixed resource requirement commitment and the elimination of one additional energy efficiency installation period.

Langbein said pre-auction activities not impacted by the E&AS change or updates in the load forecast will maintain existing information

that was already submitted for the auction.

Updated Auction Schedule

PJM is attempting to get back to the normal auction schedule by the 2027/28 BRA, Langbein said, and the proposed schedule will allow that to happen.

Langbein said PJM has proposed conducting the 2022/23 third incremental auction (IA) based on the existing schedule of Feb. 28 and continuing to use the forward-looking E&AS offset, as it was used in the 2022/23 BRA.

The RTO wants to compress the timeline between auctions from 195 days to 175 days. The 2024/25 BRA would move from August to December; the 2025/26 auction would move from February 2023 to June 2023; and the 2026/27 auction would move from August 2023 to November 2023. The 2027/28 BRA would be back on schedule in May 2024.

The first and second IAs would be canceled for the 2023/24, 2024/25 and 2025/26 BRAs. The first IA would be canceled for the 2026/27 BRA.

Langbein said the proposed schedule has not been finalized.

“We’re still collecting input,” Langbein said. “But based on what we have today, this is what the schedule would look like.” ■

Schedule

	Delivery Year	Current BRA Schedule	Draft Revised BRA Schedule	IAs Cancelled
	2023/24	Jan 2022	Jun 2022	1 st and 2 nd
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Pre-Auction activity deadlines consistent with prior filing </div>	2024/25	Aug 2022	Dec 2022	1 st and 2 nd
	2025/26	Feb 2023	June 2023	1 st and 2 nd
	2026/27	Aug 2023	Nov 2023	1 st
	2027/28 (back on schedule)	May 2024	May 2024	

PJM’s proposed revised Base Residual Auction schedule | PJM

PJM News



BOEM to Auction Six New Lease Areas in NY Bight

480,000 Acres Could Create up to 5.6 GW of OSW

By Rich Heidorn Jr.

Increasing its bet on offshore wind, the Biden administration announced Wednesday that it will auction six lease areas in the *New York Bight* on Feb. 23, enough to site at least 5.6 GW of generation.

The six leases in the Bureau of Ocean Energy Management’s (BOEM) *sale notice* are the most ever offered in a single auction, totaling 480,000 acres. BOEM had solicited commercial interest for 1.7 million acres in the Bight but excluded 72% of the area to reduce environmental impacts and avoid conflicts with the commercial fishing industry and other ocean users. BOEM issued its final environmental assessment on the lease areas in December. (See [BOEM Issues Final Environmental Review of NY Bight.](#))

Interior Secretary Deb Haaland, who announced the auction in a press conference

Wednesday with New York Gov. Kathy Hochul and New Jersey Gov. Phil Murphy, said the leases will include stipulations to encourage the use of union labor, building of a domestic supply chain and “planned” transmission.

The announcement of the new leases came the same day the Department of Energy *issued* a report identifying five strategic priorities for maximizing the value and reducing the costs of offshore wind. The Biden administration has set a goal of 30 GW of offshore wind by 2030; with states on the East Coast already committed to a pipeline of 39 GW by 2040, DOE said the country could deploy 110 GW by 2050 – equal to 6% of current demand.

Murphy said the Biden administration’s enthusiastic support for OSW was a marked change from the Trump administration. “I think the most charitable word I can use is [the Trump administration] slowed whatever progress we were making; [I] wouldn’t necessarily say they

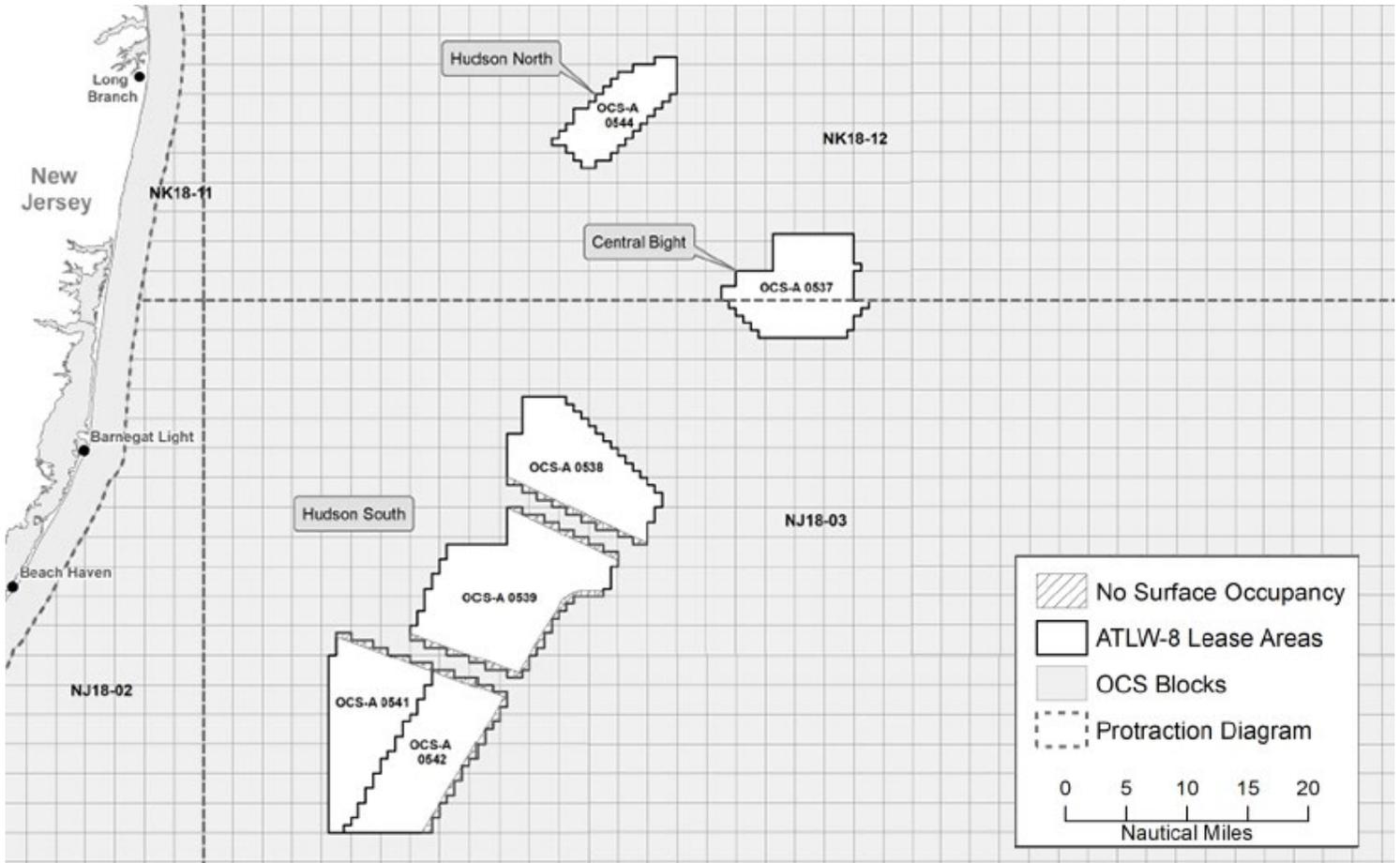
stood in the way,” Murphy said. “They started out [wanting] to drill for oil and gas offshore. ... So this is just night and day.”

Supply Chain, Labor

Like state officials, the Biden administration has promoted the new generation as economic development projects.

BOEM said it will require lessees to describe their plans for contributing to development of a domestic supply chain and will offer a 50% reduction in the “fee rate” for five years for lessees that “meaningfully and substantially” assemble or manufacture major components in the U.S. That would reduce the fee rate from 2% to 1%.

The operating fee will be based on a proxy for the wholesale market value of the power generated from each project. The proxy will assume a 40% capacity factor for the first six full



The Bureau of Ocean Energy Management will auction six lease areas in the New York Bight, enough to site at least 5.6 GW of offshore wind. | BOEM

PJM News



years of commercial operations, with potential adjustments based on actual generation in future years. BOEM will use the simple hourly average of the spot price for NYISO's Zone J in New York City. At a wholesale power price of \$40/MWh, the annual 2% fee for a 1,028-MW facility, would be \$2.9 million.

New York, which has targeted 9 GW of OSW by 2035, will base procurement of offshore wind renewable energy credits (ORECs) in part on economic benefits provided by the projects, including domestic supply chain and port infrastructure investments, benefits to disadvantaged communities and creation of jobs and workforce training programs.

New Jersey, with a goal of 7.5 GW, has approved \$350 million in tax credits tied to capital investments in offshore wind-specific facilities in the state.

Officials from BOEM and the two states have created a supply chain working group that will meet quarterly to coordinate their efforts.

"We are now going to have a very significant regional cluster between New York and New Jersey that will make it very compelling ... for folks to not just install, but build the stuff here," Murphy said.

"This opportunity we're presented with today is absolutely transformative, not just for New York and New Jersey, but for our nation," said Hochul.

BOEM also will require lessees to "make every reasonable effort" to sign contracts with labor unions for construction.

"We've been laser focused on offshore wind for several years because we think that this can be the sector that is the shining example of how the clean energy economy can create high-road, high-quality jobs," said Liz Shuler, president of the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), who also took part in the press conference. "I can speak from the perspective of workers in the energy industry. They've been skeptical of the transition, because [they] have not seen the same quality, stable careers in clean energy that they have in the industries that they've worked in in the past. And there hasn't been a commitment historically to high-quality jobs in the clean energy economy. But it doesn't have to be that way."

Transmission Planning

BOEM's sale notice urged strategic planning of transmission, saying the agency is considering "the use of cable corridors, regional transmission systems, meshed systems, and

other mechanisms." It said it may condition approval of construction and operations plans "on the incorporation of such methods where appropriate."

The DOE *report* said "strong near-term efforts" are needed to plan transmission to incorporate OSW "without long delays or lost opportunities.

"There is a lack of sufficient onshore transmission capacity to transmit power from the strongest offshore wind resources to load centers," DOE said. "...Creating incentives to plan and share transmission across multiple offshore wind projects, states, and transmission planning regions can encourage collaboration in infrastructure planning, cost allocation, and transmission system development that can benefit all states within and across regions."

Sites

The sites to be leased will be 20 to 69 nautical miles from New York and 27 to 53 miles from New Jersey, with minimum depths of 31 to 50 meters and maximum depths of 46 to 63 meters. BOEM has established a minimum bid of \$100 per acre for the leases, which the agency said could produce 5.6 GW based on 3 MW per square kilometer.

BOEM listed 25 companies eligible to bid in the auction, each of which posted a \$5 million deposit. BOEM said it would limit each company to only one lease to maximize competition in future procurements and limit consolidation of the offshore wind market.

Before the auction, BOEM will hold its fifth and final *meeting* with the fisheries community this Wednesday to describe how it decided on the final lease areas.

The final sale notice reduced the area by 22% from the preliminary notice, reflecting concerns by the fishing industry, the U.S. Coast Guard, the National Marine Fisheries Service and the Department of Defense (DOD).

It excluded lease area OCS-A 0543 in response to issues raised by the fishing industry and DOD and to make room for the siting of a "fairway" proposed by the Coast Guard to accommodate traffic travelling across the NY Bight from the Delaware Bay area to east of Montauk.

It also eliminated several areas that overlap with both fishing activity and seafloor features sensitive to impacts from construction. No leases were offered within 2.5 nautical miles of the Mid-Atlantic Scallop Access Area. BOEM also removed areas to the west of OCS-A 0539 that are used by the Atlantic

surf clam fishery.

DOE Priorities

In addition to calling for planned transmission, the DOE report listed four other priorities for the nation's OSW plans:

- Expanded federal incentives to increase demand for offshore wind energy and grow the domestic supply chain;
- Technology innovation and adaptations to reduce costs. "New system designs are required for U.S. operating conditions, such as deep water in the Pacific, hurricanes in the Gulf of Mexico, and ice formation in the Great Lakes," DOE said. "Accessing wind resources in deep-water areas (~60% of the U.S. offshore wind resource) will be key to reaching long-term deployment goals. The deployment of floating offshore wind platforms ... will be critical to development in the Pacific, Gulf of Maine and other regions with deep waters."
- Increase the transparency and predictability of regulatory processes and auction new lease areas. "The number of lease areas will need to grow significantly over the next decade to meet state and federal deployment goals," DOE said.
- Invest in supply chain development, including customized offshore wind ports and vessels. "Building a domestic supply chain and growing the industry will require dozens of port upgrades, numerous Jones Act-compliant vessels, and new factories for component manufacturing and assembly," DOE said.

Interest in Gulf of Mexico

In comments posted by BOEM on Jan. 11, Ørsted and Shell New Energies U.S. expressed interest in bidding for potential OSW leases in the *Gulf of Mexico*.

ClearView Energy Partners said BOEM could offer leases in the Gulf as early as the first half of 2023.

"While existing energy infrastructure and supply chains in [Gulf of Mexico] coastal states may attract offshore wind project developers (indeed, commenters note that offshore wind generation could facilitate green hydrogen production), we emphasize other factors could dampen interest in comparison to the East Coast, including lower electricity prices, the lack of strong state-led decarbonization policies in the GOM area and higher risks of severe hurricanes," ClearView said in a note to clients. ■

PJM News



PJM MIC Briefs

Co-located Load Issue Charge Endorsed

PJM members endorsed an issue charge at last week’s Market Implementation Committee meeting to study the treatment of generation with co-located load after making modifications to its key work activities stemming from concerns over the scope of the issue.

The issue charge, sponsored by Exelon and Brookfield Renewable, received 207 votes in support (92%) with 29 abstentions. Jason Barker of Exelon reviewed the *problem statement* and *issue charge* first presented at the December MIC meeting. (See “Capacity Offer Opportunities,” *PJM MIC Briefs: Dec. 1, 2021.*)

Exelon has seen growing consumer interest in co-locating new, large interruptible commercial loads behind the meter of existing generation resources. Customers are asking for low-cost physical energy supply from gen-

erator resources with specific characteristics, such as carbon-free physical energy supply.

“We see a gap in the rules that could, if filled, both facilitate commercial transactions and customer choice,” Barker said. “The fast-curtailment capability of these resources is the innovation that is driving the need for rule reform.”

The issue charge includes investigating market rule changes to support new interconnection configurations for co-located load. Key work activities feature education regarding current capacity offer requirements for existing generation resources and interconnection requirements for “new, large, fast-response interruptible commercial load.”

Debate over the issue charge at the MIC meeting led to the addition of two more key work activities. They include examining federal and

state “jurisdictional bounds” that could impact co-located load configurations and the potential impact of co-located load configurations on generator capacity capability.

The key work activities were also broken into two phases, with the examination of the potential provision of ancillary services facilitated by highly interruptible, co-located load coming in the second phase once work in the first phase is completed.

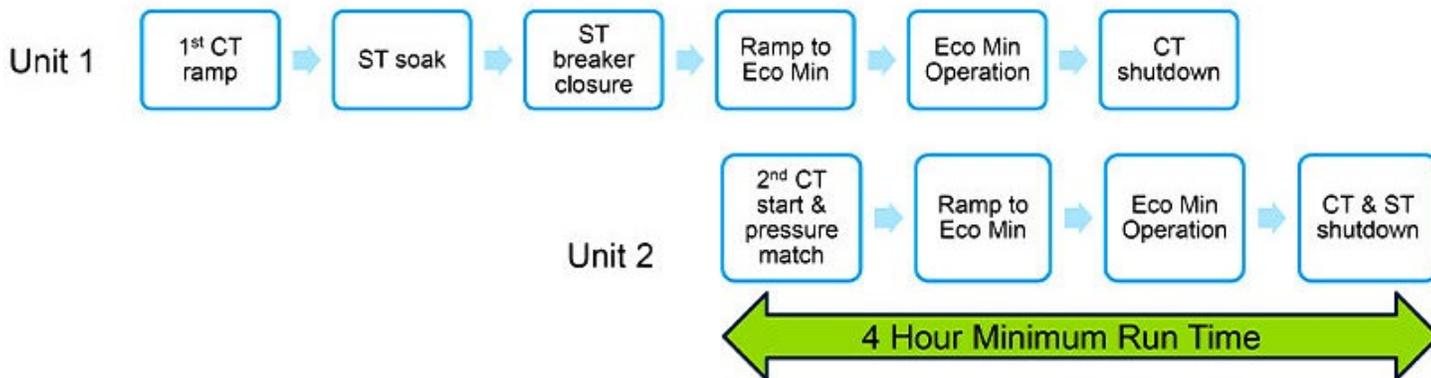
Work on the issue is expected to take six months at the MIC.

Independent Market Monitor Joe Bowring questioned the issue charge, saying he was “highly skeptical.” Bowring said the issue would represent a “really radical change” to the capacity market and should be considered as part of the work being done at the Resource Adequacy Senior Task Force.

2x1 Non-Pseudo Modeled CC



2x1 Pseudo Modeled CC



Comparison of a 2x1 combined cycle unit with a pseudo-modeled 2x1 combined cycle unit when dispatched on a parameter-limited schedule | PJM

PJM News



He also said the thinking that this is a narrow issue that will make commercial opportunities available to a subset of customers is “not really relevant.” He said the potential also exists that all effective load-carrying capability (ELCC) calculations will have to be redone because the current calculations already account for the generation resources.

“One person’s benefit is another person’s cost,” Bowring said. “It’s changing the definition of capacity, converting a baseload resource to an interruptible resource. Should an interruptible resource have the same ELCC, the same capacity value to the market, as a baseload resource?”

Bowring also said by dedicating low-carbon nuclear output to a new load that would not otherwise exist, additional emitting resources would need to operate to meet PJM load, causing carbon emissions in the RTO to increase.

Barker said Exelon and Brookfield disagree that the issue charge presents a “radical change” in the capacity market and that it would not change the definition of capacity. Absent any changes, PJM could see the “loss of economic development” or a loss of emissions-free resources from the grid, he said.

“We just have to evolve with the changing needs of the customer base,” Barker said.

Aaron Breidenbaugh, director of regulatory affairs for Centrica Business Solutions, said that when he first brought the issue to his company, commenters said it “seems like a solution in search of a problem.” Breidenbaugh said what was being proposed in the issue charge could be done through the “existing demand response construct” in PJM’s capacity market or through the purchase of renewable energy credits.

“I’m wondering why we need to create this exception,” Breidenbaugh said.

Barker said customers have expressed a desire to move away from DR and have also asked for a physical supply of a clean energy resource, rather than just purchasing RECs. He added that customers with no grid interconnection are not permitted to participate in PJM’s DR programs.

“I strongly disagree that this is an exception,” Barker said. “This is a reform and an evolution because we haven’t seen these types of commercial loads seek this type of service before.”

De-energized Bus Replacement Revisions Endorsed

Stakeholders unanimously endorsed manual

revisions related to five-minute dispatch and pricing.

Vijay Shah, lead engineer in PJM’s real-time market operations department, [reviewed](#) revisions to [Manual 11: Energy and Ancillary Services Market Operations](#) designed to incorporate enhancements to the dead bus replacement logic for assigning prices to de-energized pricing nodes (pnodes). The revisions were first discussed at the December MIC meeting. (See “De-energized Bus Replacement,” [PJM MIC Briefs: Dec. 1, 2021.](#))

The revisions were intended to provide increased transparency in the logic and how it performs replacements for de-energized buses, Shah said. PJM is required to produce LMPs for all pnodes in the RTO’s network model for all intervals, including de-energized pnodes.

Shah said PJM wants to use new logic based on Dijkstra’s algorithm, an industry standard, to find a suitable replacement for de-energized pnodes. He said the algorithm uses the “least impedance path” to find a suitable source, and it’s to be implemented in both day-ahead and real-time market clearing engines.

The manual changes include updated language to reflect the new logic.

Shah highlighted a change to section 9.1.1: Intraday Offers Optionality that was not included in the first read at the December MIC, which clarifies language to state that a generation resource’s fuel-cost policy only needs to be updated when opting in to intraday updates for the cost-based schedule.

PJM will seek final endorsement at the Jan. 26 Markets and Reliability Committee meeting, and the new dead bus replacement logic would take effect March 1.

Minimum Run Time Guidance Endorsed

An issue charge addressing pseudo-modeled combined cycle minimum run time guidance won unanimous stakeholder support.

Tom Hauske, principal engineer in PJM’s performance compliance department, [reviewed](#) the [problem statement](#) and [issue charge](#) first presented at the December MIC meeting. (See “Minimum Run Time Guidance,” [PJM MIC Briefs: Dec. 1, 2021.](#))

Hauske said PJM and the Monitor brought the issue forward as a result of the “disaggregation of many multiple block combined cycles” into individual pseudo-model market units, or virtual modeled combined cycle units. Market sellers can currently model a combined cycle unit as multiple pseudo units composed of a



PJM Monitor Joe Bowring | © RTO Insider LLC

single combustion turbine and a portion of a steam turbine.

If the market units of a pseudo-modeled unit are dispatched at different times on parameter-limited schedules, Hauske said, the potential exists for one or more of the pseudo-modeled units to operate “for some period beyond the minimum run time parameter limit for an identical non-pseudo-modeled combined cycle unit.”

Key work activity in the issue charge included stakeholders developing guidance for market sellers regarding offering operating parameters for pseudo-modeled combined cycle units through education on the issue. Expected deliverables include revisions to Manual 11 or other relevant PJM governing documents.

Hauske said PJM wanted to use the CBIR (consensus-based issue resolution) Lite process in [Manual 34](#) to develop any manual changes and have final endorsements by the March 23 MRC meeting because the RTO’s unit-specific parameter adjustment process starts on Feb. 28. PJM must provide a determination on the requests by April 15.

“We do want to have some sort of guidance in place during this period before it ends in case there’s any impact on any unit out there,” Hauske said. “We’re looking at a very limited-scope item.”

The committee began interest identification and the development of design components and solution options on the [matrix](#) after the vote. ■

— Michael Yoder

PJM News



PJM Operating Committee Briefs

Illinois Energy Transition Act Update

PJM updated stakeholders at last week's Operating Committee meeting regarding ongoing discussions with the Illinois Environmental Protection Agency over the impacts of the state's sweeping energy *legislation* passed in September that has it on a 30-year path to 100% carbon-free electric generation.

Chris Pilon, director of PJM's operations planning department, provided an update on the Illinois Energy Transition Act and the RTO's response. Signed into law on Sept. 15 by Gov. J.B. Pritzker, the legislation requires all investor-owned base-load coal-fired power plants and remaining oil peaker turbines to shut down by 2030. (See [Illinois Senate Passes Landmark Energy Transition Act.](#))



Chris Pilon, PJM | © RTO Insider LLC

Gas turbine plants, including ones currently under construction, must also close by 2045 under the terms of the bill, although the state has an option to allow continued operation if they are critically needed.

Pilon said the broad scope and impact of the legislation has created a need for generation owners and Illinois state entities to have discussions and resolve issues.

"We're well aware that there's still a number of unanswered questions that generator owners have with respect to the legislation," Pilon said.

PJM has been focusing on and working with the Illinois EPA and other state agencies on language within the legislation permitting generators "out of run hours" in the near term if there's a reliability need for the resources. Pilon said there's not much detail in the legislation about what out-of-run hours mean, resulting in a "source of confusion" and questions about how it will be implemented.

PJM wants the EPA to "provide clarity" on the guidance for generators and to post the language publicly. Pilon said the RTO hasn't drafted language yet on the issue to present to the EPA, but it plans on having draft language ready by the end of the month. He said PJM is focusing on five areas of reliability needs in the language, including capacity, thermal constraint control, reactive support, system restoration through black start resources and

testing of resources.

The RTO has also performed some initial analysis to see if there were any concerns this winter with thermal or voltage constraints resulting from the implementation of the legislation, Pilon said, but it didn't find any concerns. PJM is also looking at analysis of the medium- and long-term impacts of the legislation on generation.



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

NERC like PJM.

Pilon said the language PJM is working on with the EPA is meant to give generation owners "more confidence" that the RTO isn't taking unilateral actions that will put them in conflict with the state legislation.

"We're not looking to get the blessing from the state about how reliability is maintained," Pilon said. "Illinois is well aware that's PJM's responsibility."

Sotkiewicz asked if PJM is pushing Illinois to conduct a rulemaking process on the legislation, calling it "absolutely critical" to provide guidelines. He said PJM in the past has met with state staffs to explain what needs to be included in rulemakings to guarantee reliability in the RTO.

"You've been given the reliability needs, and a state could turn around and say, 'No thank you,' and you're stuck with it," Sotkiewicz said.

Stephen Bennett, PJM manager of regulatory and legislative affairs, said Sotkiewicz misunderstood. He said the Illinois EPA told PJM that the "omission of explicit language" authorizing rulemaking on the issue in the legislation was a "conscious choice"

made by the legislature and that the agency "does not have the authority" to conduct a rulemaking process.

Paul Sotkiewicz of E-Cubed Policy Associates said he had concerns PJM was "abdicated its reliability responsibility" in favor of the language in the Illinois legislation. Sotkiewicz said the Illinois EPA is not subject to oversight by FERC and

"PJM has been explicitly clear that PJM and our members need as much clarity as possible to allow for us to move forward with our No. 1 priority of managing reliability," Bennett said.



Marji Philips, LS Power | © RTO Insider LLC

PJM. The company's analysis shows more coal plants could end up operating in Illinois and in other states to make up for the loss of generation resources, she said.

She asked PJM to help identify some of the "environmental consequences" of the legislation on other states in the RTO through additional studies.

"When you turn off natural gas in Illinois, that might mean a whole lot more coal runs in Indiana or Ohio, actually defeating the whole purpose of the legislation," Philips said.

Dynamic Line Rating Issue Delayed

PJM is delaying requirement language for several manuals related to the implementation of a dynamic line rating (DLR) system in the RTO after a FERC decision in December that ended static ratings.

Chris Callaghan, senior business solution engineer with PJM's applied innovation department, had *presented* a first read of a *problem statement* and *issue charge* regarding DLR at last month's OC meeting. (See "Dynamic Line Rating," *PJM Operating Committee Briefs: Dec. 2, 2021.*) PJM is looking to install sensors on or near existing transmission lines to collect real-time data. The technologies include weather stations, electromagnetic field detectors and thermal cameras.

Later that month, FERC ordered transmission providers to employ ambient-adjusted ratings for short-term transmission requests and seasonal ratings for long-term service. (See *FERC Orders End to Static Tx Line Ratings.*)

Callaghan said PJM is now waiting until the committee's February meeting to conduct a second first read of the proposed problem statement and issue charge as the RTO's legal staff reviews the commission's order.

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“We want to make sure we have time to digest the order and make sure we fully understand it,” Callaghan said.

Renewable Dispatch Endorsed

Stakeholders unanimously endorsed an issue charge aimed at improving dispatch of renewable resources and increasing forward-looking visibility.

Darrell Frogg of PJM’s generation department reviewed the *problem statement* and *issue charge* that were first presented at last month’s OC meeting. (See “Renewable Dispatch First Read,” *PJM Operating Committee Briefs: Dec. 2, 2021.*)

Frogg said that as the number of renewable resources grows, manually managing dispatch becomes more difficult and leads to inconsistent performance.

“We’re in the middle of a significant transition in fuel mix with a large influx of new solar and wind projects,” Frogg said. “We want to get ahead of this now before the next significant wave of new renewable resources becomes

commercial.”

Key work activities of the issue charge include reviewing education on existing renewable dispatch practices, with a goal of proposing solutions to enhance the overall renewable dispatch process.

Frogg said stakeholder suggestions led to PJM adding education on renewable dispatch performance statistics, and solutions and practices from other RTOs/ISOs.

PJM also added the tariff term “intermittent resources” to go along with the term “renewable dispatch” to better align with existing language in the RTO’s governing documents. Frogg said PJM wanted to keep the issue broad to include all renewable resources.

Work on the issue charge will take place in the OC beginning in February and is estimated to take six months.

Frogg said PJM was originally looking to pursue the CBIR (consensus-based issue resolution) Lite approach to develop a proposal, but the issue charge was changed to use the

normal process after several stakeholders questioned the RTO at last month’s OC meeting.

Manual 38 Revisions Endorsed

Stakeholders unanimously endorsed minor revisions to Manual 38 as a part of a periodic review.

Liem Hoang of PJM *reviewed* the revisions after first presenting them at the December OC meeting. (See “Manual 38 Changes,” *PJM Operating Committee Briefs: Dec. 2, 2021.*)

Hoang said the minor changes include adding language stating that the Eastern Interconnection Reliability Assessment Group will conduct “assessments to identify key reliability issues and the risks and uncertainties affecting adequacy and security of the bulk power system in the Eastern Interconnection.”

Members will vote on final endorsement of the changes at the Markets and Reliability Committee meeting Jan. 26. ■

— Michael Yoder

NetZero Insider

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



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MIDATLANTIC

Younger Orders Va. Exit from RGGI

MIDWEST

Michigan Zero Carbon Proposal Draft Sent to Whitmer

NORTHEAST

RI Asks Public: How Should We Define Net Zero by 2050?

NY Targets Bronx Neighborhood as Part of Clean Transit Program

Study: EV Adoption to Cut \$5.3M in Vt. Gas Taxes in 2025

WEST

Nev. PUC Rejects Mobile-only Payment Systems for EV Chargers

New Mexico Draft Bill Targets Net Zero by 2050

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PJM PC/TEAC Briefs

Planning Committee

New Interconnection Rules Endorsed

PJM’s proposal regarding the development of new rules for the interconnection process won near unanimous support from stakeholders at last week’s Planning Committee meeting.

The proposal, developed in the Interconnection Process Reform Task Force, received 275 votes in support (99%), with only one member voting against it. In a vote asking stakeholders if they preferred the proposal over maintaining the status quo, the PJM proposal again received 275 yes votes (99%).

Jack Thomas of PJM’s Knowledge Management Center reviewed the RTO’s proposal, first presented at the December PC meeting. (See “Interconnection Process Proposals,” *PJM PC/RMC Briefs: Dec. 14, 2021*.) Three other proposals originally presented at that meeting were pulled by their sponsors, leaving only the PJM proposal to be considered.

Thomas said the PJM proposal, which consisted of more than 90 design components in the *matrix* developed at the task force, includes moving away from the concept of “first come, first served” projects in the queue to a “first

ready, first served” concept. The change will ensure projects that are ready to be built are prioritized instead of allowing speculative projects to fill the interconnection queue.

The proposal also adds language saying that if a facility study isn’t needed and no network upgrades are necessary for a project, then it could move to the final agreement stage early, speeding up the process. The study window for projects is also proposed to be scheduled for 710 days, or just under two years.

Jason Connell, director of infrastructure planning for PJM, said the RTO and stakeholders worked “very diligently” over the last several months to craft a solution that could receive majority support from members.



Jason Connell, PJM | © RTO Insider LLC

“I understand we weren’t able to incorporate everyone’s suggestions and changes throughout the entire process, but if feedback or input was provided, it was carefully considered,” Connell said.

Iker Chocarro of RWE Renewables, one of the sponsors of an alternative proposal, thanked

PJM for all the work done on the issue over the last year. RWE decided to pull its proposal from consideration because most of its content was found in the PJM proposal except for additional details on affected systems, he said.

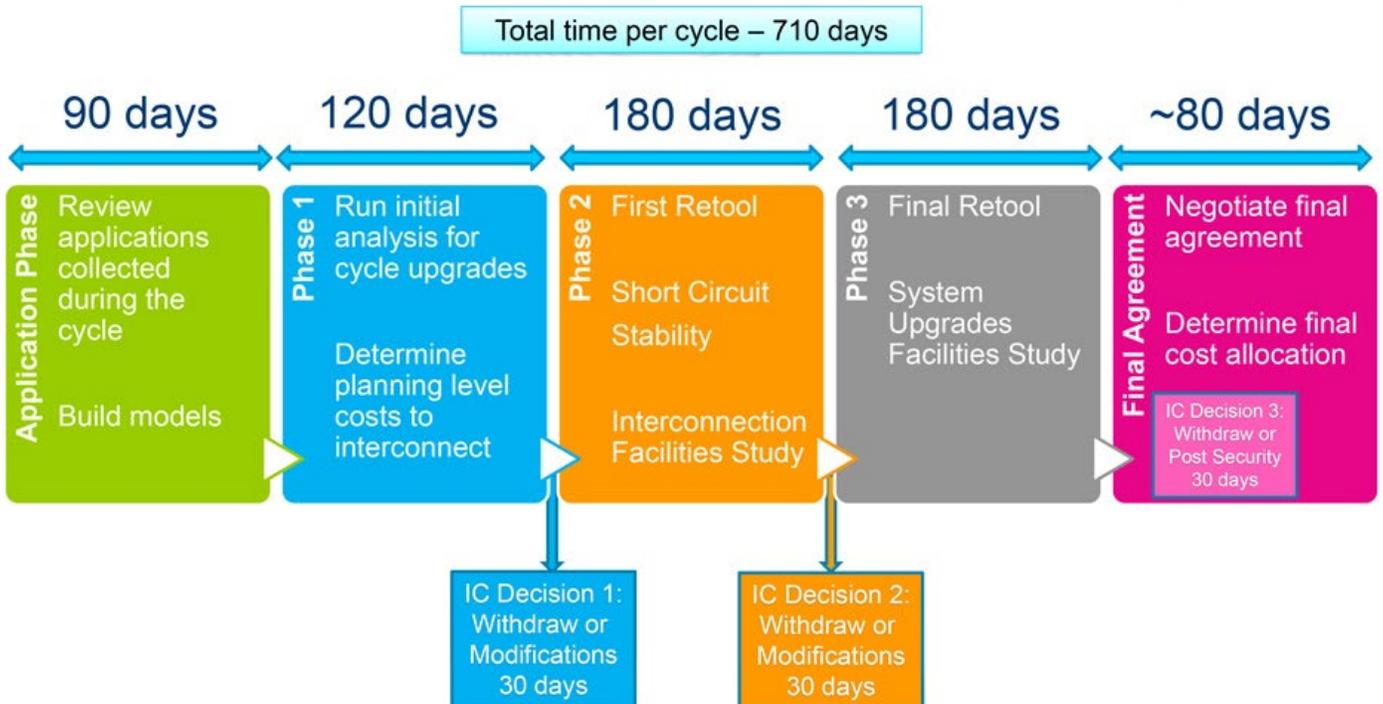
“We would like to encourage PJM to keep working on affected-system issues,” Chocarro said.

Arash Ghodsian of EDF Renewables called the process a “great collaboration effort” that brought a popular proposal forward for a vote.

“I think we’re in a good place,” Ghodsian said. “It was a great accomplishment.”

Paul Sotkiewicz of E-Cubed Policy Associates said PJM’s planning and interconnection teams did an “excellent job” in coming up with a proposal with widespread support among stakeholders. Sotkiewicz singled out Connell for his work, saying he went out his way to listen to concerns and would come back with “reasonable explanations” for the decisions that were made.

“Even if we didn’t get everything we wanted, PJM was extremely thoughtful,” Sotkiewicz said. “While this interconnection process was contentious, this is the way the stakeholder process should work.”



PJM's new interconnection process framework overview. | PJM

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Interconnection Process Transition

Besides the vote on the interconnection process rules, stakeholders also heard plans on how PJM will transition into a new interconnection process.

Thomas *provided* a first read of two transition proposals from the work done at the Interconnection Process Reform Task Force.

An issue charge for work to be completed on the interconnection issue was approved at the April PC meeting, with task force meetings starting later that month. (See “Interconnection Process Reform Endorsed,” *PJM PC/TEAC Briefs: April 6, 2021*.) Thomas said that while PJM and stakeholders were working through the issues in the task force, they realized a transition process also needed to be discussed.

PJM held a nonbinding poll focusing on the interconnection transition proposals, with a total of 545 companies participated, including 290 RTO members. The PJM proposal received 92% support from all stakeholders and 93% support from members, while a proposal from National Grid Renewables received 13% support from all stakeholders and 18% support from members.

Thomas said the PJM proposal features an expedited interconnection process of “fast lane criteria” that includes projects with any cost allocations of \$5 million or less, amounting to about 450 impacted projects with a completion date of 18 months. He said the \$5 million cutoff should cover the bulk of substation and terminal equipment upgrades and, as a result, shorten durations for facilities to study the

work needed to be done.

The National Grid proposal for fast lane criteria in the expedited process has no network upgrades or cost allocation set. The expedited process in the proposal would include around 300 projects with an estimated completion date of 12 months.

Thomas said the advantages of the PJM proposal is that it consolidates the transition into two distinct parts: the fast lane criteria and two transition cycles. He said the fast lane is bound by projects that can proceed upon completion of a facilities study, while the transition cycles include more complicated projects in the interconnection queue.

The PJM proposal also preserves the ability for backlogged projects that would have received an interconnection service agreement under the existing process if not for delays to remain in the queue, Thomas said, and it also reduces the time that the queue is closed for the transition.

Connell said the transition proposal was an “extremely controversial topic” for stakeholders, but compromises were agreed upon to push options forward.

One stakeholder said they were supportive of the PJM proposal, but his company had some small issues to address. The stakeholder asked PJM to reconsider the \$5 million fixed limit in the fast lane criteria, calling it a “bit arbitrary,” and requested that if a limit is set, it should be done on a per-megawatt basis.

“There could be an issue of smaller projects

being able to get through relative to larger projects,” the stakeholder said.

Carl Johnson of the PJM Public Power Coalition said he “did not imagine” that PJM and stakeholders would be able to come together on transition proposals when the process first started. Johnson said stakeholders understood that they needed to move forward and come to a compromise.

“We should all bask in the glow of a very successful stakeholder process and hope that when it gets to FERC it’s similarly successful,” Johnson said.

Stakeholders will be asked to vote on the proposals at the February PC meeting.

Deactivation Process Timing

David Egan, manager of PJM’s system planning modeling and support department, *provided* a first read of a proposed deactivation process timing update, presenting a *problem statement*, *issue charge* and revisions to *Manual 14D* and the *tariff*.

Egan said the current timing of 30 days in the tariff to complete deactivation studies “works fine” when there’s only a single deactivation notice in a period. But when multiple deactivation requests are received, the 30-day timetable is “insufficient” to determine any adverse impacts on reliability.

Trends in state energy policies could lead to more large volume deactivation notices in the future, Egan said, putting more pressure on PJM staff in the deactivation studies. Egan said the short duration puts “undue burden” on PJM’s planning and operations staff, along with the staff of transmission owners making deactivation requests, to make reliability evaluations and mitigation determinations.

“All this work is being stacked up on top of each other, and it’s very difficult to come up with holistic solutions,” Egan said.

The proposed issue charge calls for tariff and manual changes that “provide more time to complete analyses, allow additional and improved studies and provide the ability for more efficient work control and consistency regarding timing of deactivation studies,” Egan said.

PJM is proposing quarterly study times for deactivations, with study periods beginning Jan. 1, April 1, July 1 and Oct. 1. The RTO staff will study deactivations as a batch with reliability notifications to be made by end of February, May, August and September, respectively.

To request a deactivation, a generation owner must submit notice:



Logan Generating Plant | Google Maps

PJM News



- between Jan. 1 and March 31 to deactivate July 1 or later;
- between April 1 and June 30 to deactivate Oct. 1 or later;
- between July 1 and Sept. 30 to deactivate Jan. 1 of the subsequent year or later; or
- between Oct. 1 and Dec. 31 to deactivate April 1 of the subsequent year or later.

Egan said the quarterly schedule will allow sufficient time for additional required seasonal, interim year and short-circuit analyses, scheduling upgrades and cost estimates. He said the new schedule would also allow PJM operations to identify additional needed operational measures.

PJM is seeking endorsement of the issue charge at the February PC meeting through the “quick fix” process because its “just targeting the current tariff timing” for deactivations, Egan said.



Sharon Midgley, Exelon
| © RTO Insider LLC

Sharon Midgley of Exelon said her company is “sympathetic” to the issues being raised by PJM, agreeing the problem should be discussed by stakeholders. But Exelon staff had concerns over using the quick-fix process on the

issue because of the complexities in the deactivation process that could arise by modifying the schedule.

“We think the proposal does change the rules around a generator notice for deactivation, which is a pretty fundamental change,” Midgley said.

Johnson said he agreed with Exelon in trying to avoid the quick-fix process on the issue, saying it is a “pretty substantial change.”

Egan said PJM staff will discuss what stakeholder process to use before the next PC meeting.

Transmission Expansion Advisory Committee

Market Efficiency Update

Nick Dumitriu, principal engineer in PJM’s market simulation department, *provided* an update on the 2020/21 long-term market efficiency window at last week’s Transmission Expansion Advisory Committee meeting.

Dumitriu identified four projects that are ready for a final recommendation by the PJM Board of Managers. They included:

- the 230-kV Juniata-Cumberland line reconductor, a \$9 million upgrade in the PPL zone. The estimated in-service date is Dec. 1, 2023.
- the 230-kV Charlottesville-Proffit line series reactor, a \$11.38 million upgrade in Dominion. The estimated in-service date is June 1, 2023.
- the 230-kV Plymouth Meeting-Whitpain terminal upgrades, a \$620,000 project in

PECO. The estimated in-service date is June 1, 2025.

- the 138-kV French’s Mill-Junction terminal upgrades, a \$770,000 project in APS. The estimated in-service date is April 1.

The board will vote on the projects at its upcoming meeting in February.

Generation Deactivation Notification

Phil Yum of PJM *provided* an update on recent generation deactivation notifications.

Yum said PJM completed its reliability analysis on two battery deactivation requests in the ComEd transmission zone, including the Joliet Energy Storage battery and the West Chicago Energy Storage battery, which are both six years old. No reliability violations were identified, and they can be deactivated by Feb. 8.

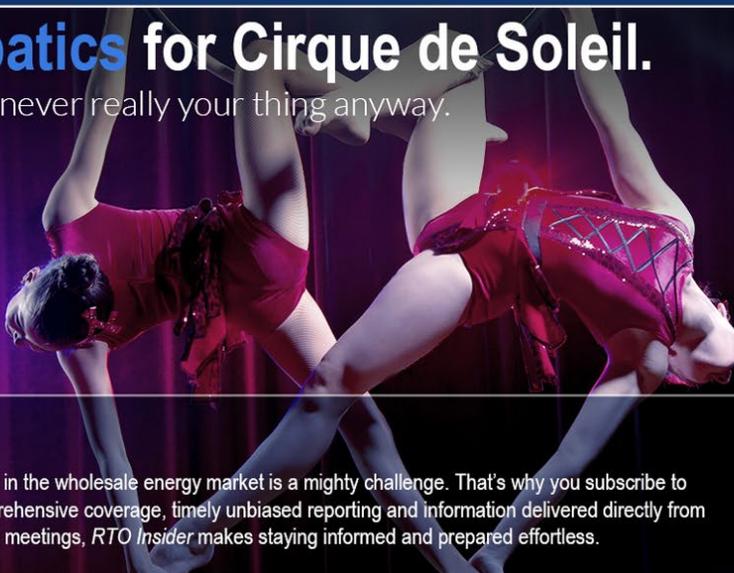
PJM also received three additional deactivation notices since its last TEAC meeting in November, including New Jersey’s last two remaining coal generation plants: the 219-MW Logan Generating Plant and the 240-MW Chambers Cogeneration, both owned by Starwood Energy and located in the Atlantic City Electric transmission zone. Starwood requested a deactivation date of April 1, and a reliability analysis is currently underway.

The 9.3-MW Orchard Hills Landfill in the ComEd transmission zone in Illinois made a requested deactivation date of March 31. A reliability analysis is currently being conducted by PJM. ■

— Michael Yoder

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SPP News

SPP Lays out its Western Expansion Strategic Plan

Counterflow Optimization Dropped; Storage, Interconnection Measures Advance

By Tom Kleckner

SPP last week laid out the clearest explanation yet of its plan to expand its presence and establish an RTO in the Western Interconnection.



Bruce Rew, SPP | SPP

“We’re currently ... seeking opportunities to expand existing services in the West,” Bruce Rew, SPP’s senior vice president of operations, told the Strategic Planning Committee during a discussion of its new

five-year strategic plan Wednesday. “If you look at a couple of years from now, our goal is to be viewed as an attractive market service provider in the West.”

Under its five-year plan, SPP will first grow its existing services in the West, which include its real-time Western Energy Imbalance Service (WEIS) market, its role as a NERC-certified [reliability coordinator](#) and its [RTO West](#) proposal, which has attracted nine entities and is expected to become operational in 2024.

By then, SPP plans to be operating the Western Resource Adequacy Program, evaluating commitments to its [Markets+](#) service and developing a strategy for the best expansion of transmission markets and transfer capability between the Western and Eastern Interconnections. Markets+ offers centralized day-ahead and real-time unit commitment and dispatch and “hurdle-free” transmission service to those not ready for full RTO membership. (See [Implementation Underway for NWPP’s Western RA Market](#).)

In 2026, SPP plans to have an established RTO in the West, with business development and market initiatives ongoing in the Desert Southwest, Basin and Northwest regions.

David Kelley, director of seams and tariff services, said the plan is a living document, noting “themes are evolving quite rapidly.”

“As that continues to play out in the West, we’re going to need to be able to adapt, so this is certainly not written in stone,” Kelley said.

Board Chair Larry Altenbaumer said the plan’s metrics should focus on value created for both legacy members and the Western members. “I



SPP has outlined a five-year plan to expand its market and RTO services to Colorado utilities and the rest of the Western Interconnection. | [Colorado Springs Utilities](#)

think it is certainly equally important that we focus on the value that our existing membership is deriving from the expansion in the West,” he said.

Several SPC members pointed out the challenges SPP may encounter in the West from entities leery of RTO membership. They also warned staff to counter misinformation.

“To be successful, it requires that engagement [in the West] and proactively staying ahead, trying to dispel some of the misinformation related to the SPP board that’s floating out there. I think it’s important to address those perceptions,” said the Western Area Power Administration’s Steve Sanders. He added, “I don’t know if that’s misinformation trying to undermine SPP’s efforts out there or not.” He did not explain what “misinformation” he was referring to.

“Certainly, there are concerns and challenges [in the West], and it’s dependent upon each party that you talk to and what their position is,” Rew said. “Part of the overall strategy and approach is to work through those challenges as we move forward, whether it’s the RTO expansion [or] expansion of the existing WEIS market or even working with the WRAP”

Counterflow Optimization on Hold

Committee members sided with stakeholders and staff in deciding to keep the current market construct, rather than adding counterflow optimization to the congestion-hedging process, as recommended three years ago by the Holistic Integrated Tariff Team (HITT). (See [SPP SPC Takes on Congestion Hedging Issues](#).)

The HITT’s recommendation to add counterflow optimization — limited to excess auction revenue — to SPP’s market mechanism that hedges load against congestion charges has become an issue with no solution since its board approval in 2019. The proposal, which would essentially keep system transmission flows between two points balanced, was meant to address stakeholders’ and staff’s concerns about how congestion rights instruments are awarded and the current process’s efficiency.

The Market Working Group was tasked with developing a policy paper. Education workshops were held for the board and SPC, which created an advisory team to move the recommendation forward. Last year, consulting firm Nexant was charged with providing a root-cause analysis that found it to be the “latitude and pattern of nominations submitted to the annual allocation.”

SPP News

An SPP 2025 future study found market participants' hedging positions will change in coming years thanks to new topology, HITT initiatives and the changing generation mix. The study indicated a net positive value for all load-serving entities with counterflow optimization.

During the MWG discussions, SPP's Market Monitoring Unit opposed the proposal, saying the grid operator and stakeholders should identify less risky solutions to congestion-hedging issues. The MMU said the proposal doesn't give participants a say in the amount of counterflow they receive, and there is no way for them to avoid being affected by optimization even when they opt-out.

The Monitor also said auction participants will adapt to the market changes, which will affect auction revenue.

Arkansas Electric Cooperative Corp.'s Andrew Lachowsky recalled an MWG meeting at which the MMU's John Luallen referred to the proposal as "a risky, expensive redistribution of wealth."

"I hope I [got] the quote verbatim," Lachowsky said.

In the end, the MWG was unable to reach consensus to approve counterflow optimization and voted in 2020 to keep the current market construct. Although they acknowledged that counterflow optimization would benefit LSEs, staff also recommended keeping the current construct, noting some market participants want to review the transmission service process for efficiencies.

Although the HITT recommendation was brought back to the MWG "time and time again," SPP's Micha Bailey said staff were unable to gather membership support.

"We can't get the majority there, so that's why we said we need to keep the current market construct," Bailey said. "We need to move on and see what other efficiencies we can garner."

"It was a pretty tough, complex subject," the Nebraska Power Review Board's Dennis Grennan, a member of the advisory group, told the SPC.

"This process is a stream of different processes," Nexant's Joseph Bright said.

SPC Chair Mark Crisson called for a "cooling-off period" to rethink counterflow optimization.

"I would request [that] sometime this year, we put our heads together ... to talk about how we consider examining this issue again, and whether there are issues besides or in addition

to counterflow optimization that we consider," he said.

"We see the issues there. We just haven't seen where the organization over the last couple of years has been able to coalesce around a solution or a change that would be agreeable to the organization," Rew said. "We'll probably be [able to reach consensus] at some point a year from now because that's what the goal for this was."

The SPC endorsed two other HITT recommendations: an effectiveness study of SPP's new three-phase generator interconnection process that began in 2019, and a working group's tariff language establishing cost allocation and rates for energy storage resources (ESR).

The new GI process addresses overwhelming demand for service by providing incentives to accelerate the study process and avoid multiple restudies. (See *FERC OKs New SPP Interconnection Process*.)

However, staff said only one cluster study of interconnection requests has been partially completed after restudies of previous clusters delayed full implementation. A second cluster is expected to finish its first phase this month.

Staff compared the three most recent clusters that went through the legacy process with the three-phase process's first two studies. Principal engineer Steve Purdy said multiple restudies were avoided, with 41% of the IC requests remaining after two iterations, compared to 65 to 77% in the three legacy clusters.

"It appears the three-stage process had the desired effect," Purdy said. "We were able to get a more stable group of requests in the cluster quicker, and we were able to move on to these later studies more efficiently."

That said, the two studies currently being evaluated may be the only ones that go through the three-stage process. Purdy said the GI queue backlog mitigation procedure docket before FERC and SPP's transmission-planning improvements will eventually supersede the three-phase study.

The Regional State Committee is reviewing tariff language for ESRs' cost allocation and rates developed by the Cost Allocation Working Group

The Markets and Operations Policy Committee earlier approved a revision request (RR476) that will treat ESRs as transmission assets. The SPC conditioned its endorsement upon the RSC's approval of RR476 in July.

Task Force Addressing Winter Storm Recs

COO Lanny Nickell told the committee that a task force has begun working on recommendations from SPP's report on last year's winter storm, when thermal plant outages forced the grid operator to order its first-ever load sheds. (See "Grid Operator Releases Report on Performance During Winter Storm," *SPP Board of Directors/Members Committee Briefs: July 26-27*.)

The Improved Resource Availability Task Force (IRATF), comprising members and state regulators, is working to recommend policies that address the *report's* 26 Tier 1 recommendations as well as fuel assurance, resource planning and availability issues. The group has completed two of the recommendations and another 17 are in progress.

"This effort is going to take a lot of work, and there's a lot of debate. A lot of it has already begun with the task force," Nickell said.

Southwestern Public Service's Bill Grant asked that the group consider *force majeure* issues that arose during last February's winter storm, when natural gas pipeline companies were unable to meet contractual terms and provide fuel to some gas plants. Nickell said the task force will address the issue when it next meets.

"We're using the IRATF as that platform [between the electric and gas industries], as it touches both the regulatory committee and our membership," Nickell said.

"I feel like we're obligated to do it," SPP CEO Barbara Sugg said. "If the IRATF is not the right group, we'll take another tack. We can't just wait for something to happen organically."

The report also made 92 Tier 2 and 3 recommendations. Eight of those are complete and 13 are in progress.

Crisson Takes the Chair

The meeting marked the first for Crisson as SPC's chair and the first for Oklahoma Gas and Electric's Usha Turner and WAPA's Sanders as committee members.

Board member Crisson took over the chairmanship role from Altenbaumer, who was quick to point out he left no open action items after his two years leading the committee.

"I just want to let you know I gave you a clean slate," Altenbaumer said. ■



SPP CEO Barbara Sugg | SPP

SPP News



SPP Markets and Operations Policy Committee Briefs

Members Approve \$1.04B 2021 ITP, Withhold \$409M Project's NTC

SPP stakeholders last week endorsed the grid operator's latest transmission planning assessment, but not before withholding construction approval of a 345-kV, double-circuit project in West Texas.

The Markets and Operations Policy Committee on Jan. 10 agreed with a pair of working groups' earlier recommendation to not issue notifications to construct (NTCs) to the 150-mile Crossroads-Phantom project.

The committee also withheld NTCs to a pair of transformer projects in New Mexico.

The 2021 Integrated Transmission Planning (ITP) *report* found the double-circuit project would provide twice the capacity of a single circuit, while "incrementally" increasing the engineering and construction (E&C) cost from \$330.2 million to \$409.9 million, a 23.9% increase. According to the 10-year assessment, the project would provide a low-resistance, parallel path for delivery of low-cost energy to Southwestern Public Service's SPS South load pocket.

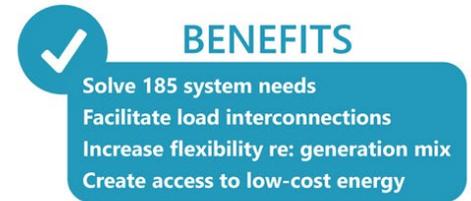
"For an additional cost increase, you're getting two times the capacity and reserving some future options a little more effectively," said ITC Holdings' Alan Myers, chair of the Transmission Working Group (TWG).

The project is meant to address one of two targeted areas in the 2021 ITP where SPP found voltage-stability issues because of isolated load and above-average load projections, both related to oil and gas exploration: the Permian Basin in West Texas and eastern New Mexico, and the Bakken Formation oil fields in North Dakota.

However, load-projection errors, related to how load was allocated to individual substations, were discovered late in the process. Myers said the error was found in the 2022 ITP models, too late for staff to do a full impact analysis.

"So there was no time for staff to do like a full redo, if you will, of the analysis," he said. "It was disproportionately, I believe, impactful to the loads down on that southern portion of the system."

Myers said the TWG and Economic Studies Working Group spent a total of 7.5 hours in December discussing the NTCs for Crossroads-Phantom and the New Mexico trans-



The 2021 ITP portfolio includes 28 projects costing more than \$1 billion. | SPP

formers. Both groups endorsed the ITP in January but recommended the NTCs not be issued.

Staff, on the other hand, said they believe the Crossroads project is the best overall solution for the region. They requested the project still be considered for an NTC with conditions.

MOPC tabled and then un-tabled the proposal before finally approving the 2021 ITP by a vote of 56-5, with four abstentions. It recommended further evaluation of the Crossroads-Phantom project and that it be brought back to the committee during its July meeting.

The ITP portfolio includes 28 new projects and 380 miles of new 345-kV lines at an E&C cost of \$1.04 billion. Staff said the projects would solve 185 system needs with a 5.3 to 5.7 benefit-to-cost ratio.

The committee also approved staff's recommendation to re-baseline the delayed 2022 ITP by performing a reliability-only assessment, resuming full studies with the 2023 and 2024 ITPs.

MOPC directed staff to work with the ESWG and TWG to review the tariff and scope documents to find further improvements to ensure timely completion of current and future ITP assessments. Staff are currently working on three ITPs, for 2021, 2022 and 2023. The 2022 plan is already behind schedule because of 2021 ITP constraints, and 2023 is at risk because of the previous two assessments' delays.

SPP engineer Nick Parker said a task force that developed recommendations to improve the planning process "did a good job getting us close" and that staff were only a few months

off, despite remote work during the COVID-19 pandemic and their other transmission-related requirements. (See *SPP Strategic Planning Committee Briefs*.)

"Certain stuff hit us all at once," Parker said, adding that SPP has since added manpower to help manage the workload.

Casey Cathey, SPP's system planning director, reminded members that ITP studies are on 27-month cycles so that a full assessment can be brought to MOPC every October.

"We did so in 2019 and 2020. The process is not broken," Cathey said. "It's really a 30-month process because of the contingencies that happen. Things happen. COVID happened, and that pushed things to where they're at. Worst-case scenario, we do nothing and we have a 30-month process squeezed into a 27-month process, and you end up skipping an ITP once every four calendar years."

MOPC also endorsed the 2021 ITP assessment report as having met the tariff's requirement to complete the planning process.

Storage Accepted as Transmission

Stakeholders moved to accept storage resources as transmission assets in endorsing a recommendation (RR476) from the Electric Storage Resource Steering Committee (ESRSC).

The measure adds another acronym to SPP's lexicon by defining the assets as "storage as transmission-only assets" (SATOAs). It requires SATOAs to register as market storage resources in the Integrated Marketplace to account for their injections and withdrawals.

SPP News



They will not be dispatched in the market and are only to receive charges and credits for the energy and over-collected losses; revenue or losses from the injections and withdrawals will be added back to the SATOA's annual transmission revenue requirement.

EDP Renewables' David Mindham said that while RR476 installs guardrails that prevent the assets from having an "overly burdensome" effect on the market, it "missed an opportunity."

"By automatically assigning [SATOA]s to transmission owners, the developers could have provided a lot of experience in bringing these assets online," Mindham said. "They could have provided this as a service and a competitive process probably more cheaply, especially for the limited uses that they're intended for."

He asked whether local issues outside the transmission-planning process would prevent the storage assets from coming online through the process.

"I don't think that this process would prevent it from being put together," SPP's Joshua Pilgrim said. "The general consensus, since the device is only meant to run for post-contingency situations, is that their impact on local dispatch profiles would be minimal. They're not designed to be run all the time. Most of the time, they're waiting."

MOPC Chair Denise Buffington, who also chaired the ESRSC, said storage devices' multiple uses will demand a future conversation between staff and stakeholders.

"We need to get a baseline understanding out there for what the asset can do," she said. "Once we get that baseline, we can start building on it. Part of the problem with some of the discussions we've had about the model is where do you start? Then, it starts to get circular."

MOPC passed the measure by a 53-3 margin, with 10 abstentions. The Regional State Committee will have to weigh in on RR476's rate sections.

The committee also endorsed an ESRSC policy paper that sets the methodology for accrediting hybrid generating facilities that qualify as capacity, SPP's first such policy. The paper proposes that hybrid components (primarily wind, solar and storage) be studied and allocated separately, with four-, six- and eight-hour duration products. The proposal will consider a facility's investment tax credit and its ability to charge from the grid, beginning with the 2023 summer season.



MOPC Chair Denise Buffington, Evergy | SPP

SPP defines a hybrid facility as two or more resources behind the same interconnection point, where at least one of the resources is not classified as storage.

Golden Spread Electric Cooperative's Natasha Henderson, chair of the Supply Adequacy Working Group, said there are currently no hybrid facilities on the system, but they are expected to become more prevalent over the next five years. Given their multiple configuration possibilities, she said, the SAWG worked to ensure the facilities are not over or under accredited.

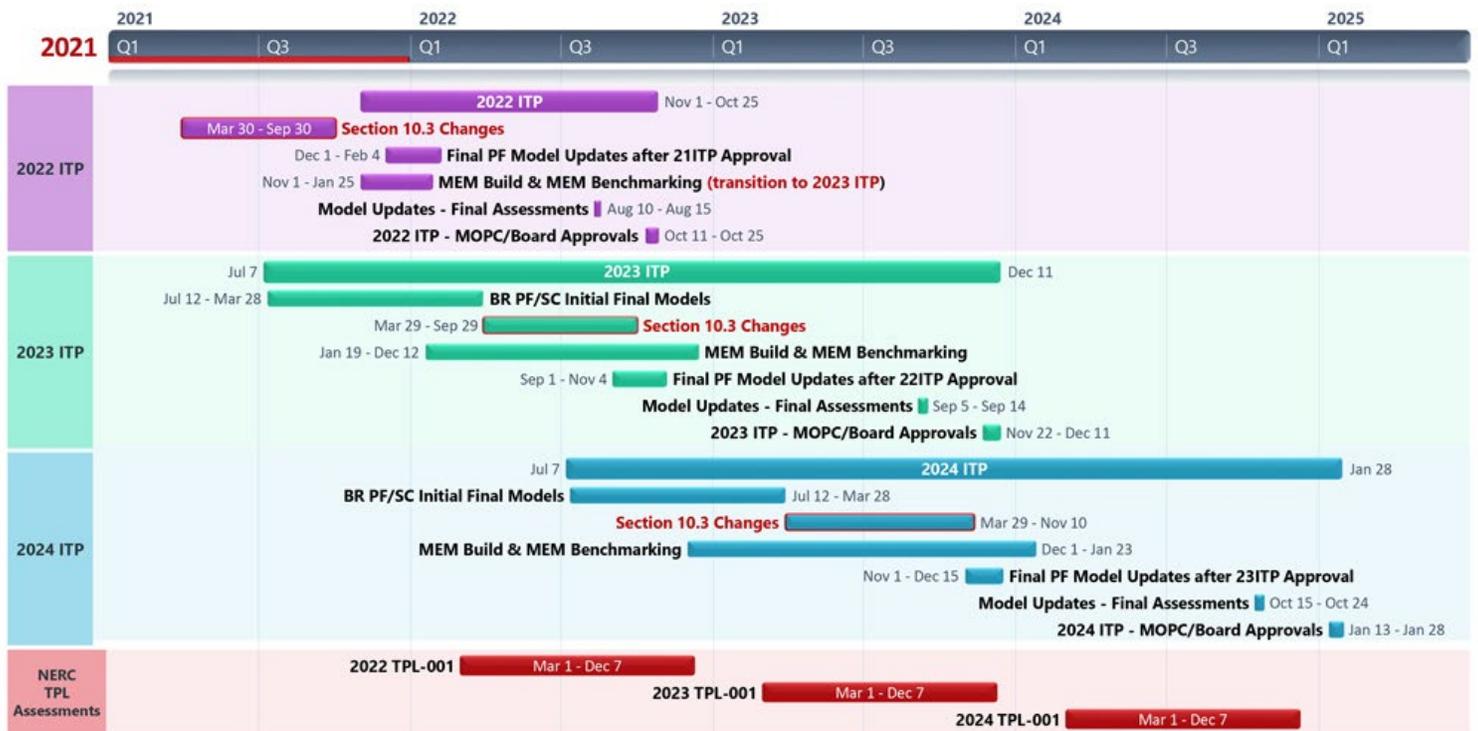
The stakeholder group will now work on criteria and develop tariff language. "That's when we will debate the issue," Henderson said.

"The policy's basically been debated already," American Electric Power's Jim Jacoby said. "If people go out and make business decisions based on [the paper] and then you change the rules on them, they're not going to be happy."

Still, members approved the policy paper 49-7, with five abstentions.

Order 2222 Compliance Filing Endorsed

MOPC endorsed a revision request (RR468) that approves a compliance filing for FERC Order 2222 as SPP prepares to allow distributed energy resource aggregators to participate in its markets.



SPP says its proposal to rebase the 2022 ITP will enable 2023 ITP work to begin early. | SPP

SPP News

Members approved the measure by a 58-3 margin, with five abstentions, with some noting that did not mean they approved of FERC's order itself.



Usha Turner, OG&E
| SPP

"Our vote to approve is understanding that this is a compliance filing in response to a FERC order and not ... endorsing the FERC order itself," Oklahoma Gas & Electric's Usha Turner said.

DeWayne Todd, with the Advanced Energy Management Alliance, said his organization remained concerned about the compliance proposal because "it does not really address some of the requirements of 2222 relative to reducing barriers [to DER participation]." He cited imposed telemetry requirements for every aggregation's size, restrictions to single nodes and a registration process "that doesn't provide a lot of value" because it's duplicative to subsequent steps in the registration and participation process.

The compliance filing allows a DER aggregator to register its aggregation as a valid resource type if it meets technical and operational requirements, with the aggregator subject to the same service provision rules as other resources within that type. Aggregations must be at least 100 kW and can include a single DER. The aggregations must include real-time telemetry and settlement quality metering.

In what may be a nod to further pushback at FERC, SPP plans to keep alive the task force responsible for RR468's tariff modifications until it receives the commission's response. Assuming approval, staff plan to implement the tariff changes in early 2024.

The compliance filing was originally due last July, but FERC, noting the absence of opposing intervenors, granted SPP an extension until April 28 this year (*RM18-9*). (See *FERC OKs Delay on Order 2222 Compliance*.)

The committee also easily approved *RR480*, which gives the industry expert panel evaluating responses to SPP's competitive transmission process the option to use incentive points in scoring the proposals. Members raised concerns that the expert panel could select a project other than the highest-scoring proposal, but they still gave the measure 93% approval.

JTIQ, Tx Value Staff Reports

David Kelley, SPP's director of seams and tariff services, said the RTO's collaborative work

with MISO addressing their overflowing interconnection queues has identified a project portfolio that can relieve constraints on either side of the seam. Thirty-three of those constraints are in MISO's footprint, and the other 17 are in SPP's.

The grid operators began their joint targeted interconnection queue (JTIQ) study in September 2020, hoping to find interregional transmission projects to alleviate queues filled with renewable resource requests.

"The key theme was the development of generation along our seams and the difficulties many generation developers have found in accomplishing that," Kelley said. "We happen to be very blessed in our part of the country with low-cost renewable generation; ... the transmission system is at capacity along the seam."

Kelley said the "optimized" portfolio has a preliminary combined load-adjusted-production-cost (APC)-to-cost ratio of 0.45. A report is being drafted for stakeholder review by the end of the month. The RTOs will schedule meetings with stakeholders to review the full results before seeking board approval for the plan.

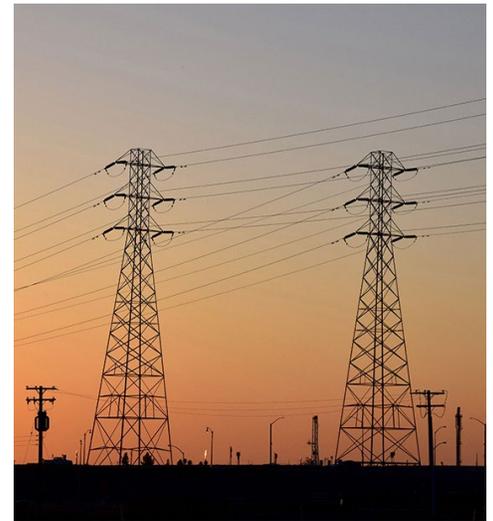
A cost-allocation methodology is under development, Kelley said, and will reflect input from load-serving entities and generation developers. "We should reasonably assign those costs to those who will benefit," he said.

Cathey told MOPC that an update to 2016's value of transmission analysis determined that the \$3.35 billion of installed transmission from 2015 to 2019 resulted in \$27.2 billion in net present value of quantified benefits over 40 years and a 5.24 benefit-to-cost ratio.

The earlier study, dubbed by the Brattle Group as a "path-breaking effort," found a net present value of \$16.6 billion in benefits from projects installed from 2012 to 2014, a benefit-to-cost ratio of 3.5. (See *SPP Begins Promotional Campaign to Tout Transmission Value*.)

"I think that's pretty reasonable if you think about what's gone on in the last five years, especially with all the wind [resources] in our region," Cathey said.

The new study simulated 57 days of production, compared to 38 in the earlier study, and captured benefits from line rebuilds and transformer additions in addition to the new infrastructure. Operations and engineering staff, "squeezing" in the analysis along with their other work, evaluated APC savings, reliability and resource adequacy benefits, increased wheeling revenues, reduced on-peak losses, and optimal wind generation development.



SPP has completed its 2021 transmission planning study but will re-evaluate a transmission project in West Texas. | Shutterstock

Cathey said the report is 95% complete. Staff will share the study and findings with other stakeholder groups before seeking endorsement from the Strategic Planning Committee in April. The report will then be shared with a wider audience.

Engineering Humor



Erstwhile comic Casey
Cathey, SPP | SPP

A comedy routine (Or was it a comedy of errors?) broke out during MOPC's final four-hour segment. Cathey, an engineer by trade, took advantage of a momentary pause before one of his presentations to try out his standup chops.

"Two investors were talking and one asked the other, 'What do you think about this solar craze?'" Cathey said. "The other said, 'Well, it's not going to happen overnight.'"

Greeted by silence, he moved on. Cathey's listeners, punch-drunk after hours of virtual conversation, didn't.

"You just can't hear all the laughter," Lincoln Electric System's Dennis Florum said in the virtual meeting app's chat function.

Others chimed in with their own versions of "dad jokes." Energy consultant Simon Mahan *tweeted* to SPP to "please let Casey know *Energy Twitter* loves him."

MOPC's New Faces

MOPC welcomed several new members,

SPP News



including two representing SPP's newest members: Ray Bergmeier, with Sunflower Electric Cooperative's competitive Konza Transmission, and Matt McCoy, with Southern Star Central Gas Pipeline. The pipeline company joined the RTO late last year as its 107th member. (See *Southern Star Gas Pipeline Joins SPP*.)

The committee's other new members stepped in for their companies' previous representatives. They are Western Area Power Administration's Steve Sanders for Lloyd Linke; AEP-Southwestern Transmission Co.'s Brian Johnson for Chad Heitmeyer; Exelon's Jason Barker for Chris Lyons; Walmart's Jim Staggs for Holly Rachel Smith; Northeast Texas Electric Cooperative's Ron Ray for Rick Tyler; and Mor-Gran-Sou Electric Cooperative's Trisha Samuelson for Robert Kelly.

\$73M Tab for 161-kV Rebuild

Members unanimously approved the consent agenda, which included the Project Cost Working Group's recommendation to re-baseline the 31-mile, 161-kV Neosho-Riverton rebuild project's costs from \$48.3 million to \$73.1 million. The line is historically SPP's highest congested path, but rising steel costs

and delivery issues threaten its in-service date of October 2023.

The agenda's approval also resulted in MOPC's endorsement of the Transmission Owner Selection Process (TOSP) Task Force's suggestion to sunset next January. The TOSPTF has been evaluating improvements to SPP's competitive transmission process, several of which were among the eight revision requests on the consent agenda:

- **RR450:** provides guidance for using operating guides in the planning horizon.
- **RR469:** corrects the Integrated Marketplace protocols' settlements language defining the variables `RtDesiredEn5minQty` and `RtOrigLmp5minPrc` to clarify that the real-time desired energy five-minute quantity (`RtDesiredEn5minQty`) uses the dispatchable LMP and the real-time original locational five-minute price (`RtOrigLmp5minPrc`) uses the LMP.
- **RR470:** corrects settlements language in the Marketplace protocols by removing an erroneous "minus" in section 4.5.9.35 (Real-Time Ramp Capability Non-Performance Amount)

and correcting the variables in section 4.5.12 (Revenue Neutrality Uplift Distribution Amount).

- **RR471:** automatically suspends the TOSP if a re-evaluation is approved equal to the days the re-evaluation requires.
- **RR472:** requires that the TOSP's industry expert panel Direction to Respondents document be created and published during a request for proposals response window.
- **RR473:** cleans up the TOSP's governing documents to more accurately capture their intent and execution.
- **RR478:** adds flexibility to the resource planning process by allowing alternative methods outside of software, as required by the ITP manual.
- **RR479:** clarifies staff's steps when reviewing submitted detailed project proposal and determining if they qualify for incentive points under SPP's competitive transmission process. ■

— Tom Kleckner

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Company Briefs

Blackstone to Invest \$3B in Invenergy Renewables

Blackstone

Blackstone last week said it will invest about \$3 billion in Invenergy Renewables

Holdings, the largest private renewable energy company in North America.

Blackstone's investment will provide capital to accelerate Invenergy's renewables development activities, the company said in a statement.

More: [Reuters](#)

OG&E Plans Additional Investment in Solar

OG&E

Oklahoma Gas & Electric last week announced it has issued

a request for proposals from utility-scale providers of solar power.

The company said that new development

related to the request will increase its solar generation capacity; it called for 450 MW of solar resources over the next three years. Specifically, the request solicits bids for the purchase of solar resources between 50 and 450 MW with a preference for annual capacity increments of no more than 150 MW through 2025.

The proposals are due March 3.

More: [The Journal Record](#)

Proposed Minnesota Nickel Mine Signs Deal with Tesla



TESLA

Talon Metals, the company behind a proposed Minnesota nickel mine, last week announced it has reached a deal with Tesla to sell the electric vehicle maker 75,000 metric tons of nickel concentrate over six years from its planned mine in Tamarack, Minn.

Nickel is a key ingredient for EV batteries,

and Tesla has been hammering out deals with producers of the metal, as well as other components of lithium-ion batteries. Essentially, Tesla would claim more than half of the mine's production of nickel concentrate.

The deal calls for Talon to make "commercially reasonable efforts" to open the mine by Jan. 1, 2026.

More: [Star Tribune](#)

SPP Seeks Industry Experts to Assess Competitive Tx Proposals

SPP last week announced it is accepting applications to create a pool of industry experts who will serve on an independent panel to review competitive transmission construction proposals in 2022.

The panel will review, rank and score proposals for certain transmission projects approved for construction by the SPP Board of Directors.

More: [SPP](#)

Federal Briefs

BLM Approves Oberon Solar Project

The Bureau of Land Management last week approved the 500-MW Oberon Solar Project on approximately 2,600 acres of public lands in Southern California.

The decision authorizes a right of way for an Intersect Power subsidiary to build and operate the photovoltaic solar facility, which will also include 200 MW of storage. Construction could begin as soon as February.

The project is the third to be approved in the California desert on public lands in the past month under the Desert Renewable Energy Conservation Plan. The plan covers 10.8 million acres of public lands spanning the desert regions of seven counties and aims to streamline renewable energy development while conserving other swaths of "unique and valuable desert ecosystems."

More: [Palm Springs Desert Sun](#)

Coal to Account for 85% of US Generating Capacity Retirements in 2022

Operators have scheduled 14.9 GW of electric generating capacity to retire in the U.S. this year, said a report released by the Energy Information Administration. Most

of the retirements will be coal-fired power plants (85%), followed by natural gas (8%) and nuclear (5%).

The agency expects the retirements of coal-fired generators to increase again this year, as 12.6 GW of coal capacity is scheduled to retire in 2022, or 6% of the coal-fired capacity that was operating at the end of 2021. The largest coal plant planning to retire in 2022 is the 1,305-MW William H. Zimmer plant in Ohio. The Morgantown Generating Station in Maryland also plans to retire its two coal units (1,205 MW combined) in June.

This year 1.2 GW of natural gas-fired capacity is scheduled for retirement, along with 0.8 GW of nuclear.

More: [EIA](#)

Solar to Account for Nearly Half of New US Capacity in 2022

The Energy Information Administration last week said of the 46.1 GW of new utility-scale electric generating capacity to be added to the nation's grid this year, nearly half of will be solar (21.5 GW).

This planned capacity would surpass last

year's 15.5 GW of solar additions, an estimate based on reported additions through October (8.7 GW) and scheduled additions for the last two months of 2021 (6.9 GW). Most planned solar additions will be in Texas (6.1 GW), followed by California (4 GW).

Natural gas (9.6 GW, 21%) and wind power (7.6 GW, 17%) round out the top three projected for 2022.

More: [EIA](#)

White House Environmental Official Leaving



David Kieve, the public engagement director at the White House Council on Environmental Quality (CEQ), resigned from the council Monday.

Kieve held similar roles coordinating outreach

to environmental and climate change groups during President Biden's 2020 campaign.

Top environmental official Cecilia Martinez, who oversaw environmental justice at the CEQ, also stepped down last week.

More: [NBC News](#)

State Briefs

REGIONAL

A 2021 Climate Assessment: 20 \$1B Disasters

The National Centers for Environmental Information last week released its latest update on all things climate-related in 2021 and noted that there were 20 separate billion-dollar weather and climate disasters – just two shy of the record set in 2020.

These events caused at least 688 people to lose their lives and included eight severe weather events, four tropical cyclones, three tornado outbreaks, two floods, one drought/heat wave, one winter storm/cold wave and one wildfire. The disasters' costs exceeded \$145 billion, which is the third-highest cost since record keeping began in 1980.

Hurricane Ida was the costliest event of the year (\$75 billion) and ranks among the top five most costly hurricanes on record. The mid-February winter storm/cold wave was the costliest winter storm on record (\$24 billion).

More: [KXAN](#)

ARIZONA

New EV Chargers in Tucson Meet Growing Need

Hotel Congress, a landmark downtown entertainment venue and hotel in Tucson, last week christened two of four planned new public electric vehicle chargers in a collaboration with Local First Arizona.

The initial installation consists of one Enel X Level 2 two-plug charging station, which takes several hours to recharge an EV depending on its state of charge, and an Enel X Level 3 or DC fast charger, which can take an EV to 80% charge in less than an hour. The hotel is awaiting another Level 2 and Level 3 charger.

Hotel Congress will serve as a case study for other local businesses to work with Local First Arizona under the group's Charge Ahead Challenge, part of a larger initiative to help address climate change while promoting resilient, sustainable businesses.

More: [Tucson.com](#)

SRP to Add 100 MW of Storage to Grid in Coolidge

Salt River Project (SRP) last week announced that it will add 100 MW of battery

storage to its Saint Solar facility in Coolidge.

SRP, which is working with Florida's NextEra Energy to add battery storage to the existing 100-MW solar plant, said the new storage capacity is expected to come online in June 2023.

More: [Phoenix Business Journal](#)

State's Largest Wind Farm Planned near Flagstaff



NextEra Energy Resources and Salt River Project last week announced plans for

the Babbitt Ranch Energy Center wind farm – the state's largest – near Flagstaff.

As many as 53 turbines will be constructed on Babbitt Ranches land and generate 161 MW when wind is optimal.

The farm should be operational by the end of 2023.

More: [Arizona Republic](#)

CALIFORNIA

GM Recognizes State's Authority to Set Vehicle Emission Rules



General Motors last week said it has agreed to recognize the state's authority to set vehicle emission standards under the Clean Air Act, which will make the

Detroit automaker eligible for government fleet purchases by the state.

In November 2019, the state said it planned to halt all purchases of new vehicles for state government fleets from GM, Toyota and other automakers backing former President Donald Trump in the tailpipe emissions battle. GM previously backed overall emissions reductions in the state's 2019 deal with Ford, Volkswagen, Honda and others, but it asked the Biden administration to give automakers more flexibility to hit carbon reduction targets.

More: [Reuters](#)

FLORIDA

Net Metering Bill Passes First Panel

The Senate Regulated Industries Committee last week voted 6-2 to advance Senate Bill 1024, which would lower the utility savings for Floridians using rooftop solar

panels. The measure would start reducing how much utilities pay consumers when they produce more electricity than they use.

Under the current process, utilities pay customers for excess energy at a rate equal to what they would charge the customers for using that amount. But in the new system, customers would sell excess energy at the rate it would cost the utility to acquire that power from another source.

The Senate Community Affairs Committee is slated to hear the bill next.

More: [Florida Politics](#)

GEORGIA

Municipal Utility MEAG Joins SEEM

The Municipal Electric Authority of Georgia (MEAG Power), a nonprofit generation and transmission organization, has agreed to join the Southeast Energy Exchange Market (SEEM) effective Jan. 13.

SEEM's founding members comprise nearly 20 utilities across 11 Southeastern states. The market, which proponents plan to launch in the third quarter of 2022, is intended to reduce trading friction through the introduction of automation, eliminating transmission rate pancaking and allowing 15-minute energy transactions, while also promoting the integration of renewable resources.

MEAG Power serves 49 member communities across Georgia. The utility's generating fleet has a total capacity of more than 2,000 MW, including nuclear, hydro, natural gas and coal; it owns more than 1,300 miles of high voltage transmission lines with nearly 200 substations.

More: [MEAG Power](#)

LOUISIANA

Gov. Bel Edwards' 'Net Zero' Plan Calls for Dramatically Reshaping Economy



Gov. **John Bel Edwards'** Climate Initiatives Task Force last week unveiled the final draft of the state's plan to reduce carbon emissions to net zero by 2050.

The 90-page plan focuses on three pillars: a dramatic shift to electricity from renewable

sources; using that electricity to power the state's huge industrial base; and requiring industries using high-intensity heat processes to switch from carbon-based fuels to hydrogen. The plan would reshape the state's economy at all levels, from the use of cars and trucks to land-use decision-making, to the complexities of how electric generation can be switched to zero-carbon fuels, to methods for permanently storing carbon underground.

Task force members will be allowed to append objections to the plan through Jan. 31. The plan will be delivered to Edwards Feb. 1.

More: [The New Orleans Advocate](#)

MASSACHUSETTS

Baker-Polito Administration Launches Commission on Clean Heat

The Baker-Polito administration last week announced that the members of the state's first-in-the-nation Commission on Clean Heat were sworn in, helping to advance the state's goals to reduce greenhouse emissions in the buildings sector.

The commission, which will advise the administration as it works to achieve net zero emissions by 2050, will identify policies and strategies and recommend a framework to achieve emissions reductions.

Energy and Environmental Affairs (EEA) Secretary Kathleen Theoharides has appointed EEA Undersecretary of Energy and Climate Solutions Judy Chang to serve as her designee and chair of the commission.

More: [Mass.gov](#)

MICHIGAN

BLP, EGLE at Odds over Former Sims Site Cleanup

The Department of Environment, Great Lakes and Energy (EGLE) and the Grand Haven Board of Light & Power are having a disagreement on how to handle the cleanup of the J.B. Sims site.

EGLE claims Green Haven "continues to propose strategies that do not meet its state or federal obligations," while Green Haven believes it is within compliance of EGLE's regulations and has been trying to set up a meeting to discuss possible next steps.

The plant, which was demolished nearly a year ago, has left behind several environmental risks due to the coal ash and PFAS chemicals that were found there.

More: [Grand Haven Tribune](#)

MINNESOTA

Longtime PCA Employee Alleges Retaliation over Petroleum Complaints



Mark Toso, a longtime employee of the Pollution Control Agency who resigned in June after nearly 30 years on the job, filed a whistleblower lawsuit in November claiming he faced retaliation for raising concerns

about how the agency handles petroleum leak sites.

Toso is suing the PCA in Ramsey County District Court, alleging that the agency penalized him for voicing concerns that the petroleum remediation program was failing to protect groundwater and endangering the public. Toso said he repeatedly raised concerns to his supervisors about closing sites where he believed contamination still posed a risk, because it might move over time.

Petroleum storage tanks — often buried underground — can corrode over time and leak chemicals into the soil and groundwater. Since the state program began in the late 1980s, there have been more than 20,000 petroleum leak sites reported across the state.

More: [MPR News](#)

PUC Orders Minnesota Power to Return Nearly \$4.5M to Ratepayers

The Public Utilities Commission, agreeing with a ruling from an administrative law judge, ordered Minnesota Power to refund \$4.5 million to ratepayers because it failed to follow "good utility practices" in connection with a dangerous steam pipe rupture at its Cohasset power plant.

In February 2019, a weld failed and left a 2-foot-long crack in a 33-inch pipeline at the Boswell Energy Center. While no employees were injured, one generator was shut down for about 55 days. An investigation by the Department of Commerce concluded that Minnesota Power should have been inspecting the pipeline more frequently, and an administrative law judge agreed. The company had asked the PUC to reject the findings, saying the steam pipe inspection procedures were proper.

More: [Star Tribune](#)

MISSOURI

Evergy Files Rate Review to Recover Costs

Evergy last week submitted a rate review to the Public Service Commission and requested rate adjustment that reflects investments to "improve reliability, enhance customer service, and enable the company's transition to cleaner energy resources."

For Evergy Missouri Metro customers, the company is requesting a 5.2% increase. For Evergy Missouri West customers, the company is requesting a 3.85% increase.

State law requires Evergy file a rate review at least once every four years. If approved, this will be the first base rate increase for Evergy Missouri customers in more than five years.

More: [T&D World](#)

NEVADA

NV Energy Seeks Rate Hike to Recover Tx Line Costs



NV Energy last week submitted an application

with the Public Utilities Commission to recover costs associated with installing the One Nevada Transmission Line.

If approved, electric bills for single-family homes would increase by \$5.25/month (4.8%) over nine months beginning in April.

A hearing on the matter is scheduled for Feb. 17.

More: [Carson Now](#)

OHIO

Gov. DeWine Says He Doesn't Support HB6's Coal-plant Subsidies



Gov. **Mike DeWine** last week said he doesn't support a remnant of the scandal-ridden House Bill 6 that requires ratepayers to subsidize an Indiana coal-fired power plant and pledged that his campaign would

no longer accept any political contributions from FirstEnergy.

The governor said that he supported HB6 because the nuclear plants' owner, FirstEnergy Solutions, claimed it would have to close the facilities without a bailout. Coal

plant subsidies, he said, were “thrown into the original bill” by state lawmakers, and that his focus was on nuclear power and not coal power.

DeWine also said he is open to making some changes regarding how Public Utilities Commission members are chosen.

More: [Cleveland.com](#)

TEXAS

San Antonio Approves CPS Energy Rate Increase

The San Antonio City Council last week voted 8-3 to approve a 3.84% rate increase for CPS Energy. The increase will go into effect in the spring and raise the average bill by about \$5.

The increase includes a charge on natural gas usage that equates to about \$1.25/month that will be included for the next 25 years. That charge will be used to fund the more than \$400 million CPS paid to natural gas providers during last year’s winter storm. Nearly \$1 billion was charged to the utility, though about half remains in dispute.

More: [Texas Public Radio](#)

VIRGINIA

Dominion Asks to Withdraw Proposed Increase in Carbon Market Costs

Dominion Energy last week asked the State Corporation Commission for permission to withdraw an application to raise the costs to ratepayers for the state’s participation in the Regional Greenhouse Gas Initiative, citing “uncertainty” because of Gov. Glenn Youngkin’s pledge to pull the state out of the program.



Corporation
Commission for
permission to

By halting any future cost increases, “customers will benefit to the extent they will not bear the burden of increased near-term compliance costs that may not materialize,” Dominion wrote in a filing with the commission. Under RGGI, any power plant that produces 25 MW or more must buy carbon allowances in quarterly auctions. On Jan. 1, Dominion customers began paying for the first year of RGGI participation, with the average residential customer’s monthly bill increasing by \$2.39.

In December, Dominion filed an annual update on RGGI costs. In its application, it sought to increase the RGGI rider, with the average residential customer’s monthly bill rising by an additional \$1.98, for a total bill impact of \$4.37.

More: [Virginia Mercury](#)

Frederick Supervisors OK Solar Facility in Gore

The Frederick County Board of Supervisors last week voted 6-1 to approve a conditional-use permit for an 83-acre, 20-MW facility.

Hollow Road Solar, a subsidiary of Blue Ridge Energy Holdings, plans to build the facility on three properties totaling 326 acres.

The permit requires that a phase 1 archaeological and architectural survey be completed before site plan approval. The survey must be submitted to the county’s Department of Planning and Development and the state Department of Historic Resources.

More: [The Winchester Star](#)

WEST VIRGINIA

South Charleston to Manufacture Zero-emission, All-electric School Buses

The GreenPower Motor Company last week announced it has signed an agreement

with the state to lease and/or purchase a 9.5-acre manufacturing facility, including an 80,000-square-foot building, where the company will produce zero-emission, all-electric school buses.

GreenPower makes a product called BEAST (Battery Electric Automotive School Transportation), which is described as an all-electric 40-foot Type D battery electric school bus with a range of up to 150 miles on a single charge via a 194-kWh battery pack. The bus can seat up to 90 passengers.

More: [WV Metro News](#)

WYOMING

EPA Rejects Haze Plan, May Accelerate Jim Bridger Closures

EPA last week said it will deny the state’s proposed changes to a longstanding regional haze plan that requires major pollution control upgrades at the Jim Bridger coal-burning power plant.

The 2014 plan required PacifiCorp to install “selective catalytic reduction” controls at Jim Bridger unit 1 by the end of 2022 and at unit 2 by the end of 2021. Instead, the utility joined the state in drafting an alternative plan that would allegedly meet the same regional haze emission parameters by operating the two units at lower capacities. However, EPA said the proposed revision is flawed and it will instead enforce the existing regional haze plan.

The decision may result in the closure of Jim Bridger unit 2 as early as February and unit 1 by year’s end. There are four coal-burning units at the plant.

More: [WyoFile](#)

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