

RTO Insider

YOUR EYES AND EARS ON THE ORGANIZED ELECTRIC MARKETS

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FERC & Federal

Biden Waives Tariffs on Key Solar Imports for 2 Years

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ERCOT Expecting Record Demand this Week

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Mayflower Wind Interconnection Change to Reduce Power Price 10%

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PNNL: Communities Should Take Bigger Role in Coal Plant Closures

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CAISO/West

NW Hydro Outlook Improves as Drought Retreats – in Some Areas

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Correction

An article in last week's newsletter ([FERC Accepts ISO-NE's MOPR Transition Plan](#)) incorrectly stated that ISO-NE's proposal contains no binding commitment to remove the minimum offer price rule (MOPR) after two years. In fact, the changes to the RTO's tariff do include a binding removal of the MOPR.

Counterflow

By Steve Huntoon

Transmission and Technology

By Steve Huntoon

Around the middle of the massive FERC Notice of Proposed Rulemaking on transmission planning, etcetera, we come across a discussion of new technologies.

The NOPR says transmission planning will be improved with the use of dynamic line ratings and other “grid enhancing technologies” (GETs).¹

Dynamic Line Ratings

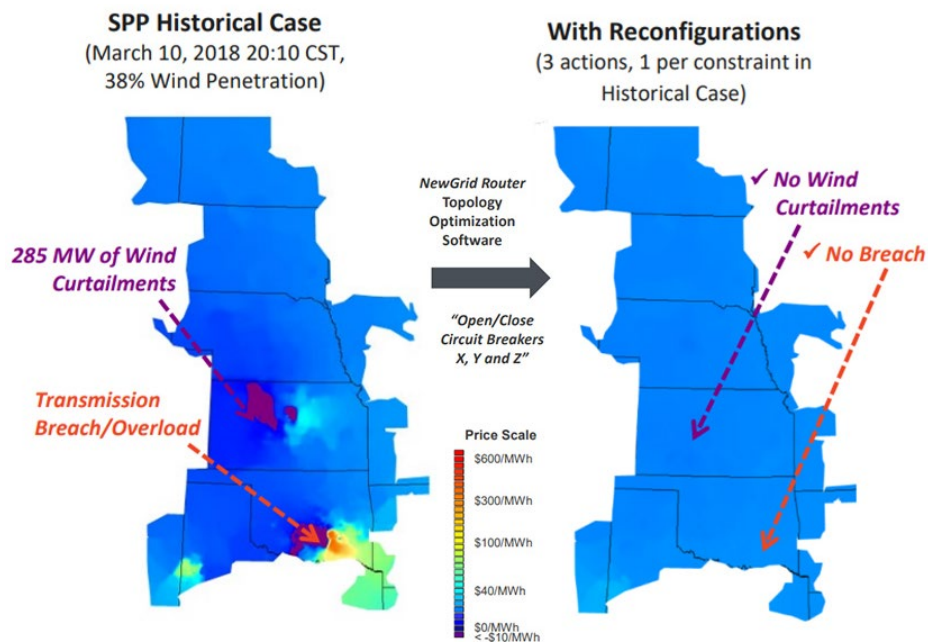
It’s hard to see how this can be so. Dynamic line ratings are very important for reducing congestion, as I discussed back in 2019.² But they can’t relieve reliability violations — arising from future system conditions or from interconnecting new generation.

Planning is based on worst-case system conditions. Dynamic line ratings can be used to increase dispatch of lower cost resources when temperature and other ambient conditions are *better* than worst case. But they can’t make the worst-case planning topology better. It’s that simple.

The only apparent use of dynamic line ratings in planning would be this scenario: Assume multiple potential solutions to a reliability violation. Maybe a more expensive solution would be better if its incremental production cost savings outweigh its incremental solution cost. The odds of this happening in practice are slim to none, and Slim left town.

Transmission line ratings that *are* relevant to planning, including generator interconnection, are unique emergency (contingency) ratings. In its December rulemaking requiring use of ambient-adjusted ratings, FERC also required unique emergency ratings for operations/dispatch, but did not do so for planning/interconnection studies.³

But the latter is what matters to save consumers from transmission overbuild, and to save renewable generators from unnecessary costs



Topology optimization software can automatically reconfigure transmission flows around congested elements, like a “Waze for the transmission grid,” says The Brattle Group. | *Unlocking the Queue with Grid-Enhancing Technologies*, The Brattle Group

and delays. FERC did not address the expert engineering comments in that proceeding,⁴ creating the irony of higher emergency ratings for operations than for planning.

FERC did not address this subject, yet again, in this NOPR.

Other ‘Grid Enhancing Technologies’

The NOPR also mandates consideration of other “grid enhancing technologies,” which beside DLRs, are specified as “advanced power flow control devices.” As with DLRs, such devices have little, if anything, to do with increasing grid capacity. In looking at the study⁵ supposedly supporting the planning/interconnection value of GETs, I can’t find anything relevant. The study at different points refers to planning but then says “GETs focus on operational improvements,”⁶ and the value proposition seems limited to improved dispatch.⁷ Not

planning/interconnection.

What technologies actually do increase grid capacity for planning/interconnection purposes? Technologies that increase *physical* capacity of grid elements such as those that the Electric Power Research Institute has identified.⁸ These include simple things like sag studies to identify possible retensioning and tower raising, and more sophisticated technologies like reconductoring with advanced conductors⁹ and applying high-emissivity conductor coatings.¹⁰ None of these are discussed in the NOPR.

Bottom Line

In the worthy endeavor to increase grid capacity and increase renewable interconnections, the NOPR is pushing the wrong set of technologies. ■

¹ Docket No. RM21-17-000, ¶¶ 267-277, issued April 21, 2022.

² <https://www.energy-counsel.com/docs/waste-not-what-not.pdf>.

³ <https://elibrary.ferc.gov/eLibrary/filedownload?fileid=D1C1F566-9519-CE09-96CA-7DC597800000>

⁴ <https://elibrary.ferc.gov/eLibrary/filedownload?fileid=020C3BCD-66E2-5005-8110-C31FAFC91712>. And I addressed this toward the end of my column in footnote 2.

⁵ https://watt-transmission.org/wp-content/uploads/2021/02/Brattle_Unlocking-the-Queue-with-Grid-Enhancing-Technologies_Final-Report_Public-Version.pdf90.pdf (cited in the NOPR at footnote 437).

⁶ Slide 23.

⁷ Slide 26.

⁸ <https://www.epri.com/research/products/000000003002023004>.

⁹ A recent study on reconductoring is here, https://acore.org/wp-content/uploads/2022/03/Advanced_Conductors_to_Accelerate_Grid_Decarbonization.pdf.

¹⁰ Per an Oak Ridge National Laboratory study of conductor coating: “a coated conductor affords approximately a 20% increase in ampacity when operating at the same temperature as an uncoated conductor.” <https://info.ornl.gov/sites/publications/Files/Pub138393.pdf> (pdf page 10).

FERC/Federal News



Biden Waives Tariffs on Key Solar Imports for 2 Years

Solar Industry Says Action Will Provide Short-term Market Stability, but Incentives Still Needed

By K Kaufmann

Attempting to blunt the impact of the Commerce Department's solar import investigation, President Joe Biden on Monday invoked a 1930 law to declare a two-year tariff waiver on imports of solar cells and panels from Cambodia, Malaysia, Thailand and Vietnam.

Citing a section of the *Tariff Act of 1930*, the president declared an *emergency threat* to the America's supply of solar panels and electric reliability, which will allow panels from the four Asian countries to be imported into the U.S. duty free for two years.

"This comes as a surprise because this isn't something that was on our radar or a lot of people's radar as a way to deal with" supply delays and cancellations caused by the investigation, said Christian Roselund, senior policy analyst for Clean Energy Associates. "But the Biden administration said they were going to do something, and they appear to have found a legal avenue to do so."

"Two years of imports not being subject to duties is huge," Roselund said.

However, Monday's announcement does not derail the investigation into claims by Auxin Solar Inc., a California-based solar manufacturer, that panels imported from Cambodia, Malaysia, Thailand and Vietnam contain Chinese components subject to tariffs imposed by the Trump administration and continued by Biden. (See [Biden Extends Tariffs on Imported Solar Panels](#).)

Depending on the investigation results, new tariffs could still be imposed on solar imports from the four countries, but not until the end of the two-year waiver in 2024.

The solar industry conducted an intensive lobbying campaign urging Biden to provide relief from the tariff investigation. Because more than 75% of panels used in utility-scale projects in the U.S. come from Cambodia, Malaysia, Thailand and Vietnam, the investigation, begun in March, has had a chilling effect on solar projects. A recent survey by the Solar Energy Industries Association (SEIA) found hundreds of developers across the country reporting supply delays or cancellations.

ClearView Energy Partners said the Commerce Department is expected to issue its preliminary findings in the investigation in August, with a final ruling in January 2023. No



Utility Scale Solar in Maryland | Constellation

tariffs resulting from the investigation would be retroactive.

"I remain committed to upholding our trade laws and ensuring American workers have a chance to compete on a level playing field," Commerce Secretary Gina Raimondo said in a [statement](#) released after the president's announcement. "The president's emergency declaration ensures America's families have access to reliable and clean electricity while also ensuring we have the ability to hold our trading partners accountable to their commitments."

Response from solar and clean energy organizations was swift and positive.

Advanced Energy Economy CEO Nat Kremer called the tariff exemptions "a needed stay in a more than decade-long tariff war that has been a loser for all parties. Tariffs only raise costs for consumers and don't create domestic demand for clean energy."

SEIA CEO Abigail Ross Hopper praised Biden's "thoughtful approach to addressing the current crisis of the paralyzed solar supply chain. The president is providing improved business

certainty today while harnessing the power of the Defense Production Act for tomorrow."

But Auxin CEO Mamun Rashid issued a statement criticizing Biden for "significantly interfering in Commerce's quasi-judicial process. By taking this unprecedented — and potentially illegal — action, he has opened the door wide for Chinese-funded special interests to defeat the fair application of U.S. trade law."

Legal action challenging the waiver is possible, according to ClearView.

DPA and Federal Procurement

The waiver is the centerpiece of a three-part initiative that, ClearView says, reflects Biden's ongoing efforts "to resolve tensions between domestic politics and [his] transition policy goals. ... Fuel prices appear to have pinned the White House between voter backlash against inflation and campaign promises to accelerate [the energy] transition and end federal fossil energy leasing."

Biden also authorized the Department of Energy to use the Defense Production Act to

FERC/Federal News



help expand domestic manufacture of solar panel components, as well as building insulation, electric heat pumps, grid equipment such as transformers, and electrolyzers used to produce green hydrogen.

Federal procurement will also be enlisted to boost domestic demand and manufacturing via special contracts, called master supply agreements, and “super preferences” for made-in-America solar systems. By making it easier for U.S. companies to sell to the government, these measures could increase demand for domestically produced solar panels by 1 GW in the near term and 10 GW over the next decade, according to a White House *fact sheet*.

The trio of initiatives is aimed at tripling current domestic solar panel manufacturing capacity from 7.5 GW to 22.5 GW by 2025, while also alleviating the negative impacts of the Commerce investigation.

Statements from administration officials pointed to the economic and national security impacts of Biden’s actions.

“In conflict, fossil fuel supply lines are especially vulnerable,” Deputy Secretary of Defense Kathleen Hicks said. The initiatives announced Monday “will help strengthen our supply chains and ensure that the United States is a leader in producing the energy technologies that are essential to our future success. They will also help accelerate DoD’s transition toward clean energy technologies that can help strengthen military capability while creating good jobs for American workers.”

Echoing Hicks, Energy Secretary Jennifer Granholm said the DPA will “help strengthen domestic solar, heat pump and grid manufacturing industries while fortifying America’s economic security and creating good-paying jobs, and lowering utility costs along the way.”

Solar supply chains were a secondary concern for Jim Matheson, CEO of the National Rural Electric Cooperative Association (NRECA), who instead zeroed in on the DPA’s potential impact on the transformer supply chain and electric system reliability.

“Shortages of transformers pose a risk to normal electric grid operations as well as recovery efforts for systems disrupted by a natural disaster,” Matheson said. “The Biden administration’s use of the Defense Production Act to shorten lead times for supplies of electric transformers is a much needed step to support reliability and resilience, and NRECA urges inclusion of all stakeholders in the implementation process.”

‘Get Stuff Built’

A major point of uncertainty for solar industry advocates and analysts is whether the president’s actions will provide the momentum needed to quickly re-open overseas supply chains and accelerate the buildout of a domestic supply chain.

Noting that American demand for solar panels hit 20 GW in 2021, Roselund said, “There’s this huge imbalance between what U.S. factories can supply, even running at full capacity, and what the market demands.”

The waivers will provide a short-term solution for developers, said Mike Kruger, CEO of the Colorado Solar and Storage Association. Two years may not be “sufficient time to get domestic manufacturing pumping out panels,” he said. “But it certainly gives folks a pretty clear pretty clear signal that they’ve got some runway to get stuff built.”

Kruger and other solar advocates see solar and manufacturing tax credits and other incentives tied up in Congress as critical for the long term. In her statement, Hopper called for passage of the Solar Energy Manufacturing for America Act, which would provide incentives for a range of domestically manufactured solar components, including panels, trackers and inverters.

Roselund also sees the DPA as a short-term solution to a structural challenge for U.S. solar manufacturing — its higher production costs compared to overseas competitors.

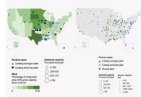
“If the goal is to make everything domestically then you need some way to compensate for the fact that it’s more expensive to manufacture in the United States,” he said. “The most direct way to do that is subsidies.”

Should tariffs cut off imports from the Southeast Asian countries as well as China, he said, manufacturing will go “somewhere else that is less expensive. The likely outcome if we don’t pass some sort of incentives to compensate for the cost difference is that more of utility-scale product gets supplied from places like India and Turkey.” ■

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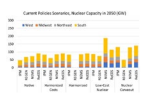
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FERC/Federal News



PNNL: Communities Should Take Bigger Role in Coal Plant Closures

By John Stang

Twenty-eight percent of U.S. coal-fired power plants are expected to be retired by 2035.

A recent [report](#) by the Pacific Northwest National Laboratory in Richland, Wash., said that the communities hosting those plants need to do a better job of preparing for the loss of these major employers.

“Community impacts of power plant decommissioning are not limited to job and revenue losses. Communities are likely to be impacted culturally, socially, environmentally, and have long-term health-based impacts that should be acknowledged and addressed in post-retirement plans,” the report said. “Despite the economic spillover effects that decommissioning will have on the surrounding community, residents often do not have a say on the decision to decommission a coal plant.”

The report, which is dated September 2021 but was released in April, seeks to understand who in a community is affected when a coal-fired plant shuts down, and how to get those people involved in planning for economic recovery, Bethel Tarekne, a PNNL equity

and renewables researcher, said in an interview. “It’s what is realistic for the community to move ahead,” she said.

The report’s recommendations focus on how a community can get involved as soon as a coal-fired plant is considered for closure, extensive research into options on how to recover from that loss, and public transparency in dealing with the effects.

“Understandably, no one size fits all,” Tarekne said.

As of February, the U.S. [had 240 active coal-fired power plants](#). Between 2010 and the first quarter of 2019, U.S. utilities announced the retirement of more than 546 coal-fired power units, totaling about 102 GW. Plant owners intend to retire [another 17 GW of coal-fired capacity](#) by 2025, according to the U.S. Energy Information Administration, with [12.6 GW slated to shut down this year](#).

In another [report](#), EIA said utilities plan to retire 28%, or 59 GW, of the coal-fired capacity currently operating in the country by 2035.

The PNNL study looked at four communities that have lost or will lose their coal-fired power plants.

Wise County, Va.

This county of 38,000 expects to lose 153 full-time plant jobs and 300 to 400 plant-supported jobs, \$6 million to \$8.5 million in annual tax revenue and \$25 million to \$40 million in local economic activity. In 2019, the county had a 9.4% unemployment rate when the national average was 5.3% and Virginia was 4.6%.

“This translates into a significant impact on schools and other public services in the area. For a region with high unemployment and poverty rates, the job losses and decrease in economic activity due to the plant closure would be a critical threat. The issue of environmental cleanup is another huge concern among community members, especially the resources for cleaning up gob [accumulated spoil] piles, for which the only remediation solution currently is to burn the gob at the power plant,” the PNNL report said.

After going online in 2012, Dominion’s 668-MW Wise County plant has picked up many state air pollution violations. It has underperformed in producing electricity, dipping to 22% of expected performance in 2019, and suffered financial losses in 2013 and 2014.

Virginia passed a law in 2020 that requires most of the state’s coal-fired plant to close by 2024. The rest must be decommissioned by 2045. There is no timeline set for decommissioning the Wise County plant. However, Dominion Energy has the option of revamping the site as a renewable energy facility, the PNNL report said.

Wise County leaders were instrumental in getting a 2021 Virginia law passed that required a public hearing on the decommissioning of coal power plants, required the state to maintain a website detailing decommissioning dates for large carbon-emitting plants, and required investor-owned carbon-emitting utilities to provide decommissioning studies to the public.

Anderson County, Tenn.

This county of 75,000 expects to lose 100 full-time jobs, \$70 million in annual tax revenue, and 54% of the Clinton, Tenn., school district’s tax base when the 881-MW Bull Run Fossil Plant (BRFP) closes in December 2023. The Tennessee Valley Authority opened the plant in 1966.

In 2002, the plant accounted for roughly 60% of the greater Knoxville area’s air pollution. Emissions controls have improved, but the



TVA's Bull Run Fossil Plant in Clinton, Tenn. | TVA

FERC/Federal News



plant's pollutants have been linked to many deaths, including 21 in one year, the PNNL report said. It has collected multiple federal air pollution violations.

The site has stored more than 10 million cubic yards of coal ash, worrying local residents about the environmental impacts.

"Community opinions about whether the coal ash should be moved offsite or kept in its current location at the BRFP facility are mixed. The decision is a difficult one, because the community will be faced with environmental ramifications and public health consequences if the ash pile is kept onsite but will also encounter significant impacts if the coal ash is removed," the report said.

TVA is closing the plant because it is unprofitable to run and faces \$1.3 billion in needed improvements. TVA has determined it can serve its customers without the facility. The agency is considering tearing down the plant, but there has been little community input into the site's fate since the closure decision was made in 2019.

"TVA's noncommittal attitude toward engaging the community in the decommissioning process has strained their relationship with the community and constituted a large barrier in setting the stage for a just transition process," PNNL said. "The community wants more direct input in the retirement planning process, and more specifically, a formal negotiation agreement to be signed by the TVA, especially to ensure that the community has some influence on the landfill permitting issue. Since 2018, the TVA has hosted or planned a total of 13 sessions for information dissemination/public involvement in the [the plant's] retirement process ... [three sessions] did not provide

opportunities for formal public comments."

Muskegon County, Mich.

Opened in 1948 and located 1 mile from Lake Michigan, Consumers Energy's 320-MW B.C. Cobb plant was closed in 2016 and demolished in 2020. The closure eliminated 160 jobs and about \$70 million in annual tax revenue in the county of 173,000. Roughly 13.5% of the county's population lived below the poverty line in 2019.

The Muskegon County plant was the last of seven coal plants Consumers Energy decided to close because they were no longer economical to operate, prompting the utility to convert to more economical natural gas and renewable energy. In closing the seven plants, Consumers, which wants to reach net zero emissions by 2040, reduced its carbon emissions by 90%.

The PNNL report said the community was largely uninformed in the pace and direction of the plant's closure, although the local government provided some expedited permitting in return for Consumers Energy removing its ash ponds.

"Although the decision-making process was neither equitable, nor entirely transparent, [Consumers] Energy did give the community some leeway in assessing the best future use for the site. [Consumers] Energy recommended alternative uses for the site, including an expanded deep-water port, an agribusiness center, and a sustainable manufacturing center, but ultimately provided funding for the community to conduct studies to better understand their options," the report said.

Through a third party, Consumers sold the site to a shipping company at the nearby port.

Sherburne County, Minn.

Xcel Energy's Sherburne County Generating Station (Sherco) in Becker, Minn., consists of three coal-fired units capable of producing 2,400 MW and burning 30,000 tons of coal a day. The utility plans to close one unit in 2023, another in 2026 and the third in 2030, and is proposing to open a 460 MW solar plant at the site in 2024.

The closures will eliminate 300 jobs, as well as 14% of Sherburne County's tax base and 75% of Becker's tax base.

In 2007, Minnesota lawmakers set economy-wide carbon reduction goals of 30% by 2025 and 80% by 2050. Xcel initially targeted a 40% reduction in its Midwest carbon emissions by 2030, but the retirement of the first two Sherco units would allow the utility to reach 60% reduction by 2030.

"The Becker and broader Sherburne County communities were initially in denial about the plant's fate and thought Sherco might be saved because it powered a quarter of the Twin Cities. However, the Becker City Administrator strategically shifted the conversation from the need to save the power plant to developing plans for the anticipated power plant decommissioning. ... Dealing with the anticipated decommissioning of the plant was a significant undertaking for the community," the PNNL report said.

Local leaders then began researching options and what the community had to offer to prospective new businesses, including thousands of acres of buffer areas around the three units. Becker has ended up building a metals recycling plant, helping expand two existing trucking companies, and is planning to obtain a data center to attract new businesses. ■

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FERC/Federal News



Granholm Discusses Net-zero Tech at ARPA-E Energy Innovation Summit

By Rebecca Santana

DENVER — Leaders in energy innovation from across the U.S. traveled to Denver last month to participate in ARPA-E's 2022 Energy Innovation Summit.

The three-day conference ended with a fireside chat led by U.S. Secretary of Energy Jennifer Granholm.

Granholm started by expressing her excitement to be back in person.

"Since the last time we met virtually, so much has gone on in the world, even yesterday, so much horrible stuff," Granholm said, referring to the school shooting in Uvalde, Texas.

"[And] the war in Ukraine as well," she continued. "The impacts on the global energy markets and the fact that gas prices are through the roof and people are really hurting. It just tells you that we have got to move."

Granholm expressed frustration with the current legislature's inability to "get the full array of our climate policy through," but she said she remains optimistic.

"Technology is going to move forward regardless of what's happening on the policy side, and this is how we are going to ultimately fix the biggest problems that are facing us," she said.

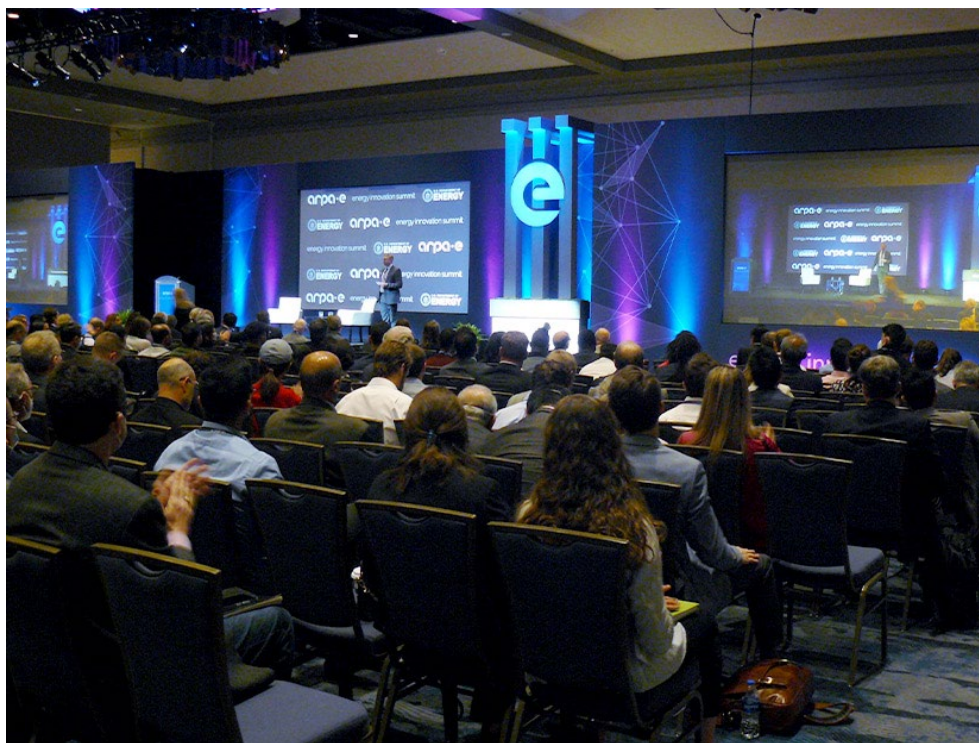
Beth Zotter, CEO and co-founder of UMARO Foods, and Natron Energy CEO Colin Wessells joined Granholm for a conversation about the technologies their companies are working on to aid the transition to net zero.

Zotter's company started out by producing algal biofuels out of seaweed to use in the transportation sector.

"UMARO Foods is really built on the vision



U.S. Energy Secretary Jennifer Granholm | © RTO Insider LLC



Industry leaders in net-zero technologies from all over the country attended ARPA-E's 2022 Energy Innovation Summit on May 23 to 25. | © RTO Insider LLC

that the ocean is the most scalable and efficient bioreactor for producing biomass," Zotter said. She added that the company's goal is to create the technologies that can unlock the ocean's potential for producing clean energy.

Her company has moved into the food industry, using seaweed byproducts to produce plant-based foods to complement its existing biofuel production. UMARO plans to roll out plant-based bacon to restaurants in the coming months.

"Right now, algal biofuels need a high-value co-product to basically make the economics for large-scale biorefineries work out," Zotter said. And with a growing demand for plant-based meat alternatives, it's a new market opportunity, she added.

On the battery storage front, Wessells said, "Natron Energy is developing sodium-ion batteries to solve electricity reliability problems," while avoiding widespread industry supply chain issues.

"We're removing the supply chain constraints," he said. "We don't have the lithium; we don't have the cobalt; we don't have the nickel; we don't have the copper. We can onshore all these materials. We just use iron; we just

use manganese."

Natron is planning a large battery storage project in Holland, Mich., with its new sodium-ion technology. It plans to run about 600 MW of battery production per year of utility-scale grid storage for "data centers, telecom [and] short-duration grid storage. ... This will be phase one of a longer-term growth plan," he said.

With LG Energy Solutions' investment in battery manufacturing for electric vehicles in March and the various auto manufacturers in the area, Wessells said Holland is poised to become a battery hub in the Upper Midwest.

Wessells said Natron's goal is "to avert a doomsday scenario for grid storage, where if we don't have the lithium minerals, we don't have the grid storage we need." Being independent of the mineral supply chain may allow Natron to fill the battery storage gap that will get the U.S. to net zero, he said.

Both companies were able to launch with help from funds awarded through ARPA-E grants. Granholm stressed the importance of government working with industry to fund technologies to avert climate change and aid the energy transition. ■

FERC/Federal News



Study: Old Mines Can Host New Pumped Storage

By Amanda Durish Cook

Researchers at Michigan Technological University have wrapped a yearslong study that concludes many of the nation's abandoned and flooded mines could become underground, long-term, pumped-storage facilities.

Studying a nearby closed mine shaft in Michigan's Upper Peninsula, professors and graduate students *determined* that nearly 1,000 mines in the country could be repurposed into closed-loop hydroelectric storage facilities.

"We really can create a closed loop pumped hydro storage facility in an abandoned mine that is essentially invisible at the surface," Michigan Tech associate professor of archaeology and anthropology Timothy Scarlett told *RTO Insider* in an interview. "We don't really have to invent anything. It's all of matter of using what has already been designed."

Michigan Tech researchers concentrated on Mather B, a long-decommissioned iron-ore mine in Negaunee, Michigan, and extrapolated results to consider the applicability of such facilities on a national scale. They concluded proven and conventional pumped hydro equipment could be fitted into mineshafts. (See *Mich. Energy Storage Idea Poses New Life for Old Mines.*)

"What surprised me in the finding is how flexible this service can be in supplying grid services ... We've concluded that this could do pretty much anything that MISO could ask it to do," said Roman Sidortsov, associate professor of energy policy.

Research IDs 968 Mines as Storage Sites

Using data from the United States Geological Survey's Mineral Resource Database System, the researchers identified 968 other abandoned mines across 15 states that could potentially host hydroelectric storage facilities.

Michigan Tech undergraduates worked with the university's *Alternative Energy Enterprise Team* building a database of the country's abandoned underground and combined underground and surface mines. They eliminated incompatible mines like open pits, mountain-top-removals and sites with weak structures.

"For example, we excluded coal mines because they're usually more geologically unstable," Scarlett said.

The team concluded that suitable mines could host up to 285 GW of daily power capabilities for partially underground storage facilities and



Michigan Tech researchers Timothy Scarlett (left) and Roman Sidortsov assess the Quincy mine in the Upper Peninsula in April. | *Michigan Tech*

137 GW for fully underground facilities. The study pointed out that those values exceed the National Renewable Energy Laboratory's (NREL) projections of storage needs to support an 80% renewable energy mix.

NREL's recent *Storage Futures Study* projects from 100 to 650 GW of new storage capacity by 2050, all of which could support at least 80% of renewable generation penetration. The U.S. had about 23 GW worth of installed energy storage capacity in 2020.

Michigan Tech Researchers said a pumped hydro mine storage could become a seasonal asset, with four pumping and discharge cycles per year and a maximum cumulative power of 8.7 GW, or 8,010 GWh per season.

The team analyzed Mather B's dimensions, structural integrity, soil and water contamination, and property rights to come up with five pumped-storage designs that range from fully to partially subterranean and are capable of pumping different volumes of water. The designs use combinations of the shaft and surface pond, with equipment reaching to the mine's mid- or deep levels.

"I joke with people that because there are so many ways to design this, it's really a choose your own adventure book," Scarlett said. "It is a question of what's the most appropriate design, what are people most excited about? It doesn't have to have a large visual footprint on

the landscape."

The team found the mine could support maximum power and energy capacities of 1,666 MWh under a daily energy storage model and 52,188 MWh for the seasonal energy storage model.

Scarlett said developers must refit a mine's existing infrastructure with modern hydropower technology. But he said the turbine sizes and floodgates' diameter are up to developers. He said designers could also use vertical boring mechanisms to add new shafts that take advantage of existing underground caverns.

"Nothing is prohibitively expensive; they're all established mining practices," Scarlett said, noting that developers can update old mine powerhouse and transmission systems for two-way power flows.

"Because these mines were big consumers of power in their operational lives, they either have already-active electricity hookups or legacy hookups," he said.

Optimism for Concept

"I think we've made a really good case about why these facilities should be built," Sidortsov said. "Based on the strides that companies in Europe are making, I think it will take off."

Finland's *Pyhäsalmi Mine* is set to host pumped-hydroelectric energy storage. Sweden

FERC/Federal News



boasts grid-scale energy storage company *Mine Storage* that develops and operates underground storage projects.

U.S.-based Rye Development has also *filed* an application with FERC for a 50-year permit to operate a 200-MW pumped-storage project in a former coal strip mine in Kentucky. Rye plans to complete the project by 2030.

Sidortsov predicted that underground pumped storage will be built on a “shift in the way we approach technology” that consists of “an alignment of not just the engineering bits, but the alignment of conviction of more people to engineer the facilities.” He said getting storage built in mineshafts requires “thoughtful government support” that holistically values resilience and takes a long view on energy assets.

Scarlett said an underground pumped-hydro storage facility could function like Michigan’s Ludington Pumped Storage Plant that’s been operating for 50 years.

“It’s been a profitable endeavor, not in a renewables environment, but in a coal- and nuclear-generation environment,” he said of the plant’s life span. “Once one of these is up and operating, there’s no reason to think that it couldn’t operate on a half to full-century timeframe.”

Scarlett said utilities “desperately” need to solve the problem of storing renewable output, calling it the “elephant in the room.” He said an array of storage options will be necessary and a mine storage operation can fill a need for otherwise limited grid-scale storage options.

“I think people are going to be looking at this very, very seriously. It’s complicated and planning heavy, but it solves so many problems.”

A municipality could bank cheaper power at night, then sell it back to its own residents in a kind of “arbitrage driven by the community,” he said. Wholesale markets could also benefit from the facility’s ability to regulate load, shave peak and provide ancillary services and black start capability.

“It’s like a hydropower plant, where you can start it up quickly,” Scarlett said.

Michigan Tech researchers estimated the capital cost of draining the Mather B mine and installing a pumped storage facility at about \$1.34 million/MW. Scarlett said Michigan Tech used “very cautious and reasonable” cost estimates.

“Mining companies dewater mines all the time and assess the mine integrity,” he said. “If one were really designing [pumped underground storage hydropower] in a mine, this would be a critical part of the work.”

Public-Private Partnerships

Scarlett said he envisions public-private partnerships producing the first mine storage facilities. He said states could invest in or provide subsidies for retrofitting.

“If you’re going to do it at scale and quickly, it’s going to be a big endeavor,” he said. “Convincing investors to do this is the risky part.”

The underground storage facilities would have

variable profits depending on a multitude of factors, including design choices, but they “could be made to be profitable rather quickly,” Scarlett said.

“It will likely be expensive to build these facilities at first ... but the advantages of building a large-scale pumped hydro facility underground and doing so quickly are tremendous. It makes it a very compelling case from a social perspective,” he said.

“Deployment of these facilities can be streamlined though public-private partnerships because many potential sites are located on public lands and can provide a wide range of benefits to the surrounding communities,” Sidortsov said. “What I’m not very optimistic about is the ability of our industry and governments to forge this kind of public-private partnerships. It doesn’t mean that the idea is doomed. It needs a positive and sustained momentum ... If those things emerge, then we might be talking about kind of a revolution.”

He said a mine’s pumped storage facility will likely be on par financially with conventional pumped storage.

“So, we’re already at least in the vicinity, in the ballpark,” Sidortsov said. He said that though “virtually any energy technology has higher costs before it is deployed at scale, underground pumped storage can be an exception to this rule because of the reuse of the existing infrastructure, subterranean spaces and surface mine sites.”

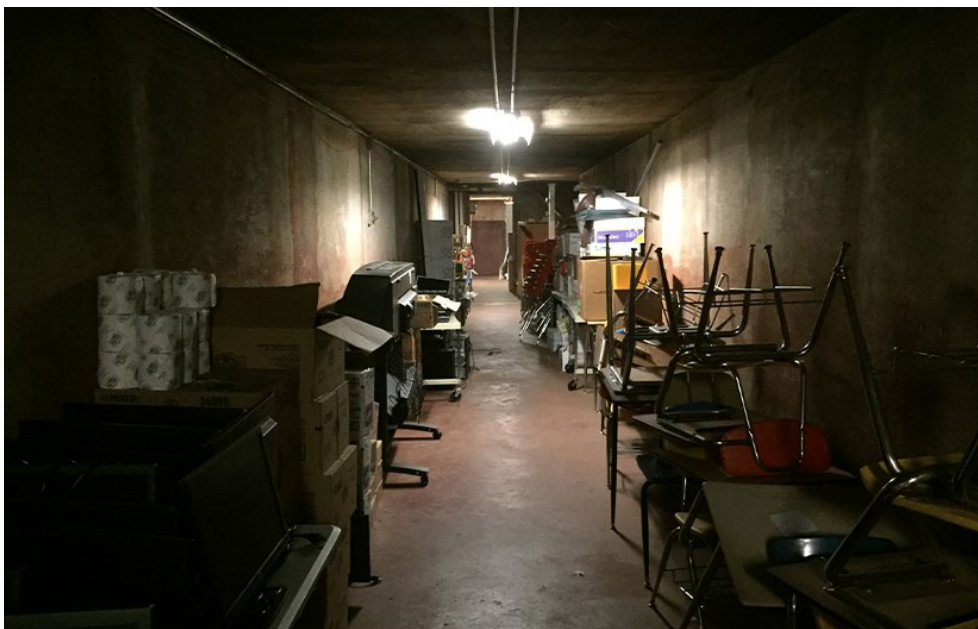
“In the last three decades or so, the conventional wisdom about pumped storage hydro development has been that it was no longer feasible at scale in the U.S. because of the site availability,” he said. “Well, now we have at least 962 potential sites that pose lower environmental and community acceptance barriers. It would be a shame to not take advantage of them.”

Sidortsov added that the facility could create economic development “in areas that are really hard to develop economically.” He said pumped storage in mines could become firm, hybrid resources for rural areas where electricity rates tend to run high.

“If you do that, there’s an incidental benefit for other things, maintenance jobs, construction jobs [and] lower electricity rates,” he said. He said some of the ideal mine sites identified by Michigan Tech are in California, “where there’s a dire need for storage.”

A Hedge Against Severe Weather

A mine’s environment can provide a buffer



Mather B’s mine tunnels are now used as storage for nearby Negaunee High School | *Mining History Association*

FERC/Federal News



against increasingly extreme weather and most natural disasters, Scarlett said.

“Of all those surface issues — save for earthquakes — the mine is the ideal storage facility,” he said. “You can’t drive a truck bomb into it, right? It’s underground. There are several non-monetized benefits to this.”

Sidortsov agreed that an underground pumped storage facility will be less vulnerable to floods and droughts.

“You would be fairly certain about what the total capacity would be. In the mine, there’s no evaporation. It’s only in-flow,” he explained.

If built at maximum capacity, a storage facility in the Mather B mine could furnish three-and-a-half months of uninterrupted power to its surrounding communities should they be islanded from the larger grid, Scarlett said.

He said the hydropower storage operations could tackle environmental improvements and pumping could be paired with a water-remediation system.

“Generally, whenever you talk about a mine, there are concerns about water quality,” Scarlett said. “You could attach water treatment to the facility, where the water gets treated

during operations, and so the facility could actually improve the local ecosystem rather than continuing existing polluted discharges.”

He said some developers might be able to take advantage of water-remediation tax incentives. Older mines continue to leak contaminated water into communities “because no one is financially responsible” for them, Scarlett said.

An energy storage facility that also can mitigate environmental damage could be an “ideal solution” for communities experiencing cultural depression and economic contraction after mine closures, Scarlett said. The team’s next steps are to help those communities assemble their own analyses patterned on the Michigan Tech study.

“It’s what drives me in this work,” Scarlett said. “Communities can be involved in steering the direction of development.”

The research leads also said the team will examine pairing mine storage facilities with other energy operations, such as solar and wind generation or geothermal energy, that use the warm water already pumped up. Scarlett said new analyses may lead to developers selling minerals reclaimed from the filtering process.

“We’re at a point where we can think about combined systems and nesting them in different ways,” Scarlett said. “We wanted our ... first study to show just how a facility would work on its own. Now, we want to show it in partnership with other uses.”

He said he’d like his team’s study to lead to more modeling in the U.S. on “how infrastructure can be reimaged to be multipurpose.” He said energy storage in abandoned mines can become a “sustainable economic engine ... especially once industrial wealth commercialization leaves, and often leaves these communities hurting.”

Sidortsov said he foresees the Mather B mine becoming a good site for further studies or a pilot project.

“Frankly, there still has to be a lot of studying done before we can proclaim it as a commercially scalable technology,” he said.

Sidortsov said he views the concept as a “regulatory, economic, engineering and cultural Lego game” more than the creation of a new technology. “You’re not inventing anything new. You’re inventing a new way for those components to fit together, and the Lego figure that emerges at the end can be of a truly transformative kind.” ■

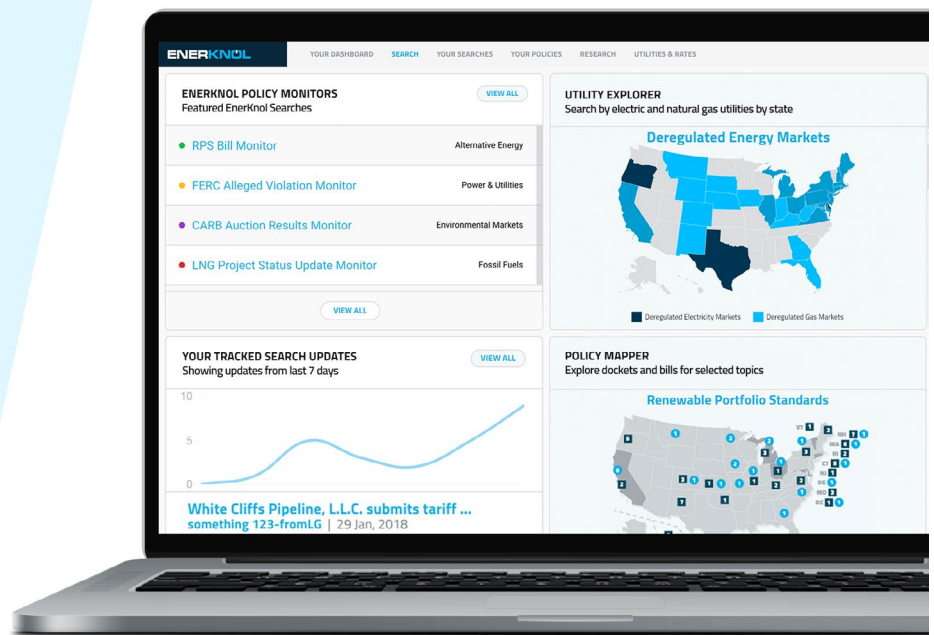
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CAISO/West News



NW Hydro Outlook Improves as Drought Retreats — in Some Areas

By Robert Mullin and John Stang

The Pacific Northwest stands out as an exception to the increasingly dire water supply situation gripping the wider West, boding well for the region’s hydroelectric potential heading into summer.

While regional officials in Southern California last week imposed “unprecedented” water-use restrictions on 6 million residents in the region and the state confronts declining reservoirs and dismal snowpack levels, Washington state faces the summer with dramatically improved water conditions compared with a year ago.

According to data released Thursday by the U.S. Drought Monitor, about 49% of Washington is not experiencing drought conditions, mostly areas from the Cascade Range to the coast. At this point last year, just under 9% of the state was designated as not being in drought after an exceptionally dry spring.

About 17% of the state is designated as being in “severe” drought, compared with nearly 30% a year ago, and no areas are currently in “extreme” drought, versus just under 4% last year.

A “drought” means that rainfall is less than 75%

of normal and that hardships are expected because of a lack of water.

Some areas of Central and Eastern Washington still experiencing drought should eventually benefit from the runoff issuing from unusually high snowpack levels at upper elevations. Snow telemetry data from the U.S. Natural Resources Conservation Service show snow water equivalent (SWE) is currently at 215 to 221% of the average in the Upper, Central and Lower Columbia regions, 289% of the average in the Upper Yakima region, and 347% of the average in the Central Puget Sound region.

The improving conditions prompted Washington to dramatically cut back on its drought emergency late last month.

Last July, Gov. Jay Inslee declared a drought emergency for 96% of the state, citing the severe effects of climate change. Last year’s declaration sped up processing for emergency drought permits and allowed temporary transfers of water rights. The cities of Seattle, Tacoma and Everett were not included in the drought emergency because they have significant amounts of stored water.

As of May 26, all of Washington from the Cascade Mountains and to the west were re-

moved from this designation. Most of Eastern Washington, except for four areas, was designated as a drought advisory area. A “drought advisory” means that rainfall is now above the 75% mark but could potentially drop below.

Five watersheds clumped in from areas spread across parts of eight northeastern Washington counties are still in states of “drought emergencies” because they have not received enough rainfall to recover. This land covers about 9% of the state. The drought emergency area covers parts of Spokane, Lincoln, Grant, Adams, Whitman, Stevens, Okanogan and Pend Oreille counties.

“2021 saw extreme temperatures and near record-low precipitation across much of the state,” Jeff Marti, the Washington Department of Ecology’s drought coordinator, said in a May 26 press release. “In 2022, conditions have been much more normal, but we’re still trying to make up a deficit in some places. Extending the drought declaration for these areas will give us more tools to manage water supplies and respond to changing conditions.”

Impacts from last year’s drought that are expected to continue through this summer include low soil moisture, dried-out ponds, earlier-than-normal curtailments for irrigators in Colville, the Little Spokane River and Hangman Creek, and low reservoir storage in Okanogan County, the press release said.

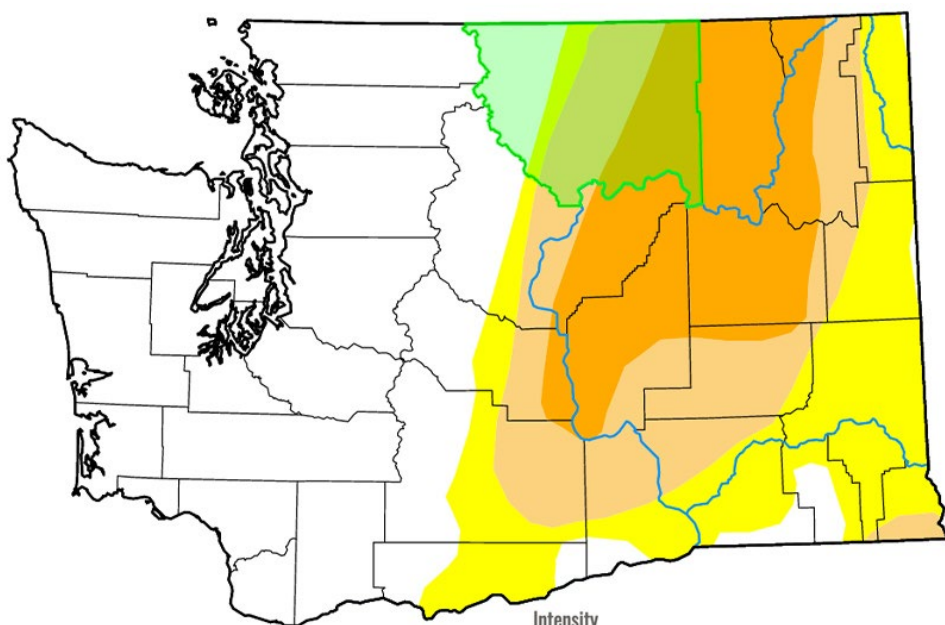
Mixed Conditions in Oregon

To the south, in Oregon, the picture is decidedly more mixed.

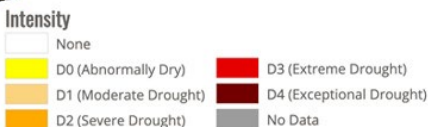
A year ago, the entire state was experiencing drought, with nearly three-quarters designated as being in severe to “exceptional” drought conditions. After a spring of persistent and heavy rains, the northwest corner of Oregon — about 19% of the state, including the Portland metro area and lower Willamette Valley — has emerged from drought.

But the outlook has worsened farther inland, with the portion of Oregon classified as being in exceptional drought (the highest designation) expanding to 11.8%, from 3.5% a year ago, concentrated in the central part of the state east of the Cascades. An even larger portion of the state is in extreme drought, in an area stretching from Eastern Oregon to the south and west, along the California border.

As in Washington, Oregon SWE levels generally far exceed averages for this time of year,



Map released: Thurs. June 2, 2022
Data valid: May 31, 2022 at 8 a.m. EDT



Nearly half of Washington is out of drought heading into summer, a dramatic improvement over a year ago. | U.S. Drought Monitor

CAISO/West News

with the basin containing the Hood, Sandy and Lower Deschutes rivers at 349% of normal; the Umatilla, Walla Walla and Willow rivers region at 280% of normal; and the Willamette River basin at 219%. The only region with critically low snowpack is the drought-stricken Lake County region in Southern Oregon, currently at 15% of average.

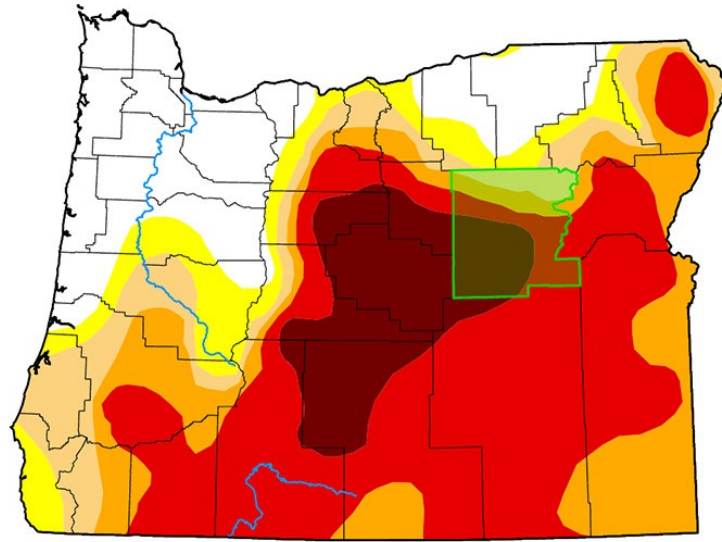
'A Bit of Good News'

The heavy snowpack in the Northwest should help recharge the region's extensive network of hydroelectric dams this summer, although some industry observers are still cautious. The largest of those dams, mostly operated by the Bonneville Power Administration, sit in Central Washington or along the Oregon-Washington border on the Columbia River. Others dot smaller rivers in the region, many of them tributaries to the Columbia.

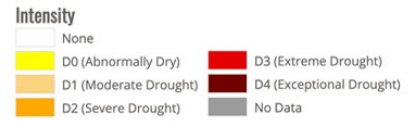
Speaking at a WECC summer readiness workshop May 24, Amanda Sargent, senior resource adequacy analyst at the NERC regional entity, noted that Pacific Northwest hydroelectric output last year was 14% below the 10-year average, based on data from the U.S. Energy Information Administration. But conditions have changed drastically since the start of the current water year last September, when all of Oregon and Washington were in some level of drought.

"Is it going to be like it was last year? Are we going to see the same effects? It's impossible to say," Sue Smith, WECC resource adequacy analyst, said at the workshop. "But I did want to point out that compared to last year, our net generation is higher. It was higher in January, and it was higher in February," the last months for which data were available.

Another encouraging sign for hydro produc-



Map released: Thurs. June 2, 2022
Data valid: May 31, 2022 at 8 a.m. EDT



Northwest Oregon has emerged from drought after heavy rainfall this year, but conditions are worsening in other parts of the state. | U.S. Drought Monitor

tion can be found in British Columbia — the source of the Columbia River — where government-owned utility BC Hydro operates a massive hydroelectric network on the Columbia and Peace rivers that typically produces ample electricity surpluses exported to the rest of the Western Interconnection.

In "a lot of our service territory right now, the snow levels — or the snow water index, as we refer to them — is quite high, quite healthy," Brett Hallborg, senior system control manager at BC Hydro, said during the WECC workshop. "So that's a good news story for BC Hydro and its resource adequacy. But it's also probably a bit of good news for WECC and its resource

adequacy [that] we do have quite a bit of water."

The most recent data available show SWE at 118% of normal in the Peace River basin and 123% in the Upper Columbia basin.

Hallborg noted that cool weather this spring has delayed this year's snowmelt, a condition that applies equally to Oregon and Washington.

"And, in fact, just recently in a kind of a new climate change-type storm, we got some fresh snow fall in each of those areas, which is a little unheard of even for us at this time of year," Hallborg said. ■

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CAISO/West News

Regulators OK NV Energy Battery Project on Old Coal Plant Site

By Elaine Goodman

Nevada regulators last week approved a permit for NV Energy to build a 220-MW battery storage system at the former site of the Reid Gardner coal-fired generating station in Clark County.

The two-hour, lithium-ion battery storage system will cost an estimated \$217 million and is expected to be operating by May 2023. The Public Utilities Commission of Nevada (PUCN) approved the construction permit on a 3-0 vote May 31.

The project includes a new 230-kV substation, a 230-kV transmission line and interconnection facilities at the existing Reid Gardner substation. The site was formerly home to the Reid Gardner generating station, which closed in 2017 and was NV Energy's last coal plant in southern Nevada.

NV Energy said the battery storage project would help it more efficiently manage the growing number of solar resources coming online as part of the utility's decarbonization efforts.

The project is still subject to approval by other state and local authorities.

Part of IRP Amendment

The Reid Gardner battery storage project is one piece of a proposed amendment to NV

Energy's 2021 integrated resource plan (IRP). Last week's approval assumes the commission will also approve the IRP amendment. A hearing on the amendment is scheduled for July 20.

The proposed IRP amendment also includes a power purchase agreement for 25 MW of renewable energy from the North Valley geothermal facility.

The amendment proposes upgrades to three peaker projects that would increase peaking capacity by a combined 48 MW and cost \$24 million. The upgrades would be in service by May 2024.

In addition, NV Energy wants to spend \$3.5 million to continue exploring a 1,000-MW pumped hydro storage project in White Pine County in eastern Nevada. The expenditure would give the utility exclusive rights to acquire the project. The project, which is being developed by rPlus Hydro, would interconnect at the Robinson Summit substation.

In its application filed with the PUCN, NV Energy said the IRP amendment would help address concerns about regional market capacity.

As a result of climate change, NV Energy said it must "re-evaluate established practices, in particular large reliance on market purchases, to ensure sufficient capacity to meet peak demands during the summer."

NV Energy pointed to an energy emergency

alert event on July 9, 2021, when a Southern Oregon wildfire cut off about 5,500 MW of transmission capacity on two primary lines from the Pacific Northwest to the Southwest. At the same time, demand was surging as Nevada and other states experienced near record-breaking temperatures. NV Energy set a new combined system peak load record that day.

"Climate related incidents such as this no longer appear to be isolated events," the utility said.

Sierra Club Support

The Sierra Club filed comments with PUCN in strong support of the proposed Reid Gardner battery storage system.

"The project will provide peak capacity during times of high demand, reduce reliance on market capacity, and support the integration of solar energy resources into the grid," wrote Elspeth DiMarzio, senior campaign representative for the Sierra Club's Beyond Coal campaign.

Battery storage projects are a more cost-effective way to increase capacity than the utility's proposed gas plant upgrades, DiMarzio said.

And by building at the Reid Gardner site rather than on undeveloped land, NV Energy will minimize environmental impacts of the project, DiMarzio wrote. ■



NV Energy has proposed its battery storage project for the site of former coal-fired Reid Gardner plant, which has since been demolished. | Sierra Club

CAISO/West News



Transmission Bills Advance in Calif. Legislature

Measures Seek Quicker, Less Expensive Tx Development to Meet Clean Energy Goals

by Hudson Sangree

SACRAMENTO, Calif. — Four bills intended to help speed the construction of transmission to deliver renewable energy to CAISO's grid cleared the Senate and Assembly and are moving forward in the legislative process, including two measures that propose studying public ownership and financing of transmission projects in California.

The measures seek to bolster the state's efforts to supply end-use customers with 60% renewable resources by 2030 and 100% carbon-free energy by 2045, as required by [Senate Bill 100](#).

CAISO estimated in its first 20-year transmission outlook in February that meeting the state's goals will require a \$30.5 billion transmission buildout in California and across the West over the next two decades, mainly to carry wind and solar power from remote areas to urban load centers. (See [CAISO Sees \\$30B Need for Tx Development](#).)

The assessment prompted lawmakers to introduce bills to accelerate the normally laborious process of transmission development. The measures include [Senate Bill 1174](#), by Sen. Robert Hertzberg, a San Fernando Valley Democrat.

"California's ambitious clean energy goals are nothing more than goals without the right infrastructure," Hertzberg said in a statement following Senate passage of his bill, by a vote of 39-0, on May 25. "This bill connects the state's bold plans for electrifying our economy with the modern infrastructure required to power a cleaner, greener California."

SB 1174 is now before the Assembly Utilities and Energy Committee.

Transmission owners currently report annually to the California Public Utilities Commission on transmission upgrades needed to achieve their renewable portfolio standard procurement requirements, it notes.

Hertzberg's bill would direct the CPUC to work with CAISO, the California Energy Commission (CEC) and the state Air Resources Board to "identify all interconnection or transmission projects necessary to achieve" the goals of SB 100 and to prioritize approval of the projects.

That includes the connection of offshore wind resources to CAISO's grid.

The federal Bureau of Ocean Energy Management intends to hold the West Coast's first wind auctions later this year for two areas off the California coast, one of which, the Humboldt Wind Energy Area in Northern California, lacks onshore transmission connections.

Completing the project and delivering its estimated 1.6 GW of capacity will require building transmission lines 100 miles across a mountainous landscape or laying an undersea cable more than 200 miles to the San Francisco Bay area, CAISO planners have said. (See [West Coast Wind Faces Big Challenges](#).)

Such large-scale needs mean speeding transmission "may be one of the most important steps we can take to connect bold planning with common-sense policy," Hertzberg said in his statement.

Faster, Cheaper and Possibly Public

Another bill, [SB 887](#) by Sen. Josh Becker, a Democrat from the San Francisco Peninsula, says the state's installed generating capacity could grow from 85 GW today to more than 300 GW by 2045 to meet SB 100's targets. (CAISO's estimates are less but still suggest the state may need to triple its in-state generating capacity in the next 23 years.)

"These build rates are not achievable without additional electrical transmission lines and facilities connecting new resources to consumers in the state's load centers," Becker's measure says. "Given the scale of this challenge, there is an urgent need to prioritize and accelerate the substantial effort needed to build transmission projects with long development times."

The measure would direct CAISO, the CPUC and the CEC to expand their generation and transmission planning horizons from the current 10-year process to "at least 15 years into the future to ensure adequate lead time for [CAISO] to analyze and approve transmission development, and for the permitting and construction of the approved facilities, to meet the projections."

(CAISO's [20-Year Transmission Outlook](#) is "a long-term conceptual plan of the transmission grid in 20 years," including out-of-state projects, that is intended to complement but not replace its normal 10-year transmission planning process, which concerns only projects in California.)

SB 887 would also require CAISO to identify

"the highest priority transmission facilities that are needed to allow for reduced reliance on nonpreferred [fossil-fuel] resources in transmission-constrained urban areas by delivering renewable energy resources or zero-carbon resources that are expected to be developed by 2035 into those areas."

A second Becker transmission bill, [SB 1032](#), seeks "faster and cheaper transmission development," the senator's office said in a news release.

The bill would direct the CPUC to identify "proposals to accelerate the development of, and reduce the cost to ratepayers of expanding, the state's electrical transmission grid as necessary to achieve the state's goals [of reducing greenhouse gas emissions.]"

Measures to be studied would include public ownership of transmission facilities, public financing of transmission projects, and the use of non-ratepayer funds to cover part of the cost of transmission projects needed to achieve the state's clean energy goals.

The bill also would direct the CPUC to examine state and private partnerships to support siting transmission projects and obtaining land-use rights, as well as "opportunities to reduce redundancy and streamline permitting processes related to transmission projects."

Both Becker bills passed the Senate by large margins on May 23-24 and are now in the Assembly.

At about the same time, an Assembly measure dealing with transmission, [AB 2696](#), crossed over to the Senate. It, too, seeks to lower the costs of transmission development, possibly through public ownership and financing.

The bill would instruct the CPUC — in consultation with CAISO, the California Infrastructure and Economic Development Bank and the Governor's Office of Business and Economic Development — to study "potential lower cost ownership and alternative financing mechanisms for new transmission facilities needed to meet the state's clean energy and climate targets" including public ownership, public financing and partnerships with federal agencies.

Under the measure, the CPUC would have to report its findings to the governor and legislature by September 2023. ■

CAISO/West News

Calif. Lawmakers Offer Alternative Energy Budget

Plan Would Defer Allocating \$21 Billion for Climate and Energy Efforts

By Hudson Sangree

SACRAMENTO, Calif. — Legislative leaders in California proposed a budget plan Wednesday that differs from Gov. Gavin Newsom's proposal on how to spend \$21 billion on climate and energy initiatives.

The legislature proposed appropriating \$21 billion for climate and energy efforts to the state's general fund, with spending details to be worked out later.

In contrast, the governor's *revised budget*, released in May, proposed spending \$32 billion on climate and energy — up \$9.5 billion from his \$22.5 billion January proposal — with almost all of it allocated to specific programs. (See *Calif. Governor Proposes \$5B 'Reliability Reserve'*.) The legislature's full budget includes nearly \$11 billion of that, including a \$9.1 billion transportation infrastructure package, but allocates it separately from the climate and energy initiatives.

According to a *summary* of the legislature's proposal, the \$21 billion could fund projects related to drought and wildfire resilience, extreme heat and zero-emission vehicles, among other matters. But without specific allocations in place, each category's funding level is uncertain.

California expects to have a record \$97.5 billion revenue surplus in fiscal year 2022/23, and lawmakers want to return part of those funds to residents, including \$8 billion to offset the rising costs of gas and consumer goods.



A legislative budget plan would defer funding clean energy projects, including new transmission lines to deliver geothermal power from the Salton Sea region to CAISO's grid. | Shutterstock

"The legislature has come together on a budget agreement that will truly put California's wealth to work for all," said State Sen. Nancy Skinner, chair of the Senate Budget and Fiscal Review Committee. Skinner is noted for her work on energy and climate change.

A 2010 state constitutional amendment requires lawmakers to pass a budget plan by June 15 or have their pay docked. That has resulted in placeholder budgets with contentious issues left for further negotiation between the governor and legislature.

Programs that would be put on hold for now under the *legislative plan* include the governor's proposal to spend \$250 million to support

strategic clean energy projects such as building new transmission lines to connect CAISO's grid to geothermal resources near the Salton Sea.

The legislature would also defer allocating \$6.1 billion to accelerate the adoption of ZEVs, \$5.2 billion for a 5-GW strategic reliability reserve and \$1.2 billion for wildfire and forest resilience. (See *Calif. Governor Proposes Spending \$10B on EVs.*)

Smaller items, such as \$45 million to promote offshore wind, would also be postponed pending additional negotiations, which both sides hope to conclude before the start of the fiscal year on July 1. ■

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CAISO/West News

FERC Continues Ordering Refunds from Heat Event

Commission Says 2 of the Sales not Sleeve Transactions, as Seller Claimed

By Hudson Sangree

FERC expanded its series of orders directing refunds for premiums earned in the Western heat wave of August 2020 by telling ConocoPhillips and Direct Energy on Friday to return excess money they made on sales in scarcity conditions.

In Direct Energy's case, FERC said the Houston-based energy retailer had failed to justify 25 MW in sales to Macquarie Energy for \$1,500 MW/h, higher than the average index price of \$1,333 MW/h at the Mead Hub in southern Nevada on Aug. 18, 2020 (ER21-64).

"We find that Direct Energy has not provided adequate justification for the amount charged above the index price, and, therefore, we direct Direct Energy to refund amounts charged above the average index price for the sale at issue within 30 days of the date of this order," FERC wrote.

In ConocoPhillips' case, the company had justified its August 2020 sales at its "cost of energy purchased, but it has not justified the

amounts charged above [that cost]," FERC said (ER21-40).

ConocoPhillips contended two sales to Arizona's Salt River Project on Aug. 17-18 were sleeve transactions it facilitated between a third-party seller and the utility. ConocoPhillips charged far more than it paid for the energy, which it said reflected operational costs and the heightened risks from record heat, wildfires, transmission outages and the potential for nonperformance by the parties at the time.

SRP argued the sales were not sleeve transactions under FERC's definition, in which "an entity acts as an intermediary counterparty to accomplish a sale between two other counterparties who may not be set up to transact with each other using common enabling agreements (such as the Western Systems Power Pool (WSPP) or Edison Electric Institute agreements) or who may not meet credit requirements."

The utility said the parties were members of WSPP that could use its common enabling

agreement, and it pointed out that it had a credit rating of AA+ from S&P Global Ratings when the transactions occurred.

Even if the sales were sleeve transactions, the fees ConocoPhillips charged were far more than the "nominal" add-ons allowed by FERC in such cases, SRP said.

"According to Salt River, ConocoPhillips cannot credibly report to the commission that these transactions were sleeve transactions with nominal fees, nor attest reasonably to the commission that the amount it charged above cost, which is vastly higher than a nominal fee, should apply to its transactions during August of 2020 due to heightened risks," FERC wrote.

The commission agreed.

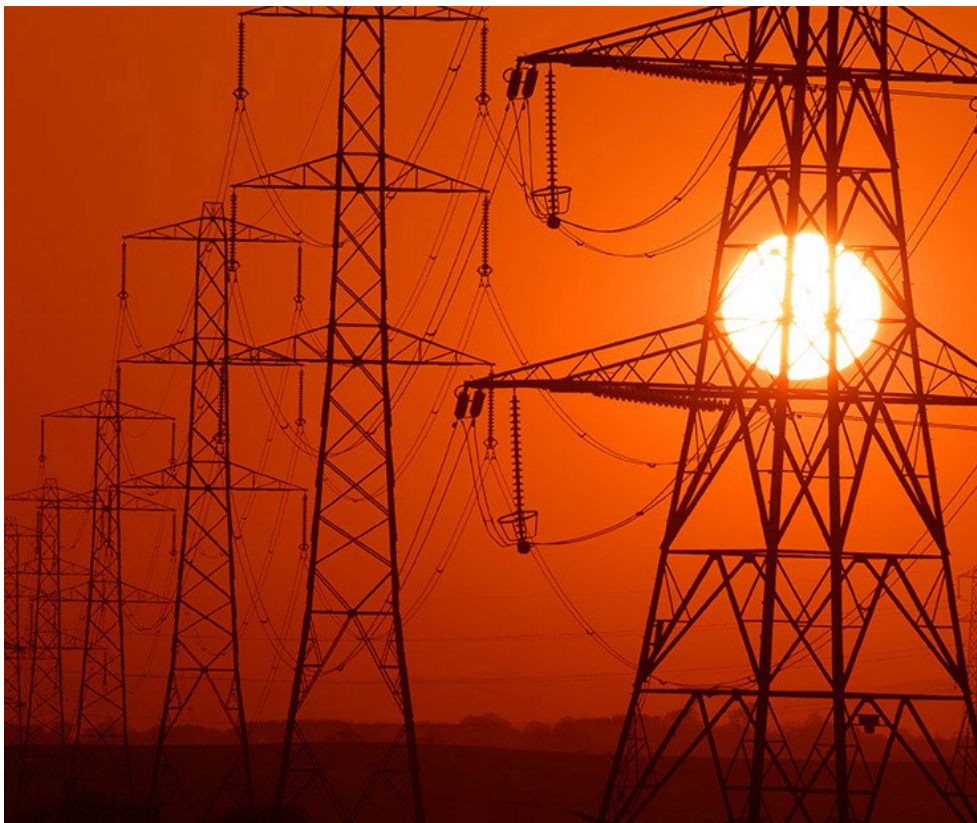
"While the record in this proceeding indicates that ConocoPhillips acted as an intermediary in obtaining energy Salt River sought to purchase and then selling that energy to Salt River, [our previous guidance on sleeve transactions] was specific in its description of the circumstances in which a transaction involving an intermediary qualifies as a sleeve transaction, and ConocoPhillips has not demonstrated that those circumstances are present here," FERC said.

"Specifically, ConocoPhillips has not demonstrated that it collected only a nominal fee in acting as an intermediary counterparty to accomplish a sale between two other counterparties," it said.

The decisions were the latest in a total of 21 cases in which sellers had to justify prices they charged above WECC's soft price cap of \$1,000 MWh during the record-setting Western heat wave that caused rolling blackouts in CAISO and strained the grids in Arizona, Nevada and other states. (See [FERC Orders More Refunds from 2020 Western Heat Wave and Sellers Urge FERC to Raise WECC Soft Price Cap.](#))

So far, the commission has decided 10 of the cases, ordering refunds in all. It also has denied motions by some of the parties to raise WECC's soft price cap to \$2,000/MWh, the same as CAISO's, saying the matter was beyond the scope of the proceedings.

Commissioner James Danly has dissented in each case, saying FERC lacks the legal authority to interfere in contracts between willing buyers and sellers that do not harm the public interest. ■



| Shutterstock

ERCOT News



ERCOT Expecting Record Demand this Week

By Tom Kleckner

ERCOT is expecting demand to peak at over 70 GW this week, as above-normal temperatures continue to bake the Lone Star State.

The Texas grid operator last week projected peak demand of 74.9 GW for yesterday and more than 75 GW today. Demand yesterday ended up being only 72.4 GW, but that still beat the 70.3-GW record for June, set last year. ERCOT's all-time record is 74.8 GW, set in August 2019. The grid operator is projecting peaks above 75 GW over the next four days.

Demand before noon Sunday had already hit 55.1 GW. During the same interval Saturday, demand peaked at 51.1 GW. In its last summer resource adequacy report, ERCOT forecasted

a record peak demand of 77.3 GW this year.

Temperatures are expected to exceed 100 degrees Fahrenheit all week in Austin. Temperatures in the Houston region along the Gulf of Mexico are predicted to hit the mid-90s, compared to the normal high of 90 F.

ERCOT closed out May by setting another peak demand mark for the month on its last day at 71.7 GW. The monthly record had been 67.3 GW set in 2018, but that was exceeded several times before May 20.

The grid operator said it had more than 91 GW of resources to meet demand, but it has been bedeviled by forced and maintenance outages that have taken more than 20% of the thermal fleet offline. That outage number was down to

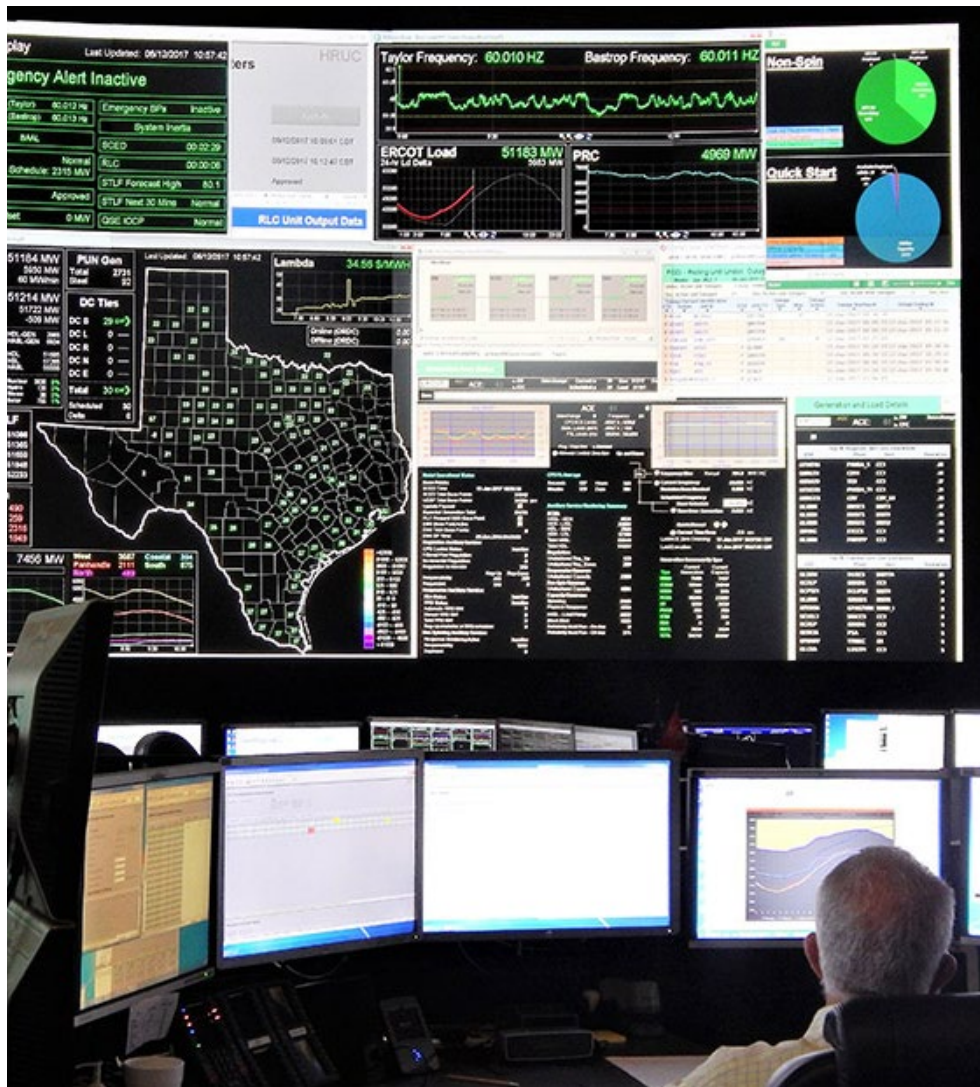
6% on Sunday.

Renewable resources have helped filled the gap by regularly providing 20 to 25% of ERCOT's energy.

The grid operator has already issued two operating condition notices (OCNs), its lowest-level communication in anticipation of a possible emergency condition, before the summer months begin. Any emergency condition comes when staff determine the system's safety or reliability is compromised or threatened.

The first OCN was issued on May 3 and extended several times through May 20. A second OCN was issued for May 28-30.

ERCOT asked Texans to conserve electricity on May 13, which officials later termed a "request." Interim CEO Brad Jones has said he is "confident" about the summer, while Public Utility Commission Chair Peter Lake continues to say the grid "is more reliable than it has ever been before." (See *ERCOT, PUC Say Texas Ready for Summer.*)



Controllers in ERCOT's Operations Center | © RTO Insider LLC

Austin

88° | Partly Cloudy

10-DAY FORECAST

Mon	☁️ 74°	103°
Tue	☁️ 75°	103°
Wed	☁️ 75°	102°
Thu	☁️ 74°	102°
Fri	☀️ 75°	104°
Sat	☀️ 77°	104°
Sun	☀️ 76°	104°
Mon	☀️ 75°	103°
Tue	☁️ 75°	102°

Triple-digit temperatures are projected to swamp Austin this week. | *Apple/The Weather Channel*

ISO-NE News

Mayflower Wind Interconnection Change to Reduce Power Price 10%

By Jennifer Delony

Mayflower Wind is seeking to amend an 804-MW offshore wind power purchase agreement with Massachusetts' utilities to reflect a change in the project's interconnection point to land. The new location will allow Mayflower to reduce the original project bid price by about 10%.

The joint venture of Royal Dutch Shell and Ocean Winds North America, itself a joint venture of EDP Renewables and ENGIE, wants to interconnect the project at Brayton Point, about 50 miles west of the original interconnection point on Cape Cod, according to May 25 testimony to the Massachusetts Department of Public Utilities by Katherine Wilson, manager of long-term clean energy supply at National Grid (Dockets 20-16, -17, -18).

Eversource Energy, National Grid and Unifil selected the project in a 2019 OSW solicitation, and the department approved the utilities' PPAs in 2020 for an initial 408-MW phase and a second 396-MW phase.

A change in the project's interconnection point stems from the developers' winning a 405-MW project bid in the state's latest OSW procurement round last year, which includes interconnection at Brayton. Mayflower plans to build common offshore transmission infrastructure to serve the 804-MW project and the 405-MW project, Wilson said. Doing so, she added, would enable other project interconnections at the original site on Cape Cod, where ISO-NE has determined that only up to 1,200 MW of interconnection capacity is available based on planned system upgrades.

The two projects that Mayflower plans to interconnect at Brayton are in a 127,000-acre lease area (OCS-A 0521) that the developers say has 2 GW of generation potential.

Mayflower's PPAs for the two phases of the 804-MW project allowed for a maximum price of \$77.76/MWh, with potential to adjust the price down based on the developers' ability to qualify for investment tax credits in the future. The maximum price is based on Mayflower receiving a 12% tax credit, and the PPA allowed

for a minimum price of \$70.26/MWh should a change in law provide for a 30% credit.

By combining the interconnection points at Brayton, Mayflower said it can lock in a price of \$70.26/MWh, thereby eliminating ITC uncertainty. Currently, OSW projects that begin construction by the end of 2025 are eligible for a 30% ITC.

Mayflower's change to the interconnection includes delaying the commercial operation dates (CODs) for the two phases of the 804-MW project by 18 months, according to a joint motion to amend the PPAs filed by the utilities. The CODs for the two phases would change from February 2026 to September 2027, and from June 2026 to December 2027, respectively.

Eversource, National Grid and Unifil filed a petition May 25 with the DPU (Docket 22-72) for approval of a PPA with Mayflower for the 405-MW project awarded last year. Under that PPA, Mayflower would place the project into commercial operation in March 2028. ■



Mayflower Wind is seeking approval from Massachusetts regulators to interconnect its 804-MW offshore wind project about 50 miles west of the project's original interconnection point on Cape Cod. | *Mayflower Wind*

ISO-NE News

ISO-NE Summer Outlook Sunnier than Elsewhere, but not Without Clouds

New England might not be facing the same dire system reliability warnings as other regions this summer, but periods of above average temperatures could still stretch the grid and force ISO-NE into emergency action, the grid operator said Wednesday.

The region is “expected to have sufficient resources to meet consumer demand for electricity this summer under typical weather conditions,” ISO-NE said in its [summer outlook](#).

But peak system conditions brought on by above average hot and humid weather could lead to “tight supply margins,” the RTO said. That could lead ISO-NE to call on emergency imports or reserves, ask residents to conserve energy, or issue controlled power outages in extreme cases.

“Climate change has caused weather to become more volatile and less predictable, increasing the potential for system operators to resort to these actions,” it said.

NERC has warned that large swaths of the country in the West, Midwest and Texas are facing possible supply shortfalls this summer. MISO in particular is facing a “high risk of energy emergencies during peak summer conditions” because of a capacity shortfall and the outage of a key transmission line. (See [West, Texas, Midwest at Risk of Summer Shortfalls, NERC Says.](#))

ISO-NE is forecasting that under typical weather conditions, demand will reach 24,686 MW. An extended heat wave could push demand to 26,416 MW, which would be higher than last summer’s peak of 25,801 on June 29. The all-time record for electricity demand is



Peak demand vs. annual energy use in New England | ISO-NE

28,130 MW in 2006.

The region has more than 31,000 MW of capacity available for the summer, including generation, demand response resources and imports.

The summer forecast incorporates more than 2,100 MW of energy-efficiency measures, ISO-NE said, as well as a reduction of more than 900 MW from solar PV installations during peak hours. ■

– Sam Mintz

JUNE 10, 2022
9:00 - 12:30

Market (Redesign) Pathways to a Decarbonized Grid & Weaning Buildings Off Fossil Gas

Restructuring Roundtable
MANAGED AND FACILITATED BY RAAB ASSOCIATES, LTD.
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REGISTER HERE

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Virtual Environmental Event

The Challenges to Achieving Climate Change and Energy Infrastructure Goals in New England: Different Perspectives

NECA
NORTHEAST ENERGY AND COMMERCE ASSOCIATION

Wednesday, June 22 | 9-11 am
Thursday, June 23 | 1-3 pm

WHAT'S NEXT FOR CAPACITY MARKET IN NEW ENGLAND?

Wednesday, June 15, 2022
12:00 - 1:30 PM ET

REGISTER HERE

NECA
NORTHEAST ENERGY AND COMMERCE ASSOCIATION

ISO-NE News

ISO-NE Weighs Reviving Reliability Programs for this Winter

By Sam Mintz

ISO-NE is considering reusing its Winter Reliability Program or Inventoried Energy Program (IEP) to address uncertainty about the reliability of New England's grid this winter.

Familiar fuel constraints, massive uncertainty from the war in Ukraine and the possibility of extreme weather have led to early and grim warnings from the grid operator about supply and reliability for the upcoming winter. (See [Fears Already Mounting About Next Winter in New England.](#))

In a note sent to stakeholders Friday, Allison DiGrande, ISO-NE director of participants relations and services, said the RTO is working with a consultant to "refresh its analysis" and look at the costs and value of previously approved winter solutions, specifically naming both programs.

The Winter Reliability Program, in place between 2015 and 2018, incentivized generators that run on oil and gas to secure fuel before winter, by compensating them for a "portion of the costs related to any fuel inventory that is unused at the end of each winter."

ISO-NE CEO Gordon van Welie, however, recently threw cold water on the prospect of revisiting that solution.

"Do we want to pay oil units more money to do what they have a massive incentive to do anyway?" he said at a recent conference. "What's the likelihood of success of us trying to stand up a program like that, get it through the system and have it implemented in time?"

The *IEP* is a voluntary program in place for the 2023-2025 period that will compensate resources for the inventoried energy they hold



ISO-NE is weighing how to address winter reliability worries. | Shutterstock

on winter days that hit a certain low-temperature threshold.

It too would face uncertainty if ISO-NE decides to reuse it: It was approved by FERC in 2020, under a Republican majority; Commissioner Richard Glick, now chairing a Democratic majority, said in a dissent that the program was "an ill-conceived giveaway that acts as if throwing money at a problem is always just and reasonable." (See [ISO-NE Stopgap Fuel Security Program Gets OK.](#))

DiGrande said that by early July, ISO-NE will make a recommendation about whether it plans to "stay the course" with its current market structures or propose tariff changes for this winter. If the RTO does recommend chang-

es, DiGrande wrote, "we would plan to meet the stakeholder process requirements with two Markets Committee meetings in July and the final vote at the Participants Committee on Aug. 4." That schedule would allow for an August filing at FERC and a September order.

ISO-NE has also been requesting information from asset owners about their plans to meet operating requirements, and from some fuel providers about their inventories and delivery capabilities.

"When completed, these inquiries will allow the ISO to compile data on the anticipated fuel stock that will be available to suppliers to meet the demand for electricity this winter," DiGrande said. ■

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MISO News

MISO Annual Transmission Package Nears \$4B

A draft version of MISO's 2022 Annual Transmission Plan (MTEP 22) calls for \$3.8 billion in spending for 364 of the footprint's new transmission projects, a \$500 million increase over a February draft. (See *Initial MTEP22 Portfolio has \$3.3B in Costs.*)

During a series of subregional planning meetings last week, stakeholders learned MTEP 22's \$3.8 billion value is an increase over the \$3 billion MTEP 21 portfolio, which had 335 projects.

MTEP 22 contains about \$1.5 billion earmarked for projects addressing aging existing infrastructure, \$1 billion for projects accommodating load growth, \$580 million in necessary baseline reliability projects to meet NERC standards, another \$530 million in projects to solve more garden variety reliability issues and nearly \$250 million in projects to interconnect new generation.

MISO South has been assigned 30 projects, valued at \$810 million. Six of the 10 most expensive projects are located in the region. The projects, submitted by Entergy's Texas,



| ATC

Louisiana and Arkansas subsidiary to meet load growth, range in price from almost \$96 million to \$50 million.

The most expensive MTEP 22 project is Duke Energy's \$100 million addition of a West Lafayette, Ind., substation, also driven by growing load.

During a Central Subregional Planning meeting Wednesday, MISO's senior manager of transmission expansion planning, Thompson Adu, said the RTO is currently "resource

constrained" on MTEP planning work because it continues to simultaneously plan the long-range transmission portfolios. (See *MISO Makes Business Case on Long-range Tx Plan.*)

The grid operator will hold another series of subregional planning meetings in early September to lay out the final MTEP 22 report. MISO's Board of Directors will consider the portfolio's approval in December. ■

— Amanda Durish Cook

Have an opinion on electric policy you'd like to share?

Submit a Stakeholder Soapbox Op-Ed

See rtoinsider.com/soapbox for editorial guidelines.

MISO News

Alliant Energy Leads Challenge of ITC Midwest Capital Structure

By Amanda Durish Cook

Alliant Energy is spearheading a coalition of utilities, industrial customers and consumer advocates contesting ITC Midwest's capital structure at FERC.

The Iowa Coalition for Affordable Transmission filed a complaint last month, alleging that the equity ratio used in ITC Midwest's capital structure is unfair and should be reduced to 53% from 60% (EL22-56).

The coalition includes Alliant subsidiary Interstate Power and Light (IPL), the Iowa Office of Consumer Advocate, the Resale Power Group of Iowa, the Iowa Business Energy Coalition and the Large Energy Group, a group of IPL major electric service customers.

The coalition argued that since FERC accepted ITC's current capital structure in 2007, "ITC Midwest and MISO have changed substantially." It said Midwest's rate base grew by 550% since 2007 "to the point that network and firm point-to-point transmission rates are over 275% higher than the average rates of other transmission owners."

"Financially, ITC Midwest and its affiliates performed strongly for their investors, so much so that their parent, ITC Holdings Corp. was ac-

quired by Fortis Inc. [in 2016], an international public utility holding company," they wrote.

The coalition argued that ITC no longer meets the commission's three-part test to ensure a capital structure won't result in excessive costs for consumers. It said ITC Midwest doesn't have its own credit rating separate from ITC Holdings and Fortis, and that its parents effectively guarantee its debt. The group also said ITC Midwest's 60% common equity ratio "significantly exceeds those set by recent FERC orders and the equity ratios of publicly traded proxy companies." They said it is "excessively skewed toward equity."

"This conclusion is based on evidence including ITC Midwest's complete lack of any management-level employees of its own — all of its officers are officers of ITC Holdings — and evidence indicating that debt rating agencies look to ITC Holdings and Fortis when evaluating ITC Midwest's creditworthiness," the coalition said.

The group's suggested 53% is the median of other MISO transmission utilities with similar bond ratings.

"Fifteen years ago, when ITC Midwest was first created to acquire IPL's transmission system ... ITC Midwest had no track record of transmis-

sion ownership or investment; it did not even have its own credit rating — FERC approved its capital structure proposal based on an expectation that ITC Midwest would have its own credit rating separate from its parent company," the coalition said.

The Iowa Utilities Board and the Minnesota Department of Commerce took notice of the complaint and wrote to FERC in support of it.

"ITC Midwest owns transmission in Minnesota, and therefore its existing capital structure and transmission rates have direct implications for Minnesota ratepayers. In addition, the equity ratio issue raised has important long-term implications for Minnesota ratepayers as transmission owners in Minnesota and throughout the MISO region consider adding significant amounts of new high-voltage transmission into their rate base," the Minnesota Department of Commerce said.

The North Iowa Corridor Economic Development Corp. also sided with the complaint, noting that high energy costs have detracted from potential economic development in the area.

"Our organization has seen directly how higher energy costs here have led local and prospective businesses to choose other locations for expansion," it said. ■



ITC Midwest's Traer-Dysart 161-kV line in Iowa | ITC Holdings

NYISO News



NY Contracts More Than 2 GW in Solar and Storage Projects

New York Gov. Kathy Hochul on Thursday *announced* awards for 22 solar and energy storage projects totaling 2,078 MW, the state's largest land-based renewable energy procurement to date.

The New York State Energy Research and Development Authority estimates the projects will drive over \$2.7 billion in private investment and create over 3,000 short- and long-term jobs while helping achieve the state's environmental goals.

The Climate Leadership and Community Protection Act requires the state to obtain 70% of its electricity from renewable sources by 2030 and to make the grid net-zero by 2040.

"These projects will allow us to not just meet but exceed our goal of obtaining 70% of our electricity from renewable resources and will

further cement New York as a national leader in the fight against climate change," Hochul said.

"Today's announcement of 22 exciting new clean energy project awards demonstrates that New York state continues its strong commitment to clean our electric grid, and the renewable energy industry is seriously stepping up to develop and invest in New York. We look forward to the construction jobs and pollution-free power these projects will deliver," Anne Reynolds, executive director of the Alliance for Clean Energy NY, said.

The 22 large-scale projects feature several solar facilities combined with co-located storage, including the 350-MW Ridge View Solar Energy Center in Niagara County with 20 MW of storage; the identically sized Columbia Solar Energy Center in Herkimer County; the 240-



Ridge View Solar Energy Center, an EDF Renewables affiliate, will build a 350-MW solar facility with 20 MW of co-located storage in the town of Hartland, Niagara County. | EDF Renewables

MW Rich Road Solar Energy Center and 20-MW storage facility in St. Lawrence County; and the 250-MW Fort Covington Solar Farm with 77 MW of co-located storage in Franklin County. ■

— Michael Kuser

FERC Partially Accepts NYISO BSM Compliance Filing

FERC on Thursday accepted NYISO's proposal to implement its revised buyer-side market power mitigation (BSM) rules for the current class year, but it ordered an additional filing by Aug. 1 to establish a specific effective date (ER20-1718-003).

The commission approved NYISO's revisions, which allow the ISO to evaluate projects being driven by New York state public policy first, in February and ordered a compliance filing proposing an effective date for the changes, but one that was no later than the next class year.

NYISO did so in March, proposing that the revisions take effect immediately following the completion of class year 2021 that same month. (See *NYISO Files BSM Compliance, Extension Request*.)

FERC said that was fine, but that the ISO still needs to specify a date and include conforming tariff revisions based on that date.

Commissioner James Danly dissented, calling the brief letter to NYISO "yet another unlawful order that should never have [been] issued."

"There is no material, legitimate basis to justify NYISO's discriminatory treatment prioritizing the evaluation of public policy resources before non-public policy resources, independent of any other consideration, including cost," Danly said. ■

— Michael Kuser

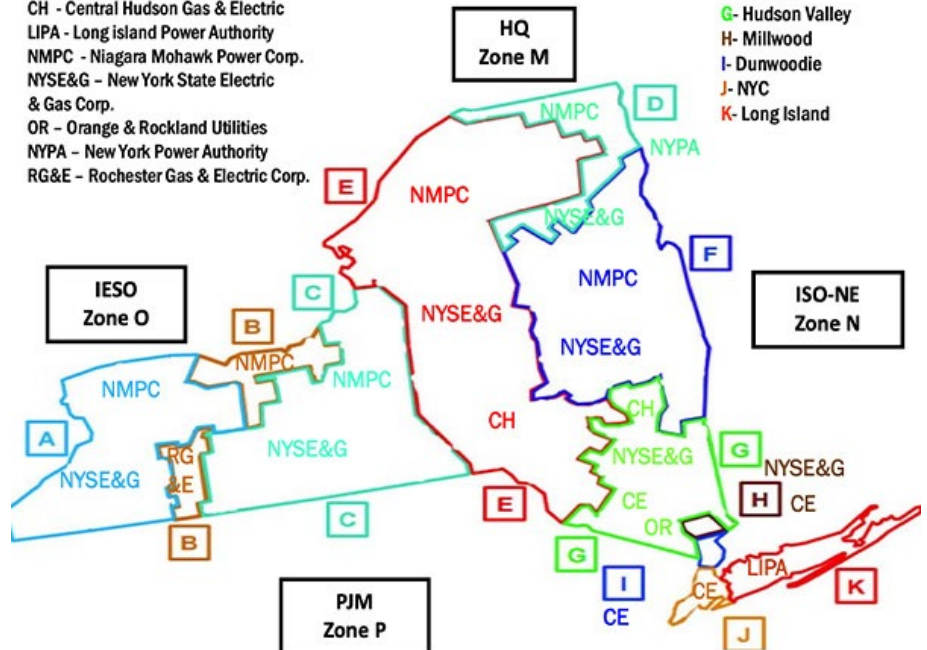
Maps of the NYCA Transmission Districts and Load Zones

Transmission Districts

- CE - Consolidated Edison Co. of NY
- CH - Central Hudson Gas & Electric
- LIPA - Long Island Power Authority
- NMPC - Niagara Mohawk Power Corp.
- NYSE&G - New York State Electric & Gas Corp.
- OR - Orange & Rockland Utilities
- NYPA - New York Power Authority
- RG&E - Rochester Gas & Electric Corp.

NYCA Load Zones

- A - West
- B - Genesee
- C - Central
- D - North
- E - Mohawk Valley
- F - Capital
- G - Hudson Valley
- H - Millwood
- I - Dunwoodie
- J - NYC
- K - Long Island



NYISO capacity requirements overview. | NYISO

PJM News



Ohio Lawmakers Propose Bill to Ensure Public Represented on PUC Would Authorize Ohio Consumers' Counsel to Nominate Candidates

By John Funk

Two Ohio lawmakers last week introduced legislation to significantly alter the composition of the state's five-member Public Utilities Commission by requiring the governor to appoint one member from a list of candidates chosen by the office of the Ohio Consumers' Counsel (OCC).

Under *H.B. 690*, the OCC, rather than the PUCO Nominating Council, would have the responsibility to vet and submit the names of three consumer-oriented candidates to the governor for appointment.

The governor would not be permitted to reject all three, and any OCC-recommended appointment would be subject to approval by the state Senate.

The PUCO Nominating Council would continue to screen candidates for the other four seats on the commission for gubernatorial appointment.

The introduction of the legislation follows Republican Gov. Mike DeWine's reappointment in February of a long-time utility lawyer to a second five-year term after the Nominating Council, chaired by a utility lobbyist, rejected candidates with a consumer background.

It also comes three years after DeWine appointed utility lobbyist Sam Randazzo, whose clients included FirstEnergy, to chair the commission. Randazzo stepped down in November 2020, four days after the FBI raided his home after FirstEnergy revealed in a Securities and Exchange Commission filing that it had paid him \$4 million before his appointment to close out a six-year consulting contract.

Rep. Laura Lanese (R), one of two primary sponsors of *H.B. 690*, said she introduced the legislation to make sure the public, "the first word in the name of the Public Utilities Commission," gets represented.

"We have this office, the OCC, that has the expertise" to ensure public representation, she said.

Lanese noted that the OCC is already responsible for recommending a gubernatorial appointment to the Ohio Power Siting Board, which has authority over the development of power plants, including wind and solar, transmission lines and pipelines.



Ohio Statehouse in Columbus | m, *CC BY-SA 4.0*, via *Wikimedia Commons*

"We do it with the Ohio Power Siting Board, and there's no reason for us not to do it with the PUC," she said.

Co-sponsor Gayle Manning (R) could not be immediately reached for comment, but a number of Democrats also immediately agreed to co-sponsor the bill.

Rep. Kent Smith, ranking Democrat on the House Public Utilities Committee, which is expected to hold initial hearings on the legislation, is listed as one of the co-sponsors.

"I think the voice of consumers needs to be amplified on the PUC," Smith said. "And this would be a relatively simple way to ensure that a consumer voice would be there."

Rep. Casey Weinstein, a Democrat who clashed with Randazzo when he was appointed to the PUCO, said he quickly moved to be a co-sponsor.

"I just want to see more consumer-focused representation on the PUC, and I think this is a creative way to get there. I have not liked the governor's picks. I think it's all industry-friendly folks. I completely disagree with the preponderance of the decisions that they've made. I think they seem to exist to protect the status quo. And I think that should be challenged," he said.

A third Democrat, Rep. Dan Troy of suburban Cleveland, said he immediately decided to co-sponsor the bill when he saw it. "I'll be co-sponsoring this because it's one more seat at the table that has the ratepayers' interests in mind," he said.

The spokesperson for the OCC issued a statement in support of the legislation.

"Years ago the legislature required that the Ohio Power Siting Board would have a member, to be nominated by the Consumers' Counsel and appointed by the governor, as the public's representative on the board. That was a good idea for Ohioans," Merrilee Embs wrote in an email responding to a request for comment.

"A similarly good idea is in House Bill 690 for reform of the PUCO. That's especially important given the PUCO is out of balance with two of five commissioners having formerly worked for the utility industry," Embs wrote. "Just recently the PUCO even had three of five commissioners who had worked for utilities — until a FirstEnergy scandal led the former PUCO chair to resign. ...

"In the interest of justice for millions of utility consumers, we urge the legislature to enact House Bill 690." ■

SPP News

SPP Woos Western Utilities with Markets+ Offering

Development Session Gives West Taste of RTO's Stakeholder Practices

By Tom Kleckner

WESTMINSTER, Colo. — SPP continued its delicate dance with Western Interconnection entities last week with a charm offensive that included a first-hand look at the RTO's "sausage-making" process.

Promoted as a development session for Markets+, SPP's "RTO light" offering, the two-day gathering at Tri-State Generation & Transmission's headquarters gave the grid operator's staff and Western stakeholders a chance to share their thoughts on a proposed governance model, transmission operations, congestion management and the benefits of RTO management.

Western utilities have long been wary of transferring control of their transmission facilities to RTOs, but SPP officials said they were pleased with the "healthy dialogue" and exchange of information. They also noted an increase in turnout from an earlier face-to-face session in Phoenix, with more than 100 in-person attendees and more than 80 participating virtually.

Another session will be held in Portland, Ore., in August.

Listening intently during the two days was Kathleen Staks, director of Western Freedom, a coalition representing large industrial customers in technology, oil and gas, mining, renewable energy, agriculture and other sectors. Staks took a guarded approach the discussion.

"We're sort of tracking and compiling information and comments on behalf of our coalition ... trying to kind of make sure that the customer voice is represented and incorporated into these efforts for whatever the end result is," she told *RTO Insider*. "It's about lower rates, it's about access to clean energy, but it's primarily an economic conversation in our coalition."

Brad Hans, director of wholesale electric operations for SPP member Municipal Energy Agency of Nebraska — and also a member of MISO and WECC — was quick to share with others his company's positive experience with SPP's stakeholder process. He pointed out that the discussions taking place in Colorado were very similar to those of the RTO's members during their stakeholder meetings.

"This is a true example of what SPP is all about, and that is members driving us. This whole



SPP's Bruce Rew kicks off the Markets+ Development Session. | © RTO Insider LLC

meeting was about what they've done so far, and that is absolutely SPP's stakeholder concept," Hans said afterward. "I kind of wonder if they realize they're in the midst of that right now ... those that aren't as familiar with SPP and, through this development process, in that culture as they develop this."

AG Policy Solutions' Alaine Ginocchio — "That's Pinocchio with a G," she said — consults with Western Resource Advocates, a public interest organization that was prominent during SPP's attempt to integrate the Mountain West Transmission Group (See *Xcel Leaving Mountain West; SPP Integration at Risk*.) While she reluctantly uses the "sausage-making" expression, she appeared to like what she saw.

"We're used to having sort of a higher level of stakeholder engagement and being engaged on more of an equal footing with everybody else," she said. "The energy market they're standing up right now ... is structured more to have equal footing. Not as much as CAISO, but it's a different program. Public interest organizations have more of a voice in voting and processes [in Markets+] ... and that sort of flows out of how other regional coordination efforts have worked. That's what we're used to, and it has worked."

Incremental Changes in the West

Those out West will say the Western energy crisis of 2000-01, when Enron's market manipulation led to rolling blackouts in California, had a chilling effect on regional coordination and energy markets. SPP Director Mark Crisson, who spent nearly 30 years with Tacoma Public Utilities, said in April that "RTO paranoia" still hangs over the balkanized region and its 38 balancing authorities. (See *SPP Strategic Planning Committee Briefs: April 13, 2022*.)

"There's a lot of concern about FERC regulation," Crisson said during an SPP Strategic Planning Committee meeting. "A lot of people remember that exercise."

Change has been incremental in the West since then. The region's wide open spaces and political differences can make it difficult to coordinate regionally, but renewable standards, the success of Eastern markets, CAISO's Western Energy Imbalance Market (WEIM), and legislation in Colorado and Nevada mandating that utilities join RTOs by 2030 have managed to bring the interconnection's entities closer together.

The *Markets+ day-ahead market* is another

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incremental step toward a Western RTO. It provides a “voluntary” opportunity to realize the benefits of centralized day-ahead and real-time unit commitment and dispatch, “hurdle-free” transmission service, and “reliable” integration of renewable generation for utilities that aren’t ready “to pursue full membership in” an RTO.

“We recognize that not everyone is at a point where they’re comfortable moving to an RTO, because they are transferring control of their facilities to the RTO,” SPP Senior Vice President of Operations Bruce Rew told the gathering. “We see Markets+ as a possible long-term solution to meeting some market needs.”



Xcel Energy's Carrie Simpson explains her thinking on market design. | © RTO Insider LLC

All of this is familiar to Xcel Energy's Carrie Simpson, director of Western markets for Xcel's Public Service Company of Colorado. Simpson joined Xcel in 2015 after helping design SPP's Integrated Marketplace, which will serve as the foundation for Markets+.

“It's a similar vibe,” she said before appearing on a resource adequacy panel.

Simpson has become something of a rock star in Western power circles for her market expertise. She was not present for the opening introductions, but Joe Taylor, manager of transmission access for Xcel Energy Services, made sure everyone knew she would eventually show up.

“Joe Taylor, Xcel Energy. And don't worry, Carrie Simpson will be here in a few hours,” he said to laughs.

Governance Model a Key Issue

SPP has said Markets+ will eventually replace the Western Energy Imbalance Service (WEIS) market it currently operates. When three new members join the WEIS next year, it will be regionally balancing 13.5 GW of load generation. Rew said an imbalance market is a great introduction to markets but is only a short-term solution for participants.

“There are some limitations to Markets+,” Rew said. “You don't have a regional tariff; you don't have a consolidated balancing authority, so you're not going to get all the benefits. It will provide a lot of potential outcomes for certain market participants that are uncomfortable moving to an RTO.”

SPP is attempting to ease that discomfort. It has hired two very familiar faces from the

West in Steve Johnson, formerly senior vice president of the Colorado River Storage Project for the Western Area Power Administration, and Kara Fornstrom, former Wyoming Public Service Commission chair. Johnson is directing the RTO's various *markets' administration and operation*. As director of state regulatory policy, Fornstrom is leading state regulatory *policy* efforts in the West where she appears to be on a first-name basis with many participants.

SPP executives also pointed out that two members of its board, Crisson and newly-elected *John Cupparo*, both have deep ties to the West. A Colorado State graduate, Cupparo was CEO of Berkshire Hathaway Energy's transmission subsidiaries and also served in leadership roles at PacifiCorp, WECC and Northern Tier Transmission Group.

“Somebody made the comment [earlier], ‘Do I want a board member from Little Rock [Ark.] determining matters for the [Western] markets?’” SPP legal counsel Paul Suskie said. He took pains to note that only one SPP director (Oklahoma law professor Phyllis Bernard) has ever hailed from the footprint, and that she has since moved to Oregon. The other 16 directors since 2004 have come from outside the RTO's service territory.

“So that gives you a taste of the board,” Suskie



SPP's Paul Suskie (right) explains the Markets+ governance model as Kara Fornstrom takes notes. | © RTO Insider LLC

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said. “They are truly independent.”

That is important, as the West’s most immediate experience with an organized market is that of CAISO, where the board is appointed by California’s governor.

Last week, SPP shared a straw man of its proposed Markets+ governance model, based on input from Western stakeholders and the grid operator’s best practices. The model is also designed to gain FERC approval and to minimize financial consequences for SPP, which will have to carry the debt necessary to stand up the market.

The model has an independent panel, comprised of one SPP director and four Western representatives elected by a forum of Markets+ participants and stakeholders, that would govern market operations and report to the RTO’s board. Suskie was asked why it’s called a panel and not a board. Simply to avoid confusion, he said.

The Markets+ Independent Panel (MIP) would oversee a Markets+ Participants Executive Committee (MPEC), which would be responsible for creating and managing the various stakeholder groups. A Markets+ State Committee would provide input from Western regulatory commissions to both the MIP and MPEC.

Market participants will be classified as either participants or stakeholders, depending on whether they contribute generation or load. They will sign either participant or stakeholder agreements, with stakeholders retaining voting rights in return for an annual \$5,000 fee. Non-voting stakeholders could eschew the fee and provide input during stakeholder meetings, but they would not have voting rights.

The design is part of SPP’s key foundation of ensuring everyone can contribute to stakeholder discussions, Rew said.

“We are going to continue to foster engaging discussions on Markets+, making sure that we give voice to diverse perspectives,” he said. “Then, continuing to develop this vision for Markets+ until ultimately Markets+ is your market. It’s not just for the participants, but also the benefit it provides overall to the Western Interconnection.”

Maury Galbraith, executive director of the Western Interstate Energy Board, called the governance model “acceptable,” and alluded to a race between SPP and CAISO to establish a Western RTO.

“You get a lot of people saying that ‘This is not a race.’ People say, ‘No, it is a race. It is a com-



Maury Galbraith, WIEB | © RTO Insider LLC

petition; we need to move forward,” Galbraith said. “I understand that time is important here. The governance proposal is something that is probably acceptable to a large number of states. I think the word ‘acceptable’ is right. I don’t see any showstoppers in there. I’m not aware of any state that is, sort of at the point where they’re ready to go to FERC and oppose anything.

“I think it’s a workable solution. But in terms of the overall competition and really striking a bold governance structure, I don’t see the proposal being a bold proposal. I think we could have gone farther in terms of really trying to win the governance battle, if that’s what it is. I think there’s some additional steps that could have been taken to really, really come up with a best-practice governance structure, and I’d be happy to have that conversation.”

Next Steps for Markets+

Galbraith’s comments were among several, some more pointed than others, from a panel during a breakout session on the proposed governance model. Suskie thanked those offering feedback. What they had just experienced, he said, was a best practice at the RTO.

“We like to call this an example of how SPP does things,” he said before drawing on his experience as an officer in the Army reserves during a stint in Afghanistan. “We put out a straw proposal, we put on our body armor, and we get shot at. We have our ideas, we take feedback, and then we can figure out how to adjust it. Part of the balance that we have is SPP has a lot of responsibilities. It’ll be SPP’s tariff and it will be SPP who will be operating

this market and facilitating that.”

Suskie and Fornstrom took the comments and returned the next day with a revised timeline. An updated governance proposal will be shared during a June 24 webinar, with written comments due July 15. SPP will summarize the written comments in another webinar before the Portland workshop.

While governance took much of the spotlight, attendees also heard updates from the transmission availability and the market products/price formation design teams. Western stakeholders briefed the room on greenhouse gas tracking and a panel of market monitors — SPP Market Monitoring Unit Vice President Keith Collins; Libertas Market Analysis’ Jeff McDonald, formerly ISO-NE’s Monitor; and Potomac Economics’ David Patton (virtually) — shared their thoughts on internal, external and hybrid monitoring structures.

Western Power Pool (WPP) CEO Sarah Edmonds, just months into her new position, appeared virtually to describe the potential relationship between Markets+ and the pool’s Western Resource Adequacy Program (WRAP), which SPP already administers in partnership with WPP. Assuming FERC’s approval of WPP’s tariff, the WRAP is scheduled to go live early next year, with members demonstrating they have procured the required quantity of credited capacity from physical resources. In return, they get priority access to WRAP’s supply.

“We have a lot of success in the region brokering consensus on a workable package around governance. A lot of the elements that have been addressed in governance for Markets+ are common to WRAP or even originated from WRAP ... trying to solve some of the hardest problems in the West based around governance,” Edmonds said.

“This is still an incremental program that’s singularly focused on resource adequacy and not a market. It is not an RTO but it is a workable framework and one that we’ve always said from the very beginning would be compatible with a market ... and here we are in a conversation with the West with a couple of options on the table,” she said. “[Resource adequacy] is a very important foundation for healthy well-functioning markets, and I think WRAP can serve that purpose for Markets+.”

SPP plans to have draft service offerings available for comment by the end of September. Participants will be able to agree to financially binding commitments in the first quarter of 2023, at which point they can develop the market protocols and tariff language. ■

Company Briefs

OMS Announces New Director of Legal and Regulatory Affairs



The Organization of MISO States last week announced that Brad Pope has

been named director of legal and regulatory affairs, effective June 13.

Pope was most recently a senior administrative law judge with the Indiana Utility Regulatory Commission. He will replace Ben Sloan.

More: [OMS](#)

AEP Seeks Approval for Wind, Solar Projects

Southwestern Electric Power Company (SWEPCO), a subsidiary of American Electric Power (AEP), is seeking regulatory

approval from Arkansas, Louisiana and Texas to add three renewable energy projects totaling 999 MW.

SWEPCO is looking to acquire the 200-MW Mooringsport solar project in Louisiana, the 200.6-MW Diversion wind project in Texas, and the 598.4-MW Wagon Wheel wind project in Oklahoma. Invenergy is developing the projects.

Diversion is expected to become operational in December 2024, while Mooringsport and Wagon Wheel are expected to come online in December 2025.

More: [AEP](#)

Qcells to Build Solar Module Plant in Georgia

Korean solar panel maker Qcells last week announced it will build a \$171 million manufacturing plant next to an existing plant

in Dalton, Ga.

The new plant, which will assemble 1.4 GW of solar modules each year, will open in the first half of 2023 and hire 470 people.

More: [The Washington Post](#)

AEP Names Sundararajan New VP of External Affairs



AEP last week announced that Raja Sundararajan, the current senior vice

president of regulatory and customer solutions, will become the company's executive vice president of external affairs, effective July 1. He will replace Charles Patton, who is retiring.

Sundararajan joined AEP in 2002.

More: [AEP](#)

Federal Briefs

Whistleblowers Sue TVA Over Retaliation



Three former Tennessee Valley Authority nuclear oversight managers who say they were removed from their posts after alerting the

Nuclear Regulatory Commission to repeated safety concerns and violations last week sued the utility in federal court.

Melody Babb, Deanna Fultz and Mark Richerson filed suit in U.S. District Court and contend that they were ousted from their posts in 2019 in retaliation for their whistleblowing to the NRC and the TVA Office of Inspector General about safety concerns and intimidation of whistleblowers at TVA's three nuclear power plants. The lawsuit also says TVA disbanded an independent whistleblowing program known as the Employee Concerns Program and "handpicked" overseers of a new program specifically designed to squelch dissent and intimidate would-be whistleblowers.

TVA has insisted the independent whistleblowing program was ineffective and that Babb, Fultz and Richerson lacked the "skills and abilities" for their jobs.

More: [Tennessee Lookout](#)

Mountain Valley Pipeline Seeks New Appellate Court Panel



Mountain Valley Pipeline last month asked the 4th U.S. Circuit Court of Appeals to assign a new panel of judges to its case.

The company, which is building a natural gas pipeline through Southwest Virginia, is hoping for better luck than it had with a panel that presided over 12 earlier challenges of government approvals for it and the now-defunct Atlantic Coast Pipeline. Mountain Valley Pipeline claims the three judges vacated or stayed all but two of the permits, effectively killing Atlantic Coast and threatening to do the same for Mountain Valley.

The Fourth Circuit, which consists of 15 judges and three senior judges, has a computer program that randomly assigns three-member panels for incoming cases. However, the rules allow for the same judges initially appointed at random to remain

with a case when it comes up again, under certain circumstances.

More: [The Roanoke Times](#)

SEC Proposes Regulations to Crack Down on ESG Greenwashing

The Security and Exchange Commission last week proposed a new regulation to combat the practice of "greenwashing," which is the misleading marketing of unsustainable investments under the environment, social and governance (ESG) label.

If adopted, the measure would require funds marketing themselves as ESG-focused to disclose additional information to investors. Another related rule would require any fund that labeled itself as ESG-focused to put at least 80% of its money into such investments.

A January study by nonprofit As You Sow found two-thirds of ESG-advertised funds invested in unsustainable industries such as fossil fuels.

More: [The Hill](#)

Only Solar, Wind Projects Added to US Grid in March

Renewable energy sources wind and solar accounted for 100% of new capacity

brought online in the U.S. in March.

Wind accounted for 1,418 MW, while solar made for 240 MW. Renewables now provide 26.4% of the nation's total available installed generating capacity.

Renewable sources provided 97.4% of new generating capacity and 24.4% of actual generation during the first quarter of 2022, according to FERC and EIA data. Utility-scale solar and wind facilities added

1,639 MW and 4,114 MW, respectively, while hydropower added 5 MW. Natural gas contributed the remaining 154 MW of the 5,912 MW total.

More: [Solar Power World](#)

State Briefs

CALIFORNIA

Gov. Newsom Wants Bailout Rule Change to Keep Diablo Canyon Alive

Gov. Gavin Newsom's office last week asked the Department of Energy to rewrite the rules on its nuclear power bailout program so that Pacific Gas and Electric can apply to keep its Diablo Canyon Power Plant operating beyond its scheduled closure date of 2025.

Diablo Canyon provides about 8.5% of the state's total electricity generated and provides capacity during "net peak" evening hours, Newsom's letter said. The plant's twin reactors are scheduled to be shut down in 2024 and 2025 when their extended operating licenses expire.

The DOE's guidelines require a nuclear power plant to be operating "in a competitive electricity market" to be eligible for some of the \$6 billion in the Civil Nuclear Credit Program. However, California has a regulated energy market, and the guidelines exclude reactors that recover more than 50% of their costs through cost-of-service regulation.

More: [Lompoc Record](#)

Los Angeles to Ban Most Gas Appliances in New Homes

The Los Angeles City Council recently voted to ban most gas appliances in new construction and require newly constructed buildings to be emissions-free.


More new buildings will likely come with electric heat pumps for space heating and cooling, plus electric water heaters and stoves. The zero-emission policy is likely to take effect in the next few years, although a timeline hasn't been set. Future new buildings could also use non-fossil fuels such as green hydrogen or renewable gas.

More than 50 California cities and counties have adopted similar rules banning or discouraging gas hookups in new buildings.

More: [Los Angeles Times](#)

ILLINOIS

ComEd Files for Cost Recovery to Support Energy Usage Reduction

 ComEd last week filed for \$50 million in cost recovery with the Commerce Commission to expand customer energy efficiency programs.

The request, which would add about 30 cents a month to the average bill, would be implemented in January 2023. ComEd intends to launch pilot projects for income-eligible customers to fully electrify their homes. Over the next four years, the company also intends to spend about \$10 million annually to increase electrification opportunities for those who earn 80% or less of an area's average income.

More: [Daily Energy Insider](#)

Joppa Plant to Receive Grant from Coal-to-Solar Program

 Vistra Energy's Joppa Battery Energy Storage System last week announced it will be receiving a \$40.7 million grant over a 10-year period as part of the state's Coal-to-Solar program.

The program provides incentives for companies to install energy storage facilities at the sites of former coal plants. The first payments are expected to be issued in 2025 when the facilities are expected to be commercially operational.

More: [WSIL](#)

INDIANA

Ober Leaving URC to Join Chamber of Commerce

Dave Ober said last week that he will step down from the Utility Regulatory Commission to join the staff of the Indiana Chamber of Commerce, effective June 22.

Ober will become the chamber's new vice president of taxation and public finance.

More: [The Shelbyville News](#)

LOUISIANA

Entergy Says Rates to Go Up for Most Customers



Blaming rising natural gas costs and lingering expenses from a slew of weather

disasters over the last two years, Entergy Louisiana on Friday said electricity rates for most of its customers will rise in June by as much as \$25 for an average household.

The impact on customers of Entergy New Orleans remains to be seen, but rates could rise later this year if the New Orleans City Council approves a \$150 million plan to finance the company's storm repairs.

The increase factors in a fuel adjustment to compensate for the natural gas cost spike and a fee to offset restoration costs for extensive storm damage from recent hurricanes Laura, Delta, Zeta and Ida and the February 2021 winter storm.

More: [The Advocate](#)

NEBRASKA

Gage County Extends Commercial Solar Moratorium

The Gage County Board last week voted 6-1 to extend a moratorium on applications for commercial solar farm permits indefinitely until the county planning commission finalizes regulations.

The moratorium does not apply to smaller residential improvements under 25 kW.

The county recently lifted a moratorium on wind farm projects after more stringent regulations were put in place.

More: [News Channel Nebraska](#)

SOUTH CAROLINA

Settlement Ends Lawsuits by SCANA Shareholders



SCANA Corp. shareholders last week were awarded \$63

million in a settlement related to the cover-up of the failed V.C. Summer nuclear project and the company's subsequent merger with Dominion Energy.

The settlement puts an end to two lawsuits filed by SCANA investors. The first, filed in 2017, asserted that the SCANA board and executive team owed the shareholders damages for tanking the value of the utility through fraud. The second suit was filed in 2019 in response to Dominion absorbing SCANA and alleged the larger company paid far less for SCANA than it would have if not for the misconduct of its leadership.

Attorney Mark Chappell said the settlement is among the top 15 highest in a merger case.

More: [The Post and Courier](#)

WEST VIRGINIA

Mon Power, Potomac Edison to Sell Solar Energy Credits

Mon Power and Potomac Edison last week announced that customers can begin purchasing solar renewable energy credits as the companies move forward with five utility-scale projects.

Spokesman Will Boye said customers can sign up for \$2 a month, while a commercial subscription would be equivalent to a portion of monthly usage. Customers would see a bill change beginning in 2024.

More: [West Virginia Metro News](#)

WISCONSIN

Christiana Sues PSC over Cambridge Solar Plant Approval

The town of Christiana last week sued the Public Service Commission, asking the Dane County Circuit Court to reverse the commission's approval of the Koshkonong Solar Energy Center.

The town said the PSC wrongly approved a project that violates the state Constitution, lacked an adequate environmental review, and was presented under false pretenses. The PSC voted 2-0 in April to allow Invenergy to build the 465-MW facility, which would be the largest in the state and the first industrial-scale solar plant in the county.

More: [Wisconsin State Journal](#)

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