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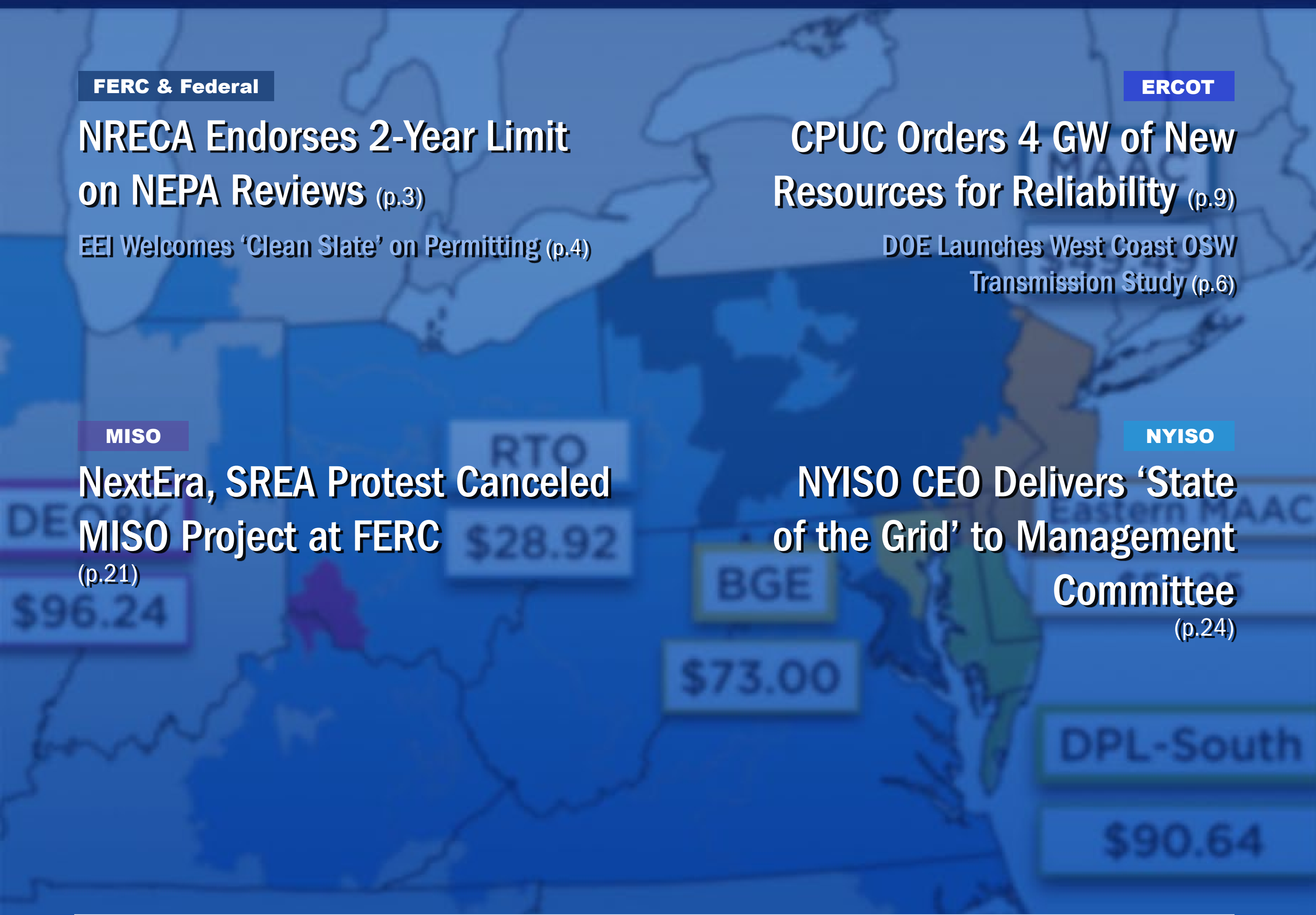

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NRECA Endorses 2-Year Limit on NEPA Reviews

Permitting Bill Set for Hearing this Week

By James Downing

The National Rural Electric Cooperative Association joined investor-owned utilities in urging Congress to streamline permitting of new transmission, backing a bill that would limit National Environmental Policy Act (NEPA) reviews to two years.

The House Committee on Natural Resources is holding a *hearing* today on the "Building United States Infrastructure through Limited Delays and Efficient Reviews Act" (*BUILDER Act*) of 2023, which has been introduced by Rep. Garret Graves (R-La.).

NRECA CEO Jim Matheson told reporters Thursday that his group, which represents almost 900 cooperatives serving 42 million people, sees an urgent need for infrastructure to connect renewables and serve new demand, such as electric vehicles.

"We're concerned that increasing stresses on an aging set of infrastructure is going to create problematic circumstances in terms of reliability," Matheson said. "So that's why we're really interested in this permitting conversation."

On Feb. 22, the Edison Electric Institute also urged Congress to act on permitting, although the group did not endorse any legislative proposals. (See *EEI Welcomes 'Clean Slate' on Permitting*.)

Changes to permitting law have been debated for years, with earlier versions of Graves' bill and other legislation having been floated in previous Congresses. Matheson noted that this time around a wide array of energy industry interests have lined up behind the need to change permitting laws.

"I do think that this is an interesting point in time where I hope there's an opportunity to have a meaningful, substantive discussion and see action take place that really does move the needle on the permitting process," Matheson said. "I think that would be in all of our interest in terms of making sure we have a reliable grid as we electrify this economy in significant ways."

Matheson said firm time limits that allow regulators to do their jobs without leaving projects stuck in limbo are needed. NRECA said the BUILDER Act would permit a project sponsor to assist agencies in conducting environmental reviews to help speed up the process and resolve issues.

Two NRECA members described how their efforts to upgrade their grids and connect new sources of power have been slowed down by the existing permitting process.

NRECA CEO Jim Matheson | *NRECA*

Wisconsin's Dairyland Power Cooperative has been replacing coal power with renewables and other cleaner sources, going from 95% coal in 2005 to 50% today with renewables set to make up 40% of its supplies by 2035, said CEO Brent Ridge. The co-op is one of the developers of the proposed *Cardinal-Hickory Creek* transmission line from Dubuque, Iowa, to Madison, Wis., to bring renewables from the resource-rich state to the biggest cities in Wisconsin.

The NEPA review process went through on time, but the project has been tied up in "unneeded litigation," Ridge said.

The BUILDER Act would "really help provide certainty for infrastructure projects that have successfully completed the NEPA process as this project has," he said.

North Dakota's McKenzie Electric Cooperative deals mainly with two federal agencies that use NEPA to review infrastructure: the Bureau of Indian Affairs and the U.S. Forest Service. McKenzie CEO Matt Hanson said the co-op has 44 pending applications with BIA that need to be processed so it can serve new customers on a reservation — the oldest of which goes back to 2017.

"What do those delays in processing permits cause?" Hanson said. "Well, the first off is it prevents economic development on the reservation. Second, it impacts the environment. So, the delays in getting the permits processed means that our end consumers, most of the time, are running off generators until line power comes and connects them."

Delays also add to the costs of projects, which are passed onto consumers under the co-op's business model, he added.

While the BUILDER Act is set for a hearing this week, the new Congress just took power in early January and has gotten off to a fairly slow start, said Matheson. But other committee leaders in both the House and Senate and in both parties have discussed the permitting issue.

"There's a lot of conversation," Matheson said. "I do think it's across the political spectrum as well, and we hope that we build some momentum going forward. But I don't want to oversell you on this. I don't have a specific prediction by congressional leaders about 'we're going to work on this bill by this time frame.'" ■

FERC/Federal News

EEI Welcomes 'Clean Slate' on Permitting

Org Seeks Bipartisan Package After Failure of Manchin Bill

By Rich Heidorn Jr.

Edison Electric Institute officials said last week that they are pursuing a "clean slate" on siting and permitting legislation in Congress and optimistic that they can help craft a bipartisan package after the failure of Sen. Joe Manchin's (D-W.Va.) proposal last year.

"We're interested now in what has been described by members of Congress as a clean slate, simply because that [Manchin] proposal didn't get a lot of support," Brian Wolff, EEI's executive vice president for public policy and external affairs, said during the organization's annual Wall Street briefing Feb. 21. "And we are engaging with Chairman Manchin, but we're also engaging with House Republicans; we're really going at this in a different way, so it's a different process."

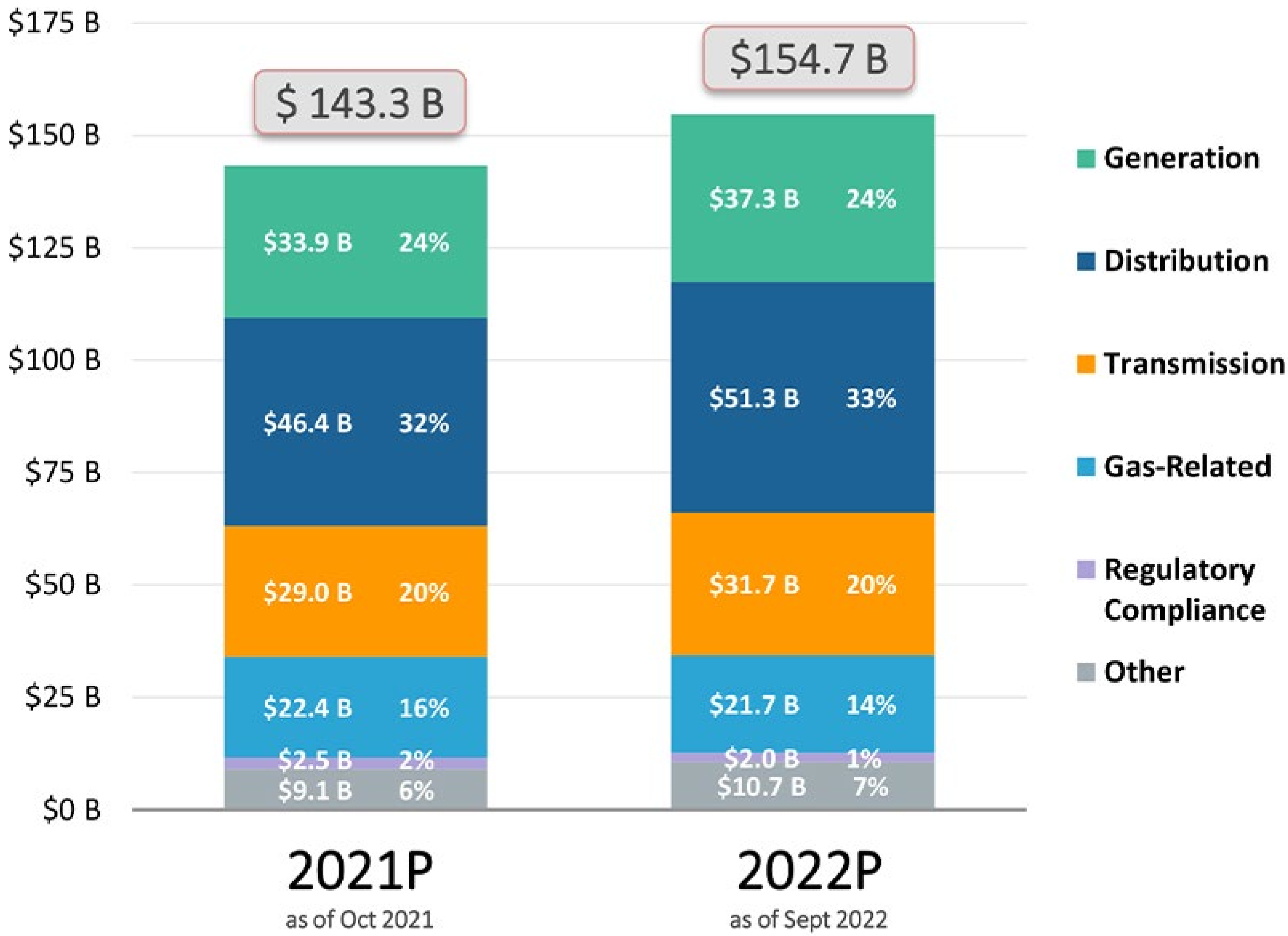
Wolff said EEI, which represents investor-owned electric utilities, expects to work on the legislation for most of the year, with General Counsel Emily Sanford Fisher seeking to win consensus on a set of "guiding principles."

The Manchin proposal "at the end of the year was just kind of pushed … very quickly through the process, [so] we really didn't get a lot of opportunity to make sure that they understood our constructive points," Wolff said. (See *Manchin Permitting Bill Falls Short in Senate*.)

Fisher said EEI seeks "basic good governance" changes to provide "certainty that the permits that are issued and the environmental reviews that are completed are durable and can survive legal review."

EEI President Tom Kuhn said the Republicans who control the House of Representatives and the Democrats controlling the Senate could find their way to a deal.

"The Republicans may want more pipelines approved in a shorter period of time. The Democrats want to make sure that the renewable energy out there can come on at a decent pace and the transmission can be built. So those dynamics are helpful," Kuhn said.



More than half of capital spending by U.S. investor-owned electric utilities is for transmission and distribution, with "regulatory compliance" at 2% or less. | *Edison Electric Institute, company reports, and S&P Global Market Intelligence*

FERC/Federal News

"We still have the help of environmental groups and industry groups … so we are hopeful. It is complicated, but it is something that we're all behind, and we're going to continue to push in a major way," he added. "I think that [it will lead] to the realization that we're just wasting a lot of money [and] a lot of time at a period of urgency for us to move forward."

Philip Moeller, executive vice president of business operations and regulatory affairs, also spoke of "urgency."

"And not only for the clean energy transition, but resource adequacy issues, congestion issues; as we electrify more, we need more transmission, and we need it sooner rather than later," he said. "So what accelerates that, and what hinders it and adds to more delays, that's kind of the lens that I think we look through. …

"So if there's legislative language that just kind of confuses things or leads to more litigation, you know, that's not good. Similarly, if there's a FERC proposal that sets in another layer, like an independent transmission monitor, is that helping to speed things along? That's the lens that we have to look through." (See *States Urge More Transparency on Tx Planning, Independent Monitors*.)

Moeller also urged policymakers not to "slow up the queue reform that's already going on in some of the RTOs. They're on it. Don't mess it up. That's kind of been our philosophy."

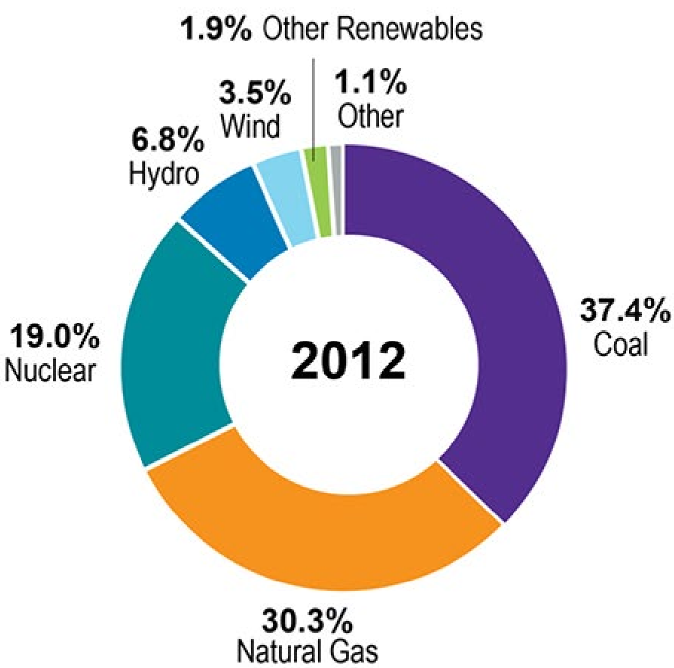
Appearing at the Edison Electric Institute's annual Wall Street briefing were (from left), EEI President Tom Kuhn; Brian Wolff, executive vice president, public policy and external affairs; Emily Sanford Fisher, general counsel; Phil Moeller, executive vice president, business operations and regulatory affairs; and Richard McMahon, senior vice president, energy supply and finance & chief ESG officer. | *Edison Electric Institute*

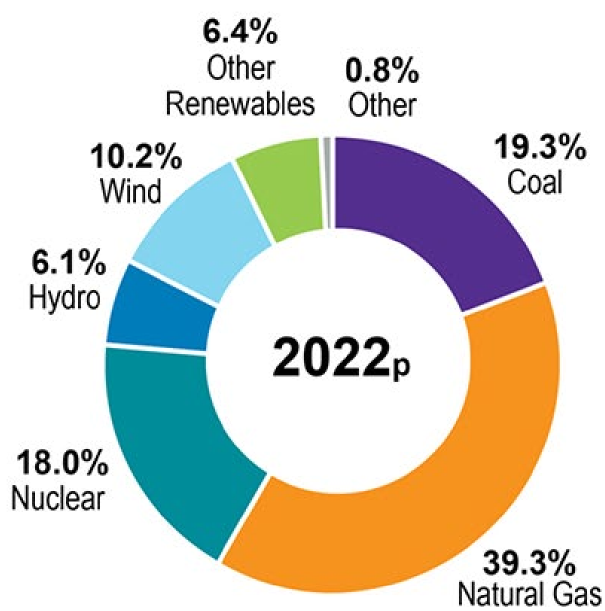
Fisher said EEI is seeking regulatory relief in addition to permitting legislation. "There are also things that we can do, both at FERC and [the Department of Energy] and at [the Interior Department] to help accelerate those processes now," she said. "And so we're sort of dual tracking a legislative and regulatory effort."

Moeller, a FERC commissioner from 2006 to 2015, said he was optimistic that stakeholders can overcome the cost allocation challenges that have made interregional transmission difficult.

"It'll be trickier, but doable, when we talk about projects between regions," he said, citing SPP and MISO's Joint Targeted Interconnection Queue projects. (See *MISO, SPP Update Stakeholders on Joint Tx Planning*.)

"Those are solvable problems with the right people at the table with the right attitude," Moeller said "If you look kind of what's going on in SPP and MISO, [the] right attitude, right commitment can make things happen." ■





The U.S. electric power industry has reduced its reliance on coal and increased its use of natural gas and renewables since 2012, according to data from the Energy Information Administration. | *Edison Electric Institute*

FERC/Federal News

DOE Launches West Coast OSW Transmission Study

Floating Offshore Wind Could Expand from California to Hawaii, Maine, Gulf of Mexico

By K Kaufmann

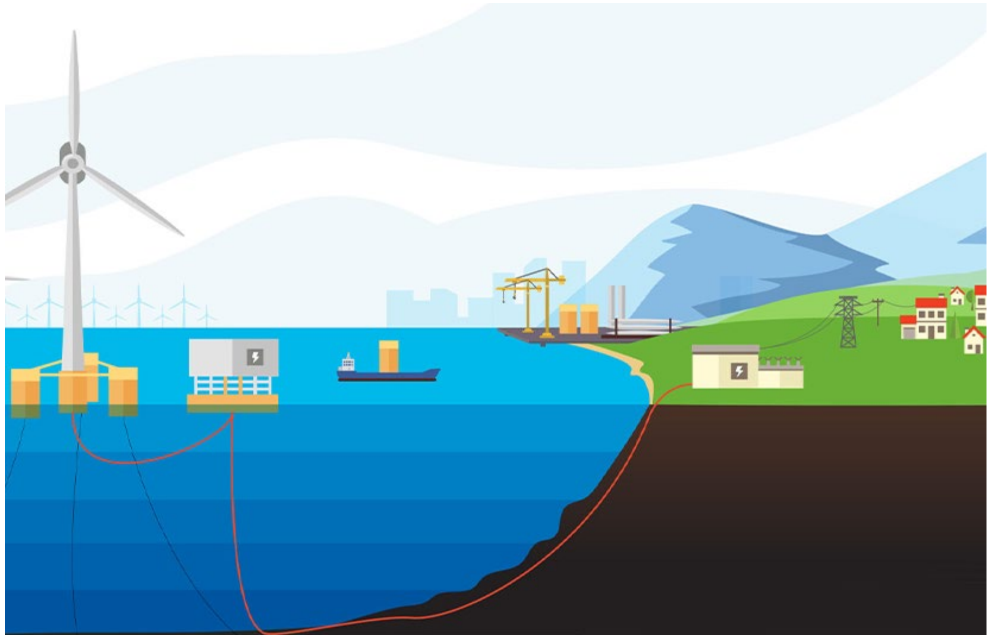
Energy Secretary Jennifer Granholm opened the Department of Energy's two-day Floating Offshore Wind (FOSW) Shot Summit with the first of the event's long list of offshore wind metaphors and puns — and announcements of DOE's latest initiatives to advance FOSW technology, supply chains and infrastructure.

Pointing to the ongoing impacts of Russia's year-old invasion of Ukraine, Granholm said Wednesday, "When the winds of change blow, some build walls, others build wind turbines."

Announced in September, the Floating Offshore Wind Shot is aimed at cutting the cost of FOSW by more than 70% to a target price of $45/MWh, which Granholm said "would make floating offshore wind competitive across the nation, across the globe."

Two-thirds of U.S. offshore wind potential is located in waters deeper than the 60-meter maximum for fixed-bottom turbines, she said, which is why floating turbines, mounted on floating platforms, are now a major focus of White House and DOE initiatives. In addition to the 30 GW of offshore wind development President Biden has targeted for 2030, the Bureau of Ocean Energy Management has added an additional 15 GW of FOSW by 2035.

BOEM's first West Coast auction in December brought in $757.1 million for five sites, but other potential areas for floating offshore wind development include Hawaii, the Gulf of Maine and parts of the Gulf of Mexico. (See *First West Coast Offshore Wind Auction Fetches $757M*.)



DOE's Floating Offshore Wind Shot is aimed at cutting the cost of floating offshore wind 70% — to about $45/MWh — by 2035. | *DOE*

Still, California figured heavily in the day's announcements. Granholm started with the launch of a new West Coast Offshore Wind Transmission Study, supported by funds from the Inflation Reduction Act. "That study is going to examine how the West Coast can expand transmission to support offshore wind development," Granholm said.

"The study will use its findings to develop practical plans through 2050 to address transmission constraints that currently limit offshore wind development along the nation's West Coast," a DOE press release said. "It is also expected to evaluate multiple pathways to reaching offshore wind goals while supporting grid reliability, resilience and ocean co-use."

Other announcements focused on new research partnerships and initiatives:

- California has become the first West Coast state to join the DOE-funded National Offshore Wind Research and Development Consortium. "The consortium works across

FERC/Federal News

the public and private sectors to invest in research and development projects that slash the cost of offshore wind for ratepayers across the country," Granholm said. "The California addition is going to bring a whole new focus on floating offshore wind technology."

- Both California and Louisiana also joined the White House Federal-State Offshore Wind Implementation Partnership, launched last year to "maximize the benefits" of offshore wind development for workers and communities, according to a White House *fact sheet*.
- DOE, along with the Sandia National Laboratory and the National Renewable Energy Laboratory, also announced "the development of an industry-informed roadmap for new operations and maintenance technologies and processes to enhance cost-effectiveness, efficiency and reliability at offshore sites," according to the DOE press release.
- With Hawaii still another potential site for floating offshore wind, DOE's Pacific Northwest National Laboratory and the Bureau of Ocean Energy Management have deployed a floating scientific research buoy about 15 miles east of the island of Oahu "to collect offshore wind resource, meteorological and oceanographic data," DOE said.

Not Business-as-usual

Granholm and other speakers at the summit were also eager to frame FOSW as a job generator and a vital technology for unleashing U.S. clean energy independence and energy security.

The Floating Offshore Wind Shot "is about bringing supply chains home; it's about creating jobs from sea to shining sea, from welders and deckhands assembling platforms at our ports … to steelworkers hundreds of miles inland who are making towers or other components, to electricians and construction workers to connect those communities to the energy," Granholm said.

It will also show "the world that we've got to build a global energy system that can never be manipulated again by one leader, by one autocrat or even one country," she said.

But behind the sweeping, turbine-charged rhetoric of the summit lie real challenges. In its *2023 Offshore Wind Market Report*, the Business Network for Offshore Wind sees both major growth drivers and potential headwinds, including ongoing debates over streamlining and accelerating permitting processes and rising concerns over the impact of expensive OSW construction on consumer electric bills. The report also notes the ongoing drag of inflation, which has some offtakers seeking to renegotiate contracts for East Coast projects.

"Building out the floating industry will require a substantially different supply chain than the one being developed for fixed-bottom turbines, necessitating more and new government research and support," the report says.

Jocelyn Brown-Saracino, DOE's offshore wind energy lead, agreed, saying the 70% cost reduction goal of the Floating Offshore Wind Shot "is not meant to represent a business-as-usual case. It will require [an] expanded, concerted R&D push from all of us, and more, it will require future leasing actions, transmission infrastructure, supply chain maturation, and the readiness of U.S. infrastructure, including ports."

While the shot's primary goal is to drive down costs and increase deployment, Brown-Saracino said, "R&D alone is not going to be enough to reach the cost targets." Other priorities are being incorporated, such as ensuring just and sustainable deployment of FOSW, supporting the development of a "robust domestic supply chain," transmission development, and advancing co-generation opportunities between FOSW and, for example, clean hydrogen.

As reeled off by Brown-Saracino, the supply chain challenges will be daunting. "We're going to need to expand port capabilities. We're going to need to ensure that we have a fleet of vessels for construction and operations, and we're going to need to build manufacturing facilities," she said. "We're going to need to ensure that we have a set of trained domestic workers ready to step into jobs as the industry grows. And we're going to need foresight into the timing and the geography of that growing demand. And we're going to need to look for opportunities to ensure that that workforce is diverse, equitable and inclusive."

Resolving transmission challenges will also be critical to "ensure that electrons can come to shore at a cost-effective manner," she said. "We're going to need solutions that help grid operators and system planners meet our goals to decarbonize the electric system, while not just protecting but enhancing the resilience and reliability of the grid." ■

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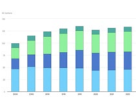
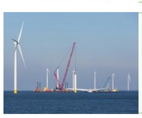


IEA Finds Methane Emissions on the Rise

NetZero Insider



Interior Proposes 1st Lease for Offshore Wind in Gulf of Mexico

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DOE Highlights Hydrogen Diesel Engines for Trucking

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Floating Offshore Wind's Potential Examined at Summit

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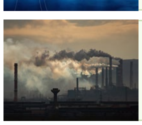

DOE Announces $2.5B for Carbon Capture Projects

NetZero Insider

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FERC/Federal News

Feds Can Site Transmission with Existing Law, Paper Argues

By James Downing

The Department of Energy and FERC already have enough authority to site necessary transmission lines under existing laws even without additional congressional action, the authors of a paper on the subject said in a webinar Monday.

Building a New Grid without New Legislation: A Path to Revitalizing Federal Transmission Authorities was first published in late 2020, but it is being included in this year's Environmental Law and Policy Annual Review, an annual joint publication from the Environmental Law Institute (ELI) and Vanderbilt University Law School.

Two of its authors, Isabel Carey, an associate at Marten Law, and Justin Gundlach, an attorney at the Building Decarbonization Coalition, spoke during the webinar hosted by ELI and the law school.

The article was published just as the national conversation around transmission was starting to shift, Gundlach said.

"Failing to develop more regional and interregional transmission capacity would mean leaving the power sector's shoelaces tied together and constraining burgeoning efforts to build clean energy capacity," he said. "This was true when we started writing our article years ago. But it is even more true now."

The Inflation Reduction Act offers voluminous incentives to clean energy that are expected to accelerate the pace of renewable development, but ensuring that happens requires grid expansion, he said.

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The Biden administration is aware of that, and the paper's other two co-authors are now working at the U.S. Department of Energy: Sam Walsh is the agency's general counsel and Avi Zevin is a deputy general counsel for energy policy.

The federal government has had backstop siting authority since the Energy Policy Act of 2005, but that tool had been collecting dust on the shelf for years until recently. The law allowed DOE to designate National Interest Electric Transmission Corridors (NIETCS), and FERC was given authority for backstop siting in the absence of state action.

The first attempt to implement the policy drew very wide corridors covering huge swaths of Southern California and the entire Mid-Atlantic, said Carey.

The U.S. 9th Circuit Court of Appeals found in *California Wilderness Coalition v. U.S. Department of Energy* that the agency had insufficiently coordinated with the states in determining the broad NIETCs. The court also said DOE failed to study the NIETCs' environmental impacts as required by the National Environmental Policy Act, Carey said.

"Both of these were procedural errors that could have been fixed with additional time and resource devotion," Carey said. "But DOE abandoned any attempt to re-designate the two quarters and has not attempted any designations since."

The 4th Circuit limited FERC's authority in a 2009 decision in *Piedmont Environmental Council v. FERC*, which found the commission could not overturn a state's denial of a transmission line in an NIETC. That was fixed in the Infrastructure Investment and Jobs Act of 2021, which reversed the court's finding and gave FERC the authority to approve national interest lines rejected by state regulators, said Carey.

FERC cannot act until states have a year to review transmission, but it is able to review proposals at the same time as states, which is a much more efficient process, she added.

DOE just released a new draft of a *National Transmission Needs Study*, which sets the groundwork for future corridor designations.

"To address one of the problems that the failed corridor designations faced, our paper suggested that national corridors should be designated more narrowly, ideally with specific projects in mind," Carey said. "By focusing the designated corridors, we could better tee up projects to apply for citing permits." ■

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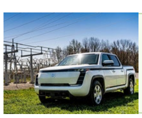
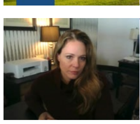


Lordstown Motors Recalls Endurance Electric Truck NetZero Insider

NERC Report Highlights 'Transformational' 2022 ERO Insider



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CAISO/West News

CPUC Orders 4 GW of New Resources for Reliability

State Will Need Additional 85 GW by 2035, Commission Says

By Hudson Sangree

The California Public Utilities Commission on Thursday ordered load-serving entities under its jurisdiction to procure an additional 4 GW of clean energy resources by 2027, adding to the record-setting 11.5 GW of procurements it ordered less than two years ago to bolster reliability and meet environmental goals.

"This additional procurement is necessary as electric demand is projected to further increase in the coming years and the accelerating impacts of climate change are creating new demands on our electric resource mix," CPUC President Alice Reynolds said.

The additional procurement is part of the state's massive buildup in renewable and zero-emitting resources as it tries to meet its 100% clean energy mandate by 2045 while avoiding repeats of the energy emergencies it experienced during the past three summers, including the rolling blackouts of August 2020. (See *Calif. Must Triple Capacity to Reach 100% Clean Energy*.)

The *proposed decision* adopted Thursday includes electricity resource portfolios for CAISO to use in its 2023/24 transmission planning process. The ISO updates its 10-year transmission plan annually.

The CPUC's base-case portfolio anticipates the state will need 69 GW of new resources by 2033 and another 16 GW of new resources by 2035 to meet its environmental goals while maintaining reliability.

The additional 85 GW would be "on top of the existing resource mix on the electric grid of approximately 75 GW. This is more than a doubling of nameplate capacity on the system within 12 years," the decision by Administrative Law Judge Julie Fitch says.

The base-case scenario includes 39 GW of solar and 28 GW of battery storage by 2035. It projects adding 3,900 MW of in-state wind, 4,800 MW of out-of-state wind and 4,700 MW of offshore wind in Northern and Central California.

The decision also recommends that CAISO study a 75 GW sensitivity portfolio that would add 13.4 GW of offshore wind. The portfolio "is designed to refine and update transmission capability and upgrade assumptions relevant to offshore wind resources," it says.

In June 2021, the CPUC ordered load-serving entities — including Pacific Gas and Electric, Southern California Edison and San Diego Gas & Electric — to procure 11.5 GW of new clean-energy resources by 2026. It was the largest single procurement order in state history and followed a series of smaller procurement orders that began in 2019 and increased after the 2020 blackouts. (See *CPUC Orders Additional 11.5 GW but No Gas*.)

"This additional procurement for 2026 and 2027 is required for several reasons … [including] updated load forecasting from the California Energy Commission that suggests that electricity demand is increasing and will continue to increase compared to when [the 11.5 GW was ordered]," Fitch wrote in Thursday's order.

She also cited the "increasing and accelerating impacts of climate change," the "likelihood of some additional fossil-fueled generation resource retirements that were not anticipated at the time" and the "likelihood that some delays beyond 2026 in the procurement of long lead-time resources required by [the June 2021 decision] will be necessary."

The latest decision postponed the procurement of long lead-time resources such as geothermal and long-duration storage from 2026 to 2028.

A number of parties to the most-recent proceeding expressed concerns that ordering another 4 GW could undermine the CPUC's efforts to develop a "programmatic" approach to resource planning and keep the CPUC "stuck in a cycle of ad hoc, interim procurement orders," the decision noted.

"A programmatic approach means moving beyond the CPUC's current energy resource procurement order-by-order approach and setting rolling, ongoing requirements for LSEs [load serving entities] to meet," the CPUC said in a *fact sheet* on the effort, called the Reliable and Clean Power Procurement Program.

The CPUC said it had to address reliability concerns before that program is ready.

"As much as we would like to agree … that we should focus on development of a programmatic approach to procurement, we also are convinced that we cannot wait for that larger process to be complete before ordering additional procurement," the proposed decision said. "In 2022, the electric system came very close to running out of resources, and it actually did run out in 2020. The system is much closer to a supply and demand balance than is comfortable for reliability purposes."

Tight supply and high prices in summer, "coupled with the lengthy lead time needed for the development of new resources, persuade us that we need to order new procurement now so that the LSEs can have sufficient time to contract for and develop the resources in a timely and cost-effective fashion." ■

The CPUC's base case portfolio calls for an additional 39 GW of solar by 2035. | *Shutterstock*

CAISO/West News

PG&E Scales Back Plan to Underground Lines

Opponents Say Utility Knows Even its Downsized Plan is Unrealistic

By Hudson Sangree

A photo filed in federal court shows a tree on the PG&E power line that started the nearly 1-million-acre Dixie Fire in July 2021. | *PG&E*

Pacific Gas and Electric has reduced the total miles of power lines it intends to bury over the next three years, saying it needs to proceed more gradually to show that undergrounding can be performed cost effectively and to appease critics.

PG&E wants to eventually underground 10,000 miles of distribution lines in high fire-threat areas at a cost of $25 billion or more. The controversial plan, which needs regulators' approval, is part of PG&E's efforts to prevent its equipment from starting catastrophic wildfires like those in the past five years. (See *PG&E Pleads Not Guilty to Manslaughter Charges*.)

The utility had sought to bury 3,600 miles of lines by 2026 but revised that figure down to 2,275 miles, a move it discussed in a fourth-quarter *earnings call* Thursday.

"We reduced our mileage as a result of conversations with our key stakeholders," CEO Patti Poppe said on the call. "We have to earn the right to do that underground. We have to prove that we can, in fact, do it at the unit cost that we've described. ...

"I remind myself that the Golden Gate Bridge wasn't built in a year," Poppe said. "It was built over time, and it's beloved, and that's what our undergrounding program is going to be. It's going to be built over time, and it's going to be beloved. And we have to earn the right to grow those miles year after year after year. And so, we're very focused on doing that well."

Poppe said PG&E had buried 180 miles of lines last year for less than the $3.75 million per mile that it had estimated in its earnings call a year ago. During that call, Poppe said the utility expected to bring down the cost of undergrounding to $2.5 million per mile by 2026 through efficiencies of scale and technical advances. (See *PG&E Plans to Spend $25B to Bury Lines*.)

The utility asked the California Public Utilities Commission to approve nearly $10 billion for undergrounding in its 2023 *general rate case* but revised that figure down to about $6 billion with the decreased mileage.

PG&E plans to file a 10-year undergrounding plan with the state later this year under the terms of *Senate Bill 884*. Signed by Gov. Gavin Newsom in September, the bill provides for expedited review of undergrounding plans submitted by large electrical corporations to the CPUC and the state Office of Energy Infrastructure Safety.

"That will clarify mileage and unit cost targets," Poppe said. "And I also want to remind everyone that, look, this undergrounding program is very important from a risk reduction and a customer satisfaction [perspective], but it's not a big bet. The undergrounding program is less than 20% of our total capital plan. It is flexible and dynamic in nature. We're going to be working with our regulators and those stakeholders to make sure that we do undergrounding at a pace that they support."

Undergrounding Opposition

The pace supported by some intervenors in PG&E's rate case is far more limited than even the utility's revised proposal.

In January filings, the CPUC's Public Advocates Office, the California Farm Bureau Federation and communications companies such as AT&T questioned the feasibility and cost of PG&E's downsized plan.

The Utility Reform Network, a consumer watchdog group, said in a Jan. 23 *brief* to the CPUC that PG&E had lowered its mileage target in a December *filing* because it knew it was falling behind meeting the 2023 goals that it had outlined a year ago.

"PG&E suggests that its mileage reduction responds to intervenor concerns about the company's ability to achieve its February 2022 targets but never admits that PG&E itself has come to realize that those targets were unrealistic," TURN said.

It cited an internal slide presentation it received from PG&E that said, "Work readiness for 2023 [underground] work execution is behind target as of mid-October" because of challenges with permitting, land rights acquisition and the availability of materials.

Despite the delays, the utility is "moving ahead with plans to underground 350 miles in 2023, at a forecast cost of approximately $1 billion," TURN said. "PG&E appears committed to this path, even though it has not received any authorization from the commission for any rate recovery for its 2023 undergrounding proposal. Needless to say, PG&E's undergrounding request is hugely controversial and subject to CPUC disapproval, in full or in part."

TURN recommended to the CPUC that PG&E should focus its system hardening work on "installing 450 miles of covered conductor in 2023 at a cost of $358 million, with a more focused and feasible undergrounding deployment in 2023 that targets the 50 highest-risk miles at a cost of $167 million."

"In TURN's view, the prudent course for PG&E in 2023 would be to focus on covered conductor — a proven strategy that the commission has already endorsed — with a much more targeted use of undergrounding," it said.

"The execution challenges that PG&E is already experiencing and the company's lack of transparency about those problems should raise concerns," TURN said. "The nature of the challenges underscores the huge question marks about the timing and executability of PG&E's plan." ■

CAISO/West News

CAISO Revises Policy Roadmap to Highlight Priorities

Focus Falls on VER Integration, RA and Regional Efforts

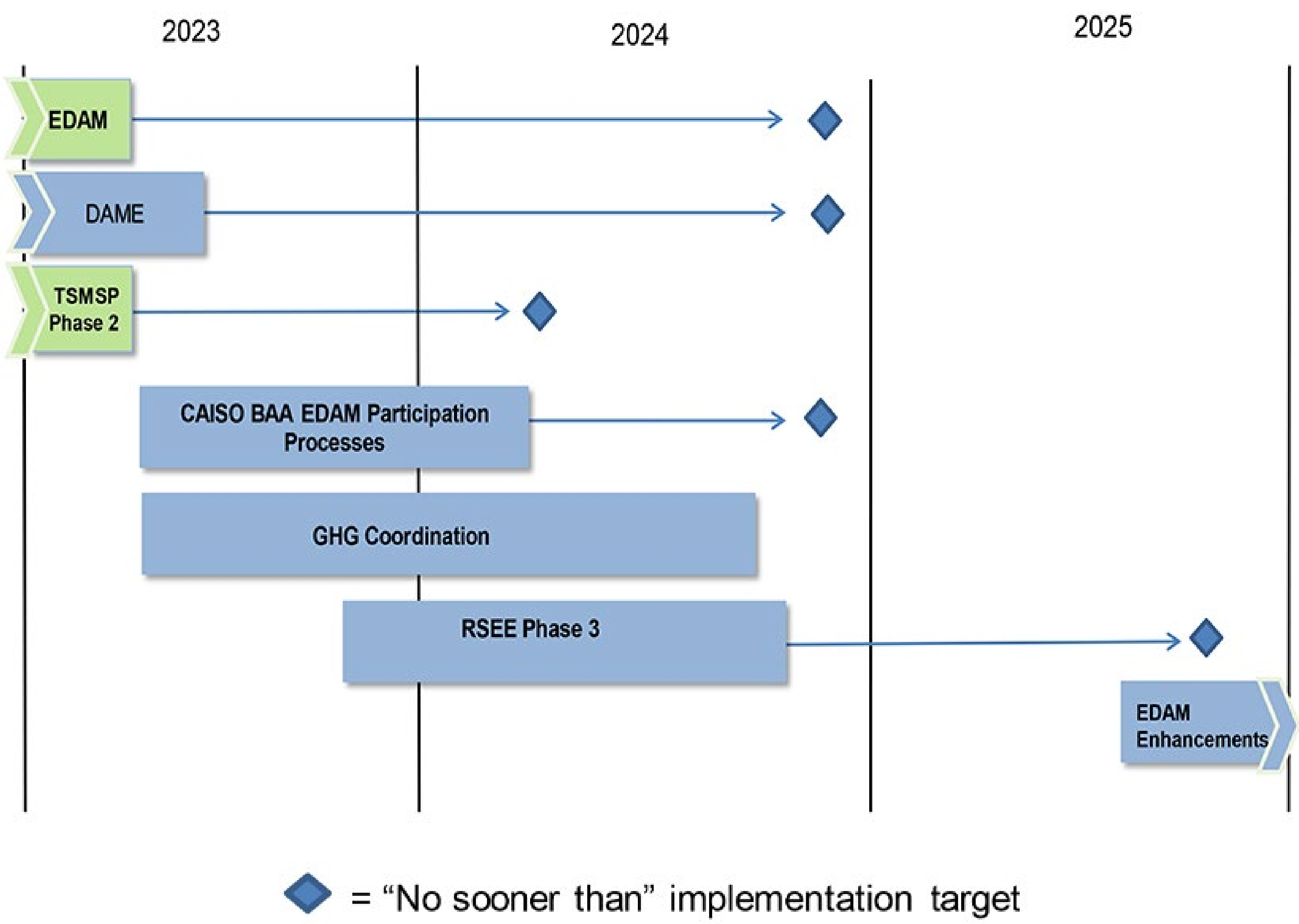
By Hudson Sangree

CAISO has revamped its policy initiative roadmap process by categorizing stakeholder initiatives under one of three "critical strategic and tactical objectives" as a way of providing more clarity on the ISO's most significant policy goals for this year and beyond.

The reorganization of CAISO's *roadmap*, which lays out the policy initiatives that the ISO plans to tackle in the next three years and their anticipated timelines in a diagram, was *presented* at a meeting last week that kicked off the 2023-25 planning process.

"Unlike previous years, we've gone ahead and organized the initiatives included in the roadmap … based on what strategic objectives we feel they most closely support," said Gillian Biedler, CAISO policy integration and governance manager. "Some of them are quite clear. Some of them will support multiple strategic objectives. We've organized them that way so that you get a sense of the emphasis for those initiatives and a broader scheme of prioritization."

The strategic goals mostly revolve around CAISO's efforts to ensure it has sufficient capacity after three summers of strained grid conditions and to expand its regional presence through the Western Energy Imbalance Market, as well as advancing the state's transition to 100% clean energy.



CAISO's draft roadmap includes initiatives meant to build on the foundation of the Western EIM to expand market opportunities in the West. | *CAISO*

CAISO/West News

One objective is to "reliably and efficiently integrate new resources by proactively upgrading operational capabilities." Initiatives that fall under that category focus on "improving the modeling of resources to better reflect their economic and physical characteristics," Biedler said in her presentation.

Among them is CAISO's Price Formation Enhancements *initiative*, which deals with issues such as scarcity pricing.

"Scarcity prices are important to attract supply and incent resources to be available and perform," the ISO says on the initiative's web page. "They are also important to provide appropriate price signals to reduce demand. Recent energy shortages and associated prices in the ISO real-time market have emphasized the need for the ISO to review and enhance its scarcity pricing provisions."

Others deal with variable energy resources such as solar power and storage dispatch enhancements, both meant to optimize resource participation in the ISO.

A second objective is to strengthen resource adequacy and to meet the state's climate goals through long-term transmission planning and effective coordination with state agencies such as the California Public Utilities Commission and the state Energy Commission, which share electricity planning duties with CAISO.

Initiatives dealing with changes to the ISO's capacity procurement mechanism soft-offer cap and interconnection process enhancements fall into this category; so will processes expected to start next year on transmission planning and extreme weather events in response to FERC directives.

The third objective is to "build on the foundation of the Western Energy Imbalance Market to further expand Western market opportunities."

The category includes initiatives to refine the rules governing the WEIM's Extended Day Ahead Market (EDAM), which the CAISO Board of Governors and the WEIM Governing Body approved Feb. 1. (See *CAISO Approves Day-ahead Market for Western EIM*.)

The ISO's Day Ahead Market Enhancements *initiative* and revisions to the EDAM resource sufficiency evaluation test and WEIM governance fall into this category.

The initiative and dozens of others are described in the ISO's Policy Initiatives Catalog, which is updated twice a year. The 2023 draft *catalog* was last updated Feb. 16. ■

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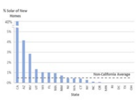

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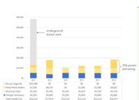

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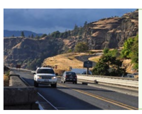

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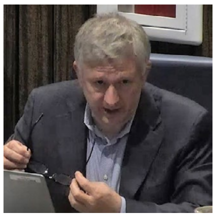
ERCOT News

ERCOT Technical Advisory Committee Briefs

Staff Proposing Bridging Solutions to ERCOT's Long-term Market Redesign

ERCOT staff have prepared a draft of its early thoughts on a bridge solution to Texas regulators' preferred market design, which is not expected to be implemented for at least three years.



Kenan Ögelman, ERCOT | *ERCOT*

Kenan Ögelman, ERCOT vice president of commercial operations, told the Technical Advisory Committee during its Feb. 20 meeting that staff will bring some proposed recommendations to the Board of Directors' Reliability and Markets Committee meeting Monday.

ERCOT plans to hold at least two workshops with stakeholders in March to solicit feedback and other alternatives. The board, responding to a directive from the Public Utility Commission, is expected to approve a final bridge recommendation during its April meeting.

Staff have scheduled the first workshop for *March 3* and the second for *March 15*. They will provide details on each bridging option and its system limitations during the first workshop, solicit written comments from market participants between the two sessions, and provide feedback and engage in additional discussion during the second workshop.

"We would very much like to hear from interested stakeholders on what we have," Ögelman said. "I might have to pivot on what I just said, depending on the feedback that I get, so I just want to put that caveat out there."

ERCOT on Wednesday filed several *bridging solutions* in the R&M's background materials. They include a manually settled performance credit mechanism (PCM), mirroring the market mechanism the PUC has recommended to state lawmakers for their consideration. (See *Texas PUC Submits Reliability Plan to Legislature*.)

The PCM rewards generators in ERCOT's energy-only market with credits based on their performance during a determined number of scarcity hours. Those credits must either be bought by load-serving entities or exchanged between them and generators in a voluntary forward market.

Staff say the manual PCM could be brought online late this year or early next year and that it has mechanisms that preserve both existing generation and new resources. They suggest the markets would gain experience with the "proposed future state." However, the solution doesn't create an obligation for LSEs to contract, and there would be no forward market; the performance credits' value would be determined by ERCOT.

ERCOT is also proposing procuring more ancillary services and making payments to more market resources; modifying the operating reserve demand curve to achieve a one-in-10 loss-of-load expectation in 2026; deploy a backstop reserve service that secures a preset capacity amount based on bids; and capacity contracts to bring retired generators back to life.

The various options fall within three categories: solutions that address new investment and maintaining existing resources; those that address existing resources; and those that address new investment.

System Admin Fee up for Increase

Staff told stakeholders to expect an increase in the system administration fee next year, a message that was first relayed during last August's board meeting. However, Controller Richard Scheel declined to provide an idea of how large the increase will be from the current 55.5 cents/MWh rate that has been in place since 2016.

"I hesitate to comment on the magnitude publicly before I discuss it with the board," he said.

Scheel plans to take the same message to the Finance and Audit Committee's Feb. 27 meeting. He'll return to the committee and the board in April with proposed numbers.

Stakeholders had asked staff to provide them with more advance notice of admin fee increases during the 2016-2017 budget cycle. Lower Colorado River Authority's Emily Jolly reminded Scheel that TAC's ask included an idea of the magnitude of any increase.

"Telling our folks back at our shops that there's going to be an increase and not being able to give them more detail is a little bit challenging," she said.

Scheel said the final number is still under development. "We're happy to talk about that more at the April meeting."

Staff also said they have a path to restart the real-time co-optimization project, which has been on hold since mid-2021. They are evaluating the program's scope and any gaps and overlaps in RTC-related protocols during the past two years.

The Technical Advisory Committee gathers for its February meeting. | *ERCOT*

Staff plan to complete a prospective budget and schedule for consideration by the June board meeting. The project still has a $51.6 million budget line item and a three-and-a-half-year timeline, but a new impact analysis will be conducted.

Members Approve 2023 Goals

The committee approved its *goals for 2023* and those of the Retail Market Subcommittee as part of the combination ballot. TAC's 19 goals include two late additions to review market design changes and improvements made since the February 2021 winter storm, and to support ERCOT staff in identifying, developing and implementing bridging solutions.

Members approved the ballot 28-0. It included two nodal protocol revision requests (NPRRs) and a single change to the Retail Market Guide that, if approved by the board, would:

- *NPRR1158*: eliminate the weatherization-inspection fee's sunset date and changes its invoicing period from a quarterly to a semiannual basis.
- *NPRR1159*: provide needed references to the Retail Market Guide accounting for Texas standard electronic transaction processing options for municipally owned utility or electric cooperative service areas. The change is aligned with *RMGRR171*, which would add language establishing the mechanism that opt-in MOUs or cooperatives without an affiliated provider of last resort (POLR) that have not delegated authority to designate POLRs to the PUC would follow to provide their initial POLR allocation methodology; and updates and confirms such allocation methodology. ■

— Tom Kleckner

ERCOT News

AEP Continues to De-risk the Balance Sheet

Company Plans to Invest $40B in Regulated Utilities over Next 5 Years

By Tom Kleckner

American Electric Power reiterated its strategy to de-risk the company and prioritize investments during the company's quarterly earnings call Thursday with financial analysts.

The call came a day after AEP *announced* it has entered into an agreement to sell its 1,365-MW unregulated, contracted renewables portfolio in a transaction that will net the company $1.2 billion in cash. The portfolio includes 14 projects representing 1,200 MW of wind and 165 MW of solar in 11 states.

The transaction's proceeds will be funneled into supporting the company's regulated businesses. AEP plans to invest about $40 billion over the next five years in its regulated wires and generation business. It hopes to add 17 GW of new generation resources, with 15 GW of new renewable resources added over the next decade.

"We're strengthening our focus on these regulated investments and de-risking the business through active management of our portfolio," AEP CEO Julie Sloat said. "This transition allows us to add fuel-free generation. … At the same time, the $26 billion we plan to invest in our transmission and distribution systems over the next five years will help ensure the continued delivery of safe, reliable and affordable power to serve our communities."

The transaction with IRG Acquisition Holdings, a partnership between Invenergy, Quebec state pension fund CDPQ and funds managed by Blackstone, is expected to close in the second quarter, pending regulatory approvals. AEP announced its intentions a year ago. (See *AEP to Sell Unregulated Renewables Portfolio*.)

The Columbus, Ohio-based company projects the transaction to result in a loss of between $100 million and $150 million for the quarter.

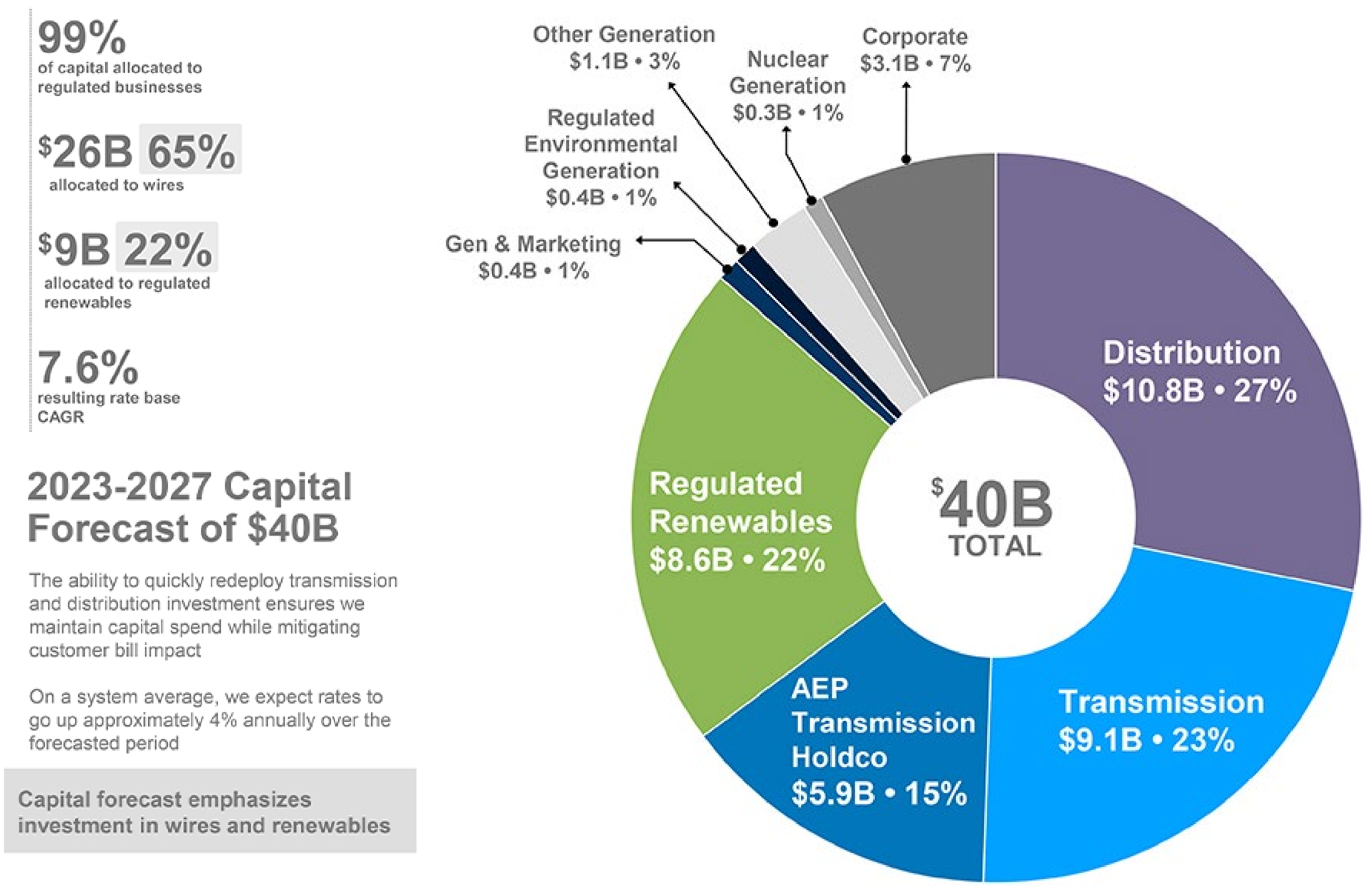
AEP *reported* fourth-quarter earnings of $384 million ($0.75/share), down from earnings of $539 million ($1.07/share) for the previous year's quarter.

For the year, earnings were $2.3 billion ($4.51/share). A year ago, they were $2.5 billion ($4.97/share).

Sloat told analysts AEP is continuing to work "diligently" on completing the sale of its Kentucky operations to Algonquin Power & Utilities by an April 26 contractual deadline. The companies recently made fresh filings at FERC to add more customer protections. (See *AEP, Liberty Utilities Try Again on Kentucky Territory Deal*.)

"Our near-term focus remains closing on our two pending sale transactions," Sloat said. "Once both transactions are complete, we plan to revisit the equity needs in our current multiyear financing plan."

AEP reaffirmed its 2023 operating earnings guidance range of $5.19 to $5.39/share. Its share price closed Thursday at $90.71, an 11-cent loss from the previous close after a late rally. ■



AEP's plans for its capex spend of $40 billion through 2027. | *AEP*

ERCOT News

Texas PUC's Market Redesign Dominates ERCOT Market Summit

Panelists also Discuss Political Influence on Grid Operator

By Tom Kleckner

AUSTIN, Texas — Infocast's 11th ERCOT Market Summit last week attracted about 600 attendees, primarily financiers and developers, eager to gain insight into the Texas grid operator's new products and services addressing reliability, the state's increasing load, and emerging policy and market challenges.

Given the potential changes to how providing power is rewarded, much of the discussion centered on the performance credit mechanism (PCM), the Texas Public Utility Commission's preferred market redesign for ERCOT.

The PCM would reward generators in ERCOT's energy-only market with credits based on their performance during a determined number of scarcity hours. Those credits must either be bought by load-serving entities or exchanged between them and generators in a voluntary forward market. (See *Texas PUC Submits Reliability Plan to Legislature*.)

Most speakers expressed opposition to the construct. Others offered support.

Pablo Vegas, ERCOT | *© RTO Insider LLC*

Asked how he could be sure the untested PCM would incent gas-fired generation, as favored by the state's lawmakers and regulators, ERCOT CEO Pablo Vegas said the market mechanism is really nothing new.

"The PCM is actually a fairly well understood set of tools that the ERCOT market and its participants have been using in different forms for many, many years," he said, noting it can be broken down into three main components: a forward auction, a supply-and-demand curve and a backward settlement for performance during the performance period.

"We're taking those three components and we're putting that together. So, I think the argument that it's too novel is really not well founded," Vegas said. "Texas has created some of the most novel concepts in the history of energy markets. The energy-only market created back in 2000 was the first of its kind and continues to be one of the most innovative markets in the world. We have experience doing things that are completely new and different and seeing success from it.

ERCOT CEO Pablo Vegas delivers the keynote address during Infocast's ERCOT Market Summit. | *© RTO Insider LLC*

"I think it will be well understood. I think it will incentivize generation because markets work. We have the history of knowing the markets work, when there are significant distortions that change the way those markets work, and you see issues on the market. And that's what we're dealing with today. Markets will work if they're designed in a way that can be understandable."

Campbell Faulkner, a senior vice president with over-the-counter energy commodity broker *OTC Global Holdings*, was asked whether the PCM market would turn into a capacity market, as some fear. He said the construct is unlikely to result in an optimum solution for everyone.

"You're trying to marshal the quasi-governmental aspects of ERCOT with the state legislature and the end-use constituents. … It's going to end up being filtered through the state representatives … to determine are you willing to pay more for a liability or a preference to paying less but having more frequent outages," he said.

"Capacity markets, in general, are complicated. You're essentially trying to ensure that you not only have fleet reliability, but you have dispatch reliability and often you have congestion reliability. The ERCOT system worked exceptionally well for most of its design life, largely because it did have a relatively high price cap. There are economic arguments that say there shouldn't be a price cap at all to generate every single marginal megawatt. These things are all going to basically have to be relitigated."

"If you look at other capacity market constructs … there are price mechanisms and price structures that help support debt financing for projects," EIG Partners' Shalin Parikh said. "When you look at the way the PCM has been proposed, I don't foresee it being a structure that will support or that lenders will underwrite to."

Parikh said capacity markets are "largely based on creating availability, covering your fixed costs and potentially servicing some of that financing that you have raised to build those projects."

"From that standpoint, I would say ERCOT likely will not be viewed as a capacity market construct, even if that is the intention of the mechanism," he said.

Katie Coleman, an attorney who represents industrial consumers, was asked what reliability problem the PCM is trying to solve as part of the PUC's Phase II market redesign. Phase I included weatherization requirements, revisions to the operating reserve demand curve and additional ancillary services in the aftermath of the February 2021 winter storm.

"I view Phase II as an effort to try to exert more control over what investment decisions are made in a deregulated market," she said.

ERCOT News

"This is at least the fourth time that we've been through this argument about whether we should impose a capacity construct on the market. I think when you are sitting in the seat as a regulator or a legislator who has responsibility for reliability, it is very attractive to try to impact market outcomes through administrative measures.

"We do believe that there are mounting operational issues in ERCOT that need to be addressed in a more tailored way," Coleman added. "And my clients believe that it's worth spending more money to do that, but they do believe that additional services and tools are needed to manage particularly renewable variability."

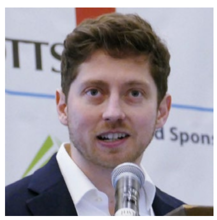
Shell Energy North America's Resmi Surendran said U.S. Energy Information Administration data on resource retirements and investment shows ERCOT's energy-only market is sending the right signals to the financial community. She said the capacity markets in PJM and MISO have resulted in a combined 140 GW of investment against 77 GW of retirements, according to the EIA data.

"ERCOT has had 48 GW of investment in thermal resources in the last 20 years, but only 18 GW of retirement. That means ERCOT has load growth that is incentivizing generation," she said. "The energy market is sending the signal that is needed for investment."

Emily Jolly, associate general counsel for the Lower Colorado River Authority, listened to her fellow panelists and said she was noting the issues they raised and thinking about how to respond to them.

"I think the problems that we're looking to solve in the market are, we don't need payday loans. We don't have a problem getting financing for the additional capital construction," she said. "I think it's important for us to look at the revenues that dispatchable generators are actually receiving in the ancillary services markets today. We've seen a lot of short-duration battery storage participating in those markets and getting increasing shares of those revenues. Those are not the kinds of resources that are going to get us through another multi hour, multiday event, but I think that's a tradeoff that we all need to be aware of."

Study: PCM a 'Major' Market Overhaul


Oliver Kerr, Aurora Energy Research | © *RTO Insider LLC*

Aurora Energy Research's Oliver Kerr shared his firm's analysis of the PCM, saying it represents a "pretty major overhaul of the market" and that all its versions lead to a "pretty substantial shift away from scarcity value towards PCM credit."

"I don't think it's an exaggeration to say that the PCM actually represents a pretty fundamental paradigm shift in how assets are remunerated in Texas," he said. "You're really seeing a pretty key shift away from revenues driven by energy scarcity value towards reliance on capacity payments."


Resmi Surendran (left), Shell Energy, shares her thoughts as panelists Katie Coleman, TIEC, and Emily Jolley, LCRA, listen. | © *RTO Insider LLC*

Aurora studied an illustrative PCM implemented in 2027, with credits paid for the 20 highest hours of peak net load. The firm modeled four scenarios based on renewables eligibility and the top 20 reliability hours determined seasonally versus annually. All the scenarios led to an increase in capacity, with more added when renewables were not eligible, Kerr said.

The researchers determined that excluding renewables leads to more new build capacity because fewer credits are generated. That increases the credits' price and leads to the buildout of more peakers and batteries. Aurora found the PCM does benefit solar in all scenarios in that it sees increased capacity relative to the base case because of higher battery buildout; batteries increase solar gross margins by charging during solar production.

"All scenarios that we modeled led to an increase, a significant increase, actually, in dispatchable generation or capacity across the board," Kerr said. "Fewer renewables means fewer credits are generated, which means that the price per credit is high as it grows to other technologies."

Vegas Says ERCOT at Crossroads

Juliana Sersen, a 10-year veteran of ERCOT's legal department and now a partner in the Baker Botts law firm, introduced CEO Vegas' keynote speech by telling the audience, "I can tell you what ERCOT used to be like, but here's someone who knows what it will be like in the future."

"We find ourselves today at a crossroads. Facing us are a series of choices that could lead us into a prolonged season of stagnation and frustration, or continue ERCOT on a trajectory of innovation, competition and economic growth," Vegas said in his opening comments. "As [Texas] legislators revisit the laws that they passed in 2021 and they debate the nature of their ongoing implementation going forward, I can't think of a more important conversation or more significant way for us to spend our time today."

Labeling ERCOT as "the nation's only independent state grid," he said the deregulated market's track record is "unmatched" and its competitive edge and opportunity is "enormous."

Vegas referred to the "false binary of renewables-only strategies" as he discussed the need for more dispatchable generation. ERCOT has seen more than 27 GW of thermal generation retire since 2000 and added more than 52 GW of renewable generation during that same time. The grid operator's peak load exceeded 80 GW last year, more than a 5-GW jump in three years, he said.

"Are we doing what it takes to add the generation that we need before Mother Nature decides to test us again?" Vegas asked.

He assured his listeners that renewable energy remains a part of the mix as he answered a question about whether they should be excluded from the PCM.

"I think that we need to have performance criteria that creates a very dependable, responsive set of generating assets that can deliver earnings in that market," Vegas said. PCM "is a separate market. … The energy-only market continues to operate the way it does today. All the benefits that renewables get today under the current energy on the market are going to continue to exist, so I think renewables will continue to have all the incentives that they have had historically to continue to develop."

Political Influence Concerns Developers

A panel on ERCOT's "new normal" in a future of volatile gas prices, increasing renewable penetration and exponential load growth debated the heavy hand of politicians following the February 2021 winter storm. The PUC commissioners at the time are all gone, replaced by Gov. Greg Abbott appointees, and the ERCOT board has replaced market representation with independent directors selected by a political committee.

The current market redesign work has only heightened fears of renewable developers that wind and solar will face stiff headwinds.

"I've been working in solar and ERCOT for a number of years now, and it definitely feels like it's changing," Lightsource BP's Helen Brauner said. "The demand thankfully is greater than it's ever been, so that's a very positive trend and change. It's a great market for solar, but it kind of feels like there's additional pressures afoot."

Brauner said that while ERCOT is on track to add 8 GW of solar-powered capacity this year and Texas is expected to overtake California as the No. 1 state for solar power, she is noticing political pushback against renewable energy. Referring to a recent bill filed at the legislature "with some really egregious time terms," she said, "That just didn't happen before, so I'm a little nervous about seeing things like that."

Julia Harvey, vice president of government relations and regulatory affairs for Texas Electric Cooperatives, agreed with Brauner.

"I'm not the first to observe this, but maybe the trend towards politicization of the stakeholder process has always somewhat been the case because of the unique nature of electricity. You can't just design a market purely based on economic ideals," Harvey said. "There's always other motivations, but since the [2021] winter storm, I think there's been a more pronounced movement away from this kind of stakeholder-driven, more sort of technocratic policymaking to something that's more top down, and I think that can create some sense of instability for market participants."

"I feel like things are getting kind of political, and that concerns me," Brauner added. "All these different generation resources have different pros and cons to them, and I just don't want ERCOT or the politicians to pick and choose generation. Just lay out what we need, and let the resources figure out what they need to make money. That's how it's always been. … I just hope that continues." ■

ISO-NE News

Avangrid Pushes Forward on NECEC, Offshore Wind, PNM Merger

Earnings Increased in 2022

By John Cropley

Avangrid announced Wednesday that its net income increased 16% in 2022 over 2021 but projected flat financials in 2023.

In a conference call with industry analysts, CEO Pedro Azagra said the company's priorities this year are closing its merger with PNM Resources, negotiating settlements in its utility rate cases and ensuring the economic viability of its New England Clean Energy Connect (NECEC) transmission project.

He said Avangrid remains committed to the Commonwealth Wind project off the Massachusetts coast and is still working on it, even after moving to terminate the power purchase agreements it agreed to.

Avangrid plans to submit an economically viable bid on that project in the state's next offshore wind solicitation, Azagra added, and is working through the legal and economic challenges that face some of its other projects.

NECEC, first proposed in 2017, would bring Quebec hydropower to New England. After multiple challenges, the project won key court victories in 2022. (See *NECEC Scores Another Victory in Maine's Highest Court*.)

But legal issues remain unresolved, Azagra said.

"Also, we have to review the economics just to be sure we get recovery of the costs we have incurred," he said.

"With the delay caused by the unprecedented action by our opponents, we continue to look at restarting construction as soon as possible," said Catherine Stempien, CEO of Avangrid Networks. "And with that restart of construction, we're negotiating with all of our vendors to make sure we can optimize the construction schedule as well as the pricing. We're doing that in the background as we're proceeding with the legal matters."

An analyst asked whether the financial review centers on the cost of construction of the line or on the revenue that will be derived from it.

"We are working on both sides," Azagra said.

Turning to utility revenues, Avangrid reported that it had settled its rate case for Berkshire Gas in Massachusetts in 2022; expects its settlement negotiations for New York State Electric and Gas and Rochester Gas and Electric in New York to yield new rates in May; expects new rates for Central Maine Power in Maine by July; and expects rates for United Illuminating in Connecticut to be settled by September.

Avangrid also said its proposed acquisition of the largest energy utility in New Mexico is still in play, despite being shot down by that state's Public Regulation Commission in December. (See *NM Regulators Reject Avangrid-PNM Merger*.)

Since that vote, Avangrid and PNM have extended their merger agreement and the elected commissioners have been replaced by appointees. Azagra expects that to make a difference.

"The new commissioners are each highly experienced individuals with deep knowledge of the challenges and opportunities the energy transition will bring, as well as the central role of utilities in enabling that transition," he said.

A wind turbine is assembled at an Avangrid project in Groton, N.H. | *Avangrid*

ISO-NE News

During the call, Azagra spoke repeatedly about the economic pressures of the past year. He said Avangrid renegotiated PPAs for 780 MW of onshore wind in 2022 and, when it could not renegotiate the PPAs for the 1,232-MW Commonwealth offshore project, moved to *dismiss* them. (See *Avangrid Seeks to Terminate Commonwealth Wind PPAs*.)

"Let me be clear: While we are terminating our PPAs for Commonwealth Wind, we remain fully committed to our offshore business. We are on track to bring the first large-scale project to successful completion," he said, referring to the 806-MW Vineyard Wind I, now under construction and expected to start generating electricity later this year. "This is not a question of commitment or capabilities, but rather of a unique economic situation.

"Unfortunately, the impact of historic inflation, sharp interest rate increases, supply chain bottlenecks and existence of a price cap prevent us from moving Commonwealth Wind forward under viable economic conditions," Azagra said. So Avangrid will submit a new bid to the state of Massachusetts in May, he added.

Asked by an analyst if Avangrid had confidence in the viability of such a bid amid continued economic pressures, Azagra said he did.

"Because of the work we have already done in the last more than three years, we're probably as best positioned as we can to have [certainty] to make a new bid for this project because we continue working in the project, and we are committed to delivering this project."

He noted that offshore projects in other states have included price indexing and said that given the multiyear time frame, an ability to make price adjustments needs to be considered for Commonwealth.

Unaudited *financials* show Avangrid ended 2022 with $901 million in adjusted net income on $7.92 billion in operating revenue, up from $780 million and $6.97 billion in 2021. That works out to $2.33/share in 2022 and $2.18 in 2021.

For 2023, it is projecting $850 million to $915 million in adjusted net income, or $2.20 to $2.35/share.

Additional discussion by the company about its projects and its finances is contained within its *10-K* annual report, also published Wednesday.

Avangrid stock closed at $41.01/share in heavier-than-average trading, a 1.6% increase from the previous day's close. ■

Northeast news from our other channels

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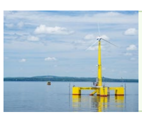


Maine Finalizes Offshore Wind Roadmap — NetZero Insider

RTO Insider subscribers have access to two stories each monthly from *NetZero* and *ERO Insider*.

ISO-NE News

Mass. Staffs Up with Regional Energy Experts

By Sam Mintz

BOSTON — The Massachusetts Executive Office of Energy and Environmental Affairs (EEA) has recruited two veteran New England policy makers to fill newly created positions aimed at improving regional and federal energy collaboration.

EEA Secretary Rebecca Tepper last week said the office hired Jason Marshall to be deputy secretary and special counsel for federal and regional energy affairs and Mary Louise "Weezie" Nuara to be assistant secretary.

The positions are a first within the agency to be specifically tasked with promoting regional cooperation on energy issues.

The two will serve as Massachusetts' "emissary to promote clean energy development and procurement, build regional transmission, support grid reliability and affordability, enhance energy markets and pursue federal support," the office said in a statement.

Marshall is a long-time employee of the New England States Committee on Electricity (NESCOE), which represents the six New England states at NEPOOL and in front of grid operator ISO-NE and other bodies. He most recently served as deputy executive director and general counsel.

Nuara is Dominion Energy's state policy director for New England and previously worked at ISO-NE as a senior external affairs representative.

"The Healey-Driscoll Administration is going to be nimble and cooperative to achieve our clean energy goals, and Jason and Weezie will be key to these efforts," Tepper said in a statement.

Among the new officials' priorities will be representing Massachusetts in complicated discussions over regional transmission planning.

"We're committed to looking at transmission on a regional level, particularly for offshore wind," Tepper said at a renewable energy conference in Boston Thursday.

The New England states have submitted *concept papers* to the U.S. Department of Energy as the first step in asking for federal funding for transmission projects that would bring more electricity from Canada and offshore wind into the region.

It's a time of huge opportunity with all the federal funding floating around.

"There are so many grants that we can't even ask for them all," Tepper said Thursday.

The new hires were applauded from several corners of the energy sector in New England.

New Massachusetts Energy and Environmental Affairs Secretary Rebecca Tepper has hired two veterans of the New England energy scene. | © *RTO Insider LLC*

"The New England states are powered by one grid, and it's complicated. Jason is equipped to cover the full court on day one, from a deep understanding of our markets and transmission system, to expertise on federal rules and process, to working relationships with officials across New England," NESCOE Executive Director Heather Hunt said in a statement. "Weezie brings front row experience from the vantage point of our regional grid operator and a power generator. Both Jason and Weezie are widely known to lead with respect and collaboration." ■

MISO News

NextEra, SREA Protest Canceled MISO Project at FERC

Organizations Both Perceive System Planning Shortcomings in MISO South

By Amanda Durish Cook

NextEra Energy Transmission and the Southern Renewable Energy Association (SREA) have asked FERC to intervene in a last-ditch effort to save the only competitive transmission project ever approved for MISO South.

The two lodged separate protests after MISO filed at the commission in January to terminate its executed selected developer agreement with NextEra Energy Transmission (NEET) Midwest to construct the $115 million, 500-kV Hartburg-Sabine Junction project in East Texas (ER23-865).

The grid operator determined there wasn't a need for the project last year, saying its benefits evaporated because of recent Entergy generation additions in the region. (See *MISO Cancels Hartburg-Sabine Competitive Project*.)

When Texas passed a right-of-first-refusal (ROFR) law for incumbent developers in 2019, a struggle percolated over whether NEET Midwest, MISO's originally selected developer for the project, or Entergy Texas would build the line.

NEET told FERC in its *filing* that it is "optimistic" it can resume the project's development following the 5th U.S. Circuit Court of Appeals *ruling* last year that the law discriminates against nonincumbents in the portions of Texas belonging to interstate transmission systems. Texas has since appealed the ruling to the Supreme Court. (See *Texas Petitions SCOTUS to Review ROFR Ruling*.)

The transmission developer told FERC that MISO's cancellation of the project was premature. It said the grid operator "failed to appropriately weigh the full array of potential consequences of termination, like evaluating the true cost of canceling the [project] where it may more efficiently address identified system needs as compared to other projects proposed for inclusion" in MISO's annual Transmission Expansion Plan (MTEP).

NEET pointed to the $1.1 billion, 150-mile, 500-kV line and substation project that Entergy Texas *proposed* for reliability purposes in MTEP 23. It implied that MISO is better suited to system planning than Entergy, which has sparked debate among stakeholders over whether the utility is attempting to dodge more efficient and regionally allocated transmission projects. (See *Initial MTEP 23 Ignites Familiar Arguments over MISO South's Reliability Spending*.)

"Termination of the project at this time would leave real benefits on the table for customers in the MISO South region and potentially incentivize incumbent utilities in RTO/ISO regions to use litigation and other delay tactics as a method to undermine competitive transmission development in favor of potentially more expensive and less efficient solutions that are less likely to offer the same level of cost-containment mechanisms typically offered by developers through the competitive planning processes implemented by RTOs/ISOs," NEET argued.

MISO approved Hartburg-Sabine as a market efficiency project under MTEP 17. The project was expected to alleviate congestion, ease import limitations and allow access to lower-cost generation for customers in the chronically congested West of the Atchafalaya Basin and western load pockets in Entergy's MISO South footprint.

SREA *accused* Entergy of using "an anticompetitive strategy of capturing, delaying and/or canceling transmission projects with local generation assets at significant cost to local ratepayers, while at the same time not resolving underlying load pocket problems."

The industry association maintained there still might be a need for Hartburg-Sabine because MISO performed only a "limited" benefits screen in its latest analysis of the line. It added that since 2017, the grid operator hasn't performed a congestion analysis for MISO South, so the region could be in considerable need of prudent planning.

Entergy Texas' Montgomery County Power Station was cited as one of the reasons the Hartburg-Sabine line is no longer necessary. | *Entergy*

SREA lamented that Hartburg-Sabine has gone the way of the Waterford-Churchill economic project in Entergy Louisiana territory. The utility and MISO agreed to build the 230-kV project in 2016. Four years later, Entergy canceled the project after it built the nearby 950-MW St. Charles combined cycle gas turbine.

The association said Entergy is trying to resuscitate the Waterford-Churchill project in MTEP 23, rebranding it as a baseline reliability project rather than a competitively bid market efficiency project. Baseline reliability projects in the MISO footprint are proposed by transmission owners, not cost shared, and billed only to the local transmission zone in which they're located.

"The cancellation of Hartburg-to-Sabine at this particular moment without a deeper analysis of the project could simply extend an ongoing trend in inefficient planning," SREA told FERC.

Entergy *filed* in support of MISO's decision to terminate, saying that Hartburg-Sabine "will not provide any meaningful adjusted production cost benefits, that terminating the project will not adversely affect reliability and that continuing to include the project in transmission models could distort transmission planning processes and potentially harm stakeholders."

The utility also disputed that its proposed reliability project in MTEP 23 shares characteristics with Hartburg-Sabine. In an emailed statement to *RTO Insider*, Entergy spokesman Neal Kirby said the company will address the allegation in an upcoming FERC filing.

Kirby said the two projects are "completely different in location, scope and scale, and address different needs."

"The MTEP 23 project travels from near the Texas border deep into the western region and allows increased imports of power to mitigate against risks during high load conditions or if generators in the western region are unavailable," he said. "By contrast, the Hartburg-Sabine project travels a short distance entirely within the eastern portion of Entergy Texas' service area and provides few if any of the benefits of the MTEP 23 project. In fact, as MISO's analysis shows, it provides no meaningful benefits, let alone benefits exceeding costs." ■

MISO News

Entergy Seeks Exemptions from MISO Accreditation Rules

By Amanda Durish Cook

Entergy has asked FERC to exclude some of its power plants from rules contained in MISO's new availability-based accreditation method, warning that without exemptions, it risks a potential capacity shortfall in Mississippi.

The utility filed a waiver request Feb. 17 on behalf of its Mississippi and Arkansas subsidiaries, which claim that if a 24-hour startup exclusion is applied to certain generators under the RTO's new accreditation method, it could set off capacity deficits in the state across multiple seasons (*ER23-1140*).

Entergy said its Mississippi and Arkansas arms "are facing dramatic decreases in the capacity accreditation of the resources due to the application of MISO's new accreditation methodology."

It requested three-year exemptions from historical startup times being used in accreditation for the 738-MW gas-fired Gerald Andrus Power Plant in Mississippi; its partial ownership interests in Units 1 and 2 of the 1,678-MW coal-fired Independence Steam Electric Station in Arkansas; and its majority interest in Units 1 and 2 of the 1,800 MW coal-fired White Bluff Steam Electric Generating Station in Arkansas.

FERC last year gave MISO permission to conduct four seasonal capacity auctions and apply a seasonal accreditation based primarily on a thermal generating unit's performance during tight system conditions. The expected and historical tight conditions are dubbed "resource adequacy hours" and represent periods when resource availability is less than 25% of operating margin.

The grid operator's 2023/24 capacity auctions in April will be the first to get seasonal treatment and use the availability-based accreditation. Its previous method deducted forced outages from installed capacity values.

With the commission's approval, MISO will treat offline resources that historically take longer than 24 hours to start up as unavailable during resource adequacy hours. In those cases, the RTO will reduce accreditation accordingly.

The 24-hour cutoff has Entergy concerned. It said if the rule is applied as written to its three plants, it will have a "material effect" on capacity values through mid-2026. The utility said the accreditation rule could cut capacity values by 25% at Gerald Andrus and by 27% at White Bluff's Unit 2.

Entergy said it has conducted field verification at the plants and adjusted startup times to less than 24 hours. It said if it secures the waivers, accreditation values for the plants will be a "more reasonable estimate of the [resources'] expected availability." It also said startup times at Gerald Andrus, Independence and White Bluff "were already only slightly above 24 hours" and that it fine-tuned the startup times in good faith to protect customers from expensive capacity prices.

The utility asked FERC for expedited treatment by March 7 before the seasonal auctions take place "to limit the potential for irreparable harm."

White Bluff power plant | *Entergy Arkansas*

MISO has taken no position on Entergy's filing.

Entergy made the filing a day after FERC rejected its request to annul the new accreditation. It had argued that an accreditation hinging on generator availability during a small set of hours will produce volatile and difficult-to-predict results year-over-year. (See *FERC Affirms MISO's Seasonal Auctions, Accreditation*.)

Though FERC upheld MISO's accreditation design, Commissioner Allison Clements logged dissent, criticizing the 24-hour threshold as too generous to be effective. She said the grid operator's decision to credit resources that take up to a full day to start up will see MISO extending credits to resources that can't respond in time and are unlikely to be helpful during reliability issues. ■

MISO News

DTE Seeks Rate Increases for Reliability, Clean Energy

By Amanda Durish Cook

DTE Energy executives warned Thursday that the utility needs to continue its investments in grid reliability and cleaner generation, investments that won't come cheap.

CEO Jerry Norcia said during DTE's year-end conference call with financial analysts that the utility didn't request base rate increases during the COVID-19 pandemic to keep rates affordable. He said DTE now needs to reflect investments in "system reliability, grid modernization and cleaner generation."

"Since 2020, we invested more than $8 billion in DTE electric system while keeping base rates nearly flat," Norcia said. "After four years of essentially no base rate increases, we are requesting an increase that would go into effect at the end of 2023. This request supports investments in Michigan to improve reliability and deliver clean energy while maintaining affordable rates."

The utility last month filed a $622 million annual rate increase with the Michigan Public Service Commission that would begin at the end of this year. The commission in 2022 reduced DTE's request for a $388 million rate increase to $30.5 million, disputing projections of declining residential consumption. The PSC said residential use was on the upswing in 2020 and again in 2021.

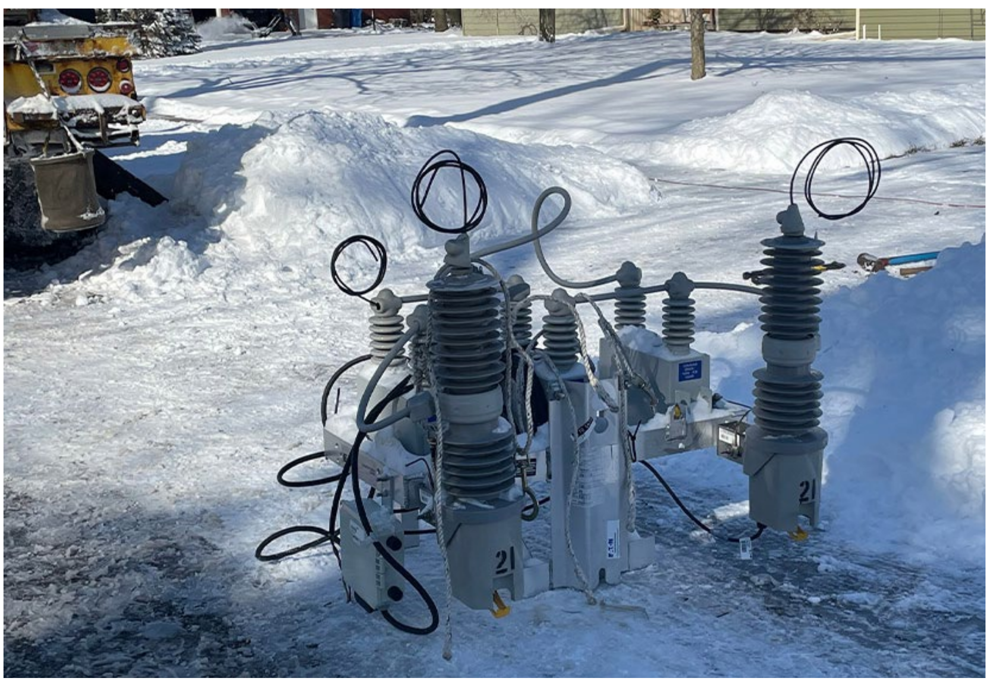
"Although there were a lot of positive aspects to the outcome for which we are very grateful … we were disappointed by the projected residential sales volume in the final order," Norcia said.

He said DTE is refreshing residential sales volume projections in the rate case. The utility also has requested an infrastructure recovery mechanism to allow it to recover the cost of grid investments between the rate cases.

"[DTE is] committed to working with all interested parties to pursue a settlement that strikes the right balance between continuing to increase reliability and providing cleaner energy for our customers, all the while maintaining affordability," Norcia said.

CFO David Ruud said that because the PSC allowed only a modest increase, DTE will enact "one-time cost reductions that are not sustainable over the long term," including delaying hiring, reducing the contractor workforce, deferring near-term maintenance work, and limiting overtime.

"These initiatives are all in areas where we have achieved success in the past like during the start of the pandemic, and during the last recession," Ruud said. "[W]e remain confident that we will achieve our financial goals for the year without sacrificing safety, reliability or customer service."



Capacitor upgrades in March 2022 | *DTE Energy*

Despite the smaller-than-expected rate recovery, DTE reported earnings of $1.1 billion ($5.52/diluted share) for the year, compared to 2021's earnings of $907 million ($4.67/diluted share).

For the quarter, earnings were $265 million ($1.31/diluted share). Earnings were $306 million ($1.57/diluted share) the year prior.

Norcia said 2022 was a record year for grid reliability and renewable energy investments, with the utility investing more than $1 billion in its grid last year to help improve reliability. He said the system operated reliably 99.9% of the time last year, with 21% fewer power outages than 2021. Average outage-duration times were reduced by more than 40%, he said.

"In communities where DTE completed some of our most focused work on a grid's more challenged infrastructure, customers experienced up to a 70% improvement in reliability," Norcia said. "2022 was a record year for investment in our grid, and the result was stronger reliability."

DTE conducted the earnings call while working to restore service to about 400,000 customers after ice storms rolled through the service territory Wednesday.

Norcia said DTE needs to continue reinforcing the grid for more "violent weather" and the added strain of electric vehicle load growth.

The utility has increased its five-year capital plan by 20%, $3.5 billion more than last year's plan, owing to "infrastructure renewal and cleaner generation," Norcia said.

He noted that DTE in 2022 secured contracts with Ford Motor Co. and automaker Stellantis under its voluntary renewable energy program, MIGreenPower. The company said it currently has 900 businesses and 85,000 residential customers enrolled in the 2.25-GW program.

"[I]t continues to grow daily and exceed expectations," Norcia said.

He said DTE's five-year plan for cleaner generation includes spending $1 billion on its voluntary renewable program and $1 billion for solar generation development.

The utility retired two coal plants last year. DTE called it a "milestone" in its efforts to achieve net zero emissions by 2050. In the interim, it is targeting an 85% reduction in emissions by 2035 and 90% by 2040. ■

NYISO CEO Delivers 'State of the Grid' to Management Committee

Committee Approves DER Aggregation Tariff Revisions

By John Norris

NYISO CEO Rich Dewey used Wednesday's Management Committee meeting to brief stakeholders on "the state of the grid" and the ISO's priorities going forward.

"NYISO is excited about 2023 but is cognizant of the unprecedented challenges" arising from the Climate Leadership and Community Protection Act (CLCPA), which moves New York through "an unprecedented energy transition," Dewey said.

Dewey said the ISO is focused on effectively transitioning the state's grid from high-polluting and high-emitting resources to new renewables without compromising reliability. He also listed as priorities: ensuring projects such as the Long Island offshore wind solicitation remain on schedule; improving the interconnection process with more transparency and expediency; and fine-tuning market mechanisms to be more responsive during the transition.

Another priority is to "continue to recruit talented, engaged and motivated people" to NYISO and create a "learning environment focused on inclusion for every team member," Dewey told the committee.

Scott Leuthauser of Hydro-Quebec Energy Services asked for Dewey's opinion on the Public Service Commission's recent approval of 62 renewable projects (See *NY PSC Approves 62 Tx Upgrades Totaling 3.5 GW*.)

Dewey responded that much of New York's infrastructure and transmission needs were already identified by NYISO, and so the PSC's recently approved projects are "compatible with what we see as needed and what we've been calling for."

NYISO CEO Rich Dewey | *NYISO*

Chris Wentlent, of the Municipal Electric Utilities Association of New York State, asked Dewey what NYISO's role would be in implementing the cap-and-invest program proposed by Gov. Kathy Hochul. Mark Younger, president of Hudson Energy Economics, asked whether it would be difficult to implement. (See *Hochul Highlights Cap and Invest in State of the State Address*.)

Dewey said NYISO has already spoken with heads of state agencies about the proposal, and they have "tapped into our expertise" and expressed "a spirit of cooperation and collaboration." Dewey said he believes "it wouldn't be a hard lift" to incorporate carbon pricing into NYISO markets but that "the proof will be in the pudding."

Chris Casey, a senior attorney with the Natural Resources Defense Council, asked if Dewey believed that a cap-and-invest program might dissuade investors from New York.

Dewey responded that incentive programs that accelerate the transition to renewables can drive economic opportunities, but NYISO wants a balanced approach that "doesn't create counter incentives that prematurely retire resources."

Casey also inquired about NYISO's staffing concerns. Dewey noted that vacancy rates in some parts of the organization were once above 10% of staff levels but have since dropped back to the historic norm of 5% because of the ISO attracting top talent in key areas.

DER Revisions

The MC approved NYISO's proposed revisions to its participation model for DER aggregation, recommending that the Board of Directors approve them as well.

The revisions process had been contentious, but a NYISO *statement* promising to revisit its unpopular 10-kW minimum for individual resource participation assuaged stakeholders. The ISO's Michael DeSocio read the statement before staffer Harris Eisenhardt outlined the revisions, which passed without discussion, objections or abstentions.

With FERC approval, the revisions are expected to go into effect in summer, which is also when DER aggregation open enrollment should begin. (See *NYISO Promises to Lower DER Minimum Capability in Future*.) ■

PJM Capacity Prices Jump in 5 Regions

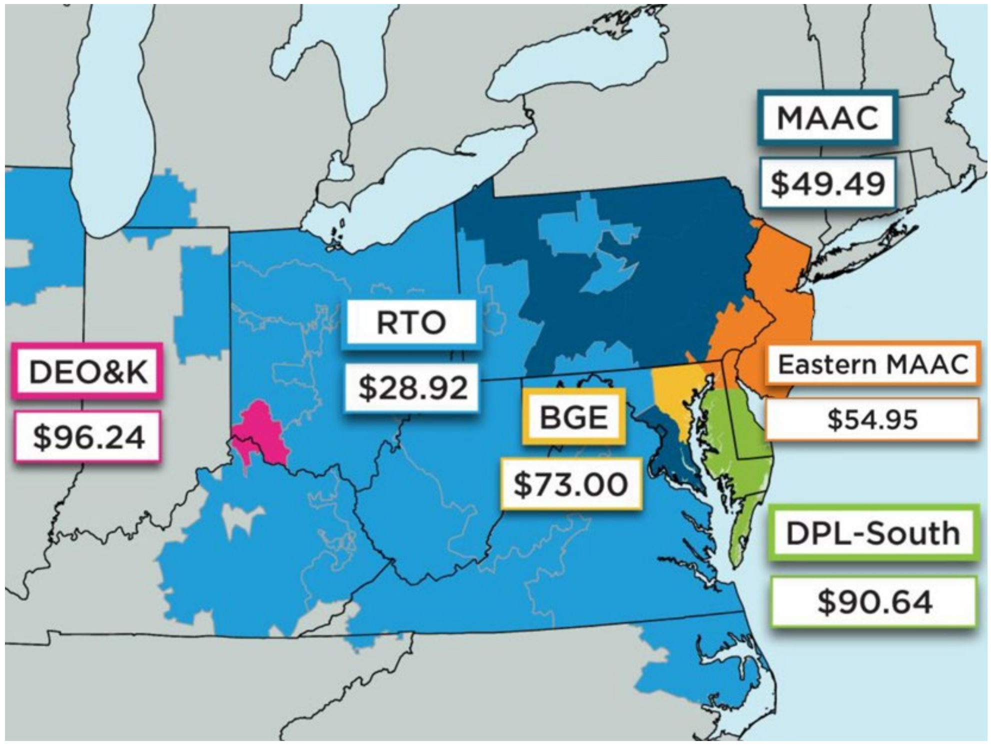
Overall Cost Unchanged at $2.2B as 'Rest-of-RTO' Drops

By Rich Heidorn Jr. and Devin Leith-Yessian

PJM capacity prices dropped in much of the RTO for delivery year 2024/25, but ratepayers in five regions will face increases due to locational constraints.

PJM *said* its overall capacity bill will be unchanged at $2.2 billion as prices in the "rest-of-RTO" dropped 18% to $28.92/MW-day from $34.13 for 2023/24. But prices in the Base Residual Auction were considerably higher in five regions, an increase from three regions that saw price separation in the previous auction:

- DEOK (Duke Energy Ohio and Duke Energy Kentucky): $96.24;
- DPL-South (Delmarva Power south of Chesapeake & Delaware Canal): $90.64;
- MAAC (Met Ed, Penelec, Pepco, PPL): $49.49;
- Eastern MAAC (Atlantic City Electric, Delmarva Power North, Jersey Central Power & Light, PECO, PSE&G, and Rockland Electric): $54.95; and
- BGE (Baltimore Gas and Electric): $73.



PJM capacity prices for delivery year 2024/25 | *PJM Interconnection*

Constrained LDAs

"We continue to see indications that ... some locational deliverability areas are increasingly constrained," PJM Senior Vice President of Market Services Stu Bresler said in a press conference after the results were released Monday afternoon.

"The congestion is really due to the combination of the available transmission into the locational deliverability area, along with the available resources and the offer prices of those resources in those constrained LDAs," Bresler said. "It's really an indication that we need to commit higher cost resources there than we did in the rest of ... the RTO, in order to maintain reliability. So it's not necessarily an indication that we are or will be short, in that area. Certainly none of these LDAs got anywhere close to the maximum price on the demand curve."

While none of the LDAs were near the maximum price cap in each of the zones' variable resource rate (VRR) curve, the report notes that all five had less than 5% supply offered in excess of the megawatts that cleared the auction.

PJM said prices in DPL-South would have been four times higher had FERC not accepted the RTO's proposal to address a "mismatch" between the resources included in the calculation of the LDA's reliability requirement and those that entered the auction.

Supporters of the proposal, largely public utilities and state advocates, said it protected ratepayers while keeping the market in line with supply and demand, while generation owners decried the order as undermining confidence in the markets and a violation of rules against retroactive ratemaking. (See *FERC OKs PJM Proposal to Revise Capacity Auction Rules*.)

'Healthy' Margin vs. Retirement Concerns

Although the RTO said it will maintain a "healthy" reserve margin at 20.4%, officials expressed concern at a 2,198-MW drop in offered capacity, the third year in a row that saw a reduction. Bresler said the reduction in offered supply was almost all comprised of fossil fuel units, mostly coal-fired generation, which saw a 2,050-MW decrease in offers. Demand response, hydro and wind saw more modest declines.

"If this trend continues, it represents a potential concern for long-term resource adequacy, depending on the rate of replacement of these resources," PJM said.

A white paper published by PJM last week warned of reliability problems within a few years if the pace of generation interconnections does not increase to match deactivations. The report states that approximately 40 GW of generation is expected to retire by 2030, while as little as 15 GW is projected to be installed at the current trajectory. The PJM Board of Managers concurrently announced that it has initiated a fast-track rulemaking process to find solutions to address the reliability concerns. (See *PJM Board Initiates Fast-track Process to Address Reliability*.)

Energy Market Impact

Bresler said the reduced prices in rest-of-RTO reflected higher energy market revenues driven by higher gas, oil and coal prices.

"So you would expect to see lower capacity market offers," he said. "But we do remain concerned about market sellers' ability to include risk in their capacity market offers, particularly learning from the events of December 23rd and 24th, where there were ... quite a few per-

PJM News

formance assessment intervals, and therefore penalties that will apply to capacity resources that failed to perform." (See *PJM Gas Generator Failures Eyed in Elliott Storm Review*.)

The auction results may have also been impacted by a "marginally higher" net cost of new entry used to determine the VRR curve, according to PJM's auction *report*. The figure rose from 6.2% to 7.2% in the 2024/25 BRA. The RTO's reliability requirement also increased by 236 MW up to 132,056, although the report notes there were "significant" changes to the requirement for LDAs.

"While the auction's low capacity clearing price represents savings for customers in the short term, we continue to sound the alarm when it comes to the reality that critical generation resources needed to secure reliable electricity … are at risk of retirement," the Electric Power Supply Association (EPSA) said in a statement after the results were announced. "The market must be designed properly and avoid rule changes intended to accommodate specific preferred resources or technologies. EPSA has long called on PJM leadership, policymakers, and regulators to address the serious foundational issues at hand, and we stand ready to continue to provide recommendations and work collaboratively to forge a solution."

Winners, Losers

PJM procured 140,416 MW of capacity, excluding energy efficiency resources, whose impact is reflected in a lower load forecast. Fixed resource requirement (FRR) capacity plans — load-serving entities that choose to provide their own resources outside of the BRA — added 32,545 MW for a total of 172,961 MW.

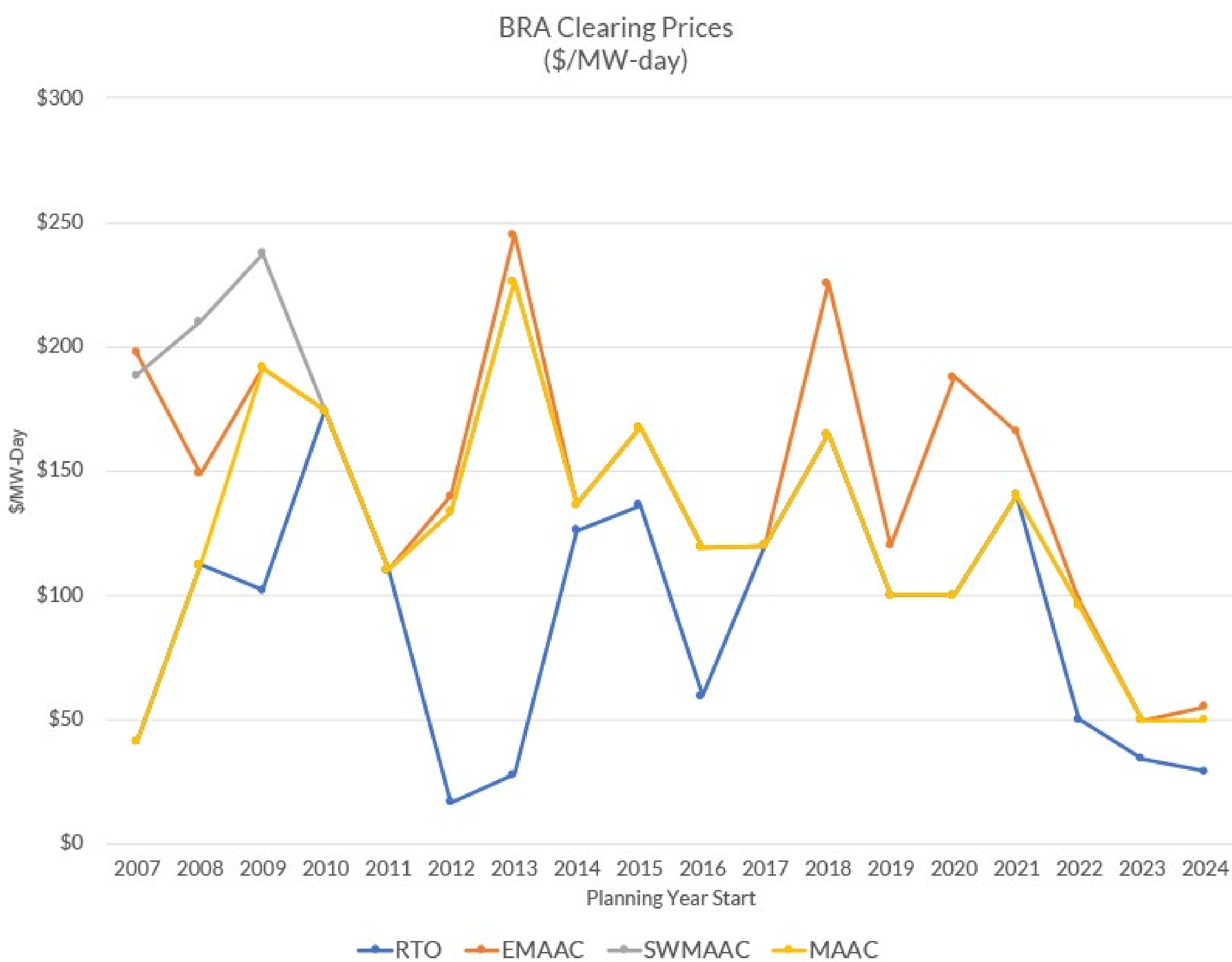
Including FRR resources, PJM saw increases in cleared capacity for natural gas (+1,615 MW) and solar (+1,297 MW). Energy efficiency cleared or committed in an FRR plan increased by 2,198 MW.

In contrast, demand response (-451 MW), nuclear (-331 MW), coal (-278 MW), hydro (-237 MW) and oil (-230 MW) cleared less than in the prior auction.

New generation cleared 328.5 MW in the BRA, while an additional 173.8 MW capacity was procured from uprates to existing or planned generation, which Bresler said was a "fairly significant reduction in offers from new or upgraded generation" compared with the approximately 3,000 MW that cleared in the previous auction.

The RTO as a whole failed the three-pivotal supplier test, resulting in market power mitigation being applied to all existing generation capacity resources, resulting in the RTO utilizing the lower of the resources' market seller offer cap or the submitted offer price when determining the resource's RPM clearing.

In the 2023/24 BRA, prices in most of the MAAC region dropped nearly 50%, while those in rest-of-RTO fell nearly one-third. (See *PJM Capacity Prices Crater*.) ■



PJM capacity prices by delivery year | © *RTO Insider LLC, from PJM data*

FERC OKs PJM Proposal to Revise Capacity Auction Rules

Danly Predicts Court Reversal

By Devin Leith-Yessian

PJM Vice President of Market Services Stu Bresler speaks during the Dec. 21, 2022, Members Committee meeting, announcing the RTO would be delaying the publishing of the 2024/25 capacity auction results. | *© RTO Insider LLC*

FERC last week approved PJM's request to revise the reliability requirement for the DPL South zone to avoid an artificial fourfold increase in capacity prices for delivery year 2024/25, rejecting complaints that it was changing its rules retroactively (*ER23-729*).

PJM asked for authority to exclude planned generation capacity resources from the calculation of a locational deliverability area's reliability requirement if the addition of such resources increases the requirement by more than 1% and the resources do not enter a sell offer into the auction.

The commission ruled on Feb. 21 that PJM's proposal will ensure competitive outcomes that conform to the actual reliability needs and fundamentals of supply and demand.

"If we failed to act today, the rate impact of this error would be $24/month for the average customer," Chairman Willie Phillips said in a statement. "This substantial burden would fall disproportionately on the Delmarva Peninsula, where the average weekly wage of workers is $1,170 — $168 below the national average — and whose ratepayers in Delaware, Virginia and Maryland are among the least able to absorb such dramatic bill increases. This is not only the just and reasonable outcome, it also happens to be the right thing to do."

But acknowledging the controversy over PJM's request, Phillips also *announced* the commission will hold a forum to consider potential changes to the RTO's capacity market. "The continuing disputes and frequent complaints about how PJM operates its capacity markets from an array of stakeholders throughout the region merit a general review outside the constraints of a particular proceeding," the commission said. The forum has not yet been scheduled.

PJM said in a *release* following the commission's order that it will post the Base Residual Auction results Monday. (See related story, *PJM Capacity Prices Jump in 5 Regions*.) The RTO sought the rule changes through separate Federal Power Act Section 205 and 206 filings Dec. 23, with the latter made to offer the commission expanded flexibility.

The order rejected challenges by generation owners who said the tariff change violates precedent against retroactively changing rates and sends inadequate price signals for additional capacity required for reliability. The protesters also said the change would upset transactions made based on the reliability requirement, which is published months ahead of the auction. (See *Generators Oppose PJM Filing to Change Capacity Auction Parameters*.)

Protesters also argued that PJM's tariff required it to close the auction and post the results as soon as possible, granting no discretion to hold the auction open awaiting an order from FERC.

'Mismatch' in Capacity Resources

PJM announced Dec. 21 that it would delay the release of the 2024/25 BRA results because of a "mismatch" between the capacity resources included in the calculation of the reliability requirement for the DPL-S LDA and the resources that entered into the auction. In small zones like DPL-S — particularly one with a higher winter load that does not align with solar output — disproportionately large generators or intermittent resources can cause the reliability requirement to increase to account for the transfers needed when those units are not available. (See *Capacity Auction 'Mismatch' Roils PJM Stakeholders*.)

When those resources push the reliability requirement higher, but those generators are not entered into the auction, PJM argued, it results in an artificial inflation of capacity prices for the LDA.

This would have led to capacity prices in DPL-S being four times higher than in 2023/24. In its comments supporting PJM's proposal, Old Dominion Electric Cooperative said the existing rules could lead to cost increases of up to $144 million, while the Maryland Office of People's Counsel estimated it would constitute an increase of $24/month for the average consumer.

Order Sides with PJM

Contrary to challenges that PJM's proposal ran afoul of the filed rate doctrine and rule against retroactive ratemaking, FERC said that where the rates in question are a set of procedures, those operations can be revised "at least up until that point at which the obligation is actually incurred."

"Protesters point to no precedent in which a change to a rate or non-rate term has been determined to be retroactive before a transaction has been made pursuant to it," the commission said.

FERC rejected a request to allow generators to alter their capacity offers in response to changes to the reliability requirement. The commission noted that PJM and its Indepen-

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dent Market Monitor argued that competitive capacity offers should not account for demand and so should not be affected by the reliability requirement.

Protesters also stated that changing the parameter would impact bilateral transactions made before the opening of the auction. In its *protest*, NRG Energy stated that it had made "irreversible commercial decisions," including rejecting capacity purchase offers, because it expected the reliability requirement would produce higher prices.

The commission noted that it has rejected proposals — at the cost of significant financial hardship — to preserve the stability and predictability in the markets. In this case, however, the balance favored of PJM's proposal, it said.

"Accordingly, weighing the totality of the evidence before us, we conclude that the benefits associated with accepting the tariff revisions for the 2024/25 BRA outweigh any disruption to settled expectations that may exist on this record," the commission wrote.

Danly Dissents

In a lengthy dissent, Commissioner James Danly predicted that the order will be challenged and struck down by the courts. He said the majority has distorted the filed rate doctrine, precedent formed by the commission and courts and the functioning of FERC-jurisdictional markets. He argued that the commission's order has the effect of defining the filed rate for a capacity auction to be set after RTOs have unilaterally decided they are happy with results.

Likening the commission's approval to a casino that allows the rules to be changed after the cards are drawn, Danly said the order is a misguided attempt at protecting consumers, which will be outweighed by the costs of market dysfunction as participants and investors lose confidence.

"The house saves a bit of money on one hand, but no one ever plays blackjack at the Federal Energy Regulatory Casino again. That is this case. The only difference is that the capacity market is not a game but rather the mechanism by which we ensure sufficient generation resources are built and maintained to keep the lights on," Danly wrote.

He pointed to an affidavit by former FERC Chair Joseph Kelliher in support of the PJM Power Providers' *protest*.

"Instead, despite what ... Kelliher warns in the record, the majority 'not only ignore[s] the limits that the FPA places upon it but also upwards of 100 years of court precedent' by approving a plainly retroactive rate change that will almost certainly be overturned by the appellate courts in 'a stinging and embarrassing court defeat,'" Danly wrote.

Christie Applauds Forum

Commissioner Mark Christie concurred with the order, saying that the auction's outcome for DPL-S cannot be considered just and reasonable based on the cost estimates from PJM, ODEC and the Maryland OPC.

While he supported PJM's proposal to fix the issue at hand, Christie said a wider discussion about the functioning of the RTO's capacity market needs to be had and applauded the order's announcement that a forum would be opened on the subject.

"As I wrote in my concurrence just last week to PJM's Quadrennial Review filing, the elephant in the room must be addressed: whether PJM's capacity market construct can still ensure sufficient power supplies to deliver reliability at just and reasonable rates," Christie said. (See *FERC Approves PJM Quadrennial Review*.)

The Electric Power Supply Association slammed the ruling.

"When properly designed and administered, there is no question the competitive electricity markets deliver better outcomes than a cost-of-service monopoly model," EPSA CEO Todd Snitchler said. "Yet this decision is another in a growing list where FERC actions undermine the workability and value proposition of markets only to then raise concerns about whether parties would be better off returning to a cost-of-service regime where, naturally, regulators would have more say over the decisions of market participants' investments and decisions."

"Looks like FERC will put everything on the table regarding PJM's capacity market," Tom Rutigliano, senior advocate for the Sustainable FERC Project, tweeted regarding the promised forum. "And it's hard to not see this as a proxy trial for capacity markets in general." ■

PJM News

PJM Board Initiates Fast-track Process to Address Reliability

By Devin Leith-Yessian

PJM's Board of Managers is opening an accelerated stakeholder process to address rising reliability concerns about the RTO's capacity market.

The effort includes last week's release of a PJM white paper detailing a potential imbalance between deactivating resources and new development if interconnections do not speed up.

"Notwithstanding the efforts to date, given recent events and analyses, the Board believes near-term changes to the Reliability Pricing Model (RPM) are necessary to ensure that PJM can maintain resource adequacy into the future," the board said in a *letter* to stakeholders Friday. "The Board also continues to value robust stakeholder review, input and challenge to help solve complex problems such as this."

In invoking PJM's Critical Issue Fast Path process, the board aims to submit a FERC filing by Oct. 1 to address many of the issues stakeholders have been deliberating in recent months. The letter also noted that FERC recently announced the opening of a forum to examine PJM's capacity market, saying the commission's interest underlines the need for the fast-track process and could provide a venue to vet potential solutions ahead of the potential October filing. (See *FERC OKs PJM Proposal to Revise Capacity Auction Rules.*)

The scope of the fast-track process includes revising the capacity performance model and how penalty risks can be accounted for in capacity offers; improving resource accreditation to ensure that reliability contributions are accounted for and compensated; and enhancing risk modeling to improve understanding of winter risk and correlated outages. The board also aims to align the RPM and fixed resource requirement rules to ensure that supply and demand are held to comparable standards.

The board will be exploring whether any potential changes it proposes should be applicable to auctions prior to the 2027/28 Base Residual Auction, which could require delays to future auctions. It has directed staff to draft possible alternative auction schedules.

PJM White Paper Expounds Reliability Concerns

The letter was released the same day PJM published a *white paper* finding that the rate of deactivating generation is outpacing the development of new resources. (See *PJM White Paper to Highlight Future RA Concerns.*)

Mark Takahashi, PJM Board of Managers | *© RTO Insider LLC*

"For the first time in recent history, PJM could face decreasing reserve margins … should these trends — high load growth, increasing rates of generator retirements, and slower entry of new resources — continue," the paper states.

About 40 GW of generation is expected to retire by 2030, representing 21% of the current installed capacity, while one of the scenarios PJM identified would see only 15 GW of new resources installed. The RTO could fall below its target reserve margin by the 2026/27 delivery year and continue declining through the rest of the decade.

PJM also found that increasing data center growth and the electrification of vehicles and home heating could exacerbate the decreasing amount of capacity available by pushing its long-term load forecasts higher.

"Along with the energy transition, PJM is witnessing a large growth in data center activity. Importantly, the PJM footprint is home to Data Center Alley in Loudoun County, Va., the largest concentration of data centers in the world … In 2022, the [load analysis subcommittee] began a review of data center load growth and identified growth rates over 300% in some instances," the white paper states. (See *Policymakers Working to Meet Spiking Demand of Data Centers in Virginia.*)

PJM's estimates for new generation are based on existing projects in the interconnection queue and the historical rate for resources to reach commercial status, paired with a series of projections through 2030 from S&P Global. The low-entry scenario is based on the current rate of approximately 5% of projects entering the interconnection queue reaching commercial operation, while the high-entry alternative

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includes a "fast transition" model assuming "carbon net neutrality by 2050 through the IRA and additional policies."

The pairing of the accelerating electrification projection and low-entry scenario could result in a reserve margin of 3% by 2030, while pairing that projection with the high-entry model would see a 12% margin. According to the PJM Independent Market Monitor's third quarter State of the Market Report, the 2023 installed reserve margin target is 14.8%, far exceeded by the projected reserve of 21.6%.

PJM said the reliability risks underline the need to continue its work on changes to its capacity market, interconnection process and clean energy procurement, while embarking on "combined actions to de-risk the future of resource adequacy while striving to facilitate the energy policies in the PJM footprint."

The 40 GW of deactivations is largely attributed to government and private sector policies, with an estimated 25 GW due to various on-the-book and proposed policies. A further 12 GW of retirements are either underway or announced over the next few years and another 3 GW is estimated to be due to economic reasons.

Monitor Joseph Bowring said he agrees with PJM's assessment of the scale of policy deactivations and pace of resource development; however, he believes PJM is underestimating the likely number of economic retirements by understating the avoidable cost rate he believes generators are likely to face.

He also believes PJM is overstating the amount of capacity available by including demand response and by using an inaccurate approach to calculating the capacity provided by renewable resources.

"An essential part of addressing expected reliability issues is to identify the expected sources of new generation. That resource mix will include both renewables and gas-fired generation, but PJM needs to focus on exactly how new generation will meet peak loads," Bowring said. "There are a lot of resources in the queue, but the question is whether they will provide reliability when it is most needed, including the expected performance of renewables and the adequacy of firm gas supply."

Bowring believes the first step PJM must take is to modify the current capacity market design, including eliminating extreme penalties from the capacity market, relying on energy market incentives and adding firm fuel and testing requirements to ensure reliability during cold- or hot-weather emergencies. To support the first recommendation, he pointed to the $1-$2 billion estimate of the capacity performance penalties generators are facing from the Dec. 23 winter storm.

"The extreme penalties in the current capacity market design create an administrative process that adds unacceptable uncertainty to the process and that can never approach the effectiveness of the energy market in providing price signals and timely settlement," he said. "There is no reason that in a rational market design, less than 24 hours of cold weather would result in a crisis and a level of administrative complexity that threatens to undermine the incentives to invest in existing and new supply resources at a time when those resources are needed. The current capacity market design undermines incentives rather than creating positive incentives to invest and perform."

While he's glad to see PJM directly discussing future reliability more often, Bowring said he does not believe the best approach is to take the response out of stakeholders' hands through the board's fast-track process.

Tom Rutigliano, senior advocate with the Natural Resources Defense Council, said the report shows that new resource development is key in addressing a critical risk a few years away.

"To be clear: the problem for 2030 is PJM's project completion rate for new renewables and transmission, not the retirement of polluting, high-emitting plants," Rutigliano said. "It is PJM's responsibility to identify worst-case scenarios with time to avoid them, and this report highlights the urgent need to remove barriers to new supply in PJM. PJM and states now must work together to rapidly speed interconnection, get needed transmission upgrades built, and fix rules that keep supply from other regions and new technologies from supporting reliability."

PJM Power Providers (P3) President Glen Thomas said recent actions by PJM and FERC have undermined both the capacity market and the reliability it's meant to provide. In particular, he said the commission's order last week accepting PJM's proposal to revise the reliability requirement of locational delivery zones under specific circumstances follows a pattern that is "not only unsupportive of competition, but directly damaging to markets and market participants' confidence in them."

"The results of the report are not surprising," Thomas said. "Reliability will be compromised when demand is increasing and state and federal policies are actively promoting the retirement of resources that are needed to maintain reliability. Not mentioned in the report is the significant impact that PJM and FERC actions to undermine the capacity market, PJM's tool for ensuring reliability, have had to drive investors away from PJM. That represents a direct threat to reliability and will cost consumers more money than they should be paying for that reliable supply of power. PJM is headed toward a bad spot, and it's going to take a collective effort to make sure we don't get there." ■

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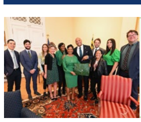

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PJM News

PJM White Paper to Highlight Future RA Concerns

By Devin Leith-Yessian

The pace of capacity being installed on PJM's grid may not keep up with the rate of retirements and accelerating load growth over the next eight years, according to a white paper PJM released Friday.

"There is a concern that we may not be replacing the exiting generation at the rate needed to maintain resource adequacy," PJM's Scott Benner told the Markets and Reliability Committee during a *presentation* on the white paper's findings Thursday.

About 40 GW of generation in the RTO is forecast to retire by 2030, representing 21% of currently installed generation. The white paper lays out two scenarios for the development of additional capacity over the same period, with a conservative estimate at just over 15 GW installed and a more optimistic forecast seeing nearly 31 GW of development.

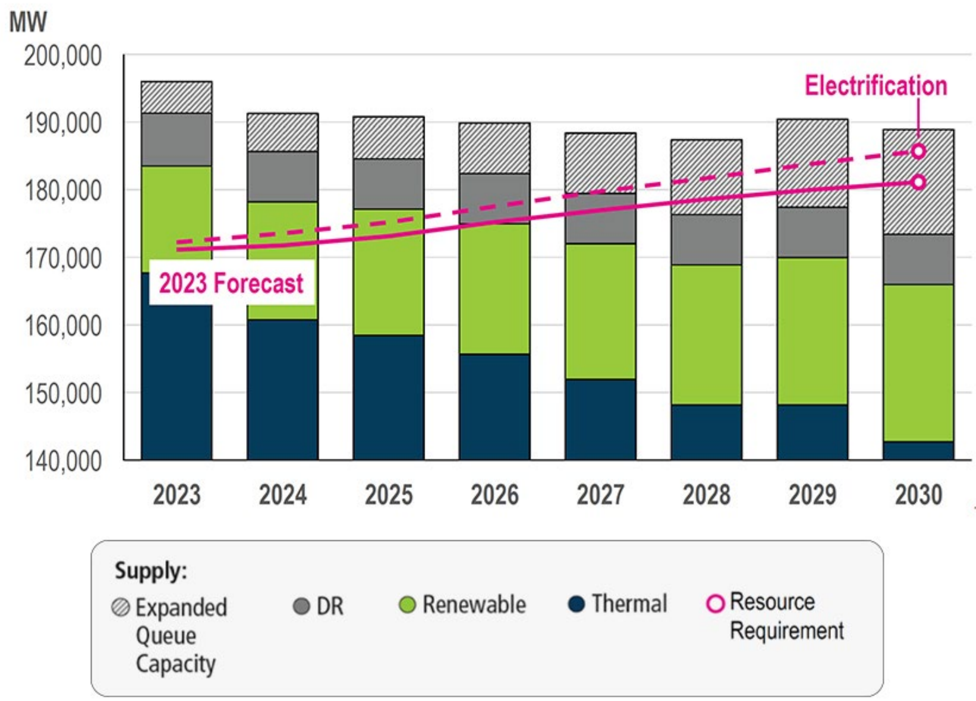
Brenner said while 46 GW left the market over the past eight years, the period saw sharp growth in natural gas resources that made up for lost coal generation. Natural gas installations are expected to drop off after 2023, with renewables only picking up a share of the slack.

"We're blessed in PJM to have an abundant natural gas supply, but there's a concern over the next 10 years that we won't have that backstop to cover the retirements," Brenner said.

PJM Vice President of Market Services Stu Bresler said staff have been looking at the future supply-demand balance since October, when CEO Manu Asthana shared concerns about the pace of retirements and development at the 2022 Annual Meeting of Members. (See "PJM CEO Manu Asthana Warns of Potential Generation Shortfalls," *PJM MRC Briefs: Oct. 24, 2022*.)

"We cannot take the reliability that we enjoy in our region for granted through this energy transition; we have to take concrete steps to ensure that it will continue," Asthana said before the Markets and Reliability Committee on Oct. 24.

The development forecasts combine analysis of projects in PJM's queue with analysis conducted by S&P Global. The conservative scenario assumes that about 5% of projects that enter the interconnection queue reach commercial operation, while the more optimistic estimate assumes more projects enter service. Of the 40 GW expected to retire, Benner said coal would account for about 60% and natural gas 30%.



PJM reserve margin | *PJM*

State clean energy policies are expected to drive about 24 GW of the retirements, with PJM's analysis assuming that owners will choose to retire facilities rather than make the upgrades required to comply with new regulations and laws.

The retirements are expected to accompany a growth of demand from data centers and the electrification of vehicles and buildings. Benner said those trends could collide later this decade, causing installed generation to fall below the 14% reserve margin unless the rate of new resources accelerates.

"With the expected retirements and rates of replacements, there's a risk that we move into a higher rate of demand response usage in around 2027," he said.

Carl Johnson, of the PJM Public Power Coalition, said the RTO must implement firm and transparent rules to avoid reliability problems and creating a scenario where reliability-must-run (RMR) contracts are seen as a solution.

"We're going to need some sort of reliability backstop that isn't the current RMR rules," he said.

Noting that Benner's presentation pointed to the Resource Adequacy Senior Task Force as one of the forums to discuss market changes to continue the conversation, David "Scarp" Scarpignato of Calpine said the task force has already been mired in intractable discussions, and PJM may need to take a more active role in addressing the issues it's highlighted.

"PJM might have to exert even more leadership than you already have to push this forward … because I'm not sure the stakeholders are going to reach consensus," he said.

Abe Silverman, general counsel for the New Jersey Board of Public Utilities, said he was glad to see that development of new generation is being treated as an equal priority to the issue of retirements. States and companies with clean energy goals have significant demand for renewable resources and obstacles limiting their entry to the market, including the interconnection queue, should be treated as part of the solution, he said. ■

PJM News

PSEG CEO Says Need for 'Predictability' Drives OSW Sale

Utility Sees Opportunity for Nuclear, Transmission in Federal Funding

By Hugh R. Morley

Public Service Enterprise Group CEO Ralph Larossa last week said that the utility is "not going to be" in the offshore wind business but sees potential in keeping its three nuclear plants alive now that they are eligible for federal tax credits under the Inflation Reduction Act (IRA).

Larossa made his comments during the company's year-end earnings call Feb. 21, the first since the utility announced it would sell its 25% stake in Ocean Wind 1, New Jersey's first offshore wind project, which will be fully owned by Danish developer Ørsted. Larossa said the sale, which is expected to close in the first half of the year, would bring in about $200 million, the same that the company paid for it.

"Just unequivocally, we're not going to be in the offshore generation business," Larossa said in response to a question from an investment analyst. "We'll just be keeping an eye on the market and see what makes sense."

The utility also has decided not to pursue an ownership interest in Ørsted's second New Jersey project, Ocean Wind 2, and won't exercise its option to purchase 50% of Ørsted's two Skipjack generating projects in Maryland, the utility said in a *release*. The utility also is mulling whether to sell its 50% interest in Garden State Offshore Energy, which holds rights to an offshore wind lease area south of New Jersey.

"This decision to exit offshore generation was consistent with our goal to increase the predictability of our business," Larossa said. However, the utility will provide onshore construction management and substation and cabling work for the project and will "continue pursuing regulated transmission projects offshore," he said.

PSEG President and CEO Ralph LaRossa | *PSEG*

PSEG last year partnered with Ørsted to submit several proposals for a New Jersey Board of Public Utilities solicitation seeking ways to upgrade the state's transmission system to handle offshore wind, but none were picked. (See *PSEG Sees Potential $3B OSW Transmission Spending*.)

Game Changer

Larossa said he considered the passage of the IRA a "game changer" that should provide the "stability required for long-term financial viability" for the nation's nuclear generators. The utility owns the Hope Creek nuclear station and co-owns the Salem reactors with Exelon.

The BPU in 2019 and 2021 awarded PSEG a total $600 million a year for three years under the state's Zero Emissions Certificate (ZEC) program, which provides subsidies to nuclear plants that demonstrate they are at risk of closure. (See *NJ Nukes Awarded $300 Million in ZECs*.)

The IRA awards a tax credit of 0.3 cents/kWh of power produced to qualified nuclear power generators, a subsidy that can be five times larger if the facility pays prevailing wages.

"As a result of the nuclear production tax credits extending through at least 2032, we are now able to consider small but important value added investments," Larossa said. These include "the potential for capacity upgrades to Salem, a fuel cycle extension to Hope Creek and the license extension of our New Jersey units."

"Critical to these decisions will be our determination of how predictable and visible nuclear revenues could be beyond our current three-year ZEC window," he said.

In addition, he said the utility sees potential from IRA subsidies that could prompt consumers to transition to electric vehicles, which will "expand our opportunities to invest in last-mile reliability and make-ready infrastructure," he said.

Larossa also said PSEG's focus on clean energy, with the company last year completing the sale of the last of its fossil-fueled generating plants, aligns with that of New Jersey Gov. Phil Murphy and the state legislature.

Murphy earlier this month announced an acceleration of the state's clean energy goals, moving the target date by which the state should reach 100% clean electricity from 2050 to 2035. He also said the state would soon begin the process of adopting a version of California's Advanced Clean Cars II rules, which would ban the sale of new gasoline-powered cars by 2035. (See *NJ Governor Sets Out Accelerated Emissions Targets*.)

Murphy also signed an executive order that would require the installation of electric heating and cooling equipment in 400,000 homes and 20,000 commercial properties by 2030, a sign of his determination to move the state away from gas-fired heating and hot water units.

"There's a lot of good news in that announcement last week for a company like ours," Larossa said, noting that the utility has placed a high priority on upgrading the "last mile" connections with customers that will become even more crucial with the increase of EV chargers.

"I think this just kind of reinforces the need for it from a customer standpoint or from a reliability standpoint," he said.

Larossa added that the company's gas business has not suffered fallout from Russia's invasion of Ukraine. "We are not as dependent on Russian fuel supply at all for our fuel supply," he said.

He also said he was not worried about the impact of New Jersey shifting away from gas and electrifying.

"It's a mixed bag for us," he said. "We have some gas-only territory, some electric-only territory. But the bulk of our customers are combined. So you know, I don't want to say it's a win-win. But it is a win-win for us to a great extent."

Q4 Results

PSEG's full-year and fourth-quarter results improved on 2021.

The company reported 2022 net income of $1,031 million ($2.06/share), compared with $648 million ($1.29/share) for 2021. Net income for the fourth quarter was $788 million ($1.58/share), compared to $445 million ($0.88/share) a year earlier. ■

Virginia Legislature Passes Utility Regulation Bills Backed by Dominion

Legislation Will Return Authority to the State Corporation Commission

By James Downing

Virgina State Capitol in Richmond, Va. | *Virginia Department of Historic Resources*

Compromise bills that will change how utility rates are regulated in Virginia sailed through both chambers of the General Assembly during the last day of its session Saturday.

The legislation, which was passed nearly unanimously, is backed by Gov. Glenn Youngkin (R) and the state's largest utility, Dominion Energy.

The legislation removes some rate riders and will set Dominion's return on equity at 9.7%, which is about halfway between the current 9.3% and the 10.03% in an earlier version of the bill. That rate will be in effect later this year until 2025, when the State Corporation Commission will set its rates, freed from basing them on a peer group of its fellow Southern utilities that had been the practice in Virginia for more than a decade.

"I applaud the legislators who took the lead on writing and negotiating this landmark bill, which will save customers money on their monthly bills, restore the independent oversight of the State Corporation Commission and support the long-term stability of Virginia's largest electric utility," Youngkin said. "Today, the General Assembly came together and put Virginians first."

Senate Majority Leader Richard Saslaw (D) | *Virginia Senate*

The companion bills — *SB 1265*, introduced by Senate Majority Leader Richard Saslaw (D), and *HB 1770*, introduced by Del. Terry Kilgore (R) — cleared the Senate unanimously in votes Saturday and only drew one opposing vote in the House of Delegates from Del. Dave LaRock (R).

"What we got here today, though, finally is a good, well rounded deal," Kilgore said. "A deal that's good first and foremost, for Virginians. And a deal that's good for Dominion, a utility whose health that we need to deliver energy reliably."

The bill shifts $350 million from rate adjustment clauses into the base rates and spreads $1.7 billion in fuel costs that Dominion has incurred because of recent price rises over 10 years, Saslaw told his fellow senators as they debated the bill on the floor.

"Instead of getting a $17/month increase on July 1, it won't happen," Saslaw said. "It'll be pennies more to the average bill as a result of being able to spread it out like that."

Getting rid of the rate adjustment clauses will save the average customer between $6.50 and $7/month, he added.

The bill also includes changes to Dominion's "rate collar," so that if the utility over-collects by more than 70 basis points on its ROE, 85% of the excess will return to customers; if it over-collects by 150 points, all of it goes back to consumers.

"We're going to vote on a bill that was not dictated to us by Dominion Power, but rather it was people working together from different viewpoints: the ratepayer viewpoints, the power company viewpoint, the industrial consumer viewpoint, even environmentalist viewpoint," Sen. John Chapman Petersen (D) said. "Not everybody got what they wanted. But you didn't have one entity dominating the conversation."

Senate Minority Leader Thomas Norment (R) pushed back on the notion that Dominion dictates the commonwealth's electricity policies, noting that major corporations were behind the push to deregulate the electric industry more than two decades ago; years later, many of them also supported legislation stopping retail deregulation from going into effect.

How the law gets implemented is ultimately up to the SCC, but it only has one member now, and the legislature did not address the two vacancies, Sen. Scott Surovell (D) said. Currently the SCC only has Jehmal Hudson serving as a commissioner after Judith Jagdmann stepped down, and the legislature did not reappoint Angela Navarro, who had finished out Mark Christie's term after he left to join FERC.

Surovell had introduced *SB 1482*, which would have added a fourth commissioner to the SCC, then eliminated that position when the next vacancy occurred, in an effort to break the logjam at the legislature.

"In order for somebody to be looking out for the little guy, we have to have a regulator that's ready to follow through on all the discretion that's been given under this bill," Surovell said. "And right now, there's only one commissioner sitting on the SCC and there's two vacancies. And that's not getting resolved today."

Dominion welcomed the legislation's passage, calling it a win for consumers and regulatory oversight.

"It will lower electricity bills for our customers, reduce the impact of rising fuel costs and strengthen SCC oversight," a utility spokesman said in a statement. "We appreciate the leadership of the patrons, Gov. Youngkin, Attorney General [Jason] Miyares and lawmakers from both parties in getting this bipartisan legislation across the finish line." ■

PJM MRC/MC Briefs

Markets and Reliability Committee

Stakeholders Endorse Increased FTR Bid Limit

VALLEY FORGE, Pa. — The PJM Markets and Reliability Committee last week endorsed an RTO *proposal* to increase the maximum number of bids a single corporate entity can enter into financial transmission rights auctions from 15,000 to 20,000.

Market participants had complained that the transition from weekend on-peak and daily off-peak class types made it take a larger volume of bids to buy and sell the same number of hours of an FTR, according to the problem statement adopted by the Market Implementation Committee in December. The change was pursued through the RTO's "quick fix" process, which allows a proposal to be endorsed concurrently with its issue charge and problem statement. (See "FTR Bid Limit Increase Endorsed Under Fast Track Pathway," *PJM MIC Briefs: Jan. 11, 2023*.)

During the MRC's first read of the proposal, Senior Engineer Emmy Messina said the 20,000 figure was viewed as a balance between the usage of the class types and bid submission performance. The approved manual changes will be effective for the auction occurring in March.

Updated Default CONE and ACR Figures

PJM presented a first read of the updated default gross cost of new entry (CONE) and avoidable-cost rate (ACR) formed through its Quadrennial Review.

Following advisory votes at the MRC and Members Committee, PJM is set to submit a filing with the parameters to FERC. If approved, the values will be in place for the 2026/27 delivery year.

The gross CONE for all resource types, except storage, would increase, which PJM's Skyler Marzewski said was expected given the tendency for costs to rise, the Inflation Reduction Act's changes to the investment tax credit and different reference resources for combined cycle and onshore wind facilities.

Stakeholders questioned the nine-fold difference between the proposed net CONE values for fixed solar panels versus those with tracking technology, which Marzewski said is attributed to the higher energy and ancillary services revenues and effective load-carrying capability rating for tracking panels.

The most significant changes to the gross ACRs proposed are the introduction of steam oil and gas as a new resource type, refined property tax and insurance costs, and expanded data from the Nuclear Energy Institute on resource costs. Single-unit nuclear generators would be the only resources to see their default ACR decrease under the proposal.

Members Committee

PJM Board to Review Monitor Contract

PJM Manager Paula Conboy told the MC that the Board of Managers plans to review the RTO's contract with its Independent Market Monitor, Monitoring Analytics.

The contract is up for renewal at the end of 2025. Responding to stakeholder questions, Conboy said that the review is to look at terms and conditions, as well as any areas that may need clarification.

"This is about the terms and conditions of the contract; this isn't about the IMM [Joe Bowring] himself," she told the committee. "With the evolving market and so many things changing, we just want to make sure we're all on the same page about what's in the contract."

PJM General Counsel Chris O'Hara said the RTO has not engaged in a pre-emptive review or redline of the contract. ■

— Devin Leith-Yessian

OGE Energy Sees Growing Demand from Crypto and Commercial Load

Firm is only in Electricity After Sale of Midstream Natural Gas Business

By James Downing

OGE Energy saw earnings per diluted share drop slightly from 2021 as it did not benefit as much from the sale of its midstream natural gas business, the company said during its fourth-quarter earnings call Thursday.

The firm brought in $3.32/diluted share in 2022 compared to $3.68/diluted share in 2021, but its regulated electric company, Oklahoma Gas & Electric, brought in more money, contributing $2.19/diluted share, up from $1.80 in 2021.

OGE still had some earnings from its natural gas business in 2022 despite its sale closing in December 2021, but going forward it is going to be a pure-play electric company, CEO Sean Trauschke said.

"My message to you is this, we've certainly got this, and our sustainable business model provides numerous opportunities from driving load growth, to grid investments and generation for many years to come," Trauschke said on his firm's earnings call. "We are mindful of ensuring a smooth customer impact and delivering consistent growth."

The winter storm at the end of last year led to a lot of "discussion" in the utility industry, but OG&E made it through "Elliott" without issue because of the firm's weather hardening, he said.

"I'm very proud of our team's work every day, particularly during the weather extremes we experience here in Oklahoma and Arkansas," Trauschke said. "We continue our grid weather-hardening investments that deliver great results for customers."

The firm built seven new substations, upgraded another nine and added 65 miles of transmission lines last year to better serve its customers and keep up with demand growth, he added.

"Our communities maintain strong unemployment rates and continue to attract expanding and new businesses that our low rates help secure," Trauschke said. "Our load forecast for 2023 continues to keep pace with the outstanding growth we've experienced over the last two years, and our long-term load forecast remains strong as our service area continues to grow."

The firm saw weather-normalized load growth of 3.1% in 2022, which comes on top of 2.4% growth in 2021, CFO Bryan Buckler said.

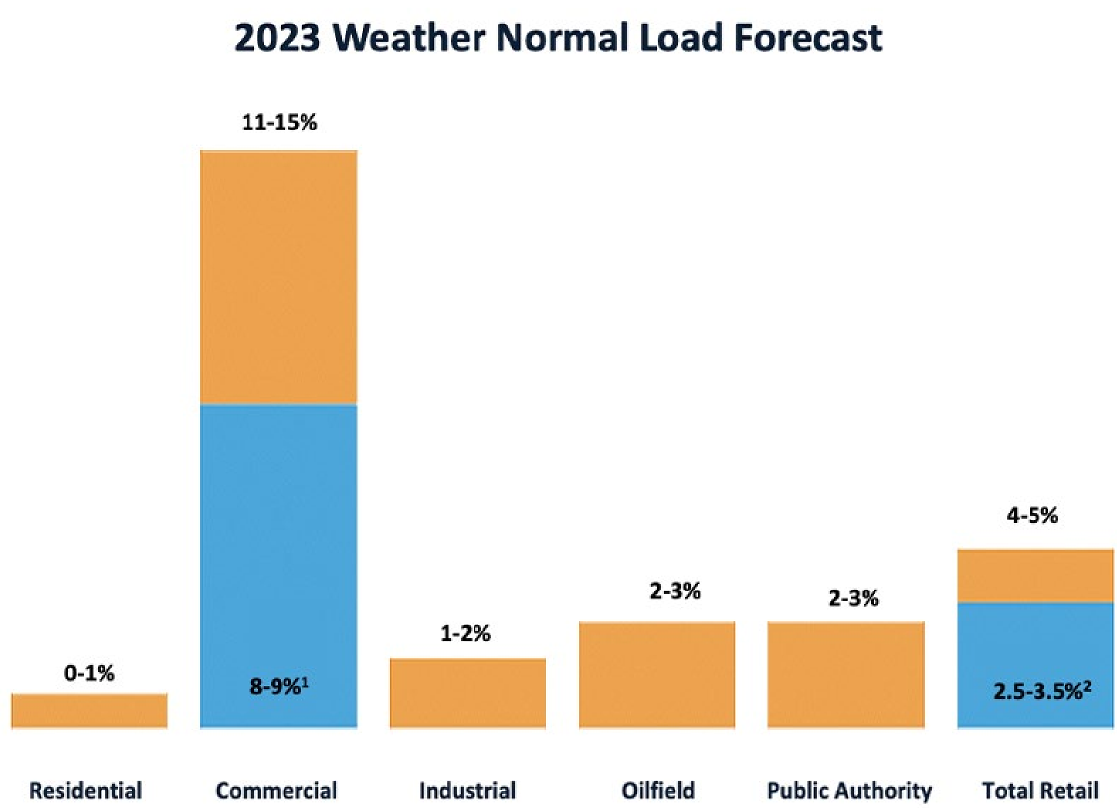
"This back-to-back expansion of load is remarkable and indicative of economic strength in Oklahoma and Arkansas," Buckler said. "The biggest driver of load growth is coming from the business sector with a variety of companies contributing, including those in data mining, agriculture and manufacturing."

Commercial load shot up by 12.2% in 2022 compared to a year earlier, and it is now about 15% above 2019, pre-pandemic levels, he added.

The load growth for 2023 varies depending on how much data mining for cryptocurrencies expands in OG&E's footprint. Without any growth from that industry, load growth would be just about 2.5 to 3.5%, but with it, growth could be 4 to 5%. Focusing in on commercial load for 2022, OG&E is forecasting growth without data mining expansion of 8 to 9%, but it could hit as high as 15% with expanded data mining.

The firm is also participating in the *HALO Hydrogen Hub* — a joint effort between Arkansas, Louisiana and Oklahoma, in which OGE is a stakeholder — which is seeking federal funds under the Infrastructure Investment and Jobs Act to produce hydrogen.

"Additionally, OG&E is competing for two [Department of Energy] grants as part of the IIJA for grid resilience and smart grid," Trauschke said. "After assessing our initial submission, DOE encouraged us to submit full applications." ■



OGE slide showing its load growth projections for 2023 | *OGE*

SPP News

Texas Lawmakers Push to Save Retiring Coal Plant

SWEPCO's Pirkey Plant Slated for Closure in March

By Tom Kleckner

Texas politicians are making a last-ditch push to avoid the retirement of a 37-year-old coal plant in East Texas that they say has another 22 years of useful life.

However, there may be little they can do.

The plant in question, Southwestern Electric Power Co.'s (SWEPCO) *Pirkey Plant*, was *scheduled for retirement* in 2020 to comply with environmental regulations. The plant, a 580-MW coal-fired unit in SPP's eastern Texas footprint, went into operation in 1985 and will cease operations in March.

In a *letter* to the Texas Public Utility Commission earlier this year, 13 state senators called on the commissioners to delay approving SWEPCO's pending rate-increase request for renewable generation until they can determine whether there is a "legitimate" reason for Pirkey's early retirement.

The lawmakers said that the analysis SWEPCO relied upon in deciding to retire the plant was "seriously outdated and ... seriously flawed." They cited testimony in the utility's rate case docket that "called into question" the economic and environmental regulatory assumptions used to make the decision (*53625*).

Sen. Bryan Hughes (R), who signed the letter, chairs the State Affairs Committee that held a hearing on Pirkey last year, and his district includes the plant's site. He made an impassioned plea for its survival during a surprise appearance at the PUC's most recent open meeting.

He said the lawmakers' ask of the commission was very simple: to consider their letter and intervene in the proceeding.

"We want to make sure this decision is being made in the best interest of Texas and Texas ratepayers and folks who need that electricity," Hughes said. "These folks happen to be outside of ERCOT, but they're inside Texas. You have much more authority outside of ERCOT as far as regulating these companies.

"Slow this process down. You have the power to do it. And if you don't, it'll be too late," he added.

PUC Chair Peter Lake thanked Hughes for his attendance and "highlighting the urgency of the issue," but he offered no other support. The commissioners did not discuss the issue during the open meeting.

Texas State Sen. Bryan Hughes makes his case before the PUC. | *AdminMonitor*

PUC spokesperson Ellie Breed declined to speculate on the commission's decision. "Staff is reviewing the situation and the concerns raised by Sen. Hughes," she said.

Hughes' appearance before the PUC caught some by surprise.

"It kind of came out of left field. ... We were all a little bit caught off guard by it coming up in a discussion about ERCOT market design," said Katie Coleman, who represents Texas Industrial Energy Consumers, an intervenor in the SWEPCO docket. "I'm not sure who he had talked with in advance of that, but I think that the narrative around the need for dispatchable resources caught [Hughes'] attention."

In their letter, the senators say the State Affairs hearing "uncovered evidence about the coercive 'manage-down-to-zero' [environmental, social and governance] practices" of American Electric Power's top three shareholders. AEP is the parent company of SWEPCO, which also services portions of Arkansas and Louisiana. According to *Bob Eccles*, an ESG expert, Vanguard Group, BlackRock and State Street own a collective 20.5% of the organization.

"AEP is the picture of woke capitalism and ESG virtue-signaling to the detriment of stockholders and, in this case, ratepayers. We believe that's exactly what's driving this decision," Hughes told the PUC.

AEP has been open about its plans to *transition to cleaner-burning fuels*. It has retired or sold nearly 13.5 GW of coal-fueled generation in the last decade and has committed to achieving net-zero emissions by 2045 and an 80% reduction relative to 2005 levels by 2030.

The Columbus, Ohio-based company said it decided to shutter Pirkey and stop burning coal at the nearby Welsh Plant to comply with EPA's coal combustion residuals rule. AEP said its actions would save customers an estimated $740 million to $1.2 billion by avoiding compliance costs and higher ongoing operating and fuel costs.

"Pirkey's fuel costs have been rising for more than 15 years and were expected to remain higher than other similar SWEPCO plants," spokesman Scott Blake said in an email to *RTO Insider*.

He said the more than 200 employees at the two plants have since elected to retire or found work elsewhere, many within the AEP

SPP News

system. Pirkey's closure will also shut down Sabine Mining's lignite mine that fuels the plant and its 130 jobs; many of its employees have also found work elsewhere.

Blake said the company followed SPP's notification process for retiring units. The RTO requires at least a 12-month heads-up of a unit's pending shutdown. It does not approve or reject the retirements but does conduct a study to determine whether its absence would create a reliability issue that needs a short-term mitigation or transmission solution.

"From our perspective, AEP's plans may continue," said Casey Cathey, SPP director of grid asset utilization.

Energy consultant Alison Silverstein, a former PUC staffer, said SPP's opinion "is what matters for closure," noting that the grid operator did not consider the cost impacts to SWEPCO or its customers, or "the market impacts of having that production available."

"The whole point of being in a regional market with adequate generation and transmission capacity and a competitive market is that a utility can buy its energy from other producers in the region, rather than just having to own all of its power plants," Silverstein said. "SPP is highly competitive and has lots of generation and transmission. The fact that they approved the Pirkey closure means they think it's not needed for long-term grid reliability, and presumably that replacement power from the region is deliverable into the SWEPCO footprint."

Not surprisingly, the plant's retirement and the loss of *local jobs and tax revenue* have created a regional uproar. Eccles wrote a *tongue-in-cheek piece* for Forbes about the State Affairs hearing and Texas' dichotomy as a state rich in renewables, yet eager to add dispatchable (i.e., thermal) generation.

Earlier this month, Wayne Christian, a member of the Railroad Commission — which regulates Texas' intrastate gas and petroleum industry but not railroads — keynoted the annual Republican Lincoln Day Dinner in Harrison County, where Pirkey is located.

"AEP bought the thing and decided it was going to shut it down regardless," Christian was *quoted as saying* in a local newspaper. "Thirty years of this plant here in Hallsville, got 30 years in reliable generation of electricity, and we're tearing that sucker down because it ain't working. It doesn't fit into the [environmental] religion."

"I don't blame legislators for wanting to protect the local utility, local jobs, local communities and tax base by resisting the closure of a coal plant and coal mine," Silverstein said in an email. "The Pirkey plant … is a great source of ongoing revenue for SWEPCO, so the fact that the integrated utility wants to shut it down before the end of its useful life indicates that they are looking ahead at favorable energy replacement costs, the likely high costs of meeting upcoming EPA coal emissions requirements and potential rate base replacements.

"But this coal plant and coal mine are imposing significant costs on the communities and on all SWEPCO customers, and it appears that they could save money for everyone if they shut down the Pirkey plant and replaced it with SPP region-sourced energy alternatives," she said, noting the Inflation Reduction Act contains "big incentives to reinvest in communities to 'retool, repower, repurpose or replace' fossil infrastructure and recover transition costs."

"It's likely that the communities these legislators represent could come out ahead in terms of jobs and utility bills within a few years if the legislators work with SWEPCO for a smart energy transition, rather than trying to protect an old coal plant," Silverstein added.

Coleman said that SWEPCO being outside ERCOT offers a "different paradigm" and leaves the PUC with few options.

The commission's next open meeting is March 5, leaving it little time to change AEP's course. ■

Pirkey Power Plant | *Oklahoma Municipal Power Authority*

SPP News

SPP Selects Sterzing as New CFO

SPP said Monday it has selected Deborah Sterzing, who has more than 20 years of experience in finance and electric industry financial planning, as its new CFO. She replaces Tom Dunn, who retired in December after 21 years with the RTO. (See "CFO Dunn Retires," *SPP Board/Members Committee Briefs: Oct. 25, 2022*.)

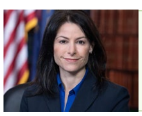
Sterzing will be responsible for developing and executing SPP's overall financial strategy, aligning it with the RTO's vision and objectives. She previously served as CFO of Wind Energy Transmission Texas and has also held financial roles at Citigroup, High Bridge Energy Development, Skaia Energy, Green Mountain Energy and General Electric.

"[Sterzing's] strategic, financial and regulatory expertise will ensure SPP has the organizational readiness necessary to lead our industry to a brighter future," SPP CEO Barbara Sugg said. ■

— Tom Kleckner

SPP CFO Deborah Sterzing | *SPP*

Midwest news from our other channels



Michigan AG Calls For More Transparency on Utility Lobbying

NetZero Insider

RTO Insider subscribers have access to two stories each monthly from *NetZero* and *ERO Insider*.

Company Briefs

As Oil Companies Tighten Payrolls, Renewables Open Up

Oil and gas companies laid off roughly 160,000 workers in 2020 and have maintained tight budgets over the last two years. However, many renewable businesses have expanded rapidly during the same time period.

The oil and gas industry had roughly 700,000 fewer workers last year than six years earlier, a decline of more than 20%. Much of that drop had to do with the slowing of the shale drilling boom and greater automation. By comparison, employment in wind energy grew nearly 20% from 2016 to 2021 to more than 113,000 workers.

More: *The New York Times*

Tesla HQ to Return to California

Tesla CEO Elon Musk last week announced that Tesla will open a global engineering headquarters in Palo Alto, California.

The announcement comes two years after the EV company left the state for a facility in Austin, Texas.

More: *KTLA*

Federal Briefs

Kerry to Serve in Climate Envoy Role at Least Through November

John Kerry, the U.S. special presidential envoy for climate, last week said he told President Joe Biden that he will serve in his role at least through the United Nations climate summit in November.

"There's sufficient unfinished business that I felt it would be inappropriate to walk away from that at this point in time," Kerry told the *Boston Globe*.

More: *The Hill*

US LNG Export Output Soared in 2022

The nation's seven LNG export terminals delivered more than 3.86 trillion cubic feet in 2022, compared to nearly 3.56 trillion cubic feet in 2021, according to the Department of Energy's latest LNG report.

The increase in exports can be attributed directly to Russia's Ukraine invasion, said Charlie Riedl, executive director of the Center for LNG. Total cargos to Europe ballooned from about 380 trillion cubic feet in 2021 to almost 850 in 2022, a 123% increase.

Of last year's total, Louisiana's three terminals exported more than 2.45 trillion cubic feet.

More: *The Advocate*

BLM Seeks Public Input on Nevada Solar Project

The Bureau of Land Management last week announced that it is seeking public comment to develop an environmental assessment and regional mitigation strategy for the proposed Dry Lake East Energy Center Solar Project in Clark County, Nev.

The BLM held a competitive auction for the area in 2022, and Dry Lake East Energy Center was selected as the preferred applicant. The proposed project would generate up to 200 MW.

The 30-day public scoping comment period will close March 22.

More: *Bureau of Land Management*

State Briefs

REGIONAL

Hydropower in Western US Resurges after 20-year Low

Hydropower production in the western United States increased 13% in 2022, according to High Plains Regional Climate Center data.

Snow and rain fueled a 17% surge in power production in Washington last year, including a 19% increase at Grand Coulee Dam, the nation's largest producer of hydropower. Hydroelectricity generation at rivers in Oregon jumped 19%.

As for this year, the EIA expects hydropower production to fall about 4% short of last year's numbers.

More: *KUOW*

ARIZONA

EPA Proposal Would Stop SRP from Dumping Coal Ash into Pond

The EPA last week notified Salt River Project that it plans to deny the utility's request to continue dumping coal ash into an unlined pond at its Coronado Generating Station coal-fired plant.

Coronado is one of six plants across the country targeted by the EPA for not complying with new environmental standards for disposing of coal ash.

An SRP spokesperson said the company is disappointed in the EPA's proposed decision and is evaluating information that supports its proposed denial.

More: *Cronkite News*

ILLINOIS

Constellation Announces Investments for Byron, Braidwood Nuclear Plants

Constellation last week said it plans to invest $800 million in new equipment to increase the combined output of the Byron and Braidwood nuclear plants.

The main turbines at both facilities will be replaced with high-efficiency units and will increase the combined capacity by 135 MW.

The work will be done in stages but is expected to be complete by 2029.

More: *Shaw Local News Network*

INDIANA

Anti-ESG Bill Clears Financial Panel

The House Ways and Means Committee last week voted 15-8 to pass a bill that seeks to block the Public Retirement System and the State Police Pension Trust from making investment decisions based on environmental, social or corporate governmental policies (ESG). The funds would have to divest from offending firms unless that would hurt pension members.

According to the House, the bill carries a projected fiscal impact of $5.5 million over the next decade.

More: *Indiana Capital Chronicle*

Bill Would Let Utilities Charge for 'Unexpected,' Additional Costs

A bill moving through the House of Representatives would allow utilities to recover the cost of "unexpected events" that ended up being more expensive than budgeted projections.

The bill essentially aims to undo the effect of a previous state Supreme Court decision regarding Duke Energy's coal ash waste. Duke already had built the cost of coal ash cleanup into its rates but asked for another rate increase in 2019 when cleanup ended up being more expensive than anticipated. The Utility Regulatory Commission approved the increase, but the Supreme Court ruled it "retroactive ratemaking" — which is illegal. Rep. Ed Soliday (R-Valparaiso), the bill's sponsor, disagreed with the opinion and said the court should have deferred to the URC.

The bill passed committee and now moves on to the full House for consideration.

More: *Indiana Public Radio*

KENTUCKY

Bill Would Ban ESG Investment Practices Affecting Retirement Systems

The House Natural Resources and Energy Committee last week passed a bill that would require state investment managers limit their decisions to the financial risk or financial return of investment.

The bill moves through the house despite Department of Labor and the Financial Stability Oversight Council reports identifying climate change as an emerging and increasing risk to national financial stability. Last year, the state passed legislation requiring the state treasurer to keep a list of financial institutions that do business with the state and engage in energy company boycotts.

The measure now moves to the House floor for a vote.

More: *WKYU*

NEW MEXICO

Bill Preventing Localities from Banning Fuel Sources Passes Committee

The House Energy, Environment and Natural Resources Committee last week voted 6-5 to pass a bill that would prevent local governments from restricting the types of fuels people can use.

Sponsors described the bill as a consumer protection intended to prevent people who rely on gas or propane from losing access to that fuel source and being forced to buy new appliances. Opponents say the restrictions would limit the ability of local governments to make decisions for their communities.

The bill now heads to the House Government, Elections and Indian Affairs Committee.

More: *NM Political Report*

NORTH DAKOTA

Legislature Passes Wind Turbine Blade Disposal Bill

The state Legislature, along with Gov. Doug Burgum, last week approved a bill that will require landfills to get state approval before accepting wind turbine blades.

Blade disposal is a growing issue across the country as wind turbines age. The blades, typically made of steel, fiberglass and plastic, on average are about 200 feet long, according to the Energy Department.

The bill was brought by the state Department of Environmental Quality. The House passed the bill 93-0 on Jan. 24 and the Senate 46-0 on Feb. 21.

More: *The Bismarck Tribune*

OHIO

PUC Front and Center in Massive Bailout Scandal

The conduct of the Public Utilities Commission is coming under more scrutiny as the HB6 scandal gains notoriety.

Since 2008, the PUC has granted more than $1 billion in rate increases that were later declared illegal by the state Supreme Court. However, thanks to the way the increases, or "riders," were written, there's no way to force utilities to return the money.

In June 2019, FirstEnergy was funneling millions through dark-money groups to pass the bailout that is the subject of the HB6 trial. Asim Haque, who months earlier was PUC chairman, sent a FirstEnergy executive a text suggesting that he knew the increase was illegal when he voted for it. Furthermore, Sam Randazzo, a former FirstEnergy consultant, was later confirmed as Gov. Mike DeWine's nominee to chair the PUC in April 2019.

Then, just last month, the PUC approved an increase of more than 50% in fixed rates for Columbia Gas without making the company go through a formal process to show it needs the money.

More: *Ohio Capital Journal*

VIRGINIA

Appalachian Shared Solar Program Dies in House

The House Energy and Commerce Committee last week voted 4-2 to reject a bill that would have allowed Appalachian Power customers to purchase solar energy from a third-party provider.

Sen. John Edwards (D-Roanoke) sought to add Appalachian customers to a shared solar program that the legislature created in 2020 for Dominion Energy. When the Assembly passed the law in 2020 that allowed shared programs, Appalachian was taken out of the original bill because its service area is much smaller and faces more challenges than Dominion's.

Appalachian claimed that customers who don't sign up for shared solar would have to bear greater costs.

More: *The Roanoke Times*

Richmond Aims to be Net Zero by 2050

Richmond last week released its "RVAgreen2050: Climate Equity Action Plan" that seeks to reduce emissions 45% by 2030 compared with 2008 levels and reach net-zero emissions by 2050.

The city council unanimously adopted the plan on Feb. 13.

More: *Bay Journal*

WASHINGTON

PSE Pushes to Control New Renewable Projects

Puget Sound Energy is pushing for legislation that would help it secure a large ownership stake in new renewable projects.

Companion bills in both chambers of the Legislature would ensure that PSE owns 60% of renewable energy projects that supply power to it. The utility would also be required to stop offering new commercial or residential natural gas hookups by June and file a decarbonization plan every four years starting in 2026.

The bills passed out of House and Senate environment committees last week.

More: *The Seattle Times*

WYOMING

Gordon Veto Preserves Eminent Domain Powers for Wind Farm Devs

Gov. **Mark Gordon** last week vetoed legislation that would have prohibited wind farms owned by independent power producers from using eminent domain to build transmission lines through private property.

Gordon said he was concerned with the nine-year moratorium the bill would have placed on the ability to use eminent domain, as it would "unreasonably stall wind development in Wyoming and limit the opportunity of property owners who seek to develop wind on their property."

Unless the Legislature overrides the veto, the bill is dead. An override would require a two-thirds supermajority approval by both the House and Senate.

More: *Cowboys State Daily*

Solar Tax Bill Falls in Senate

A bill that attempted to impose a $1/MWh tax on commercial solar farms failed in the Senate Revenue Committee last week by a 5-0 vote.

The bill narrowly cleared the House on Feb. 2 by a 34-28 vote. Similar bills previously fell short in 2020 and 2021.

More: *Casper Star Tribune*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