

# RTO Insider

YOUR EYES AND EARS ON THE ORGANIZED ELECTRIC MARKETS

CAISO ■ ERCOT ■ ISO-NE ■ MISO ■ NYISO ■ PJM ■ SPP

FERC & Federal

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## FERC/Federal News



# Changes to Permitting Laws Face a Stark Partisan Divide

## House Natural Resources Committee Holds 2 Hearings on Permitting Bills

By James Downing

“Permitting reform” might be a legislative goal for some on both sides of the aisle in Congress this session, but the two parties are far apart on what that means, as evidenced by two hearings held by the House Natural Resources Committee on Feb. 28.

The full committee held a hearing on the *BUILDER Act*, which would change the National Environmental Policy Act by requiring enhanced coordination among federal agencies, creating predictable timelines for project reviews and limiting litigation to lawsuits brought by parties involved in the agency review process. (See [NRECA Endorses 2-Year Limit on NEPA Reviews.](#))

Earlier in the day, the committee’s Energy and Mineral Resources Subcommittee held a hearing on a pair of bills: the *Transparency and Production of American Energy Act* and the *Permitting for Mining Needs Act of 2023*. The first bill is focused on increasing leases for oil, gas and geothermal on federal lands, while the second would make similar changes for mining specifically.

Most people do not know the issues around permitting infrastructure and have never heard of NEPA, committee Chair Bruce Westerman (R-Ark.) said.

“But I do know that every single person in the U.S., regardless of their zip code, has relied on infrastructure, energy or other projects that underwent NEPA reviews,” Westerman said. “And all too often, I know that Americans have faced bureaucratic nightmares and decades-long delays in attempts to build roads and bridges in their communities, or access critical mineral resources.”

Without changes to NEPA, Westerman questioned how any of Democrats’ clean energy goals could be met.

Ranking Member Raúl Grijalva said the afternoon hearing was giving him a case of *déjà vu*, as his Republican colleagues had spent a previous hearing blaming all of the delays experienced by the oil industry on NEPA and the morning hearing had featured another two bills that he said would gut the law.

“Now we’re here again with yet another bill taking aim at NEPA,” Grijalva said. “And what is best for the public interest is secondary, if that. And, as I have in our other hearings, I feel obligated to point out how irresponsible it is



House Natural Resources Committee hearing on the BUILDER Act | House Natural Resources Committee

to cut environmental review while we’re in the midst of the greatest environmental crisis of our time.”

Rep. Garret Graves (R-La.), who introduced the BUILDER Act, said he had met with Special Presidential Envoy for Climate John Kerry and Brian Deese, who recently stepped down as director of the National Economic Council. Both of them endorsed permitting reform to ensure that the billions of dollars set aside for clean energy in recent legislation actually leads to projects, he said.

Dairyland Power Cooperative is trying to build a couple of projects that it said would lead to cleaner electricity for its Wisconsin customers, but have been caught up in permitting-related delays for years, said its vice president of strategic growth, John Carr.

One is the Nemadji Trail Energy Center, a new gas plant that would replace coal and less efficient gas in the dispatch stack while helping to balance renewable power. Its permitting review process was done in 2021, but external groups asked the U.S. Rural Utilities Service to review its impact on climate change, and now Dairyland has been waiting more than five years for a final permit.

“Meanwhile, reliability concerns in the Midwest have led to postponement of previously announced coal plant retirements by other utilities in the region,” Carr said.

The other project is the Cardinal-Hickory Creek transmission line, which would bring wind power from Iowa to Wisconsin’s major cities.

“There are currently over 100 renewable energy projects depending on the construction of this line,” Carr said. “In this case, while the NEPA review was completed in a timely manner, delays due to litigation have increased the cost of the project.”

Port Arthur Community Action Network Founder and President John Beard, former mayor of the Texas city, had worked in a refinery for decades in a region that has been home to heavy industry for more than a century. The city has a poverty rate of 30% and more \$80 billion of industrial development going on in an area that is already home to numerous heavy industry sites.

EPA has called Port Arthur an environmental justice “showcase community” because its residents have cancer at twice the national and state average, as well as higher rates of heart, lung and kidney diseases, Beard said. The main reason so many heavily polluting sites have been built there is it is the path of least resistance, as Port Arthur’s residents lack the resources of wealthier communities to challenge such developments, Beard said.

“So, when you talk to me about restricting access to the legal system, which is a foundation of our country, then you’re telling me exactly that you are not going to give their voice to be heard,” Beard said.

FERC oversees some of the infrastructure in Port Arthur, notably LNG export terminals, and Beard recalled a commissioner highlighting how such projects were often delayed.

“The permits were not held up because of government inefficiency, but because the permits were incomplete,” he added.

The Inflation Reduction Act included \$1 billion to increase agency staff and resources to process permits more efficiently, several Democrats said, including Rep. Debbie Dingell (D-Mich.). She is open to more changes to permitting laws, but not at the expense of gutting environmental protection.

“I know we got to modernize our laws, but we’ve got to do it in a way that protects original intent, but also makes it better,” Dingell said. “These don’t. And I’m serious about working with you on real legislation that would do that. Unfortunately, I don’t think these are serious proposals.” ■

# FERC/Federal News



## BCSE Factbook: Clean Energy Transition ‘Hardwired’ in US Economy 2022 Record Year for Renewables, Natural Gas and Transmission Investments

By K Kaufmann

Despite the disruptions of 2022 — the war in Ukraine, inflation and ongoing supply chain issues — the U.S. clean energy transition hit new highs in terms of renewable energy and storage deployed, new electric vehicles on the road and new investments, according to the Business Council for Sustainable Energy’s 2023 Sustainable Energy Factbook.

The transition is “now kind of hardwired into the U.S. economy and the way in which we’re evolving,” said Ethan Zindler, head of the Americas for BloombergNEF, which compiled the factbook released Wednesday.

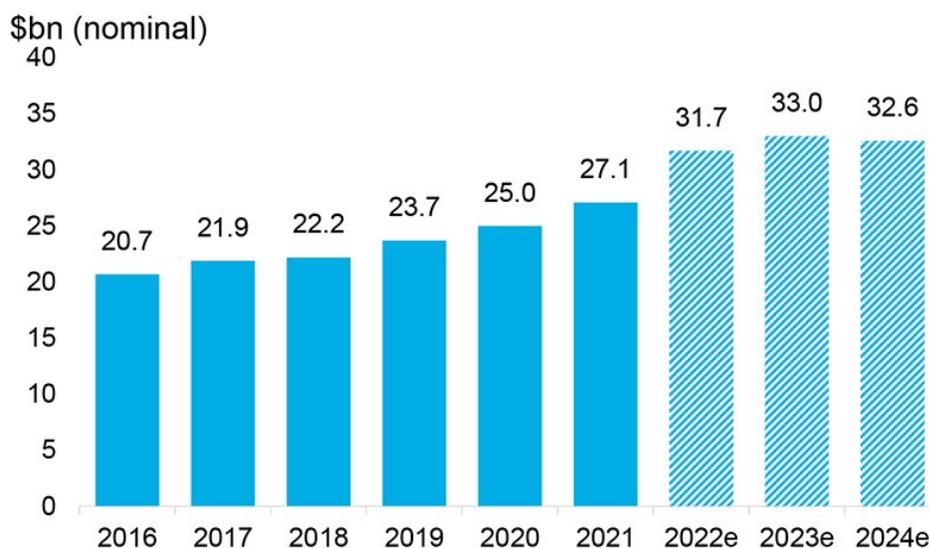
Top line numbers from the annual compendium of energy facts and figures show that renewables, including hydro, accounted for about 23% of U.S. power generation in 2022, up 12.6% from 2021 and, together with nuclear, provided more than 40%, Zindler said during a media briefing Feb. 28.

Clean energy drew about \$140 billion worth of investment in the U.S., and close to 1 million EVs were sold, both new highs, he said.

Zindler also framed the passage of the Inflation Reduction Act as “absolutely a watershed in terms of policymaking in this sector at the federal level. We’ve really never seen any legislation passed by Congress as ambitious as the [IRA], in terms of what it’s trying to do to set us on the right course towards CO<sub>2</sub> reduction and energy transition.”

But the scope and speed of the transition must be accelerated if the U.S. is to meet its commitment under the Paris Agreement to reduce its greenhouse gas emissions 50 to

### US electric transmission investment by IOUs and independent developers



U.S. utilities and independent power producers are investing record amounts in transmission. | EEI/BloombergNEF

52% below 2005 levels by 2030. Even hitting the interim goal of a 26 to 28% reduction in GHG emissions by 2025 would require annual reductions of 4 to 5% per year, “which would be rather remarkable,” Zindler said.

Thus far, the U.S. has cut its emissions 13.8% below 2005 levels, according to the factbook. But last year, emissions from the electric power sector dropped only 1.5%, and emissions from nonpower sectors of the U.S. economy increased 1.9%.

BCSE President Lisa Jacobson argued that it’s too early to predict whether the U.S. will

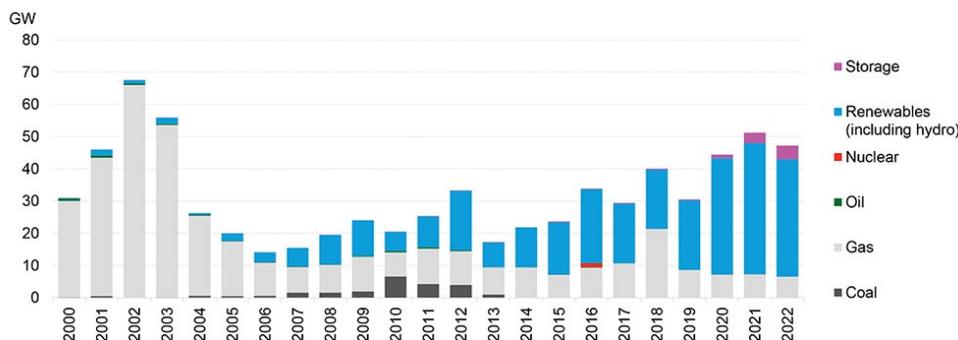
be able to hit its emission-reduction goals, or President Biden’s 2035 target for decarbonizing the U.S. electricity grid. Time will be needed to assess the impacts of recent federal legislation — the IRA, the Infrastructure Investment and Jobs Act, and the CHIPS and Science Act — “not to mention what states and communities and the private sector are doing,” she said.

“We’re trying to lay out what we think would accelerate it even more, but I think we have some pretty strong market signals, and it may take two or three years to really know how much they push us,” Jacobsen said.

Other growth markers in the factbook include:

- As of 2022, corporate procurements of clean energy totaled 19.9 GW. The number of power purchase agreements announced slipped from 118 in 2021 to 112 last year, but the average project size increased from 145 MW to 178 MW. Amazon leads the pack of corporate offtakers, with 8.4 GW of wind and solar.
- Utilities and independent power producers are investing record amounts in transmission: an estimated \$31.7 billion in 2022 and \$33 billion in 2023, according to figures from the Edison Electric Institute cited in the factbook.

### US electric generating capacity build, by fuel type



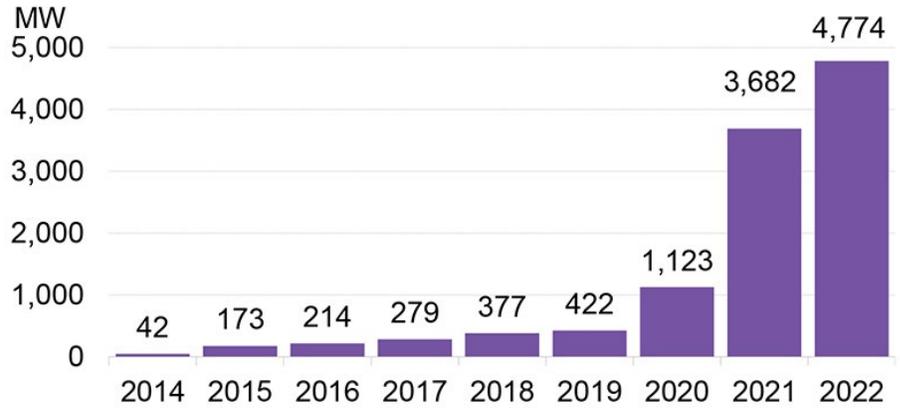
With the exception of 2018, renewable energy has been the biggest source of new generation in the U.S. since 2015. | EIA/BloombergNEF

# FERC/Federal News



- Energy storage deployments on the grid hit a new high in 2022 of 4.8 GW, which put total storage on the grid at 11.4 GW. Bolstered by tax credits in the IRA, the buildout of a domestic battery supply chain has already attracted \$17 billion in investments, primarily focused on the EV sector.
- Driven largely by the growing number of extreme weather events, the number of microgrids coming online has also increased to 101, with the main markets in California, Texas and Florida. Residential storage installations grew 25% year over year in California.
- With funding from the IJJA and IRA, investment in green hydrogen technology is set for major increases. Federal support for green hydrogen could rise to \$20 billion by 2030, and as prices fall, the IRA's \$3/kg production tax credit for green hydrogen could completely cover the cost of generation, the factbook says.

## Non-hydro commissioned energy storage



With record growth in 2022, the U.S. continues to be the largest energy storage market in the world. | EIA/FERC/ BloombergNEF

## Natural Gas on the Rise

The factbook also contains some less optimistic numbers, such as the drop in solar installations last year because of supply chain delays and uncertainty over the Commerce Department investigation of solar imports from Cambodia, Laos, Thailand and Vietnam.

Biden's two-year moratorium on any tariffs on solar cells or panels from those countries gave the industry some breathing room, but installations still fell from 24 GW in 2021 to 21 GW last year. Similarly, onshore wind deployments fell from 13 GW in 2021 to 11 GW. (See [Biden Waives Tariffs on Key Solar Imports for 2 Years.](#))

At the same time, energy consumption in the U.S. continued its post-pandemic rebound, growing 3% over 2021. Natural gas account-

ed for 39.4% of U.S. power generation, and natural gas utilities poured more than \$35 billion into infrastructure investments in 2021. Overall demand for U.S. natural gas, including exports, rose 5.4%, to a record 95.4 Bcfd.

Energy efficiency spending by electric utilities fell during the pandemic, from \$6.8 billion in 2019 to a flat \$6 billion in 2020 and 2021. Another key factor affecting efficiency is state building codes. More than half of the states in the continental U.S. were using residential energy efficiency building codes from 2009 or earlier.

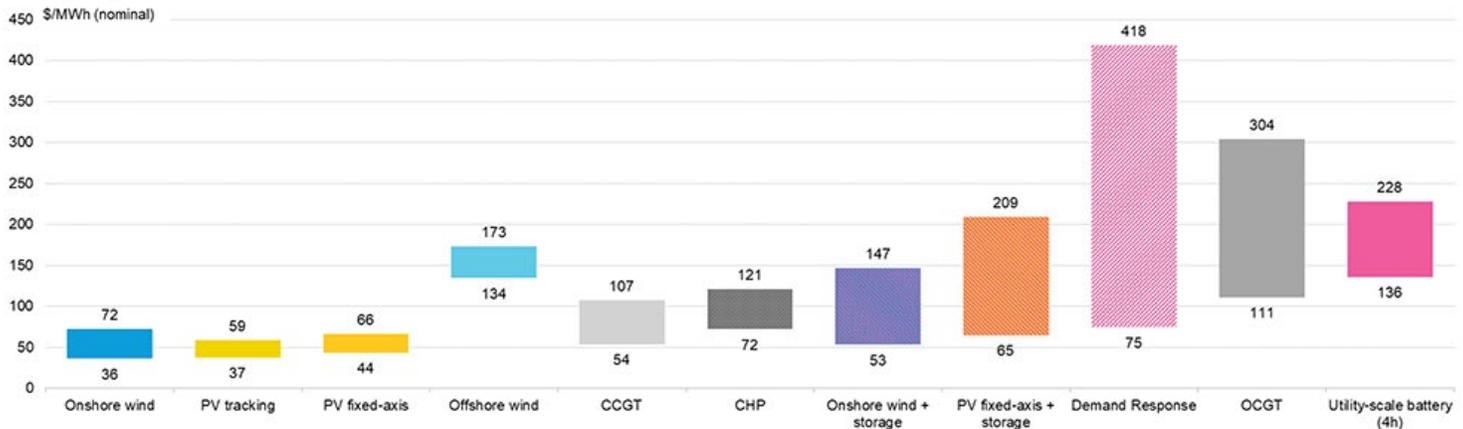
The International Energy Conservation Code, on which state codes are based, is updated every three years, which means the code has gone through four updates since 2009.

The factbook also looks at the ongoing challenge of interconnection queues, with solar and storage installations leading the projects applying for grid access. PJM and CAISO are

called out as the grid operators with the longest wait times, averaging three or more years, versus the shorter two-year or less average for ISO-NE and MISO.

While not specifically called out in the factbook, questions about improving permitting policies and practices were also raised during the media briefing. Jacobson expects GOP bills on permitting to be voted out of the House of Representatives and is hopeful some compromise might be reached.

"We have a lot of proposals on the table, and they're fairly comprehensive," she said. "The question is, will the urgency of the need, at least in Congress and the Biden administration, get to the point where they are ready to make a deal. ... I think the message is getting across that we will not meet our goals if we don't take care of streamlining and making it faster and more efficient to build energy projects here in the United States." ■



U.S. levelized costs of electricity, unsubsidized for the second half of 2022. Solar and onshore wind remain cheaper than natural gas, but LCOEs for offshore wind and storage are still not competitive. | BloombergNEF

## FERC/Federal News

# OurEnergyPolicy Examines Role of Competition in the Energy Transition

By James Downing

Electricity markets might need to change along with the shift to more renewables in the industry, but speakers on an OurEnergyPolicy webinar Feb. 27 argued they were still the best way to make that transition reliable and affordable.

Some have claimed that the transition to markets has been difficult for the old monopoly utilities in the states that have opened their markets, but Emily Sanford Fisher, the Edison Electric Institute's executive vice president for clean energy, is not among them.

"The answer is 'no'; I think they've responded well," Fisher said. "It's been, you know, 20, maybe going on 30 years since some of these restructurings have occurred. But I think one of the interesting impacts that we haven't focused on is the supplier-of-last-resort obligation."

In every restructured state except for Texas, utilities are the provider of last resort, and significant shares of small, mass-market customers still take service from them. The utilities have to buy power to ensure that they can meet that demand, plus any customers who come back to their service from a competitive firm, Fisher said.

Texas has gone the farthest with restructuring, and its old utilities in the ERCOT market are effectively wires-only companies now, with the provider-of-last-resort obligation covered by competitive retailers.

"We are equal participants in these markets," Fisher said. "Some of the discussion often sounds like we live in two worlds: There's an [investor-owned utility] world, and then there's a competitive market world. We're all part of that same sort of ecosystem, but our ability to plan for and to make sure that we are able to provide power to customers is sometimes challenged by that construct."

Restructured states generally do not allow utilities to directly own generation, but Fisher noted that has started to change in states like Massachusetts that want to see major



Clockwise from top left: EPISA's Todd Snitchler, Energy Choice Coalition's Robert Dillon, C3 Solutions Nick Loris, and EEI's Emily Fisher on OurEnergyPolicy's Webinar | OurEnergyPolicy

investments in offshore wind. Utilities' balance sheets are better able to handle those major, upfront investments, she added.

While utilities can help build massive infrastructure projects, the industry has many more options to supply customers than it used to in the past, said Robert Dillon, executive director of the Energy Choice Coalition.

"They place a bet on one technology, and the market is changing so rapidly, that a lot of times they're betting on the wrong technology," Dillon said.

The private sector is able to invest in a broad array of different technologies that can help improve flexibility and reliability, including the distributed technologies that customers are investing in themselves, he added.

"I think the existence of competition and generation makes sense," Fisher said. "I think there's a benefit that has allowed us to bring new technologies into the market."

Renewables were probably going to grow anyways, but the combination of markets and state renewable portfolio standards has driven

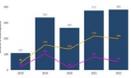
much of their deployment, Fisher said. Renewables are cheap to deploy now, but other technologies such as hydrogen or advanced, long-duration storage are going to be needed to get to a 100% emissions-free grid, and Fisher said utilities are in a good position to help them become commercially competitive.

Locking in too many decisions now could prove to be a bad bet for the future given that power plants are meant to last for decades, noted Conservative Coalition for Climate Solutions Vice President of Public Policy Nick Loris.

"We don't necessarily know what the future generating sources that are most affordable, reliable and clean will be," Loris said. "And the more that the government locks resources in unproductive places with specific tax subsidies to specific energy technologies, it makes it all that more difficult for them to compete in the marketplace."

The Inflation Reduction Act's clean energy tax incentives transition to just a "clean incentive" that is not technology specific starting in 2025, which should allow "all the flowers to bloom," Fisher said. ■

### National/Federal news from our other channels



#### CIP Standards Dominated ERO 2022 Enforcement Activities



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## FERC/Federal News



# DC Circuit Rejects Challenge to CSAPR

By James Downing

A three-judge panel of the D.C. Circuit Court of Appeals on Friday rejected a challenge from the Midwest Ozone Group to EPA's Cross-State Air Pollution Rule for the National Ambient Air Quality Standards (NAAQS).

The *Midwest Ozone Group* (MOG) is made up of numerous large industrial firms from the region, including utilities such as Ameren, American Electric Power, Associated Electric Cooperative Inc., Buckeye Power, Duke Energy and FirstEnergy.

The rule that the group challenged was updated by EPA after the court remanded it to the agency in a 2019 decision. In the revised rule, the agency addressed its failure to balance emissions obligations in accordance with the 2008 NAAQS and its date of attainment.

MOG argued that the revised rule is arbitrary and capricious and that the agency failed to conduct a legally and technically appropriate assessment of it.

The Clean Air Act authorizes EPA to adopt

NAAQS to regulate air pollutants including ozone, which can be blown from facilities in one state into another. The law includes the "good neighbor provision" that requires every upwind state to prevent its pollutant emissions from contributing significantly to nonattainment in downwind states.

For 2021, EPA set specified, enforceable measures in federal implementation plans for Illinois, Indiana, Kentucky, Louisiana, Maryland, Michigan, New Jersey, New York, Ohio, Pennsylvania, Virginia and West Virginia.

MOG argued that EPA took mathematical and analytical shortcuts in its analysis of upwind states' ozone contributions under the good-neighbor rule. Eleven of the 12 states identified were considered significant pollution contributors based on that flawed data, it said. EPA also failed to consider programs in downwind states to control pollution and exceptional events that could impact air quality monitors, MOG said.

EPA said it used the method to figure out how much improvement should have been expected by 2021, but even if it used MOG's

preferred method, the same states would have obligations to clean up their ozone pollution.

The court said its review of the case was simple: As long as the action was not against the law, all EPA had to do was act reasonably and reasonably explain its actions. The court had to give deference to the agency's interpretation of "highly complex and technical matters."

The kind of statistical analysis EPA used has been described as "perhaps the prime example of an area of technical wilderness into which judicial expeditions are best limited to ascertaining the lay of the land," the court said.

The D.C. Circuit has never required EPA to use a particular method to generate its data, or to adhere to past practice; it just has to show a reasonable connection between the facts on the record and its decision, the judges said.

"MOG fails to demonstrate that EPA's promulgation of the revised rule was arbitrary, capricious or promulgated in violation of its statutory authority under the good-neighbor provision," the court said. "Accordingly, we deny MOG's petition." ■



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## CAISO/West News

# CAISO Sends Regionalization Report to Legislature

By Hudson Sangree

CAISO sent a report to the California State Legislature on Feb. 27 that summarizes recent studies of Western regionalization, a document intended to inform this year's renewed legislative discussion of the ISO becoming an RTO.

The 125-page *report*, "Impacts on California of Expanded Regional Cooperation to Operate the Western Grid," was requested by lawmakers last year in Assembly Concurrent Resolution 188. It examines three dozen studies conducted over the last two decades that dealt with the benefits and drawbacks of greater cooperation among the West's 39 balancing authorities.

"The studies reviewed, while varying in focus, are consistent and demonstrate that California's goals for renewable energy and greenhouse gas reduction can be achieved more quickly and with less cost to Californians through expanded regional cooperation," according to the report, prepared by the National Renewable Energy Laboratory.

It looked at different regional market constructs, including the formation of one or more Western RTOs and efforts such as CAISO's planned day-ahead extension of its Western Energy Imbalance Market.

"The magnitude of the benefits to California will vary based on the mode of cooperation and on the states and utilities that elect to participate," it says. "For example, the total benefits to California of a West-wide extended day-ahead energy market operated by CAISO ... were less than the benefits estimated for the state under a West-wide RTO. For the rest of the West, an extended day-ahead market retained a slightly larger portion of the expected benefits of a full RTO."

Some studies showed the distribution of benefits between California and other Western states to be uneven, the report noted.

A June 2021 "state-led" study found that an RTO covering the entire U.S. portion of the Western Interconnection could save the region \$2 billion in annual electricity costs, providing 57% more savings in capacity value and 18% more production cost savings than two RTOs.

The study was led by Utah Gov. Spencer Cox's Office of Energy Development and energy offices in Colorado, Idaho and Montana. (See

*Study Shows RTO Could Save West \$2B Yearly by 2030.*)

"However, this and other studies suggest the distribution of production cost savings and savings in resource adequacy costs could vary among individual states," the NREL researchers wrote. "The type of technical modeling used in these studies accounts for detailed differences in generation cost between areas within the market being simulated. It also accounts for transmission congestion between areas; prices on the load side of a constraint tend to be higher, and prices on the generation side tend to be lower.

"As a result, shifting from several segregated markets to one integrated market could simultaneously exert downward pressure on market prices in high-cost areas [and] exert upward pressure on market prices in low-cost areas, and affect local imports, exports and the associated flow of revenue between areas," it says. "These factors would drive local differences in benefits from regionalization even if the regionwide sum of benefits increased."

A related issue is "how to allocate and recover the cost of new transmission that would increase power flows from low-cost areas to high-cost areas," it says. "Consequently, it would be reasonable for California to anticipate a range of economic expectations from states with whom it might engage in discussions regarding an RTO."

Governance remains a major hurdle. For CAISO to become an RTO, its Board of Governors would have to be opened to members from other states. Currently the California governor appoints all five members, and the State Senate confirms them.

"All other multistate RTOs in the country have an independent governing board and a special advisory committee that includes energy officials from all states in the RTO's geographic footprint," the report says. "Typically, the board is elected by RTO members from a slate prepared by a nominating committee, and members of the regional states committee are public utility commissioners, state energy officers or other officials from affected states."

A bill introduced Feb. 8 by Assemblymember Christopher Holden, *Assembly Bill 538*, would allow CAISO to develop a governance proposal for an independent board with members from other states. (See *Lawmaker Introduces Bill to Turn CAISO into RTO.*)



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Holden, who also authored ACR 188, headed prior attempts in 2017 and 2018 to achieve the same goal, but the efforts failed because key lawmakers were unwilling to relinquish control of CAISO's board or to jeopardize the state's ambitious climate goals through increased cooperation with coal-burning states of the interior West.

Circumstances have changed since then, with strained supply in the West during extreme weather, especially in California. More states, cities and utilities have adopted 100% clean energy goals like California's, requiring new transmission to move wind and solar power long distances. And two states, Nevada and Colorado, enacted requirements that major transmission owners join RTOs by 2030.

CAISO now faces competition from SPP, which plans to establish RTO West, and from the Western Power Pool, whose Western Resource Adequacy Program could be a springboard to an RTO.

The ISO released a draft version of the report in January, which left a section on the relative benefits of regionalization for California and the rest of the West unfinished, and asked for stakeholder *feedback*. (See *CAISO Issues Report on Western Regionalization Studies.*)

In a letter transmitting the final report to lawmakers, CAISO CEO Elliot Mainzer said, "NREL's review of the literature makes clear [that] a broad geographic operational footprint that integrates California with the broader West tends to yield the most financial and reliability benefits due to greater resource and load diversity, while requiring resolution of governance issues.

"The report also illustrates how others in the West are creating alternative mechanisms for enhanced regional coordination outside of the footprint of the CAISO," Mainzer said. "Utilities and regulators across the West are exploring their options with respect to regional coordination, further underscoring the timeliness and importance of this conversation." ■

## CAISO/West News

## EBA Addresses ‘Zeitgeist’ of Western Regionalization

By Hudson Sangree

SAN FRANCISCO — CAISO had just won approval from its Board of Governors last month for a day-ahead extension of its Western Energy Imbalance Market when a state lawmaker introduced a bill a week later to allow the ISO to become an RTO, CEO Elliot Mainzer recalled Thursday in his keynote address at the Energy Bar Association Western Chapter’s annual meeting.



CAISO CEO Elliot Mainzer | © RTO Insider LLC

“Some of us thought, ‘Oh boy, we just got EDAM [the extended-day ahead market] done. Wouldn’t it be nice to have a little bit of time just to let that play out and let that evolve?’” Mainzer said. But the “zeitgeist in the West” is one of rapidly evolving efforts to organize the region’s balkanized electricity sector into markets and programs that could lead to RTOs, he said. (“Zeitgeist” is a German word meaning “the spirit of the times.”)

The measure introduced Feb. 8, [Assembly Bill 538](#), by Assemblymember Christopher Holden would allow CAISO to develop a plan for governance independent of California’s governor and legislature, with a governing body that could include members from other states. (See [Lawmaker Introduces Bill to Turn CAISO into RTO.](#))

“The reality is that ... outside of California, I think a lot of people who are thinking about making significant additional investments either in the day-ahead market or even beyond ... want to see a pathway to independent governance for the ISO,” Mainzer said. “And I think they need to see that as a way to get them comfortable staying with [CAISO] and continuing to invest and grow with our organization as it evolves.”

Mainzer’s remarks in his keynote address were part of a discussion at the meeting about efforts by CAISO, SPP, the Western Power Pool (WPP) and others to assemble the West’s 39 balancing authorities into mutually beneficial organizations for resource adequacy, transmission planning and market transactions.

About 100 energy lawyers gathered at the historic Westin St. Francis hotel on San Francisco’s Union Square for the chapter’s first in-person meeting since the COVID-19



The EBA Western Chapter meets at the Westin St. Francis Hotel in San Francisco. | © RTO Insider LLC

pandemic began three years ago.

## WRAP and EDAM

In a panel on resource adequacy, WPP Executive Director Sarah Edmonds described FERC’s recent approval of the group’s Western Resource Adequacy Program, a West-wide RA effort with 18 participants and three more expected to join.

(See [FERC Approves Western Resource Adequacy Program.](#))

The order allows the WRAP to move forward with a binding phase of its program, which would hold members accountable for failing to meet their resource requirements as part of the RA pool.

“We are currently working to identify what season WRAP goes binding,” Edmonds said. “The tariff that [FERC] approved allows flexibility for the region to determine which season, winter or summer, between now and 2028, [that] we’re going to select.”

CAISO and SPP executives described their

efforts to organize markets in a panel on Western regionalization, while a strategic planner for Arizona’s Salt River Project offered the views of one potential market participant.

Anna McKenna, CAISO’s vice president of market policy and performance, highlighted the success of the WEIM, which has generated \$3.4 billion in participant benefits since it began in 2014. The performance of the market, which has dealt only in real-time transactions, is the ISO’s main selling point for utilities to join the EDAM, which would encompass the much larger day-ahead market.

The WEIM has 19 members, including some of the West’s largest utilities such as PacifiCorp and the Bonneville Power Administration. After three new members join this year, it will encompass roughly 80% of load in the Western Interconnection.

“It’s been extraordinarily fruitful for all of us,” McKenna said.

Adding a day-ahead market would leverage the WEIM’s success by allowing Western entities to coordinate their diverse resources — hydropower, solar, wind and thermal generation — into the day-ahead time frame, “which of course, as you can imagine, really unleashes an extraordinary amount of opportunity for our



WPP CEO Sarah Edmonds | © RTO Insider LLC

# CAISO/West News

diversity to be really optimized across those footprints.”

A study commissioned by CAISO found the EDAM could produce \$1.2 billion a year in benefits, or 60% of the savings of a West-wide RTO, if it encompassed the entire U.S. portion of the Western Interconnection. (See [West Could Save \\$1.2B a Year in CAISO EDAM](#).)

The CAISO board and the WEIM Governing Body approved the EDAM on Feb. 1. It still requires FERC approval. The ISO is developing a tariff for stakeholder review and hopes to submit it to FERC later this year.

“With all the attorneys in this room, you guys can’t wait to get your hands on that. It’s coming,” McKenna said to laughter. “One thing I’d like to do is invite you all to really participate closely in that process because one of the benefits we get is your legal input and insights on the documentation we put out there. So please do participate.”

## RTO West, Markets+

SPP is planning to offer its own day-ahead energy imbalance market as part of Markets+, a program currently in development, said Paul Suskie, SPP’s general counsel and executive vice president of regulatory policy.

SPP is also planning RTO West, a Western version of its Eastern Interconnection RTO. Nine entities have committed in writing to joining the RTO, including three regions of the Western Area Power Administration and utilities in Colorado and Wyoming.

Markets+ has signed funding agreements with eight Western entities for the program’s first phase, in which stakeholders will help draft tariff language and outline a governance plan. (See related story, [SPP Moving Quickly on Markets+’s Development](#).)

Suskie said SPP plans to apply its governance model — with an independent board, a committee of state regulators and stakeholder groups that develop and vet policy proposals — to Markets+.



A panel on Western regionalization included (from left) Tony Braun, attorney; Anna McKenna, CAISO; Josh Robertson, Salt River Project; and Paul Suskie, SPP. | © RTO Insider LLC

“It’s a very effective process [that] ... empowers organizations and people to get in the room discussing ... issues, to develop the actual tariff language and vote on [what] is ultimately filed at FERC. So, when we make a filing at FERC, it’s language that has been vetted, voted on, debated and amended through the stakeholder process.”

Suskie said he thinks FERC will approve RTO West before Markets+ because the RTO model is more familiar than the novel Markets+ design.

## ‘Towards an RTO’

The Salt River Project, a participant in the WEIM and one of the utilities that signed a funding agreement for Markets+, wants to “see two really good [day-ahead] market options come forward” from SPP and CAISO to determine which would benefit its customers most, said Josh Robertson, the utility’s director of energy market strategy.

The utility favors an incremental approach to market development, and a day-ahead market is already a big step compared to a real-time market, Robertson said.

“EDAM, potentially the next step, might be enough,” he said. “We don’t know. We might be good with that. But we do value the possibility of moving forward with an RTO, and seeing a pathway towards an RTO will be an important aspect in terms of our eventual decision-making and our engagement,” Robertson said.

As one or more RTOs emerge in the West, independent governance will be key to SRP and others joining, he said, echoing Mainzer’s keynote remarks.

“It’s just really important that these markets have a transparent, independent governance process,” Robertson said. “We don’t want a single entity, region [or] state ... to be able to drive the decision-making here. It really needs to be independent and transparent.” ■

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## CAISO/West News

# NRC OKs Exemption to Keep Diablo Canyon Running During License Renewal

By James Downing

The Nuclear Regulatory Commission on Thursday approved Pacific Gas and Electric's request to keep Diablo Canyon Power Plant's two reactors running past their licenses' expirations in 2024 and 2025 to address reliability concerns.

NRC regulations require that owners of nuclear plants file applications to extend their licenses five years before expiration. But *citing* the "public interest," the NRC granted PG&E an exemption allowing it to continue operating the reactors beyond their license expirations as long as it files new extension requests by the end of this year. The agency will continue its regular inspections of the facility while the extension is in place.

Diablo Canyon, the state's last nuclear generator, produces 2,300 MW of power — the largest source of emissions-free power in California.

The utility had started the renewal process in 2009, but withdrew its application, based partly on the state officials' determination that the plant would not be needed to meet future demand for electricity. The California Public Utilities Commission approved its decision to retire the power plant in 2018.

PG&E sought to reopen that process after a law passed last year reversed the PUC's decision, but NRC denied the request in January, saying PG&E must open a new license renewal case. (See [PG&E Must Seek New Diablo Canyon License](#).)

"We are pleased the NRC approved our exemption request," PG&E Senior Vice President and Chief Nuclear Officer Paula Gerfen said Thursday. "Aligned with Senate Bill 846, PG&E will continue on the path to extend our operations beyond 2025 to improve statewide electric system reliability and reduce greenhouse gas emissions as additional renewable energy and carbon-free resources come online."

In August 2020, California saw its first rolling blackouts since the energy crisis of 2000-1, as demand spiked during extreme temperatures. It came close to losing power late last summer in another heat wave.

The state has lost other resources — mainly natural gas plants — because of its restrictions on once-through cooling, a technique also used by Diablo Canyon. Once-through cooling draws water from the ocean to cool the steam



Diablo Canyon Power Plant sits on the coast of Central California. | PG&E

used to turn the plant's turbines, which is then discharged back into the sea — raising temperatures enough to damage the local environment.

The California Energy Commission last week unanimously voted to approve a *report* finding Diablo Canyon would be needed until 2030. If granted, the NRC's license extensions would give the plant another 20 years of operations.

The California PUC has approved procurements of 22,241 MW of new capacity through 2028, largely solar and batteries, which the CEC found would be enough to meet the minimum reliability standards for the rest of the decade.

"However, there are uncertainties both in the ability of California [load-serving entities] procuring sufficient resources to meet the current ordered procurement and the determination that procurement would be sufficient to ensure reliability in extreme events," the CEC's report said.

For the state to stay on schedule, the PUC's procurements would need to be rolled out at a pace never seen before. That might be

possible, but the industry is also contending with supply chain risks and could see projects delayed in the permitting process, the CEC said.

The potential delays add to concerns over the extreme weather that California has seen increasingly in recent years.

The CEC said the state might not have sufficient capacity to maintain reliability in a coincident event, "such as a West-wide heat event resulting in unprecedented load and greater competition throughout the West for available resources, extreme drought impacting hydroelectric output, and one or more wildfires impacting transmission. ...

"These dynamics are not just impacting California," the CEC added. "The Western states as a whole are seeing tighter availability of resources, causing increased competition for existing resources, as well as related costs, making resources such as imports harder to come by. Given California's historical dependency on imports to meet resource adequacy, the dynamics of the Western states' resource adequacy market issues pose additional risk to maintaining reliability." ■

## CAISO/West News

# West Must Fight Wildfire with Fire, Forest Scientists Say

*Experts Tell WIEB to Pair Science with Indigenous Practices to Counter Growing Threat*

By Robert Mullin

VANCOUVER, British Columbia — Scott Stephens, professor of fire science at the University of California, Berkeley, last week offered an unexpected piece of advice for Western U.S. states and Canadian provinces that face a rising danger of catastrophic wildfires.

“Don’t do what California did,” Stephens said Wednesday during the opening panel of the Western Interstate Energy Board’s (WIEB) Winter Wildfire Meeting.

At the core of Stephens’ advice was a seemingly paradoxical message that would be reinforced by other panelists throughout the conference: that the growing wildfire threat in the West is as much a product of a century

of strict fire-suppression practices than of climate change.

Stephens opened his presentation with a picture showing the aftermath of the 2021 Dixie Fire, the second largest wildfire in California history, which scorched more than 963,000 acres and destroyed several small communities over that summer. California’s Department of Forestry and Fire Protection later pinned the source of the fire on a Pacific Gas and Electric distribution line that was struck by a tree. (See *Cal Fire Finds PG&E Started Massive Dixie Fire.*)

“The Dixie Fire was horrendous. It is a disaster times 10,” he said. “I’ve been in that thing [burn area] for about three weeks in June of last year to see some of the effects. It literally is something that can make you cry: the damage to the

forest ecosystem; [it] burned down the town of Greenville. There’s so many connotations to this that we’ve got to do better.”

### ‘This is a Disaster’

For Stephens, doing better means looking back to a time before the displacement of indigenous peoples, who for centuries engaged in the practice of controlled burns to maintain forest health and prevent large-scale wildfires that could threaten their living spaces.

Stephens pointed to a study from 1924 that described California’s pine forests as “broken, patchy, understocked stands, worn down by the attrition of repeated light fires.” The ground contained little surface fuel, and extensive crown fires — in which the fire moves from treetop to treetop rather than along the forest



Aftermath of California’s 2021 Dixie Fire | University of California, Berkeley

# CAISO/West News

floor — were “almost unknown,” the researchers found.

But since that time, federal and state policy has aimed to discourage the spread of any fires, even those occurring naturally. That has fostered the development of denser forests where trees increasingly compete for space, compromising the health of many of the oldest, most fire-resistant trees, and creating fuel load to feed the fast-moving and highly destructive crown fires that have plagued California in recent years. On top of that, many of the largest trees most resistant to burning have been harvested for lumber.

A 2022 *study* cited by Stephens found that in 1911, 73 to 85% of California’s mixed conifer forests were in a condition of “free” or “partial” competition among trees. By 2011, 82 to 93% of those forests were in “full occupancy” or “imminent mortality.”

“This is a disaster,” he said. “If you have a forest ecosystem going into climate change with those characteristics, you better just hold on, because that forest is not resilient.”

Stephens said the increasing number of unhealthy, fallen trees on the forest floor translates into heavy fuel loads that make it impossible to predict how fires will behave once they start. He noted that the 2020 Creek Fire in the Sierra National Forest, which burned nearly 380,000 acres, occurred under normal wind, temperature and humidity conditions. The fire was not driven by wind but by dead wood on the ground, and its movement defied models designed to predict how it would spread.

“This was actually kind of scary, both for our managers [and] utilities ... because it tells us that not a single model in the United States is able to predict what these fires can do under



Lori Daniels | *University of British Columbia*

the worst conditions,” he said.

Stephens finds hope in a different approach to forest management that draws on the historical practices of indigenous peoples. For more than a year he’s been participating in the Stewardship Project, which he described as a “50/50 partnership” among tribes and “Western science” across the Western U.S. The project aims to address issues such as a tribal right to steward forests, regulatory reform around fire-management practices and workforce development to manage woodlands.

“What we’re trying to do is come up with some policy recommendations for the federal government,” said Stephens, who sits on the Wildland Fire Mitigation and Management Commission, created by the Infrastructure Investment and Jobs Act of 2021.

He recommends that policymakers allow forest managers to adopt practices that include prescribed burns when conditions permit, as well as “restoration thinning,” which would entail mechanical removals that focus on what should be left behind to create a more resilient forest — based on tree species, sizes and spatial patterns — rather than what should be taken out. And although some tree removals might end up in sawmills, economic harvesting of timber would not be a priority.

## ‘Era of Megafires’

“When Scott comes here and tells me, ‘Don’t do what we did,’ it makes me nervous because we keep watching to learn from California and to help us track where we’re going and the attempts that we’re making to be proactive in this same space,” said Lori Daniels, a professor in the Department of Forest and Conservation Sciences at the University of British Columbia.

About 95% of British Columbia’s land is publicly owned, and the province contains about 235.8 million acres of forest, of which nearly 59.3 million are actively managed. Roughly 494,000 acres are harvested annually, although that number has declined in recent years, according to Daniels.

Daniels said the province has already adopted a timber harvesting policy that is “meant to emulate what fire used to do on our landscapes.”

The province experiences about 1,700 fires a year, with lightning causing 60% and humans the other 40%. About 94% of all fires are quickly extinguished.

“So the only fires that we have experienced in our lifetime are the top 6% that burned under extreme weather, heat, drought [and] wind and



Scott Stephens | *University of California, Berkeley*

escaped all our modern technologies to put out fires. So we have this really biased view of what fire is,” she said.

As in California, fire-suppression practices over the past century have resulted in denser forests that are now fueling larger wildfires in British Columbia in recent years. While the province has experienced some large burns in the past (about 1.7 million acres in 1920 and 2.1 million acres in 1958), recent years have seen fires growing even bigger. In both 2017 and 2018, it saw burns exceeding 2.9 million acres. During the Pacific Northwest heat wave of summer 2021, temperatures in the village of Lytton hit a record-shattering 121.3 degrees Fahrenheit on June 29. The next day, a fast-moving wildfire swept through the area, destroying 90% of the village and killing two people.

“It’s the cumulative impacts of both extreme weather [and] these land-use changes that have been building up over a century,” Daniels said, adding that we live in an “era of megafires.”

Daniels said British Columbia’s success in extinguishing wildfires has made residents “naive,” thinking they can dial 911 to have firefighters put out any fire.

“Our fear and our desire to protect our lives and homes — and our forests and our livelihoods — from fire has contributed to the problem,” Daniels said, noting the importance of logging to the region’s economy. The province’s forests are still managed with an eye to maintaining timber harvests, which has “homogenized the landscape” and puts the focus on economics rather than forest resilience.

But conditions have changed, she said, and there is now a need to put “pressure on our

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decision-makers to make it a priority to make the [policy] changes that are needed.”

Key among those changes is the need to “co-exist with fire” in the landscape. The province has already moved in that direction, having in 2014 adopted a policy of permitting some fires to burn in locations away from communities when it’s considered safe to do so — allowing “fire back as part of the ecosystem, creating heterogeneity and breaking up those fuels,” Daniels said.

It’s an approach to forest management that New Mexico has also recently adopted, according to Lindsey Quam, deputy state forester and tribal liaison for the New Mexico Energy, Minerals and Natural Resources Department’s Forestry Division, who spoke on a separate panel Thursday.

Quam said that in New Mexico, climate change is bringing higher temperatures and a windy season that starts earlier and lasts longer, “which is drying out our fuels a lot faster,” particularly in the “high country” areas at elevations of about 12,000 feet.

“We’re working outside the norms of what we’re used to, predicting what fire may do; what winds may do; what temperatures may do. How that’s going to impact or affect fuels is getting harder and harder” to predict, Quam said. “Our models can’t keep pace. Our models are working beyond what they were built and designed for, so we don’t have a good prediction in order to know what we may be facing out in the forest.”

## ‘Fire is not the Enemy’

In response to the changing conditions, in 2020 the New Mexico Forestry Division implemented the *Forest Action Plan*, a “science-based”

plan that uses geospatial analysis to assess threats to the state’s natural and cultural resources. The plan includes 10 strategies, including those related to forest and watershed restoration, fire management and utility rights of way (ROWs). The latter strategy seeks to work with utilities to clear out ROWs to reduce wildfire risk and ignition, providing \$1 million in state funds to support those efforts. It also works to incorporate state utility data into the federal *Wildland Fire Decision Support System* for guidance during wildfires.

Additionally, New Mexico lawmakers in 2021 passed the Prescribed Burning Act, which focuses on encouraging more prescribed burns on the state’s private lands. The law is intended to reduce liability for private landowners and created a program to certify burners.

Quam pointed out that recent studies on New Mexico’s Jemez Mountains and Gila National Forest indicate that past fires in those areas were larger but less destructive than present-day burns. He said the research is finding that those fires were purposely set by tribes “to create a defensible space around their living areas.”

“We have to consider that we really need to look at science and what science is telling us and incorporate that into our times, but we also need to incorporate a lot of traditional cultural knowledge as well,” Quam said.

Speaking on a different panel Thursday, Oregon Public Utility Commissioner Letha Tawney said she was struck by the fact that when colonists and “resource extractors” came into the West, they were encountering a land that was being actively managed by the indigenous inhabitants.

“I think we still persist — or I still persist — un-



Lindsey Quam | New Mexico Forestry Division

wittingly in a very strong sense that there was a pristine wilderness” until the intervention of the past 150 years, Tawney said, but the evidence is clear that European settlers “walked into a landscape that was being actively and quite professionally managed, and had been for probably millennia.”

“Fire is a cycle. Fire is a process. Fire is not the enemy,” said Kit O’Connor, a research ecologist with the U.S. Forest Service.

“Wildfires are treating acres faster than we ever will be able to, so if we’re not using wildfire as part of our equation in solving this problem, then we’re ignoring the biggest tool that we have in front of us,” O’Connor said.

“Sometimes it just feels like hope is out of the sail,” Stephens said. “It’s just like, ‘Wow, what are we going to do? All we’re going to do is basically get beat up.’ That is not necessary. There really is hope to actually do some work that actually can make a difference.” ■

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## CAISO/West News

# Experts Discuss ‘Public’ Part of PSPS

*Panel Examines Customer Contact, Impact Around the Wildfire Prevention Practice*

By Robert Mullin

VANCOUVER, British Columbia — Utilities shared ways to narrow the impact of public safety power shutoffs (PSPS) — and convince customers of the need for them — at the Western Interstate Energy Board’s Winter Wildfire Meeting last week.

The practice of PSPS — preemptively shutting down power lines to prevent ignition of wildfires — originated with utilities in California but has since spread across the West as a way to mitigate the risk of catastrophic wildfires in the face of climate change.

When *Portland General Electric* (PGE) initiated its first PSPS in Oregon’s Mount Hood corridor in September 2020, area residents understood the need for the utility’s preemptive measure because they were already feeling the impact of fires burning elsewhere in the state, said PGE Director of Wildfire Resiliency and Mitigation Bill Messner.

“That worked really well in the sense that we did turn off the power, but it also worked really well with the community because they saw smoke and they saw flames, so I think you can put the correlation really quickly together,” Messner said.

The massive wildfires ignited over Labor Day weekend 2020 and burned about 1.2 million acres of dense forest in normally temperate Western Oregon. The fires killed 11 people, destroyed more than 4,000 homes, leveled entire communities and spread within 25 miles of the city of Portland. Portland-based PacifiCorp already has paid out settlements for its role in starting at least one of the fires, but PGE’s equipment was not implicated in any of them.

In 2020, PGE had just one PSPS zone within its 4,000-square mile territory. By last year, the number of zones had grown to 10, including the heavily forested West Hills area in Portland. All 10 were subject to shutoffs at various times last September in the face of high winds and low humidity at the tail end of a dry summer.

“We actually added some other preventative outage areas as we were learning more about what was happening, and we were being proactive in other areas,” Messner said. “I think ‘just be agile’ is probably one of the biggest learnings that you have to have in this space.”



Mount Hood National Forest was already shrouded with wildfire smoke on Sept. 7, 2020, when Portland General Electric initiated its first public safety power shutoff to prevent new fires in the face of high winds. | © RTO Insider LLC

The utility learned another lesson from the unexpected timing of outages, which sometimes had to be initiated at night. “We were turning off power at two in the morning,” Messner said. “Well, sending messages at two in the morning when someone is sleeping is not very helpful.”

Despite the recent history of wildfire, some Oregon electricity customers are unconvinced about the need for PSPS, Messner said. Some of that confusion might stem from how utilities communicate with the public about the reasons for the policy.

“I think one of our challenges ... is that we have several utilities in Oregon. Are we using the same words? Are we saying the same thing? Or are we causing confusion with our attempt to not cause confusion?” Messner said. To improve the company’s communication around PSPS, PGE has created the position of “customer manager” within its incident management team, who is tasked with gathering feedback from customers and improving the utility’s communication with them.

Claire Halbrook, director at California-based consultant *Gridworks*, said effective communication around PSPS requires “teams of people,” which can be challenging to assemble for just one season.

“So where are these resources going to come from if they’re only needed for part of the year? What are they going to be doing for the remainder of the year? Or are we trying to pull people from their day jobs to do this during wildfire season? And what are the disruptions to those teams and normal course of business?” said Halbrook, who previously worked for Pacific Gas and Electric.

Halbrook emphasized the importance of working with impacted communities to ensure essential services remain energized during a PSPS.

“I also would encourage surveying large customers to see who already has backup generation, and how much of their own load it can serve,” she said. “A big thing we did at PG&E in 2020 was work with many of our local hospi-

## CAISO/West News

tals to ensure that they had backup generation and to provide additional support if needed.”

“The communities that are most vulnerable are often the least resourced to engage with us,” said Oregon Public Utility Commission member Letha Tanney, the panel’s moderator.

“Absolutely,” Halbrook said. “I think we’re asking a lot of our communities to engage with utilities on a variety of fronts around emergency management and other topics. [It’s important to make sure the utilities are] providing them the information and resources they need in an easy way, [and] key contacts within your organization [that] they could reach out to with questions. And engaging in education and listening to their questions and concerns is going to be really important.”

### Not Just a Western Issue

Tanney asked the panelists what steps utilities are taking to mitigate the impact of PSPS when fire risk is high.

“I think we learned a lot from PG&E,” Messner said. “I mean, to be frank, when they first started this, they were turning the power off at

the substation, right? So there were hundreds of thousands of customers being impacted — and then having to deal with communication challenges about that.” From that experience, PGE learned to narrow the impact of outages from a switching standpoint, he said.

PGE in the past three years has sharply increased the number of weather stations it relies on for monitoring conditions across its service territory, Messner said. During the September 2020 event, the utility relied only on weather data from Portland International Airport at the northern edge of the city. Now it gathers information from about 50 different weather stations and solar-powered surveillance cameras to make more pinpointed decisions.

“I don’t think you can underestimate the importance of the mapping and modeling,” said Mike Bartel, vice president of operations at Alberta, Canada, transmission operator AltaLink. “Every time we go around looking at refinements, it either scares me that the model may not be right, and we’re focused in the wrong places, or it gives me lots of confidence because I’ve got a number of weather experts

and forestry experts telling me we’re focused in the right places.”

Bartel also pointed to the need to have “boots on the ground” validating conditions, especially on a transmission right of way, to avoid overreacting to information from a weather station that might be located three miles away.

“At this point in time, every utility across the West needs to know which of its lines are at risk, [and] under what conditions,” Halbrook said. “Are these transmission lines, distribution lines, both? Where along the line is there potential for risk? What are all of the customers that are served by that line that will be impacted if it’s shut off? What is the driver of the risks?”

Pointing to *recent wildfires in Florida*, Messner said he thinks states across the U.S. — not just the West — will one day face the need to implement PSPS on their grids.

“I think climate change is going to come all the way through ... so any state that thinks that this is not going to be a tool they need to have in their tool chests, I think they’re mistaken,” he said. ■



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## ERCOT News



# Vistra Favors PCM's Emphasis on Dispatchable Gen

By Tom Kleckner

Vistra CEO Jim Burke took a wait-and-see approach Wednesday to ERCOT's market redesign that is currently being debated by regulators, legislators and stakeholders, pointing out there are many details yet to be determined.

"I think there's really a couple concepts we would want to make sure when we get through the stakeholder process," he told financial analysts during Vistra's year-end earnings call. "One is, is it material enough to attract investment? And is it enough to retain the generation that's currently there?"

Attracting new generation and retaining new generation, primarily dispatchable, are the two goals behind the performance credit mechanism (PCM) that the Texas Public Utility Commission has offered up for vetting by the state's legislature. The construct would reward

generators — like Vistra's Luminant subsidiary — in ERCOT's energy-only market with credits based on their performance during a determined number of scarcity hours. (See [Texas PUC's Market Redesign Dominates ERCOT Market Summit](#).)

"I think it's too early to say what the PCM is going to provide, obviously," Burke said. "We believe in that dispatchable resource emphasis around PCM. We think that's core to grid reliability. But there's too many things to still work out in the stakeholder process."

Vistra [reported](#) year-end adjusted EBITDA from ongoing operations of \$3.12 billion, as compared to 2021's performance of \$2.03 billion. The February 2021 winter storm had a largely negative effect on the company's earnings the year before.

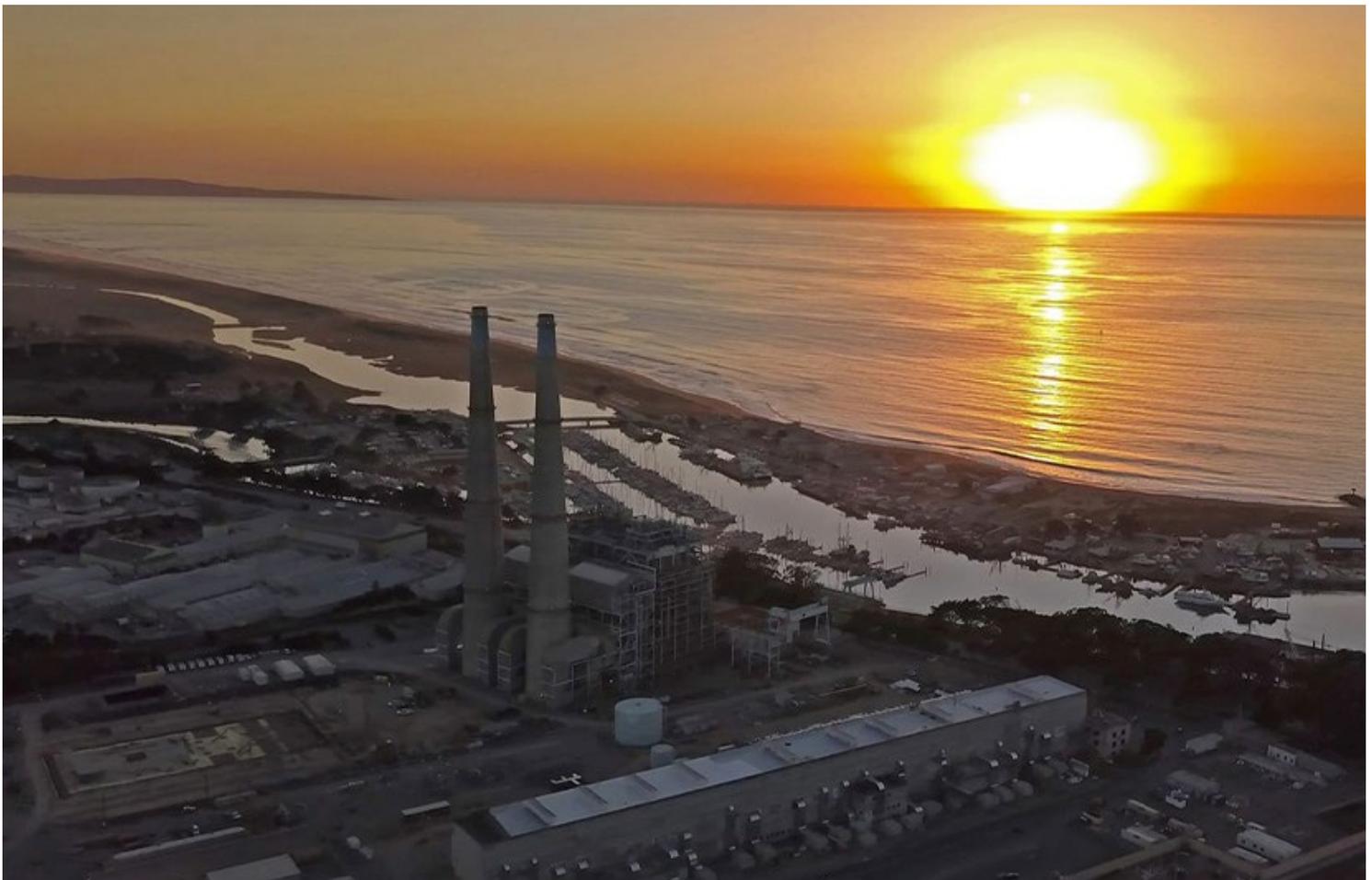
For the quarter, ongoing operations adjusted EBITDA was \$771 million, down from the year prior of \$1.19 billion.

The company uses adjusted EBITDA as a performance measure because, it says, outside analysis of its business is improved by visibility into both net income prepared in accordance with GAAP and adjusted EBITDA.

While Vistra keeps a keen eye on the PCM and its possible benefit to thermal generation, it continues to transition its generation fleet to lower-carbon resources through investments in solar and battery energy storage developments. It added 418 MW of zero-carbon generation and storage in Texas and retired about 2.9 GW of fossil units in Ohio and Illinois.

The company plans to add 350 MW to its Moss Landing battery storage project in California. That will increase the facility's capacity to 750 MW.

Vistra's share price closed down 28 cents Wednesday at \$21.71 after briefly reaching \$22.41 following the earnings release. ■



Vistra's Moss Landing battery storage project in California | Vistra

## ERCOT News



# ERCOT Board of Directors Briefs

## Wind Energy Plays Key Role During December Storm

AUSTIN, Texas — ERCOT staff *reported* to the grid operator's Board of Directors last week that despite "not insignificant" forced outages during the December winter storm, it set a new winter demand record and supported "reliable execution throughout event."

Fossil fuel outages from fuel restrictions and cold weather spiked in the early-morning hours of Dec. 23, knocking more than 14 GW of generation offline at one point. Fortunately for ERCOT, wind resources, the early fall guys during the deadly February 2021 storm, helped fill the gap with about 30 GW of energy at times during the night Dec. 22-23.

"This is a great example of the dependency we have on renewables, because for part of the 22nd and the 23rd, we were in renewable territory," Director John Swainson said during the board's Feb. 28 meeting. "If the wind had stopped blowing, we would have been in deep [expletive]."



ERCOT director John Swainson | © RTO Insider LLC

"As load shot through our forecast, we needed another [6,000] or 7,000 MW," Texas Public Utility Commission Chair Peter Lake said.

Stoic Energy principal Doug Lewin — who follows ERCOT and, among other data, its forced outages — told *RTO Insider* that about 25 GW of capacity was offline at some time between Dec 22 and 24. ERCOT went into the event with 6 GW already offline, despite the lack of snow and ice, he said.

The grid operator's data included 655 individual outages at 348 units, peaking at close to 20 GW during the storm. Initially, 127 outages were considered weather- or fuel supply-related, with a high of almost 4.5 GW. Outages or derates at 97 units were considered weather related (35 were wind), and another 30 were caused by fuel issues; 23 of the latter were at gas units.

Almost 1.5 GW of large flexible loads, such as data centers and bitcoin miners, responded to market prices and curtailed their usage. ERCOT also deployed a total of about 2.5 GW of firm fuel supply service to make up for gas restrictions in North Texas.



ERCOT's Board of Directors holds its February meeting. | © RTO Insider LLC

Like other grid operators during the storm, ERCOT underestimated the drop in temperatures and its effect on load. In the days before the storm, staff had projected demand would almost reach 70 GW. Instead, it peaked at 73.9 GW on Dec. 23, more than 4 GW than the official record peak set during the 2021 storm and its load shed.

"It was a fairly successful event from a risk perspective. It was also one of the coldest events that we've seen in the last 15 years," said Dan Woodfin, vice president of system operations, referencing the more recent storm. "The key message here is that this under-forecast didn't have any impact on reliability because pretty much all the generation was all buying, and so we were prepared for much higher load than what actually occurred."

Woodfin said national weather models underestimated "how quickly and how deep" the storm arrived in Texas. Dec. 22-23's load-weighted daily minimum temperatures of 13.4 and 16.3 degrees Fahrenheit during the

December event were lower than all but two of the 2021 storm's days.

He said the load-forecast models "overplayed" the demand reduction from businesses shutting down for the holiday weekend and were unable to rely on historic data without load shed for the temperatures. Staff have since identified lessons learned and begun improving the forecast models with a focus on extreme cold events, Woodfin said.

ERCOT is still investigating the forced outages' root causes.

Carrie Bivens, ERCOT's Independent Market Monitor, *attributed prices* that peaked at \$4,500/MWh on Dec. 22 to the normal economic dispatch of energy storage resources.

"It was fairly significant pricing event," she said. "The reason the prices were high is price-setting resources were energy storage resources during that time. They typically have high opportunity costs and high offers, and they were mostly setting the price during that time."

# ERCOT News



She said the issue was an example of a case in which real-time co-optimization would have had an effect. The IMM has for several years pushed the market tool's implementation, which is currently sidelined by the state's market redesign efforts.

## Vegas Applauds Sunset Review

ERCOT CEO Pablo Vegas told the board that the grid operator supports recommendations made following a [review](#) by the state's Sunset Advisory Commission.

"Fundamentally, I think some of the changes can be summarized as improvements to communication, making sure that when we communicate information and reports; ... that we're clear [and] transparent, and we take out the engineering jargon," he said, "and that what we're recommending needs to happen in order to always keep reliability at the forefront."

The commission, which also simultaneously reviewed the PUC and the Office of Public Utility Counsel because of their interrelated responsibilities, recommended:

- process changes so ERCOT can restrict the commissioners' presence during executive sessions and to better define the sessions;
- adding a second commissioner to the ERCOT board as a non-voting member;
- requiring ERCOT to send a biannual industry report to the legislature;
- directing ERCOT and the PUC to re-evaluate the grid operator's performance metrics and create a public communication guidance document; and
- ordering ERCOT to include appropriate budgetary funding for "qualified" economic planning staff.

Under state law, ERCOT, the PUC and OPUC, as do all state agencies, undergo regular [sunset reviews](#) to assess their continued need and their programs' efficiency. The Legislature will consider the sunset commission's recommen-

dations when the report is filed and make final decisions before its session ends May 29.

## Directors Approve Rule Changes

The board approved seven nodal protocol revision requests (NPRRs) and single changes to the Planning Guide (PGRR) and Retail Market Guide (RMGRR) previously endorsed by the Technical Advisory Committee:

- **NPRR1144:** provides a limited exception to the requirement that loads included in an ERCOT-pollled settlement metering facility's netting arrangement only be connected to the grid through the facility's metering point(s). The exception would allow no more than 500 kW of auxiliary load connected to a station service transformer be connected to a transmission or distribution service provider's (TSP/DSP) facilities through a separately metered point using an open transition load transfer switch listed for emergency use.
- **NPRR1147:** sets fast frequency response's ancillary service offer floor 1 cent/MW lower than other responsive reserve services categories to allow fast frequency response's procurement up to the current limit, without proration with other categories.
- **NPRR1149:** charges qualified scheduling entities (QSEs) an ancillary service failed quantity if their supply responsibility is not met in real time by their portfolio's resources, based on a comparison of their real-time telemetry.
- **NPRR1151:** eliminates the protocol requirement that the Protocol Revision Subcommittee hold at least one meeting per month.
- **NPRR1153:** adds two existing fees (public information request labor and ERCOT training) to the grid operator's fee schedule; creates a \$500 registration fee for resource entities, TSPs and DSPs, and subordinate QSEs; deletes the system administration fee's current value and the map sales fee; and restructures existing fees for generator

interconnection or modification, full interconnection study applications and wide-area networks.

- **NPRR1158:** eliminates the weatherization-inspection fee's sunset date and changes its invoicing period from a quarterly to a semiannual basis.
- **NPRR1159:** provides 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 adds language establishing the mechanism that opt-in munis or co-ops 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.
- **PGRR102:** requires resource entities and interconnecting entities to provide operations dynamic model quality test results that demonstrate appropriate performance for submitted operations dynamic models, and makes non-substantive clarifying changes.

The board also approved:

- Vegas' selection as CEO and the corporate officers' [ratification](#);
- the Reliability and Markets Committee's [charter](#) and revised charters for the [Finance and Audit](#) and [Human Resource and Governance](#) committees;
- changes to the [financial, investment](#) and [market credit risk](#) corporate standards;
- the selections of Clif Lange and Caitlin Smith as TAC chair and vice chair, respectively; and
- modifications to the directors' [ethics agreement](#). ■

— Tom Kleckner

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# ISO-NE News

## Sierra Club Report Pins New England's High Prices on Gas Reliance

By Sam Mintz

New England's over-reliance on gas-fired power is the cause of big spikes in electricity prices this winter, the Sierra Club said in a paper published Feb. 28.

The report "Fossil-Fueled Rates," by the consulting firm Strategen, argues for increasing renewable generation and electrification to help customers save money, using this winter and its high prices as a case study.

"Far from being a reason to delay or avoid electrification, the recent electricity price spikes in New England ultimately demonstrate the risks of continuing to depend on an energy system reliant on volatile commodities like fossil gas," the report says.

According to the Sierra Club's Sarah Krame, the environmental group commissioned the paper to help educate policymakers and rate-payers about why electric bills have been so high this winter.

"We've all noticed the skyrocketing price of electricity in New England. It's obviously an area of concern, and we've heard the concern expressed from policymakers: 'How can we promote electrification if the price of electricity is so high?'" said Krame, a staff attorney for the Sierra Club's environmental law program. "I think this paper is really helpful in highlighting that the cost of electricity is very high because we're over-reliant on fossil gas."

The paper also tries to explain why the impacts on gas rates have been muted compared to electricity prices, laying out the process



A new Sierra Club report blames high electricity prices in New England on the volatility of natural gas. | Shutterstock

through which gas utilities "true up" prices up to a year after incurring their costs.

Customers might feel the impact of volatility later in their gas bills, even though they've been relatively stable compared to electricity bills so far this winter, Krame said.

The Sierra Club and Strategen said the solution to the high prices is to build more renewables with lower marginal costs, and then electrify.

In the first three months of 2022, wholesale power prices in New England rose to an average of \$137/MWh, an 83% increase over 2021, according to ISO-NE data. Eversource

Energy doubled its residential electric supply rate from 12.1 cents/kWh to 24.2 cents/kWh for its customers in Massachusetts and Connecticut.

Rates were especially high in New England because of its reliance on gas, the report argues; the proportion of gas in New England's fuel mix is roughly 20% higher than the percentage in the country's fuel mix as a whole. The average settlement price at Henry Hub in January 2022 was up 62% from January 2021. In New England, the report says, the hike was even more pronounced: "Gas prices in New England in January 2022 were approximately 400% higher than they were in January 2021."

Renewables have "lower marginal production costs" than gas, the report notes.

"As wholesale power prices become less heavily influenced by fossil gas costs, customers will have an opportunity to further reduce their exposure to gas cost spikes by electrifying appliances that currently run on fossil gas directly," the paper says.

Electrification "can eliminate up to 100% of a customer's direct gas demand, providing a pathway to completely remove New England residents' dependence on the fuel," it continued.

Strategen's Brad Cebulko, one of the report's authors, said in a statement that "transitioning New England's electric supply to clean, abundant renewable energy sources and prioritizing the electrification of residential energy needs holds the promise to pay considerable and enduring dividends to residents for decades to come." ■

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## ISO-NE News

# FERC Gives ISO-NE Homework on Order 2222

## Faults Metering, LSE Requirements

By Sam Mintz

ISO-NE has work to do to make itself compliant with Order 2222, FERC said in an order late Wednesday ([ER22-983](#)).

Similar to how it has responded to other RTOs' compliance filings on the landmark rule requiring RTOs to open their markets to distributed energy resource aggregations (DERAs), the commission accepted some of ISO-NE's effort and rejected other parts.

The order makes ISO-NE responsible for several follow-up compliance documents containing revisions, with various deadlines between 30 and 180 days.

Renewable energy groups and others in New England had criticized ISO-NE for not going far enough to remove barriers for DERs to participate in wholesale markets, and some of those complaints were addressed by FERC.

"We find that ISO-NE has failed to demonstrate that its proposed energy and ancillary services market participation models for DERAs accommodate the physical and operational characteristics of behind-the-meter DERs, because behind-the-meter DERs participating under those participation models may be unable to provide all services that they are technically capable of providing through aggregation."



Many DERs, such as solar arrays on industrial buildings, must be aggregated to be large enough to participate in wholesale markets. | *SilRay*

The federal agency flagged ISO-NE's choice to require measurement of behind-the-meter DERs at the retail delivery point for most DERs, rather than allowing sub-metering.

The commission sent back several other items for ISO-NE to revise or, in some cases, further explain.

ISO-NE had proposed five existing and two new models for DERs seeking to participate in the markets. (See [NEPOOL PC Approves Tariff Changes for Aggregated DERs](#).)

FERC challenged the RTO's requirement limiting the storage participation model — comprised of a binary storage facility or continuous storage facility — to load-serving entities.

"ISO-NE fails to cite to any tariff provisions that establish this LSE requirement and therefore has not demonstrated that this LSE requirement is an existing requirement applicable to all resources in order to provide wholesale energy withdrawal service in ISO-NE's energy market," FERC wrote, requiring the RTO to explain it further as part of a 60-day compliance filing.

"The commission has given a pretty good overview of why ISO's proposal isn't reasonable and doesn't meet the requirements of Order 2222," said Caitlin Marquis, managing director of Advanced Energy United, the clean energy trade group that has been one of ISO-NE's most vocal critics on the issue.

"One of our biggest issues with ISO's filing is that it failed to accommodate behind-the-meter DERs, so I was pleased to see that the commission also felt that ISO had failed to accommodate the physical and operational characteristics of behind-the-meter DERs," she said.

"We are pleased that the commission accepted most of our compliance filing, with a few things left to work on, which is common in these types of orders," said ISO-NE spokesperson Matt Kakley. "We'll be reviewing the decision and then responding as directed."

### Commissioners' Commentaries

In a sharply worded concurrence, Commissioner Allison Clements noted that the ISO-NE proposal was "almost universally panned by prospective market participants seeking to integrate behind-the-meter resources into its markets."

She described the grid operator's response as being especially deficient when compared to other RTOs, for example in its approach to submetering. She said that the other grid operators have figured out how to manage that question without blocking DERs from participating at all.

"ISO New England is like an architect declaring that it is impossible to construct higher than a 50-story building, even as competitors have already built the Empire State Building and Sears Tower, and are making plans for One World Trade Center," she wrote.

She called on the grid operator to use its follow-up compliance filings to "roll up its sleeves and pursue a problem-solving approach to integrating behind-the-meter resources," rather than "rigidly defend a status quo metering framework that stymies this critical opportunity to improve reliability."

The commission's two Republican commissioners both took the opportunity to bash Order 2222 itself: James Danly wrote that he dissented against it, and Mark Christie said he would have if he was on the commission at the time it was approved. But they took different approaches to the compliance filing, with Danly concurring with the majority and Christie dissenting.

"I do not envy ISO-NE and NEPOOL the compliance task we imposed upon them. One hundred percent compliance probably is impossible in a first, or perhaps even second, attempt. We shall see," Danly wrote, calling 2222 "intrusive interference into the administration of RTO markets and distribution-level systems."

Christie offered a similar take.

"The problems and complexities of complying with Order No. 2222 are extreme," he wrote. "This is no surprise to anyone who has studied Order Nos. 2222 and its progeny."

He chastised the majority for taking issue with ISO-NE's metering proposal.

"After all of the effort and expense invested by ISO-NE and all of the various state entities and market participants, to require even more detail on the compliance proposal when the record makes clear to me that the proposal has met the requirements imposed by Order No. 2222, is not something I can support," Christie wrote. ■

## MISO News

# MISO States Ramp up ROFR Legislation

By Amanda Durish Cook

State legislatures in MISO's footprint are undertaking a flurry of activity on right-of-first-refusal legislation as major transmission planning surges.

In Mississippi, ROFR *legislation* has cleared both houses of its legislature and is set to be signed by the governor later this month. *Missouri* and *Kansas* are currently mulling adding ROFRs for their utilities.

Eight MISO states already have ROFR laws, which give incumbent utilities first crack at transmission construction: Indiana, Iowa, Michigan, Minnesota, Montana, the Dakotas and Texas. Wisconsin lawmakers have *considered* one but haven't passed it.

Montana had debated whether to *revise* its ROFR law to include lines constructed in a "federally recognized reliability organization" instead of a "midwest reliability organization," as is currently *worded*. But on Wednesday, the state's Senate Energy and Telecommunications Committee voted 11-1 to table the bill (SB 353).

Minnesota is looking into *repealing* its ROFR law. Had it not been for the legislation, MISO would have opened the \$115 million, 50-mile, 345-kV Huntley-Wilmarth line to competitive bidding in 2016. Cost overruns related to a routing change pushed construction estimates beyond \$150 million in 2020. (See *Major MISO Tx Projects Face Various Hurdles*.)

Indiana's latest ROFR revision has *cleared* the House of Representatives and is before the Senate. The state currently maintains ROFRs for transmission projects within its utilities' service territories. The new bill will extend that right to interregional projects as well, effectively overriding FERC Order 1000 (*HB 1420*).

An Indiana state representative recently said MISO has been involved in lawmakers' proposal to re-establish a ROFR for interregional projects. During a Feb. 7 *meeting* of the Indiana House Utilities, Energy and Telecommunications Committee, Rep. Edmond Soliday (R) appeared to assert that MISO supported the legislation.

Soliday said he was "amazed" during a recent meeting with MISO executives how an unnamed vice president said, "We need this [ROFR] bill; we need this bill in Indiana."

"So that's why we brought it forward," Soliday

said during the hearing.

Soliday did not clarify his comments, nor identify who he was in conversation with after multiple requests from *RTO Insider*. MISO declined to identify the executive in question.

Through a spokesperson, the RTO reiterated that it is "not a policymaker and does not take positions on legislative matters." However, Brandon Morris said, "MISO routinely has informational conversations with regulators and policymakers about the potential impacts of new rules or regulations."

"We do not advocate for legislation, but we do outline the realities of complying with specific laws related to transmission planning and grid operations. We simply provide the facts so they can reach their own conclusions," Morris said in an emailed statement to *RTO Insider*.

Indiana Rep. Matt Pierce (D) said his "no" vote on the bill's advancement came down to his belief that having a "disinterested party like MISO manage the bid process would bring us more robust competition than we might see under this bill."

The argument mirrors national trends in ROFR legislation. Critics say the laws restrict competition while supporters maintain that the projects are best left to the utilities that understand their systems best.

Ameren Missouri Vice President of Regulatory Affairs Warren Wood said recently in a *company advocacy website* that his utility supports the legislation because it "is crucial to ensuring Missouri electric utilities are the architects and builders of our state's transmission projects moving forward."

Last month, Oklahoma Senate Energy Chairman Lonnie Paxton announced he would not hear Oklahoma's proposed ROFR *legislation*, calling it anticompetitive.

Industrial Energy Consumers of America President Paul Cicio said the bill's failure is a win for consumers.

"Other states considering these anticompetitive and unconstitutional 'right of first refusal' bills such as Indiana, Mississippi, Kansas, Missouri and Montana should follow Oklahoma's example and reject them," he said in a statement. "With record investment into America's electrical grid expected in the next few decades, it is vital that states find cost-effective ways to build transmission infrastructure while promoting innovation. Competition



Ameren's Illinois Rivers project under construction | Ameren

is the only way to achieve those goals. The interests of the consumer will win out." At the time of Cicio's statement, Montana's ROFR bill was still being considered.

Cicio's organization is part of a consumer alliance *asking* FERC to block MISO and other grid operators from applying "anticompetitive" ROFR laws to their regional transmission planning and cost-allocation processes (EL22-78). The complaint is pending at FERC. (See *Consumer Groups File FERC Complaint Against MISO*.)

The group said ROFR laws conflict with the commission's rules on transmission competition and its obligation to establish just and reasonable transmission rates. It asked FERC to prohibit MISO from recognizing state ROFR laws in its \$10.4 billion, 18-project, long-range transmission plan. Only about 10% of the portfolio is open to competitive solicitation.

The alliance also includes the Coalition of MISO Transmission Customers, the Wisconsin Industrial Energy Group, Resale Power Group of Iowa, Association of Businesses Advocating Tariff Equity and the Michigan Chemistry Council. ■

## MISO News

# FERC Denies Exemption Requests from MISO Accreditation Rule

By Amanda Durish Cook

FERC last week rejected a pair of requests for exemptions from a resource availability cutoff under MISO's new availability-based accreditation method.

The commission used near-identical language to deny Southern Minnesota Municipal Power Agency's (SMMPA) and Cleco's asks for exemptions from the new 24-hour lead time threshold for thermal resources' capacity accreditation ([ER23-837](#), [ER23-1103](#)).

Under the new construct, MISO treats offline resources that historically take more than 24 hours to start up as unavailable during predefined, risky hours that factor heavily in accreditation. In those cases, staff assigns a zero-capacity value and reduces accreditation accordingly.

Cleco had asked for waivers through 2026 for Units 1 and 3 at its 1,700-MW Big Cajun II Power Station in Louisiana. SMMPA asked for a waiver through 2026 for its 41% stake (359 MW) in Unit 3 of the Sherburne County Generating Station (Sherco) in Minnesota.

In both cases, FERC said the utilities did not prove that their waivers wouldn't have "undesirable consequences, including harm to third parties." It said while granting the waivers would increase Cleco's and SMMPA's seasonal accreditation values, it would also decrease the fleet-wide unforced capacity to intermediate seasonal capacity ratio. That would reduce other resources' final seasonal capacity accreditation values, the commission said.

MISO took no position on the filings.

Commissioner Mark Christie penned a separate concurrence to express "surprise and disappointment in MISO's failure to take a position on these waiver requests and to submit comments in these proceedings." He emphasized that the grid operator characterized its capacity accreditation changes as too urgent to be delayed until the 2024-25 planning year.

"Yet now, when SMMPA and Cleco seek waiver of MISO's new accreditation calculations — and, by extension, collaterally challenge the fairness of the implementation timeline expressed in MISO's proposal — MISO remains strangely silent," Christie wrote. "I would have expected MISO to defend its new [accreditation] or to explain why the waiver requests do not undermine the delicate balance it sought to achieve."

The commission did not address other arguments from the utilities.

SMMPA pointed out that Sherco Unit 3 has a 26-hour startup time, and it now faces "significantly lower" accreditation values than it's had for the "vast majority of its 30-year history." It said the reduced accreditation values "do not reflect Sherco's expected availability during times of need," and that the unit "has the same capacity, availability, reliability and characteristics as it had in the past."

Cleco said it lengthened startup times at the Big Cajun II plant in recent years to avoid violating MISO's limits on uninstructed deviations from its dispatch orders. (See [MISO Plans for New Uninstructed Deviation Rules](#).)

The utility said it wanted to maintain its eligibility for make-whole payments. It offered that its other units "with similar characteristics and design as the Big Cajun units" could change

ramp rates, adjust offers in MISO's real-time market or change startup times and make offers in the day-ahead market with an economic commitment status that would still require a startup period.

Cleco argued that without the waiver, it faced a "uniquely burdensome ... dramatic decrease in the Big Cajun units' capacity accreditation value." It said MISO's accreditation will reduce Big Cajun II Unit 1's average availability by 390 MW and cut Unit 3's average availability by 202 MW for the 2023-24 planning year.

Entergy has a similar waiver request pending before FERC. The utility has warned that without waivers for three units in Mississippi and Arkansas, it risks a capacity shortfall this year in Mississippi. Entergy has pre-emptively adjusted the units' startup times to less than 24 hours. (See [Entergy Seeks Exemptions from MISO Accreditation Rules](#).) ■



Big Cajun II Power Station | Cleco

# MISO News

## MISO Foresees Uneventful Spring

By Amanda Durish Cook

CARMEL, Ind. — MISO said a spring under typical demand and generation outages shouldn't prove much trouble.

That's according to the RTO's annual spring capacity outlook, which finds that its firm resources should be enough to cover peak demand in March, April and May.

Executive Director Market Operations J.T. Smith said MISO is well positioned for spring operations coupled with generator maintenance season.

"System conditions look like we'll be fine, even with higher load," Smith told stakeholders at a Market Subcommittee meeting Thursday. "Overall, it's looking like it's going to be a pretty normal spring adventure."

However, the grid operator acknowledged that a slim chance of simultaneous high load and high generation outages may "strain system conditions in April and May."

MISO said it anticipates about 90 GW of peak demand in March with 109 GW of generation

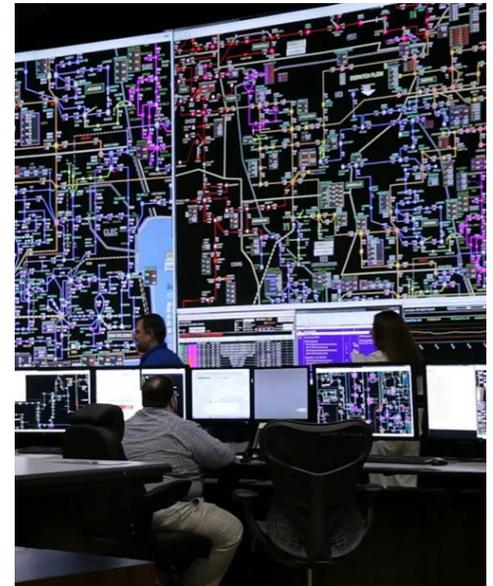
available to it and demand peaking around 84 GW in April with 102 GW available.

MISO doesn't expect peak load to reach 100 GW until May; it predicts it will have 110 GW worth of probable capacity on hand by then.

But MISO said a more unlikely high outage, high demand scenario could result in a 92-GW peak demand in April with only 89 GW readily accessible or a 109-GW peak in May with about 105 GW available. In both cases, MISO would likely declare a maximum generation emergency so it can call up some of its 13 GW of load-modifying resources and operating reserves.

MISO's spring maintenance season normally crests in April at an average 41 GW of generation unreachable. The RTO, however, contemplates outages up to 54 GW in its high-risk scenario.

MISO relies in part on the National Oceanic and Atmospheric Administration for its seasonal outlooks. The agency is *forecasting* normal temperatures in the RTO's North region and normal to above normal temperatures in the Central region. MISO South is set for a greater



MISO control room | MISO

chance of warmer temperatures.

NOAA also predicts an active precipitation pattern for most of MISO Midwest through May. ■

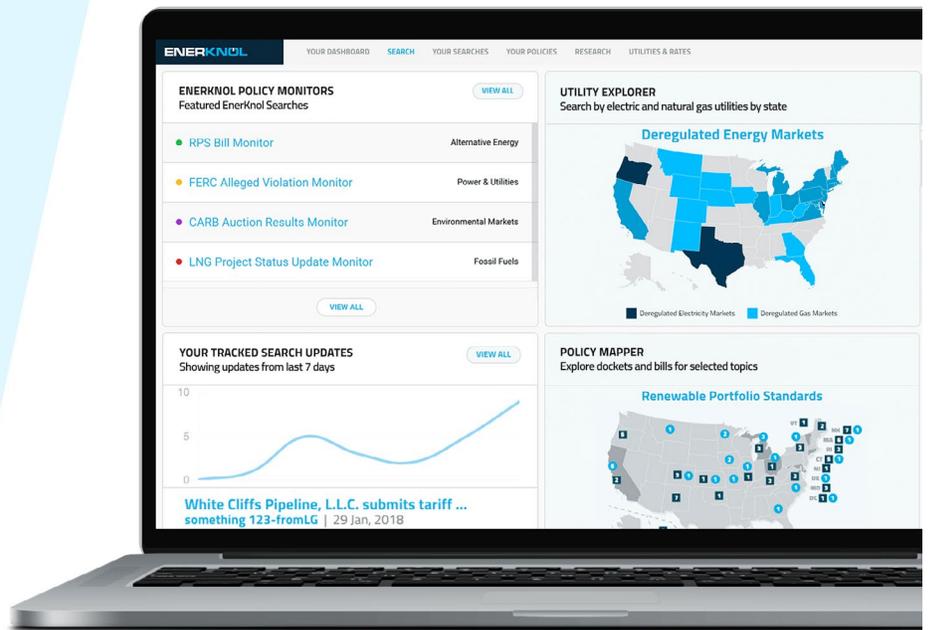
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## MISO News

# MISO Wants Hybrid Resources' Separate Market Participation

By Amanda Durish Cook

CARMEL, Ind. — MISO says it is leaning towards a simple and existing method to handle the market participation of a growing number of combined battery storage and renewable energy resources.

The grid operator last week released a *draft* market participation model under which hybrid resources' components will be required to register and participate separately by resource type.

MISO currently maintains two definitions for resources that share a point of interconnection: "co-located" or "hybrid." While co-located resources participate in the market separately, hybrid resources would participate in the market as a single resource. (See *MISO Prepares Hybrid Participation Model for Unknown Numbers.*)

Bill Peters, a market design adviser for the RTO, told a Market Subcommittee meeting Thursday that there are advantages to requiring components of a hybrid resource to operate individually. He said renewables can still confidently use MISO's forecasts for intermittent resources, and storage components of hybrid resources are free to clear as operating reserves. He said a single-offer hybrid participation limits MISO's visibility into the capabilities of the multiple resource types that comprise the hybrid resource.

"As we learned from *Ghostbusters*, this will help prevent us from crossing the streams, which we know is bad," Peters joked.

He said MISO's proposal will prevent storage assets from being "shackled" to renewable



Bill Peters, MISO | © RTO Insider LLC

resources and storage will be free to operate independently and "capture otherwise curtailed or clipped renewable generation." Peters said resources sharing physical infrastructure already can be dispatched and settled separately.

The RTO has about 1 GW of hybrid resources projects that have executed generator interconnection agreements, though none are coming online over the next year.

MISO's hybrid IC queue numbers may underrepresent the number of hybrids that eventually will materialize in the footprint. Staff has said interconnection customers sometimes

request separate applications for the storage and generation components; others request surplus IC capability for storage that is added later. Clean energy advocates have been *pressing* MISO for several years to make its markets friendlier to hybrid resources.

Staff said that it is challenging to build a singular hybrid-participation model because any number of resource combinations are possible.

MISO is unable to provide forecasts for partial intermittent resources, Peters said, and wouldn't know when hybrid resources are operating under a generation designation or a dispatchable intermittent resource designation.

Peters said MISO staff went over a "legal reading of the tariff" and found few clear answers as to how hybrid resources should participate in the markets. "It becomes clear that when a lot of answers are 'maybe,' that's maybe not the best," he said.

Peters said if MISO's idea works well, it may "obviate" the need to work out a comprehensive participation model for hybrid resources.

"This may be the best way to operate these resources," he said.

Peters said MISO might want to update software so it can create a "family relationship" to make sure resources are maintaining the megawatt limit of a shared interconnection point. Market systems currently lack the capability to manage shared interconnection limits.

Peters asked for stakeholders' input on the "good, the bad and the ugly" of the proposal. They have until March 16 to weigh in. ■



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## MISO News

# MISO Defends Exports During December Storm

By Amanda Durish Cook

CARMEL, Ind. — MISO last week continued to defend its decision to export power to its neighbors that played a role in tipping the RTO into emergency procedures during the December winter storm.

Staff told stakeholders their emergency operating procedures allow MISO to deploy load-modifying resources to “assist neighbors who are in a comparable or worse operating state.” The RTO exported up to 5 GW at times Dec. 23 to SPP, the Tennessee Valley Authority, Associated Electric Cooperative Inc. and the Southeast planning region.

“So, we did meet that condition during [Winter Storm] Elliott,” John Harmon, senior director of operations support, said during a Reliability Subcommittee meeting on Feb. 28.

MISO entered a three-hour maximum generation event during Dec. 23’s evening hours. Staff and stakeholders debated the lengths the

grid operator should go to assist neighbors at the expense of its own reliability and adverse pricing impacts. (See *MISO Actions During December Storm Spark Debate*, *MISO Data Show Steep Gas-fired Outages During Winter Storm*.)

Market design adviser Dustin Grethen said MISO was able to partly repay its neighbors after years of relying on neighboring regions’ exports during various maximum generation events.

“It’s good to know that we can sometimes step in and help others when it’s necessary,” he said during a Market Subcommittee meeting on Thursday.

The RTO experienced operating reserve deficits on Dec. 23 and hit its \$3,500/MWh price cap during several intervals.

“There was plenty of pain all around tied to the pricing,” Grethen said.

MISO Executive Director Market Operations J.T. Smith said MISO, PJM and TVA all missed on load forecasts “in pretty outstanding

fashion.”

Smith said MISO’s Independent Market Monitor will likely propose that the grid operator create joint operating agreements with the TVA and other nearby non-RTO members so that it can hold its own load harmless from exports’ pricing impacts.

“I strongly support what MISO did, but I think there needs to be some way to make whole the load that was exposed,” Minnesota Public Utilities Commission staffer Hwikwon Ham said.

Grethen said high prices during the event drove higher settlements and thus “higher credit exposures,” but MISO was able to work with its market participants to avoid any defaults.

MISO said its credit team ultimately issued 101 exposure warnings. It issues such warnings when a market participant’s exposure is greater than 90% of its combined posted collateral and credit line.

The storm resulted in \$23 million of price volatility make-whole payments charged to load-serving entities. That was offset by \$54 million of revenue neutrality uplift credits because of revenue surpluses from load, unit and export deviations in the real-time market. A net uplift of \$32.4 million was credited to load-serving entities in the footprint, distributed through a load ratio share. MISO uses its revenue neutrality uplift mechanism to balance charges and credits, ensuring it remains revenue neutral across operating hours.

The grid operator said it plans to improve how it communicates emergency alerts to its market participants. Some stakeholders complained they didn’t receive notifications until after the event unfolded.

Other than the December emergency, “winter continues to be mild,” Harmon said.

MISO averaged 75 GW of load in January, with load peaking at 93 GW Jan. 31. It had projected peak demands of 102 GW under typical winter conditions and 109 GW should an arctic blast descend on the footprint. (See *MISO: Diminished Emergency Possibilities this Winter*.) ■



Entergy Arkansas' distribution lines on Dec. 23 | Entergy Arkansas

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## MISO News

# MISO Stakeholders Debate Capacity Accreditation, RA

By Amanda Durish Cook

CARMEL, Ind. — MISO's attempt last week to justify a sweeping new resource accreditation process gave way to heated debate over how to best alleviate the footprint's reliability challenges.

The RTO has proposed accrediting all resources based on their performance during predefined resource adequacy hours, or tight operating conditions. It will then adjust unit accreditation by a capacity value determined by loss-of-load expectation. The equation's direct LOLE piece would replace the grid operator's use of unforced-capacity values that rely on historic forced-outage rates.

The proposed probabilistic, direct loss-of-load hours calculation would have MISO filing edits at FERC to its availability-based accreditation design for thermal resources that was approved last year. It would also eventually assign solar generation near-zero capacity credits by 2031, based on their marginal value.

Last month, stakeholders appeared to be caught off-guard by the change in direction. (See *Stakeholders Cry Foul on MISO's Resource Accreditation Pivot*; *FERC Affirms MISO's Seasonal Auctions, Accreditation*.)

During a Feb. 28-March 1 Resource Adequacy Subcommittee (RASC) meeting, MISO adviser Davey Lopez said staff still believes a direct loss-of-load approach is an improvement over the status quo's accreditation. He said MISO's responsibility is to accredit resources based on their availability at times of greatest risk, even as that risk profile fluctuates.

"We know that there's a rapid rise in solar coming, and we know that solar is going to shift periods of risk to late-afternoon and early-morning hours," he said.

Lopez said a direct loss-of-load methodology balances known operational risk with probabilistic future risks.

"It's a wide range of reliability risk that we're capturing, and that's why we're proposing the direct LOLE approach. Change is coming; risk is shifting," he said, adding that the design "better informs the future" while providing stability now.

MISO currently has 23 GW of solar resources with executed generator interconnection agreements that have yet to come online.

Lopez said MISO will propose a three-year



MISO's Davey Lopez addresses stakeholders at the Feb. 28-March 1 RASC meeting. | © RTO Insider LLC

transition to the accreditation method, which aligns with an influx of in-service dates for solar generation. It intends to seek the design's approval from FERC by the end of the year.

Some stakeholders said it's inappropriate for staff to send forward signals with accreditation instead of simply reflecting a resource's capacity contribution. They said effectively reducing solar generation's capacity credit to zero isn't the solution during the clean energy transition.

Entergy's Wyatt Ellertson asked whether the RTO intends to incent the market to cease investment in the solar fleet by assigning it little to no capacity value. He said if all MISO's solar is retired, the daytime risk that solar had mitigated will resurface.

"Accreditation needs to capture availability during reliability risk hours. Period. It's as simple as that," Zakaria Joundi, director of resource adequacy coordination, said. "We're not looking into why the risk is shifting. We're looking into the risk hours and the reliability contribution of all resources."

January's tense accreditation discussion gave

rise to two stakeholder motions introduced at the RASC: one denouncing the direct loss of load approach and another calling on MISO to share analysis behind its accreditation philosophy.

MISO's environmental sector *said* the grid operator has displayed a "relative lack of transparent data supporting the proposal," with stakeholders not privy to "any of the probabilistic analysis supporting" a change in resource accreditation.

The sector added that stakeholders don't yet know which risky hours would be singled out under the direct loss-of-load approach.

"The best way to resolve these concerns is through the evaluation and discussion of transparent analytical data supporting MISO's proposal, rather than discussion guided mostly by narrative," sector representatives said.

"I think we're a long way from understanding how this actually works," Minnesota Power's Tom Butz said in agreement. "It can't be just platitudes of how the system risk is changing."

Sustainable FERC Project senior advocate

# MISO News

Natalie McIntire said staff appears “too wedded” to the direct loss-of-load approach.

WEC Energy Group’s Chris Plante also lodged *opposition* to the design with a stakeholder motion. He said, “any marginal approach to resource accreditation is inconsistent with MISO’s existing resources adequacy construct.”

Plante said MISO’s current prompt-year capacity auction design doesn’t pair well with an accreditation that attempts to send investment signals. He argued that the capacity auction design is residual in nature and was never intended for members to fully procure their capacity needs.

## Senior VP Makes Rare RASC Appearance

MISO Senior Vice President Todd Ramey made an unusual visit to the RASC meeting. He reminded stakeholders that MISO Midwest last year came up short against its planning reserve margin requirement in the capacity auction. He said while installed capacity additions are on the rise over the past five years, accredited capacity is on a downward slide.

As a result, Ramey said, the methods for counting available capacity are more important than ever.

“That is the primary reason we’re having discussions about how we approach accreditation,” he said.

A capacity shortage may play out again this year in the seasonal auctions held at the end of March. The RTO reported that Illinois’ Zone 4, Missouri’s Zone 5, Indiana’s and Kentucky’s Zone 6 and Michigan’s Zone 7 *appear* to have smaller amounts of accredited capacity available this summer versus their planning reserve margin requirements. MISO Midwest has almost 98 GW in accredited capacity to meet more than a 99-GW requirement, staff projected. They said the region will likely require assistance from either load-modifying resources, MISO South’s predicted capacity excess, or external capacity contributions to avoid a deficiency.

While other seasons show zonal deficits in midwestern zones and Texas’ and Louisiana’s Zone 9, no other season exhibits risk for a region-wide capacity shortage.

MISO’s Durgesh Manjure said he couldn’t conclusively say whether the grid operator will avoid a shortfall in the capacity auctions.

“System risk is shifting from being driven by peak load today, to being driven by the unavailability of weather-dependent resources



MISO Senior VP Todd Ramey | © RTO Insider LLC

— primarily solar — in the future,” he said.

McIntire cautioned MISO against categorizing resources as either strictly “weather-dependent or controllable,” saying “that doesn’t serve anyone well.”

“Wind and solar are controllable,” she said.

Ramey said MISO agrees that other kinds of resources beyond wind and solar can be weather-dependent.

Customized Energy Solutions’ David Sapper said MISO could adopt the phrase, “dependably capable of ramping up,” to describe the resources it’s looking for.

Butz asked Ramey how MISO intends to address the “common conclusion” that there’s a gap between the intermittent resources in the IC queue and the level of on-demand resources it needs.

“I’m taking advantage of your title in this organization to ask how this plays out,” Butz said.

Ramey said MISO and members must enter a “paradigm change” in reliability planning. He said staff stands ready to work with stakeholders on an appropriate accreditation process and implementing a sloped demand curve to better value capacity in the seasonal capacity auctions.

“MISO doesn’t make retirement or investment decisions. You all do,” Ramey told stakeholders. He said, “all MISO can do” is provide its most accurate insights to inform decision making.

Clean Grid Alliance’s Beth Soholt said MISO hasn’t adequately explored the reliability value of the energy storage and hybrid resources in the IC queue. She said the spike in storage queue applications is a response to the RTO’s call for dependable resources.

“It might only be four-hour batteries, but we

haven’t fully the run the ground in what batteries can do for the reliability problem,” Soholt said. “Saying we don’t have the right resources in the queue, that’s not the case.”

Bill Booth, a consultant to the Mississippi Public Service Commission, disagreed that MISO isn’t trying to guide generation investment decisions, noting the RTO is considering marginal, declining capacity credits for solar generation as more come online. Booth said the design effectively means the grid operator is “marching down the path” to making solar facilities energy-only and incapable of serving as capacity resources. In that case, they would be rendered useless in the footprint, Booth argued.

“I think you need to listen to the states here: no effect on cost and no effect on our [planning reserve margin requirement],” Booth said of changes to its resource adequacy construct.

Sapper said he took issue with MISO’s approach to resource adequacy, questioning why staff took liberties with its most recent *regional resource assessment* by envisioning “an optimistic, or ‘best case’ view” of capacity additions. He questioned why projections differed from MISO’s annual resource adequacy survey that is conducted in partnership with the Organization of MISO States. (See *OMS-MISO RA Survey Says Supply Deficits Could Top 10 GW by 2027.*)

Sapper asked whether MISO is angling for a regional resource-planning process.

“There’s no hidden agenda here,” Ramey said. “We realize we don’t have authority to make these decisions. The only possible path forward here is to partner with those who are in the driver’s seat on investment and retirement decisions.”

“I’m not buying it,” Sapper responded.

“I think we’re at an inflection point in the history of MISO,” Plante argued.

Plante said the capacity market has evolved from its “humble beginnings” of a voluntary reserve-sharing group among load-serving entities. He said MISO and stakeholders should reestablish what they want from their capacity market.

“Do we want a full-blown capacity market? If we do, I think we need to stop putting lipstick and eyelashes on our current RA construct,” he said. “We need to start over from the ground up.”

Plante said a full compulsory capacity market might mean that MISO conduct forward auctions. ■

# NYISO News

## NYDPS Gives Go-Ahead to CHPE Construction Segments 1 and 2 Approved

By John Norris

The New York Department of Public Service on Feb. 27 *authorized* the Champlain Hudson Power Express (CHPE) to begin construction on the line, which will deliver Canadian hydro-power to New York City (10-T-0139).

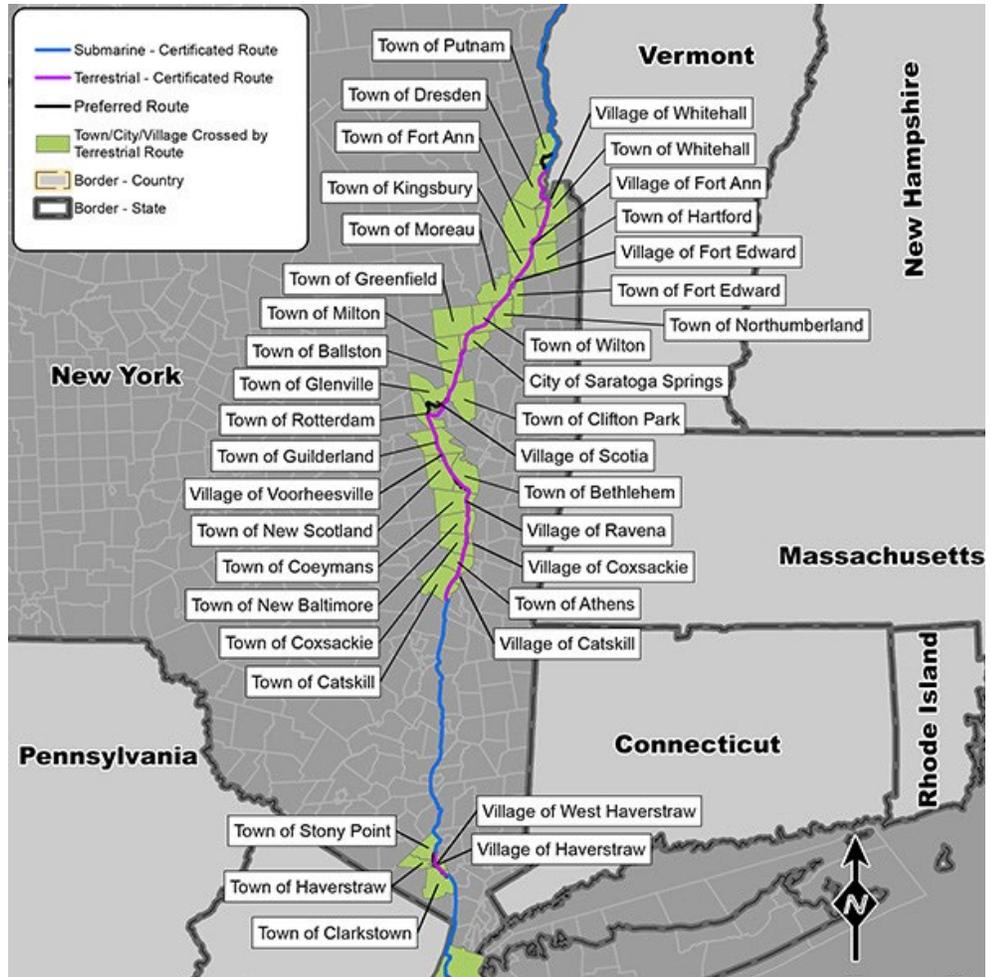
DPS approved the CHPE’s revised Environmental Management and Construction Plan (EM&CP) for Segments 1 and 2 after determining they complied with the state’s conditions, including facility design and maintenance plans, environmental and agricultural controls, and construction coordination.

Segment 1 covers the installation of conduit and cables spanning approximately 7.4 miles from the western shore of Lake Champlain in Putnam Station along County Route 3 and Lake Road to its intersection with State Route 22, while Segment 2 covers approximately 10.2 miles starting at the end of Segment 1 and following Route 22 until arriving at Bellamy Street, where it will connect to Segment 3.

The entire 339-mile CHPE high voltage direct current (HVDC) 1,250-MW transmission line will deliver hydropower from Montreal, Quebec, to Astoria, Queens. (See *Champlain Hudson Power Express Closes on Financing.*)

Both the CHPE and the Clean Path New York are *Tier 4* transmission projects, intended to increase the penetration of renewable energy into New York City, which relies heavily on fossil fuels.

NYISO’s 2022 *Reliability Needs Assessment* highlighted the importance of completing Tier 4 projects like the CHPE noting significant delays could mean emissions-producing peaker plants may need to remain operational longer than expected to ensure resource adequacy margins and grid reliability are maintained. The project is four months behind the November 2022 construction start date presented in the EM&CP. (See *NYISO RNA Raises Concerns over Timing of Peaker Unit Retirements.*)



Proposed CHPE route | TDI

The New York State Energy Research and Development Authority, which issued the solicitation that resulted in the CHPE’s selection, told *RTO Insider* the agency “is excited to see the Champlain Hudson Power Express (CHPE) start construction efforts in earnest, after the *groundbreaking last fall* and the creation of lay-down yards along initial portions of the route.”

Transmission Developers Inc. (TDI), which is developing the CHPE, called it “a unique and incredibly complex construction project result-

ing in an equally complex review process.”

Jennifer Laird-White, TDI’s vice president of external affairs, told *NetZero Insider* that as the CHPE “advances and both the state regulatory agencies and the world-class CHPE construction team adjust, the EM&CP pace will quicken.”

“The CHPE team is aware of our importance in the state’s nation-leading Climate Act goals, and we look forward to helping New York meet them,” Laird-White said via email. ■

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## NYISO News

# ACE NY Lays out Legislative Priorities for Energy Transition

## Advocates also Cite Need for Workforce Development

By John Cropley

ALBANY, N.Y. — Key policy and funding decisions being made now will shape New York state's clean energy transition, but regardless of the specifics, a significant workforce investment will be needed, advocates said Wednesday.

The Alliance for Clean Energy New York (ACE NY) held a briefing on its legislative priorities as state budget negotiations intensify and invited speakers from two organizations that are training some of the estimated 200,000 new workers needed for the transition.

A handful of the state's 213 lawmakers were in the audience for the event, held a month shy of the statutory deadline for passage of the 2023-2024 state budget.

Gov. Kathy Hochul presented her plan Feb. 1. A series of legislative budget hearings followed, and Senate and Assembly leaders are expected to produce their counterproposals soon. Closed-door negotiations will produce a final budget that not only allocates a pile of money — Hochul's proposal totals \$227 billion — but codifies a range of policy decisions that might face tougher prospects for passage if voted on separately.

ACE NY, which advocates for clean energy on behalf of business and organizations in that field, is just one of many of the advocates lobbying for its priorities as the details are hammered out this month.

But with New York pressing one of the most ambitious climate protection plans of any state, and being one of the most expensive states in which to carry such plans out, the details will impact residents' wallets and quality of life for decades to come.

ACE NY Executive Director Anne Reynolds said transmission constraints and the often lengthy review process facing renewable power developers are key problems to address if the state is to meet its goals.

Of the 137 projects awarded contracts by the New York State Energy Research and Development Authority since 2017, only 20 are operational, and they are small, representing just 3% of the combined 13.62 GW capacity of the projects. The 15 projects that were canceled make up 6% of the total.

"NYSERDA's been doing an excellent job awarding these contracts on an accelerated basis and the projects are creeping their way through this process, but it's a long one and we

have a long way to go," Reynolds told attendees.

Among ACE NY's 2023 legislative priorities is a directive that the New York Power Authority propose projects to ease the top three transmission-constrained zones, as identified by NYISO; speeding up the process by which developers mitigate impacts on endangered and threatened species; and the exclusion of alternative energy production facilities from what the organization calls a duplicative permitting process under Sections 68-70 of the state Public Service Law.

"In the budget negotiations, the thing that we're watching the most are the cap-and-invest policy, the Build Public Renewables [Act] and the all-electric buildings," Reynolds told *RTO Insider* after the meeting. If all three are in both the Assembly's and Senate's budgets, she said, the measures will have momentum going into final negotiations. "Then it's game on with respect to those pieces."

ACE NY is opposed to the governor's version of Build Public Renewables because it would give a renewable energy development role to NYPA. This would put NYPA in unfair competition with the private sector, when it should instead be concentrating on transmission development, the organization argues.



ACE NY Executive Director Anne Reynolds speaks at the Alliance for Clean Energy New York legislative breakfast on Wednesday in Albany, N.Y. | © RTO Insider LLC

# NYISO News

## Next Generation

Vincent Albanese of the New York State Laborers' Organizing Fund highlighted workforce development as another potential sticking point.

Officials mapping out New York's energy transition estimate that more than 200,000 new jobs will be created in the process, many of them in skilled trade. The scoping plan for the Climate Leadership and Community Protection Act of 2019 repeatedly flags the need for workforce development.

Aside from the effort of training workers, there is also the task of recruiting people in a state that is losing population.

Albanese displayed a map showing New York state's population centers: most of them downstate, some spreading north along the Hudson River and west along the Erie Canal. Then he



Jennifer Lawrence, Social Enterprise And Training Center | © RTO Insider LLC

overlaid a map of renewable energy projects: most of them upstate, many of them dozens of miles from the nearest population center.

"One of the biggest challenges that we're facing is most of these jobs, at least on the generation side, are located in parts of New York that are incredibly rural and not densely populated," he said. "People have major challenges getting to these jobs, dealing with childcare [and] all sorts of transportation issues.

"If we can't solve this problem, none of this happens," he added.

Many new green jobs will of course be in those population centers: electrifying homes and transportation, for example. But other challenges exist there.

New York is targeting 35 to 40% of the benefits of the energy transition to disadvantaged communities, including through job training, but legislation would not erase the legacy of those disadvantages.

Jennifer Lawrence, executive director of the Social Enterprise and Training (SEAT) Center in Schenectady, said her organization takes on these challenges. Its young clients will not emerge from the YouthBuild program as journeyman carpenters, for example, but they will have the hard skills to enter the workforce and the soft skills to advance in the workforce.

SEAT has been collaborating with the laborers union, which has training centers in the Albany-Schenectady region, and with East Light Partners, which has a 20-MW solar project nearby, to acclimate young workers to the industry and the labor organizations that work in it.

"It's also going to build a sense of community and their future perspective," Lawrence said,



Vincent Albanese, New York State Laborers' Organizing Fund | © RTO Insider LLC

"so they'll be able to think about, 'I can fit into this culture; I can do these jobs; I can apply to this when I'm done.'"

Albanese said other efforts by the union across the state specifically target groups as diverse as formerly incarcerated people and political refugees from Burma. In Buffalo, he said, Local 210 and EDF Renewables set up a fund to pay incoming trainees for four weeks while they attended a boot camp of sorts before starting their actual apprenticeship.

"We hope that this could be a model with a lot of other developers," he said. "This has been a really successful program."

But there are other barriers that a stipend cannot bridge. Older workers near the top of pay scale have cars and are accustomed to long commutes, while young workers just starting out may not. The union does not have a solution for everything, Albanese said. ■

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# NYISO News



## NY Regulators Get Comments on How to Speed up Tx Construction

By James Downing and John Norris

The New York Public Service Commission's work implementing the Accelerated Renewable Energy Growth and Community Benefit Act won praise in comments filed last week, but parties said much more work is required to increase the transmission capacity needed to meet the state's clean energy goals.

The act was meant to improve and streamline the process for building renewable projects around the state. It included setting up a new Office of Renewable Energy Siting and to help speed up the development of needed transmission.

The Alliance for Clean Energy New York, New York Offshore Wind Alliance, Advanced Energy United and the Natural Resources Defense Council submitted joint comments saying that expanding transmission is critical to the cost-effective integration of renewables and praising the PSC for its actions so far. But they said the rate of transmission development needs to speed up to affordably meet the requirements of the Climate Leadership and Community Protection Act, which calls for a carbon-free grid by 2040.

"If not, renewable energy projects will be delayed, leading to the state not complying with the CLCPA mandates," the groups said.

The PSC recently approved utilities spending \$3.5 billion on 62 transmission upgrades

meant to open up transmission capacity for renewables, but many of the projects will not be built until the end of the decade, or even beyond. (See *NY PSC Approves 62 Tx Upgrades Totaling 3.5 GW.*)

The longer it takes to build transmission, generator developers are more likely to price higher risk premiums into their offers for renewable energy credits (RECs).

"These risk premiums are necessitated by the uncertainty surrounding the developers' ultimate cost obligation and local transmission owners' construction time frames for system upgrades revealed through interconnection cost studies undertaken by the TOs and the NYISO," the groups said.

Developers only get solid estimates of the transmission costs they face after they submit bids, which means they have to price such risks into their RECs. The groups argued that the PSC should ensure transmission is built before new power plants to limit those risks, which can work for both offshore and onshore resources.

EDF Renewables, which has built five projects in the state so far and has more in the pipeline, agreed, saying in its own filing that renewable projects will continue to experience congestion and curtailments until the new transmission infrastructure come online in 2029.

"Given the ambitious CLCPA targets through-out 2040, and the long lead time for trans-

mission upgrades, it is critical that the state continues to explore effective transmission solutions and ensure they are approved in a timely manner," EDF said.

Consolidated Edison urged the PSC to continue leveraging local utilities' expertise in expanding the grid to advance the state's clean energy transition. Regulators should prioritize "multi-value projects" that connect clean energy to the grid while also improving reliability and cutting costs.

The utility wants the PSC to approve the "Coordinated Grid Planning Process" it recently filed along with the state's other utilities. (See *NY Utilities Propose Plan to Coordinate Decarbonization Efforts.*) The proposal represents an end-to-end holistic process to identify and approve local transmission investments needed to achieve the state's climate goals.

The four trade groups and EDF also want to see the CGPP approved, though they suggested changes including making it run every two years instead of three.

While the CGPP would help, the PSC should continue using NYISO's Public Policy Transmission Planning Process to complement it and procure all the needed transmission to eliminate emissions from the power sector. EDF argued that the ISO's process should be used to supplement the PSC's 62-project package with infrastructure around the city of Watertown east of Lake Ontario and in the Southern Tier to ensure the grid can accommodate all of the new renewable projects being built.

LS Power urged the commission to avoid relying too heavily on the utilities, arguing that many of its actions implementing the law have lacked competition and transparency.

"As a result of [this] process, New York ratepayers will be responsible for billions of dollars of investment in transmission projects," LS Power said. "Continued approval for the majority of this construction outside of a competitive process does not provide the best result for ratepayers."

The commission should rely on competitive processes to build out the needed transmission because that has already benefited consumers in the state by lowering costs and accommodating more renewable generation, the company said. The PSC should look to maximize the use of existing NYISO processes and avoid approval of bulk transmission that does not come out of competitive planning processes. ■



New York Transco rebuilt and in June 2022 energized the Churchtown Switching Station in Claverack as part of a 22-mile transmission modernization project in the Hudson River Valley. | NY Transco

# NYISO News

## NYISO Previews Capacity Accreditation Modeling Work

### DER Aggregation Registration also Outlined

By John Norris

NYISO last week briefed the Installed Capacity/Market Issues Working Group on its efforts to improve capacity accreditation by modeling *natural gas constraints*, *special-case resources* (SCRs) and *correlated derates*.

The three projects are intended to produce more accurate capacity accreditation factors and capacity accreditation resource class (CARC) calculations, as well as capture metrics not represented in installed reserve margins (IRMs) and locational capacity requirements (LCRs) in resource adequacy models. (See “Capacity Accreditation Kickoff,” *NYISO Presses Onward with DER Revisions; Stakeholders Struggle to Keep up.*)

Current models do not identify and quantify natural gas constraints; sufficiently align SCR expected performance and obligations with NYISO’s expectations; nor include attributes like functionally unavailable capacity from generators during peak conditions.

NYISO’s work will involve identifying individual gas-only units’ characteristics and partnering with neighboring RTOs to develop methodologies to better identify and quantify gas pipeline constraints.

Currently IRM/LRM models do not properly reflect SCR performance, so these resources cannot be treated as a separate CARC. NYISO will test different ways to stagger zonal SCR activations in the modeling, as initial analyses showed that doing so lowered loss-of-load

expectations.

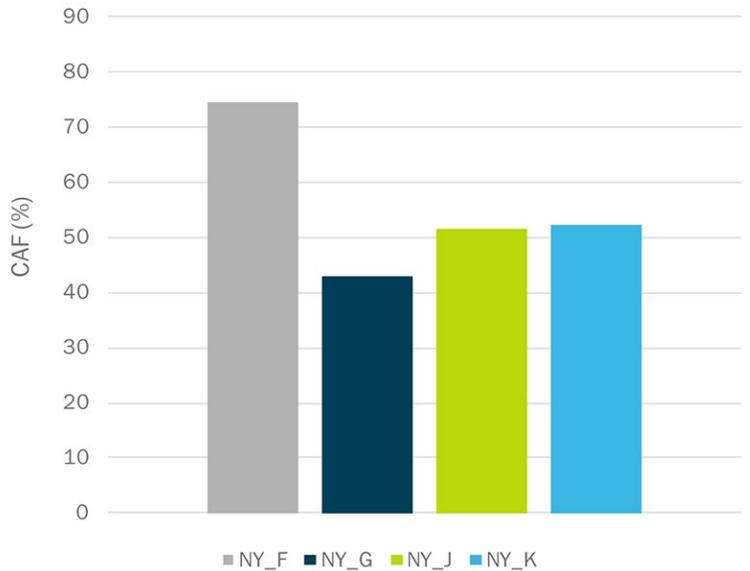
In response to stakeholder questions, the ISO made a point to note that changes to the design of the SCR program itself are not within the scope of the project.

NYISO will also address potentially over-crediting emergency generators that are functionally unavailable during peak times of high temperatures and humidity, a problem *identified* by Potomac Economics.

That involves evaluating incorporating water temperature and humidity into IRM/LCR models, as well as assessing whether dependable maximum net capability tests should be updated to better reflect resource adequacy values for capacity-limited resources.

#### DER Aggregation Registration

NYISO also *presented* stakeholders proposed



Capacity accreditation factor results for NYISO special-case resources when start times are staggered | NYISO

updates to the distributed energy resource Aggregation *Manual*, which detail the requirements developers must follow to successfully *register* as a DER aggregator.

Along with relevant transmission and data paperwork, prospective aggregators must provide two “operational contacts” whom NYISO can contact at any time for operational support.

The ISO plans to begin accepting registration packets by April 28. ■

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## PJM News



# PJM Generators Say BRA Results Show Market Dysfunction

By Devin Leith-Yessian

Generation owners in PJM say that declining capacity prices and market participation in the Base Residual Auction, as shown by the results posted by the RTO on Feb. 27, demonstrate underlying issues with the market.

“The auction results provide a long list of troubling indicators: supplier participation is down; more regions are in need of more capacity than they have; coal, wind, hydro and demand response are all leaving the market; and clearing prices are at near historic lows,” said Glen Thomas, president of the PJM Power Providers (P3).

Prices in the Rest of RTO region fell 18% to \$28.92/MW-day from \$34.13 in the previous auction, though the overall cost to procure the 140,416 MW in capacity cleared in the auction remained approximately the same at \$2.2 billion because of higher prices in five constrained regions. (See [PJM Capacity Prices Jump in 5 Regions](#).)

Pointing to a white paper released by PJM last month that raised reliability concerns with the pace of new generation construction and retirements, Thomas said declining prices show a disconnect in the market. (See [PJM Board Initiates Fast-track Process to Address Reliability](#).)

“The tragic irony in all of this is that these results were announced just days after PJM published a report warning of looming reliability risks at least partially caused by the accelerated retirement of dispatchable generation necessary to maintain reliability,” he said. “Clearly, there is a disconnect between the market’s rules and outcomes it needs to

produce to maintain reliability, and that must be fixed if PJM is interested in retaining the resources it has and incenting construction of the resources it will require as the reliability threats begin to emerge in the coming years.”

Following the posting of auction results, the Electric Power Supply Association (EPSA) said that it is satisfied enough capacity was procured, but the clearing prices still show a need for market changes.

“Once again, the results of this BRA demonstrate the need for a clear price signal for capacity resources,” the organization said. “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.”

Some of those same concerns were raised by stakeholders in the Resource Adequacy Senior Task Force on Feb. 28 as they embarked on discussions of how to create market design proposals in response to a letter from the PJM Board of Managers. The board published the letter concurrent with PJM’s white paper announcing a fast-track process for addressing concerns raised by the report and stakeholders in recent months. (See [PJM Board Initiates Fast-track Process to Address Reliability](#).)

Stakeholders said the capacity prices, some of the lowest the RTO has seen, underline the importance of their work and implementing new rules as soon as possible. Much of the discussion centered around balancing the urgency



Glen Thomas, P3 | © RTO Insider LLC

some see in putting those new rules in place with the disruption of potential auction delays that may be necessary to do so.

## Constellation and Vistra Report Cleared Capacity

Constellation Energy [reported](#) to the U.S. Securities and Exchange Commission that it had cleared 18,725 MW in the auction, nearly the same as its 2023/24 auction figures. Its nuclear fleet cleared 25 MW lower than the previous auction, when its Byron, Dresden and Quad Cities facilities returned to the market.

Vistra [announced](#) that it had cleared 6,905 MW at a \$43.25/MW-day weighted average clearing price. The company projects it will receive approximately \$109 million in capacity revenues for the 2024/25 delivery year, as well as an additional \$11 million to \$15 million in existing retail and bilateral sales. Total revenues for the year are estimated at \$120 million to \$124 million, down from 2023/24, which was projected at \$164 million to \$169 million following the June auction. ■

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## PJM News



# NJ Regulators Seek 'Proactive' Grid Upgrade Plans from Utilities

By Hugh R. Morley

With a goal of modernizing New Jersey's grid, the Board of Public Utilities (BPU) is close to concluding a new rules package that includes a requirement that utilities regularly identify barriers to interconnecting renewable energy resources.

The rules, which are in the final stages of public input before enactment, would require utilities to file a Proactive System Upgrade Plan (PSUP) every six months for needed "proactive circuit and system upgrades aimed at expanding opportunities for customer-generator facilities." The plans would have to include the costs and benefits of the upgrades.

The package is part of the BPU's effort to incorporate utilities in a regular planning cycle that would "eventually help drive a more nimble, flexible and responsive grid that accurately telegraphs intended capacity improvements and produces the highest societal benefits" for distributed energy resources, according to a BPU presentation at a meeting Feb. 10.

The proposal is under evaluation as the state and its utilities, like those in other states, are wrestling with the issue of how to connect the rapidly growing number of renewables to an aging grid that in some areas can't handle any new interconnections; those it can take are often subject to lengthy delays.

The plan, and five other rules and process proposals outlined at the Feb. 10 hearing to solicit public input, were drawn from a report by consultancy Guidehouse on how to modernize the grid and improve interconnection rules. (See *NJ Solar Sector Calls for Speedy Grid Modernization Plan*.)

Paul Heitmann, program manager of the BPU's Clean Energy Division, who moderated the hearing, said the board's goal is to reduce barriers to the adoption of DERs. That means "improving access to relevant information for applicants, managing the queue and reducing processing intervals where we can," he said.

To that end, the BPU's rules include:

- a series of new definitions for parts of the interconnection process that would make it clearer how the process would proceed;
- improvements to the application process to give applicants greater access to key information needed in the process, to better manage the queue and make the process

more transparent and accountable;

- an increase in the threshold of a project that requires more intense study before connection, so that more projects are considered smaller and allowed to proceed with a simpler study;
- revisions to "more clearly define the expected intervals and actions" needed by all stakeholders to move applications forward in a predictable and timely manner; and
- a requirement that utilities complete an annual hosting capacity analysis, which would identify locations with spare capacity. The analysis would include the compilation of data at both the circuit and substation level, and a requirement that updates to hosting capacity maps be done every three months.

### Flagging Weak Links

The PSUP is intended to create a system that will enable utilities to easily detect and report "if they are seeing where things are really congested and closed, and not available for hosting," Heitmann said.

Those kind of problems might emerge as utilities conduct routine studies for individual products or "cluster studies" for several projects, he said. If the analysis produces data that says, "Boy, if we can upgrade this substation at a reasonable cost; this should be a fast-track opportunity," then the PSUP will convey that information to the BPU, he said.

"We don't have that mechanism right now," BPU General Counsel Abe Silverman said. "But this opens up the channel for that to come in play."

In response to a question from stakeholder on how the information would be used, Heitmann said the reports will provide a proactive look at "which segments of the distribution system have deficiencies, relative to hosting capacity and ability to connect."

"When that's filed, that is a reference point that we now have as useful information to see where new applications are coming in," Heitmann said. "Does it align to this intent already? Does it support the deficiency?"

In some cases, the new process would mean the BPU allows a developer looking for an interconnection to "come in and request that the utility build the upgrade identified in the PSUP, and then pay their *pro rata* share of those costs," Silverman said.

"This is a little bit of a departure from sort of normal business as usual," he acknowledged, adding that the board is keen to get stakeholder thoughts on how the process should work.

### Ensuring Equity in Upgrades

One attendee, who was identified only as Steve, encouraged the BPU to make decisions with the involvement of a consumer advocate who is focused on community equity and can provide a perspective that looks beyond a system in which upgrades are selected by the utilities "based on physics and best value."

"We all know when people need to interpret results and make judgments, equity often suffers," he said. "So, I just want to make sure that we're not targeting upgrades and areas that are already benefiting from a lot of DER penetration and [that we are] keeping in mind communities that might not have benefited from it as of yet."

Heitmann agreed, saying that the utility filings would have to "address that fairness and balance, as well as the physics." He added that the governor's Office of Equity would be involved in the process to make sure that happens.

Lyle Rawlings, president of the Mid-Atlantic Solar & Storage Industries Association, said the PSUPs will need to look beyond individual cases so that they can address issues from a broader view that includes taking into account the kind of problems that "can be anticipated to impact large sections of the grid."

He cited the example of areas with a density of solar installations where it can be clearly expected that substations will need to be upgraded.

"It's obvious that this is going to happen in areas where solar concentrates," he said, explaining that "if it's expected that many, many substations are going to need this," the BPU should respond accordingly.

Silverman said that is precisely the kind of "fundamental" question that the BPU is looking to address, and he characterized it as asking, "How do we how do we advance distribution planning writ large?"

"I would think of this as an early attempt to identify those places, not necessarily as a replacement for a full integrated distribution planning proceeding," which will have to take place later, he said. "Think of this as the first ... baby toddler step towards accomplishing exactly what you're saying." ■

## PJM News



# PJM Stakeholders Seeking More Detail from Board on Reliability Fast Path

By Devin Leith-Yessian

PJM stakeholders are requesting that the Board of Managers provide more information about its initiation of a fast-track process to address reliability concerns, which it announced in a [letter](#) published last month.

“This is not giving us any clear direction ... and I think that we’re going to waste a lot of time if we don’t get some clear direction,” Paul Sotkiewicz, president of E-Cubed Policy Associates, said during the Feb. 28 meeting of the Resource Adequacy Senior Task Force.

The board released the letter Feb. 24 in response to “numerous data points suggesting that grid operators may face challenges in maintaining reliability during the transition,” as shown in a white paper released by PJM the same day detailing an imbalance between future resource development and retirements through the rest of the decade. (See [PJM Board Initiates Fast-track Process to Address Reliability](#).)

Invoking the Critical Issue Fast Path (CIFP) stakeholder process, the board identified a set of key work areas it would like to see addressed by proposals for it to consider and potentially send to FERC by Oct. 1.

The four primary areas the board identified include revising the Capacity Performance (CP) model and ensuring any penalty risks can be accounted for in capacity offers; improving resource accreditation to ensure that reliability contributions are accounted for and compensated; enhancing risk modeling to improve understanding of winter risk and correlated outages; synchronization between the Reliability Pricing Model and the fixed resource requirement rules to ensure that supply and demand are held to comparable standards.

Steve Lieberman of American Municipal Power said the letter is eliciting a lot of questions from stakeholders and it would be beneficial for representatives of the board to attend one of the upcoming Markets and Reliability Committee meetings to set the grounds of what they’re looking for in a solution package.

“If we’re going to be jumping through hoops for the next six [or] seven months, let’s make sure we’re jumping through the right hoops,” he said during the RASTF meeting.

Vice President of Market Design Adam Keech said PJM’s understanding of the board’s intent with the letter was to avoid steering stakeholders in the direction of a specific solution, but



Dave Anders, PJM | © RTO Insider LLC

to identify areas of importance that a solution must address.

“I think this is the scope we have to work with, and it was written for this reason,” he said.

Going through the work areas, Keech noted that many of them have long been under discussion by stakeholders before giving PJM’s interpretation of each of them. Regarding any changes to the CP construct, he said the board believes any risk generators face from penalties should be reflected in their market seller offer cap.

“I see the board saying ‘review CP’ in terms of Winter Storm Elliott and the market seller offer cap,” he said. In the wake of the December 2022 storm, PJM announced that generators could face \$1 billion to \$2 billion in CP penalties, which has prompted many generators to say they are not adequately able to incorporate the risk of future penalties in their capacity offers. (See [PJM Weighs Options for Winter Storm Elliott Follow-up](#).)

Keech said PJM believes the board wants to incorporate growing risk during winter months into the calculation of reliability requirements.

He also said PJM is likely to pursue a marginal accreditation framework for its effective load-carrying capability method, whereas it currently uses an average, though he acknowledged stakeholders can opt to move in a different direction.

Part of the board’s letter noted that it is interested in exploring if any changes made can be implemented before the 2027/28 Base Re-

sidual Auction. But state consumer advocates said any delays to future capacity auctions could interfere with states that procure their own capacity.

“I know that is a concern for at least some of the auctions: further delays and how that affects state auctions,” said Greg Poulos, executive director of the Consumer Advocates of the PJM States.

David “Scarp” Scarpignato said he would like to see additional information about the impact auction delays could have on states at future meetings. He also encouraged PJM to create a framework for presenting the particulars of any proposals that may come forth in an easier-to-read format than the matrix that is typically used, predicting that the process of drafting packages is likely to be “unwieldy.”

“I don’t think someone is going to be able to read a 100-line matrix and understand what it’s saying,” he said.

PJM’s Dave Anders gave an overview of a target roadmap for drafting and voting on packages, with first reads anticipated in June and votes at the MRC and Members Committee in August and September, respectively. Anders and Keech told the task force that the RTO plans to present a draft problem statement, issue charge and proposal, with a target posting date of March 13.

The Market Implementation Committee will [continue](#) the discussion of potential auction delays during its meeting tomorrow, as well as at the March 15 RASTF. ■

## PJM News



# FERC Approves Transmission Incentives for Dayton Power

By Devin Leith-Yessian

FERC on Friday granted two sets of incentives to Dayton Power and Light for transmission upgrades across Ohio (ER23-762).

The 18 projects approved for incentives amount to about \$226.4 million, which Dayton stated in its filings represents an approximately 41% increase in its gross transmission plant in service. The company argued that granting its application would allow it to smooth rate changes over time and strike a balance between maintaining its credit quality and reasonable rates for customers.

The work includes upgrades to the Marysville substation, expanding the West Manchester substation, and constructing new substations and 138-kV lines between several substations in the Lewisburg, Madison and Amsterdam areas.

The construction work in progress (CWIP) incentive would help control risk during construction, Dayton said, while the abandoned plant incentive would provide risk mitigation for events outside the utility's control that cause the abandonment of the project, including PJM canceling projects in its Regional Transmission Expansion Plan (RTEP); state and local permitting requirements that prevent siting and federal; or state environmental permitting requirements.

"The record indicates that the cost for completing these projects will put pressure on Dayton's finances. Granting the CWIP incentive will help to ease this pressure by providing upfront certainty, improved cash flow and reduced interest expense as Dayton proceeds with these projects," the commission wrote in its order.



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"We agree with Dayton that these projects face substantial risks outside of Dayton's control. ... We find that the risk of project cancellation is particularly acute when, as Dayton notes, Dayton has not yet obtained all the needed permits and local approvals to proceed with building these projects."

The commission granted approval outright for six projects that have already been incorporated into the RTEP or approved by the Ohio Power Siting Board, while the remaining projects received conditional approval with the stipulation that Dayton submit compliance filings within 30 days of siting board approval or RTEP inclusion.

FERC rejected a protest from Public Citizen arguing that incentives should not continue to be granted "on an *ad hoc* basis" as the commission is considering revising their use through a Notice of Proposed Rulemaking. The organization also contended that the incentives are meant to be granted when necessary to encourage new transmission investments and that Dayton has not demonstrated that there are substantial risks to justify their approval, particularly given changes to siting and federal financing through the Infrastructure Invest-

ment and Jobs Act. (See "Construction Work in Progress," *FERC Issues 1st Proposal out of Transmission Proceeding*.)

Commissioner Mark Christie also expressed reservations with the approval in a concurrence, stating that he believes Dayton has met the existing requirements to qualify, but that he believes that FERC needs to re-examine the incentives offered to developers.

"In my concurrences to prior orders ... I questioned, among other concerns, whether the commission's determination of whether 'substantial challenges and risks' exist when granting the abandoned plant incentive and other incentives has become nothing more than a check-the-box exercise," he said, pointing to his *concurrence* in the granting of incentives to NextEra Energy (ER22-1886).

Christie had likened the granting of incentives before a project's completion to turning customers into a bank for developers, with consumers expected to loan money through formula rates while also paying the utility a profit. The abandoned plant incentives approved for Dayton also would make ratepayers the "insurer of last resort."

"Just as consumers receive no interest for the money they effectively loan transmission developers through CWIP, they receive no premiums for the insurance they provide through the abandoned plant incentive if the project is never built," Christie wrote in concurrence to Friday's order. "And if the CWIP incentive is a *de facto* loan and the abandoned plant incentive is *de facto* insurance — both provided by consumers — then the RTO participation adder, which increases the transmission owner's [return on equity] above the market cost of equity capital, is an involuntary gift from consumers." ■

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# SPP News

## SPP Moving Quickly on Markets+'s Development

### 8 Western Entities Sign Funding Agreements for Phase 1

By Tom Kleckner

SPP said Thursday that it has executed eight funding agreements with Western Interconnection entities for the first phase of its Markets+ energy market, clearing the way to begin its development a month early.

The entities serve more than 250,000 GWh of net energy for load (NEL) annually in the Western Interconnection, representing more than 40 GW of peak demand. Their resource mix is heavy on hydropower (48%), followed by natural gas (21%) and nuclear (14%).

Those signing agreements with SPP were

Arizona Public Service, Bonneville Power Administration, Chelan County (Wash.) Public Utility District, NV Energy, Powerex, Puget Sound Energy, Salt River Project and Tucson Electric Power.

SPP said several nongovernmental organizations, public interest organizations, power marketers and other interested stakeholders have signed similar agreements with the RTO. Parties can continue to sign agreements through April 1 and be able to participate in forming the Markets+ stakeholder process.

The grid operator has already begun Markets+'s first development phase, which had

been scheduled to begin April 1. During this phase, staff will work with potential market participants and other stakeholders to draft tariff language and protocols and to establish the governance structure's main components consistent with its final service offering before filing them with FERC.

A formal kickoff for the first phase has been scheduled for April 18-19 in Westminster, Colo.

SPP had defined the project's critical mass as 150 GWh of NEL and at least two contiguous balancing authorities.

"We had a minimum goal of who would sign up



Western entities that have signed up to help SPP's development of Markets+ | SPP

# SPP News



Paul Suskie, SPP | © RTO Insider LLC

for phase 1. We have exceeded that goal,” SPP General Counsel Paul Suskie said at the Energy Bar Association Western Chapter’s annual meeting in San Francisco on Thursday.

He also told the audience that the amount

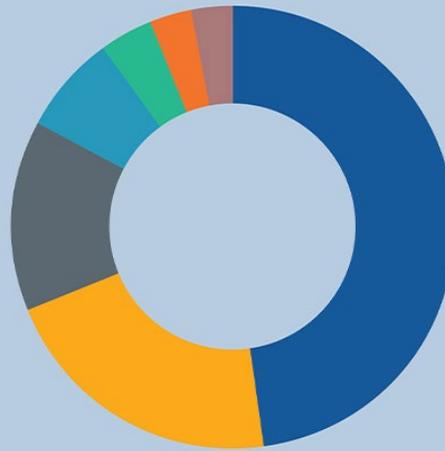
of load signing for the first phase would exceed SPP’s existing RTO footprint. The grid operator set a new peak demand mark of 51.1 GW last July.

“Reaching critical mass for phase 1 participation is a monumental step in bringing Markets+ closer to reality,” CEO Barbara Sugg said in a statement. “A regional market will mean reduced costs for members, improved reliability, improved grid efficiency, increased trading opportunities and progress toward renewable integration goals. ... We look forward to continued collaboration in the months ahead.”

“We’re excited about the potential benefits that Markets+ could generate for our customers,” Erik Bakken, Tucson Electric Power’s vice president of energy resources and chief sustainability officer, said in a statement. “Expanding market options in our region can improve our ability to integrate renewable resources without compromising reliability.”

During a regularly scheduled web meeting shortly after the announcement, SPP staff said they have begun work to compress the first phase’s 21-month timeline down to 12, as requested by several Western participants. Options include staff drafting the governing rules rather than beginning the process within the working groups; leverage “boilerplate” market-design elements where possible; and identifying design elements that can be postponed to the second phase or later.

## GENERATION RESOURCE MIX OF ENTITIES COMMITTED TO FUNDING MARKETS+ PHASE ONE DEVELOPMENT



- 48% Hydro**
- 21% Natural Gas**
- 14% Nuclear**
- 7% Coal**
- 4% Wind**
- 3% Solar**
- 3% Other**

Markets+ entities' fuel mix | EIA

“We’ve been looking hard at the phase 1 scope that came out of the final service offering,” SPP’s Carrie Simpson said, “and trying to identify ways to reduce the scope but also still delivering the product everyone wants, just in a much faster timeline.”

Compressing the timeline would mean filing at FER in the first quarter next year, rather than the fourth.

Mark Holman, a managing director with Powerex, said his organization is a strong proponent of “go-faster, get-there-sooner.”

It’s “great to see the announcement today and that we’re getting going on this phase early. I think 12 months is reasonable,” he said.

SPP has budgeted \$9.7 million for drafting the

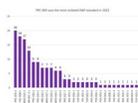
tariff and protocols and filing them at FER. Accelerating the work will only accelerate the spend, Simpson said.

The grid operator has proposed Markets+ as a day-ahead and real-time market that helps Western utilities not yet ready for full RTO membership to centralize unit commitment and dispatch. SPP is also developing its *RTO West* market on another track.

Suskie told the EBA meeting that he thought RTO West would be implemented first, noting that Markets+ is a novel program. Because FER is familiar with the RTO concept, he said, its approval of the latter could come sooner. ■

*Hudson Sangree contributed to this report from San Francisco.*

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## SPP News



# FERC Grants Rehearing of SPP Capacity Accreditation Proposal

## Commission also Affirms ALJ's Approval of GridLiance ATRR

By Tom Kleckner

FERC last week rejected SPP's capacity accreditation methodology for wind and solar resources on procedural grounds and granted clean energy interests' rehearing request of its prior acceptance.

The commission on Thursday agreed with arguments that it had erred in its August 2022 order accepting SPP's proposed tariff revisions to accredit wind and solar resources based on historical performance using an effective load-carrying capacity (ELCC) methodology. FERC accepted the proposal subject to the condition that the RTO revise its tariff to include additional details about the methodology ([ER22-379](#)).

Clean energy advocates — comprising the American Clean Power Association, Advanced Energy United, the Solar Energy Industries Association, Sustainable FERC Project, Natural Resources Defense Council, Advanced Power Alliance and Sierra Club — appealed the order.

They claimed FERC erred by accepting a Federal Power Act Section 205 filing that omitted tariff details that would significantly affect rates, terms and conditions of service. They contended the order failed to satisfy the rule of reason while also determining that these “manifest flaws” could be remedied by a later compliance filing.

The advocates said SPP's new capacity accreditation methodology is not “some minor technical modification; rather, it is a new ‘complex’ rate scheme that represents a ‘substantial market design change.’” They charged the commission with relying on generalities rather than specific tariff language, noting that “specific critical elements of SPP's methodology, including the determination of the base and change cases and the definition of seasonal net peak load, were missing.”

Upon consideration of the arguments, FERC said Section 205 and its regulations require that rates be “clearly and specifically” stated to ensure adequate notice of the proposed rate. It said it accepted SPP's accreditation methodology without a definition of seasonal net peak load, thus resulting in a lack of adequate notice.

The commission encouraged SPP to expeditiously submit any future filing in the proceeding and found its compliance filing moot.

An SPP spokesperson said the grid operator is reviewing the order and will work with stakeholders to address the next steps.

“As FERC noted, the order has an impact on reliability, so SPP will proceed with reliability as the top consideration,” Meghan Sever said in an email.

The advocates celebrated the decision, arguing that fossil fuel resources, not renewables, have their own issues with intermittency.

“FERC did not address the underlying flaws in SPP's approach, which clean energy advocates say ignores the risks of SPP's large fleet of coal and gas plants going offline when needed most,” they said in a [joint press release](#). “Clean energy advocates urge SPP to overhaul its approach to ensure that fair accreditation rules are applied to all resource types.”

“We've seen repeatedly over the last few years that fossil fuels fail when electricity is most needed. SPP has been given another bite at the apple to take this into account and evaluate renewables in a considered and fair manner,” Caroline Reiser, an NRDC senior staff attorney, said in a statement. “Fossil fuels are not infallible, and customers will lose out on reliability and affordability so long as grid operators continue to over-reward underperformance.”

Commissioner Allison Clements concurred in a separate statement and posted a [Twitter thread](#) explaining her decision, calling the order “an important course correction.”

“As I argue in my [conurrence](#), SPP proposal unduly discriminated against wind and solar resources, over-crediting other types of generation by comparison,” she said. “SPP's proposal was unjust and unreasonable because it penalizes wind and solar resources for outages while simultaneously declining to adjust the credit of other resources when they experience outages. As SPP goes back to the drawing board, I strongly urge it to develop a fair capacity accreditation methodology that is consistent across all resource types.”

Commissioner James Danly dissented on procedural grounds, arguing that the decision's reasoning “fails to address the merits at all.”

“Were there procedural defects, we should have cured them in the course of this proceeding's interminable back-and-forth,” he wrote. “Instead, having repeatedly returned to the

filer for more information, we now declare that which we asked for insufficient and grant rehearing, implicitly terminating decades of (admittedly questionable) FERC practice without even acknowledging it.”

### Order on GridLiance ATRR

FERC last week also affirmed an administrative law judge's initial decision approving SPP's proposed tariff revisions to add an annual transmission revenue requirement (ATRR), a formula rate template and implementation protocols for GridLiance High Plains-owned facilities in Nixa, Mo.

In a Feb. 28 order, the commission said incorporating the Nixa assets into one of the RTO's transmission pricing zones is consistent with cost-causation principles and otherwise just and reasonable. The GridLiance assets, acquired from the city in 2018, include 10 miles of transmission lines and related facilities interconnected to Southwestern Power Administration in the same zone and to City Utilities of Springfield in a neighboring zone ([ER18-99](#)).

At issue was SPP's decision in 2017 to place the Nixa facilities into Zone 10 because they serve load there. Several cities in the zone protested, as did other parties, leading the commission to set the tariff revisions for hearing and settlement judge procedures. FERC rejected SPP's initial settlement offer in 2021 and remanded the proceeding to resume hearing procedures. (See [FERC Remands GridLiance ATRR Settlement](#).)

The ALJ in December 2021 found that the Nixa facilities will result in a \$1.8 million cost shift to its Zone 10 customers; that they will accrue “substantial, specific but unquantifiable” benefits; and that those benefits justify the cost shift. Intervening parties filed countering briefs on exceptions in January 2022.

The commission agreed that the ALJ “properly balanced competing testimony” in reaching his cost-shift finding and said the record supports the finding that the Nixa assets provide integration, reliability and power-transfer benefits to Zone 10's customers and that those benefits justify their costs.

FERC also affirmed the judge's dismissal of alternative rate proposals made by the intervenors, finding that SPP had met its burden under Section 205 to show that its proposal was just and reasonable. ■

# Company News

## Vistra Pays more than \$3 Billion for Energy Harbor

*Plans to Use Purchase to Set Up Clean, Retail Subsidiary Called Vistra Vision*

James Downing

Vistra (NYSE: VST) said Monday it will buy Energy Harbor and combine the two firms' nuclear plants, renewable facilities and retail businesses into a new subsidiary called "Vistra Vision."

Vistra is paying \$3 billion and assuming \$430 million in debt, while Energy Harbor's two biggest shareholders, Nuveen and Avenue Capital, will continue to own 15% of Vistra Vision. Vistra's fossil assets, which total 24,000 MW of natural gas units and 8,400 MW of coal, will be in a separate subsidiary called "Vistra Tradition." The deal needs to be approved by the Department of Justice, FERC and the Nuclear Regulatory Commission; Vistra expects it will close later this year.

"Through this creative transaction we will combine Vistra's nuclear, retail, renewables and battery storage assets with Energy Harbor's nuclear and retail assets to create one of the largest clean energy businesses in the country," Vistra CEO Jim Burke said on a conference call with analysts.

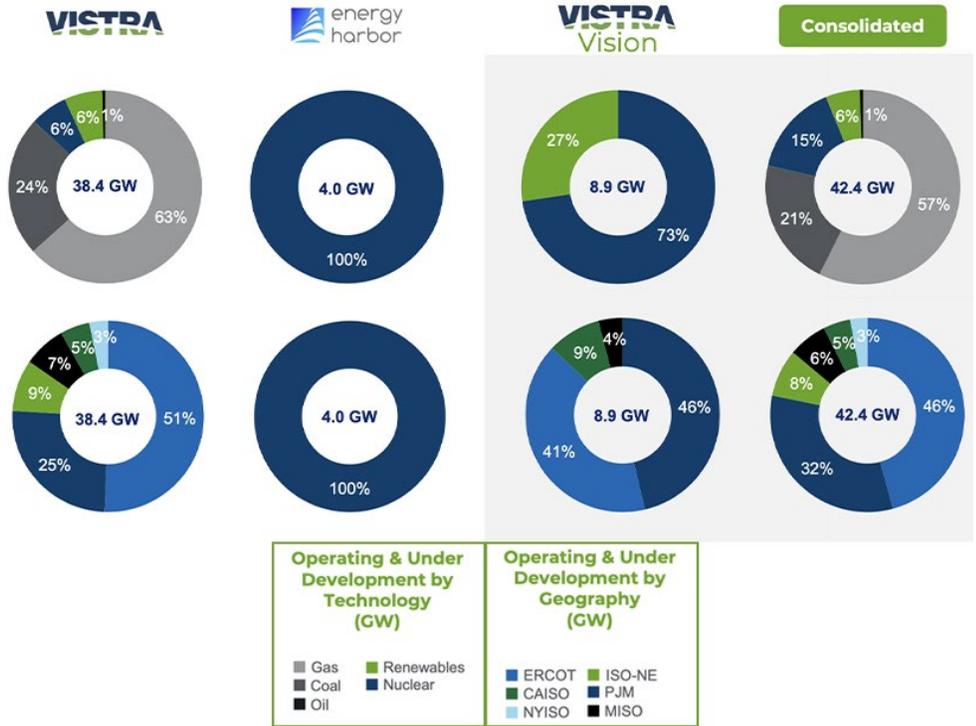
Energy Harbor, which was spun off from FirstEnergy (NYSE:FE), owns three nuclear plants in Ohio and Pennsylvania and has a competitive retail power business serving 1 million customers in PJM and MISO. That will be matched with Vistra's Comanche Peak nuclear plant in Texas, its renewable and storage projects around the country, and its retail business in Texas and other states.

Vistra Vision will have a about 7,800 MW zero-carbon generation, about 5 million retail customers and access to a pipeline of 1,100 MW of additional renewables projects. It would be the second largest operator of nuclear plants in the country with six reactors across its four plants.

With the country navigating a transition to cleaner energy, nuclear provides the unique capability of being both carbon free and available around the clock to serve demand, Burke said.

"The nuclear production tax credit provides significant downside protection while maintaining the ability to capture upside through market volatility and ... hedging forward," Burke said.

The federal PTC for nuclear, part of last year's



Vistra's slide showing the combined firms' generation by type and location | Vistra

Inflation Reduction Act, will effectively give the firm's four nuclear reactors an earnings floor. It provides revenue support when a nuclear plant's "gross receipts" are below \$43.75/MWh and can contribute up to \$15/MWh when gross receipts drop to \$25/MWh.

Power prices were much higher when Vistra first considered the deal last summer because of spiking natural gas, but Burke said his firm is doubtful that prices can go much lower and does not expect cheap natural gas, or resulting power prices, to stick around long.

"Our returns on our PTC case are not that much further below the returns that we actually modeled for this," Burke said. "And we think we're modeling closer to the downside of the opportunity with still a lot of upside opportunity, depending on how gas and power ... behave from this point forward."

While Vistra Tradition would be home to the firm's fossil assets, Burke said that Vistra Vision would use its generation to firm up

supplies for retail customers as needed.

Keeping the traditional generation around also gives the firm a larger scale, which could help it invest in new technologies as they become viable, he said.

"We've got some opportunities with sites to do things with future nuclear technologies, potentially even at existing coal sites and sites that we're retiring," Burke said.

The firm's coal plants are eventually going to retire, but Burke expects the natural gas generators will be needed for a long time to come.

Separating the two businesses gives investors and customers more visibility into the clean energy assets that Vistra has, Burke said, conceding that it might eventually make sense to split the two businesses completely.

"But right now, these are both scaled businesses with some interdependencies, and so I think we're going to focus on running this in an integrated fashion for a while," he added. ■

## Company Briefs

### Startup Successfully Flies Passenger Plane Powered Mainly by Hydrogen

Universal Hydrogen last week said it successfully flew a 40-passenger aircraft using primarily hydrogen during part of a 15-minute test flight in Washington.

The startup said it replaced one of the plane's two turbine engines with a fuel-cell electric powertrain. The other conventional engine remained in place, though the pilot was able to reduce its use. It was the first in a series of flight tests Universal Hydrogen plans to conduct over the next two years.

The company said it aims to enter a hydrogen-fueled aircraft into passenger service in 2025.

More: [Canary Media](#)

### Deutsche Bank Tightens Finance Policy on Coal

Deutsche Bank last week announced it would not take new clients or corporations that generate more than 30% of revenue from coal and do not provide a "credible

diversification plan."

The bank said it will give existing clients until 2025 to convince it of their ability to shift to lower carbon business models, and after that date, it will stop financing clients who do not meet its criteria. It has not yet changed its criteria for the oil and gas industries.

Deutsche said it already does not provide project financing for thermal coal and that its exposure to the sector at the end of 2022 accounted for 0.09% (\$340 million) of its corporate loan book.

More: [Reuters](#)

### X-energy Pulls Plug on Next-gen Nuclear Plants in Washington

 X-energy, a company developing a new generation of smaller nuclear power plants, last week said it has pulled its plans to build the company's first demonstration project in Washington.

The \$2.2 billion project was targeted for the federal Hanford nuclear site near Richland

or a Grant County location, but it is now headed for a Gulf Coast chemical plant site that will be determined later this year.

Energy Northwest and Grant County officials say they still hope to obtain financing and move forward in developing new nuclear plants in the state.

More: [The Seattle Times](#)

### Tesla to Build Plant in Mexico



Tesla will build a plant in Monterrey, Nuevo León, President López Obrador announced last week.

**TESLA**

Obrador two weeks ago said Nuevo León wasn't the best option for Tesla because "there's no water" in the northern border state, where harsh water restrictions were implemented last year amid a severe drought. However, last week he said Tesla had committed to using recycled water in its entire manufacturing process.

More: [Mexico News Daily](#)

## Federal Briefs

### EIA: Wind, Solar, Batteries to Account for 82% of New US Capacity Additions



Wind, solar and battery storage will account for 82% of the new, utility-scale generating capacity that developers plan to bring online in the United States in 2023, according to the EIA's Preliminary Monthly Electric Generator Inventory.

Just more than half of the new capacity will be solar power. If all the planned capacity comes online this year as expected, it will be the most U.S. solar capacity added in a single year and the first year in which more than half of capacity additions were solar.

Developers plan to add 8.3 GW of storage and 7.1 GW of wind in 2023.

More: [EIA](#)

### 9th Circuit Denies Bid to Halt Nevada Lithium Mine

The 9th U.S. Circuit Court of Appeals last week denied a request for an emergency injunction that would have prevented a subsidiary of Lithium Americas from moving forward with the largest lithium mine in the country in Nevada.

Nevada conservationists and tribes claimed that the government illegally approved the mine in a rush to produce raw materials for EV batteries. U.S. District Judge Miranda Du rejected the groups' claims last month when she said the Bureau of Land Management complied with federal law when approving the mine.

Lithium Nevada said it already has invested more than \$150 million in the mine and projects capital costs of \$2.3 billion for

its first phase.

More: [The Associated Press](#)

### USPS Buys 9,250 Electric Vans, 14,000 Charging Stations



The U.S. Postal Service last week announced it is buying 9,250 Ford electric vans and 14,000 charging stations as part of a move

to EVs.

The USPS also is buying 9,250 internal combustion vans from Fiat Chrysler. The Fiat and Ford vehicles will cost a bit more than \$1 billion. Ford will start delivering the E-Transit vans in December; Fiat will ship the gas-powered vehicles in November.

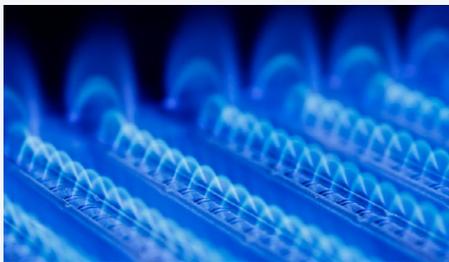
Contracts totaling \$260 million for the charging stations went to Blink Charging, Siemens Industry and Rexel USA Energy Solutions. They will be installed at several facilities starting in the third quarter of this year.

More: [The Associated Press](#)

# State Briefs

## COLORADO

### Denver Imposes Gas Ban in Commercial Buildings, Multi family Housing



New building codes in Denver will ban natural gas furnaces and water heaters in new commercial and multifamily construction beginning in 2024.

Natural gas will not be permitted for any heating or cooling equipment in new commercial buildings by 2027. The restrictions do not apply to gas stoves.

More: [The Denver Gazette](#)

### Operator KP Kauffman Violated State Order to Stop Selling Oil, Gas

The Oil and Gas Conservation Commission last week denied K.P. Kauffman's bid to buy another six months of operations, a bid made as the company was violating an order to stop selling oil and natural gas.

Last month the commission reimposed a \$1.9 million fine on the company, suspended its ability to sell product, and required it to clean up 78 production sites. If the remediation isn't done in six months and the fine is not paid, the company could lose its right to do business in the state. The commission took the action after KPK failed to make substantial progress on a negotiated plan.

KPK filed a motion for reconsideration and said it "lacks the ability to comply with the order because it now lacks the operating revenue necessary to shut in its many wells and flowlines."

More: [The Colorado Sun](#)

## GEORGIA

### House Passes EV Legislation

The House of Representatives last week unanimously passed a bill that would set the stage for a network of federally funded EV charging stations along major highways.

The bill calls for EV owners to pay by the

kilowatt-hour rather than by the amount of time they spend at the station.

The bill now moves to the Senate for consideration.

More: [Capitol Beat](#)

## ILLINOIS

### House Committee Passes Bill to End Nuclear Power Moratorium

A House Committee last week passed along a bill that would end a moratorium on new nuclear power plant construction in the state.

The moratorium on the construction of new nuclear plants has been in place since 1987. For the moratorium to have been lifted, the federal government needed to build its own permanent disposal facility for nuclear waste, but it never did.

The bill now heads to the House floor.

More: [WCIA](#)

### Madigan, ComEd Bribery Case Delayed by One Week

U.S. District Judge Harry Leinenweber last week said the trial of four people accused of trying to bribe former House Speaker Michael Madigan to benefit ComEd will begin one week later than expected on March 14.

Madigan confidant Michael McClain, former ComEd CEO Anne Pramaggiore, ex-ComEd lobbyist John Hooker and former City Club President Jay Doherty were indicted in November 2020 and accused of a nearly decade-long scheme to sway Madigan by landing jobs, contracts and money for his associates while legislation crucial to ComEd's bottom line moved through the Legislature.

The trial is expected to last as long as two months.

More: [Chicago Sun-Times](#)

## IOWA

### House Pipeline Restrictions Clear Committee

The House Judiciary Committee last week voted 12-7 to pass along a bill that would require carbon dioxide pipeline companies to get voluntary easements for at least 90% of their routes.

The bill would prevent the companies from using eminent domain to force easements

until they eclipse the 90% threshold for voluntary agreements. It would also give counties new authority to restrict pipeline routes and delay permits until new federal safety guidelines are finalized, which will likely happen next year. The bill would also give landowners more avenues for compensation for damage to their land from construction.

The bill now goes to the full House.

More: [Iowa Capital Dispatch](#)

## KANSAS

### AG Sues Middleman for Alleged Market Manipulation During 2021 Storm

 **MACQUARIE** Kansas Attorney General Kris Kobach's

office has filed suit against Macquarie Energy, a firm that serves as a middleman for state gas utilities, arguing it manipulated market prices during the February 2021 storm also known as Winter Storm Uri.

Kobach's office alleges that Macquarie Energy engaged in an artificially inflated sale of natural gas to drive the benchmark used to set gas prices upward and thus increase costs for utilities. The suit alleges Macquarie violated the federal Commodity Exchange Act, which governs federal regulation of all commodity trading in the country. The suit seeks damages for the company's behavior.

Macquarie declined comment.

More: [Topeka Capital-Journal](#)

## KENTUCKY

### Lawmakers Advance Bill to Keep Coal on the Grid

Senate lawmakers are advancing a bill that would prevent the Public Service Commission from approving a utility request to retire a fossil fuel fired plant unless the "reliability and resilience of the electric grid serving Kentucky customers, including during peak demand, will not be compromised."

Some utilities serving the state oppose the bill, saying it would hamstring their ability to retire uneconomical coal plants and burden consumers with an unnecessary cost for obsolete generators. Also, utilities say the measure misconstrues the roles of regional grid operators and utilities in the sale of electricity.

In the state, the Tennessee Valley Authority plans to retire its entire coal-fired fleet by 2035. Louisville Gas and Electric and Kentucky Utilities is also requesting to retire some of its coal plants.

More: *Kentucky Lantern*

## MICHIGAN

### Clinton County Approves Zoning Permit for Solar Farm



Clinton County commissioners last week unanimously approved a zoning permit for a 12-MW solar farm.

Despite protests from residents, Commissioner Valerie Vail-Shirey said the property owners and developers had followed every guideline and even removed a 40-acre plot that was originally part of the 93-acre project.

More: *Lansing State Journal*

## NORTH CAROLINA

### Commerce Department, Denmark Agree to Share OSW Knowledge

Department of Commerce Secretary Michelle Baker Sanders announced last week that the state has signed a memorandum of understanding with the Danish Energy Agency to share information about developing and regulating offshore wind energy.

The parties will also study power purchase agreements and share knowledge about how to integrate energy from offshore wind farms into the grid.

"North Carolina is fortunate to be entering the offshore wind market at this time, when we can benefit from all the knowledge and experience of global wind leaders like Denmark," Sanders said.

More: *The News & Observer*

## OHIO

### Columbiana County Bans Wind, Solar Farms in Four Townships

Columbiana County commissioners last

week approved a ban on the construction of large solar facilities and wind farms in unincorporated areas of Fairfield, Franklin, Perry and West townships.

The commissioners also set an April 26 date for a public hearing for an additional seven townships requesting their unincorporated areas be designated as restricted. That leaves only seven townships in the county that have not sought to ban solar and wind in their unincorporated areas.

The commissioners did not make any other statements regarding the decision.

More: *Morning Journal*

## OKLAHOMA

### AG, Corporation Commission to Review Winter Storm Fuel Costs

Attorney General Gentner Drummond and the Corporation Commission last week said they are revisiting the circumstances that led to high natural gas prices during Winter Storm Uri.

The news comes after Kansas Attorney General Kris Kobach said he is suing a national energy company for market manipulation after it sold natural gas at an inflated rate to local utilities.

The Corporation Commission also voted to hire an outside official to reexamine some of the fuel purchases made by companies in 2021.

More: *The Oklahoman*

### MAPC Denies NextEra Application for Solar, Storage Facility



The Metropolitan Area Planning Commission last week unanimously denied the Use By

Review application from NextEra Energy Resources for the 5,277-acre Skeleton Creek Solar Project.

Commission member Cole Ream said he motioned to deny the application due to "too many unanswered questions." Other concerns centered around property values and the impact on wildlife.

After the meeting, Project Manager Christopher Banks said NextEra would go back and address the questions asked at the meeting so that "everybody can feel comfortable with the project."

More: *Enid News & Eagle*

## WASHINGTON

### Electron Hydro Pleads Guilty to Polluting River with Plastic Sports Turf

Electron Hydro and COO Thom Fischer last week pleaded guilty to charges filed by Attorney General Bob Ferguson after the company was fined for polluting the Puyallup River with plastic sports turf in 2021.

The attorney general's office is recommending a fine of \$1 million, including \$745,000 in restitution to protect the health of the Puyallup River and restore salmon habitat, as well as a two-year probation for Fischer.

In October 2020, the Puyallup Tribe claimed that Electron Hydro, the company behind the Electron Dam, polluted the river with crumb rubber from artificial turf. Roughly eight months later, the Department of Ecology announced it would fine the company more than \$500,000 for the violation.

More: *KING 5*

### House Passes Bill to End Shutoffs During Heat Waves

The House last week passed a bill that would prevent utilities from shutting off residents' power and water due to nonpayment during National Weather Service heat warnings.

In general, NWS issues a heat warning if the heat index temperature is expected to be above 105 degrees and nighttime temperatures don't drop below 75 degrees for at least two days. The legislation would protect residents from losing power and water during any heat-related advisory if they've been unable to pay their utility bills.

The bill now goes to the Senate.

More: *The News Tribune*

## WISCONSIN

### Xcel Energy Proposing Program to Expand Bill Assistance

Xcel Energy last week filed a request with the Public Service Commission to create a new program to expand assistance to lower-earning households that need additional help paying energy bills.

As part of the new program, customers who already receive assistance from the Home Energy Assistance Program would be automatically enrolled. According to Xcel, the program would seek to lower eligible customer bills to no greater than 4% of their annual income for each service type, with a maximum reduction of \$600 per year.

More: *WEAU*