

RTO Insider

YOUR EYES AND EARS ON THE ORGANIZED ELECTRIC MARKETS

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

ERCOT

EPA Good Neighbor Plan Expected to Accelerate Coal Plant Retirements (p.3)

MISO

FERC Rejects Last-ditch Effort to Save Tx Project (p.19)

CAISO/West

CPUC to Investigate Western Natural Gas Price Surge (p.10)

FERC & Federal

FERC State of the Markets Report Shows High Energy Prices for 2022 (p.5)

Southeast

DC Circuit Focuses on Filing Deadline in Appeal of SEEM Approval (p.34)

CAISO/West

Nev. Regulators OK Controversial Gas-fired Peaker (p.12)

RTO Insider

Your Eyes and Ears on the Organized Electric Markets
 CAISO ■ ERCOT ■ ISO-NE ■ MISO ■ NYISO ■ PJM ■ SPP

Editorial

Editor-in-Chief / Co-Publisher

[Rich Heidorn Jr.](#)

Deputy Editor /
Daily

[Michael Brooks](#)

Deputy Editor /
Enterprise

[Robert Mullin](#)

Creative Director

[Mitchell Parizer](#)

New York/New England Bureau Chief

[John Cropley](#)

Midwest Bureau Chief

[John Funk](#)

Mid-Atlantic Bureau Chief

[K Kaufmann](#)

Associate Editor

[Shawn McFarland](#)

Copy Editor/Production Editor

[Rebecca Santana](#)

CAISO/West Correspondent

[Hudson Sangree](#)

D.C. Correspondent

[James Downing](#)

ISO-NE Correspondent

[Sam Mintz](#)

MISO Correspondent

[Amanda Durish Cook](#)

NYISO Correspondent

[John Norris](#)

PJM Correspondent

[Devin Leith-Yessian](#)

SPP/ERCOT Correspondent

[Tom Kleckner](#)

NERC/ERO Correspondent

[Holden Mann](#)

Sales & Marketing

Chief Operating Officer / Co-Publisher

[Merry Eisner](#)

SVP of Sales

[Marc Ruppenstein](#)

Account Manager

[Jake Hellenschmidt](#)

Account Manager

[Kathy Henderson](#)

Account Manager

[Phaedra Welker](#)

Customer Success Manager

[Dan Ingold](#)

Marketing Manager

[Eau Rikhotso](#)

Assistant to the Publisher

[Tri Bui](#)

RTO Insider LLC

10837 Deborah Drive

Potomac, MD 20854

(301) 658-6885

See additional details and our Subscriber Agreement at rtoinsider.com.

In this week's issue

FERC/Federal

EPA Good Neighbor Plan Expected to Accelerate Coal Plant Retirements3
 FERC State of the Markets Report Shows High Energy Prices for 20225
 Panel Debates Impact of Renewables, Electrification on Reliability6
 WRI Webinar: Permitting Laws for Clean Energy Need Improvement8
 FERC Weighs in on Jurisdictional Questions over Puerto Rico Project9

CAISO/West

CPUC to Investigate Western Natural Gas Price Surge 10
 Nev. Regulators OK Controversial Gas-fired Peaker 12
 FERC OKs CAISO-TransWest Move Toward PTO Status..... 13
 FERC Refuses Rehearing of PG&E-San Francisco Dispute 14

ERCOT

Overheard at the 2023 NECA Renewable Energy Conference 18
 FERC Rejects Last-ditch Effort to Save Tx Project 19

ISO-NE

Overheard at the 2023 NECA Renewable Energy Conference 18

MISO

FERC Rejects Last-ditch Effort to Save Tx Project 19
 FERC Affirms ITC Midwest's Capital Structure Rehearing 20
 Cleco CCS Project Looks to Beat Carbon Mandates 21
 MISO Accreditation Impasse Persists at Workshop 22
 ITC Defends ROFR Use for Major Tx Buildout..... 24
 MISO Issued Show-cause on Seasonal Capacity Auction Values 25

NYISO

NYISO Begins 2023 Class Year with Nearly 100 Projects..... 26
 FERC Dismisses Complaint over Con Ed Wholesale Distribution Rate 27
 New York PSC Approves 20% Installed Reserve Margin 28

PJM

FERC Issues Show-cause Order on ComEd Formula Rate Protocols..... 29
 Maryland Bill Would Require Utilities to Report Votes at PJM 30
 PJM, Stakeholders Present Initial Capacity Market Proposals to RASTF..... 31
 PJM MRC/MC Preview..... 33

Southeast

DC Circuit Focuses on Filing Deadline in Appeal of SEEM Approval 34

SPP

PSCo, Idaho Power Comply with Show-cause Order 35
 SPP Unveils Markets+ Governance Structure 36

Briefs

Company Briefs..... 37
 Federal Briefs..... 37
 State Briefs 38

Correction

An article in last week's issue of *RTO Insider*, "[Illinois Commerce Commission Chair Announces Resignation](#)," incorrectly implied that ICC Chair Carrie Zalewski has abstained from every case involving Commonwealth Edison before the commission since the U.S. Justice Department made public an investigation into an alleged bribery scheme by the utility that implicates her father-in-law, former Chicago Alderman Michael R. Zalewski.

Carrie Zalewski only recused herself from one case.

FERC/Federal News



EPA Good Neighbor Plan Expected to Accelerate Coal Plant Retirements 23 States Required to Reduce Impact on Downwind Neighbors

By John Copley and Sam Mintz

EPA on Wednesday announced the final details of its Good Neighbor Plan to slash emissions of smog-forming nitrogen oxides.

The rules will take effect this year and affect power plants and industrial facilities in the 23 states that contribute to unhealthy levels of ground-level ozone in neighboring downwind states, EPA said. It will resolve those states' obligations under the 2015 National Ambient Air Quality Standards (NAAQS).

The plan includes a revised NO_x allowance trading program with gradually decreasing emissions budgets. The 2027 NO_x emissions budget for power plants in 22 states during the May 1-Sept. 30 "ozone season" will be 50% lower than the 2021 budget, resulting in significant public health benefits, EPA said.

Revisions to the trading program include features to promote consistent operation of emissions controls, annual recalibration of the emissions allowance bank and annual updates to the emissions budget to reflect changes in the generating fleet.

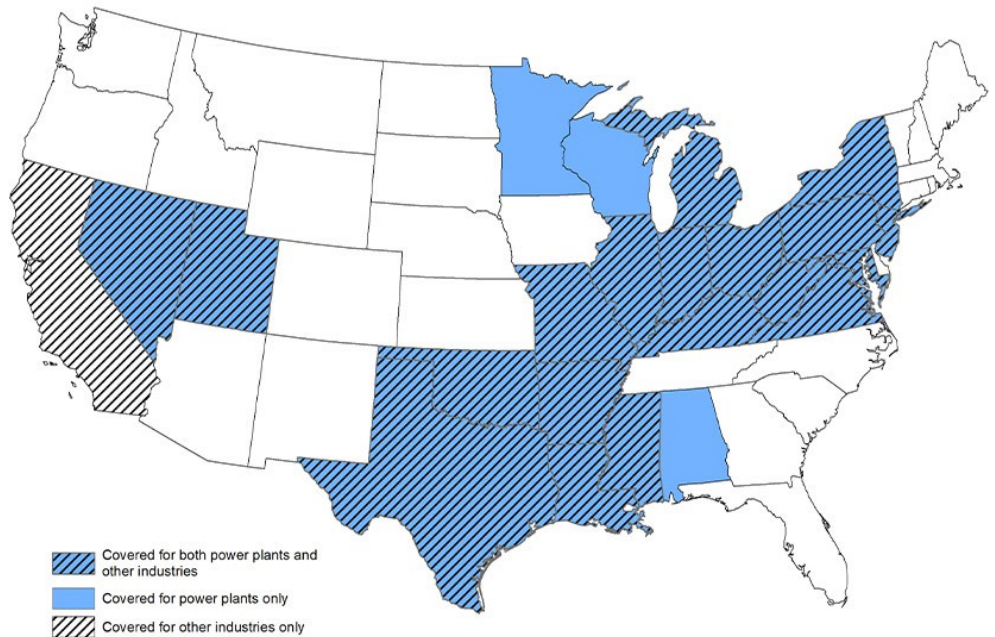
Also targeted in 20 states are NO_x emissions from nine industries: natural gas pipelines; cement kilns; iron/steel/ferroalloy mills; glass furnaces; solid waste incinerators; metal ore mining; chemical manufacturing; petroleum/coal manufacturing; and pulp/paper/paper-board mills.

EPA projects a reduction of 70,000 tons of NO_x emissions in 2026: 25,000 from power plants and 45,000 from industry. It also projects a reduction of 16 MMT of carbon dioxide, 29,000 tons of sulfur dioxide and 1,000 tons of fine particle emissions.

The rules drew cheers from environmental activists and warnings from the coal industry about the threat posed to electric resource adequacy and system reliability.

EPA projects that the final rule will result in an additional 14 GW of coal-fired power plant retirements by 2030, some of that through acceleration of shutdowns that had been scheduled after 2030.

The agency also expects the rules will incentivize retrofit of selective catalytic reduction emissions controls on 8 GW of coal power plants. And it expects the rule to accelerate buildout of renewable energy, primarily solar.



States covered under EPA's final Good Neighbor Plan | EPA

Each of the 23 states must submit a State Implementation Plan (SIP) to EPA within three years. If they submit an unacceptable SIP or miss the deadline, EPA will issue a Federal Implementation Plan within two years.

The states haven't been very successful so far: On Jan. 31, EPA disapproved 19 states' SIP submissions for the 2015 NAAQS and partially disapproved two other states' submissions.

EPA said the Good Neighbor Plan provides enough lead time and flexibility that power plant operators can make the necessary changes at reasonable cost without impacting reliability.

But representatives of companies that mine and burn coal voiced concern Wednesday about the impact that the plan will have on the grid at a time when numerous states and the federal government are pushing for increased electrification and use of intermittent resources.

In a statement, the coal power industry group *America's Power* said that the rule could "further increase the risks to grid reliability" that it has been warning about.

"Additional coal plant retirements are in stark

contrast to the concerns that have been raised by the North American Electric Reliability Corp. and grid operators about the possibility of electricity shortages in many regions of the country caused largely by coal plant retirements," CEO Michelle Bloodworth said. "Unfortunately, EPA has chosen to reject state plans that would have reduced emissions and avoided reliability problems and, instead, imposed its anti-coal bias on the states and the nation's electricity supply."

EPA said that it made several changes to the final rule to address *reliability* concerns raised by those commenting on the draft.

Among those is deferring "backstop" emission rate requirements for plants that do not have state-of-the-art controls until 2030, allowing power plant operators to "bank" allowances at a higher level through 2030 and establishing a "predictable minimum quantity of allowances available through 2029."

PJM welcomed those changes.

"PJM worked extensively with other affected RTOs and EPA to address our reliability concerns with the rule as originally proposed," it told *RTO Insider* via email. "We are encouraged by the changes that EPA has made and

FERC/Federal News



their indication of a willingness to develop various mechanisms to ensure the adequate availability of allowances to meet reliability needs. We intend to work closely with EPA and stakeholders to further the development of these reliability safety valve mechanisms to accompany the Good Neighbor Rule.”

The National Mining Association was not mollified.

“The nation’s grid regulators and operators have repeatedly warned EPA that its regulatory plans pose an ominous threat to reliability, and the EPA’s response is to paper over the problem with meaningless memorandums of understanding,” the group *stated*. “Intermittent renewable power additions will require a massive expansion of transmission infrastructure and energy storage — an effort that will take years to complete — in order to fill the gulf left by coal plant retirements. In fact, in 2022, as many as 40 planned coal plant retirements were postponed or scrapped largely due to acute grid reliability challenges where utilities and grid operators have made it clear closing plants would be reckless.”

NERC has flagged reliability as an increasing concern, particularly from severe weather and increasing use of variable power generation. (See *NERC Warns of Ongoing Extreme Weather Risks*.)

“NERC has not done a specific analysis of the Good Neighbor Rule but recognizes that to assure reliability during the energy transformation, the pace of change must occur in an orderly and managed way, with flexibility to maintain generating units that are needed for reliability,” the ERO said via email. “NERC’s Long-Term Reliability Assessment examines the reliability implications of the changing resource mix, including the cumulative impacts of policies that are driving the transformation such as the Good Neighbor Rule.”

The rule is the latest in a long series of regulatory constraints on emissions from power plants, particularly those that burn coal. Already this year EPA has proposed tighter rules on wastewater discharge from coal plants and reaffirmed the Mercury and Air Toxic Standards for coal and oil plants. (See *EPA Proposes Tighter Coal Plant Wastewater Regs* and *EPA Reaffirms Power Plant Mercury Regulations*.)

The agency has framed the Good Neighbor Plan as a tool for public health and environmental justice. It said that in 2026 alone it expected the tighter emissions standards to prevent approximately 1,300 premature deaths, more than 2,300 hospital visits, 1.3 million asthma attacks, 430,000 school-day absences and 25,000 lost workdays.

It estimated the annual net benefit at \$13 billion a year through 2042, not counting intangibles such as ecosystem improvements.

“We know air pollution doesn’t stop at the state line,” EPA Administrator Michael Regan said in a statement. “Today’s action will help our state partners meet stronger air quality health standards beyond borders, saving lives and improving public health in impacted communities across the United States.”

The Sierra Club *hailed* the announcement.

“Last summer, over 70,000 people shared their support for the Good Neighbor Plan, demanding fossil fuel power plants and industrial facilities that are polluting communities ... comply with strict air quality standards,” said Leslie Fields, Sierra Club’s policy, advocacy and legal director. “We are pleased EPA is listening to the people it serves and finalizing this common-sense solution to dangerous interstate ozone pollution.”

The 23 states affected by the rule are:

- industrial emissions only: California.
- power plant emissions only: Alabama, Minnesota, Wisconsin.
- both: Arkansas, Illinois, Indiana, Kentucky, Louisiana, Maryland, Michigan, Mississippi, Missouri, Nevada, New Jersey, New York, Ohio, Oklahoma, Pennsylvania, Texas, Utah, Virginia and West Virginia.

| CSAPR NOx Ozone Season Group 3 Preset State Emissions Budgets for the 2023 through 2029 Control | | | |
|---|----------------------------------|-----------------------------------|-------------|
| State | Final Emissions Budgets for 2023 | Preset Emissions Budgets for 2029 | %change |
| Utah | 15,755 | 2,593 | -84% |
| Mississippi | 6,210 | 1,752 | -72% |
| Nevada | 2,368 | 880 | -63% |
| Oklahoma | 10,271 | 3,917 | -62% |
| Louisiana | 9,363 | 3,639 | -61% |
| Arkansas | 8,927 | 3,582 | -60% |
| Michigan | 10,727 | 4,656 | -57% |
| Indiana | 12,440 | 5,808 | -53% |
| Minnesota | 5,504 | 2,578 | -53% |
| Texas | 40,134 | 20,635 | -49% |
| Illinois | 7,474 | 4,050 | -46% |
| Wisconsin | 6,295 | 3,416 | -46% |
| Kentucky | 13,601 | 7,392 | -46% |
| Missouri | 12,598 | 7,329 | -42% |
| Pennsylvania | 8,138 | 4,828 | -41% |
| Virginia | 3,143 | 1,951 | -38% |
| Maryland | 1,206 | 842 | -30% |
| West Virginia | 13,791 | 9,678 | -30% |
| Ohio | 9,110 | 6,409 | -30% |
| Alabama | 6,379 | 5,105 | -20% |
| New York | 3,912 | 3,388 | -13% |
| New Jersey | 773 | 773 | 0% |
| Total | 208,119 | 105,201 | -49% |

EPA named 22 states with electric generating units (EGUs) linked to downwind air quality problems and said 10 of them will have to reduce their EGU NOx emission budgets by half or more by 2029, with the biggest percentage impacts on Utah (-84%) and Mississippi (-72%). Texas faces the biggest absolute cut, a 49% reduction totaling almost 19,500 tons. | EPA

But the list may change. In a *fact sheet*, EPA said its updated modeling analysis showed that Arizona, Iowa, Kansas and New Mexico may be significantly contributing to ozone pollution in downwind states. It plans to undertake additional analysis to determine if they should be subject to Good Neighbor obligations.

The same updated modeling indicated Delaware is not significantly contributing to downwind pollution, so EPA withdrew its proposed Good Neighbor Plan for that state.

EPA is deferring action on Tennessee and Wyoming pending further review of the updated modeling. ■

FERC/Federal News



FERC State of the Markets Report Shows High Energy Prices for 2022

By James Downing

WASHINGTON — Electric and natural gas prices were at their highest level in years in 2022, according to FERC's State of the Markets *report*, released at the commission's monthly open meeting Thursday.

Henry Hub natural gas prices averaged \$6.38/MMBtu, which was higher than any year since 2008, as Russia's invasion of Ukraine and the subsequent scrambling of international supply arrangements pressured markets.

LNG exports were up 9%, and the U.S. sent more of the fuel to Europe, with France, the U.K., Spain and the Netherlands receiving 48% of the total. Exports to China were down 78%, by 40% to Japan and by 38% to South Korea. The U.S. sent 66% of LNG volumes to European markets and 23% to Asian markets last year.

Despite the ongoing war, gas prices dropped in the fourth quarter to \$4.60/MMBtu as the winter proved milder than expected and production hit record levels.

The two main California hubs — SoCalGas Citygate outside Los Angeles, and PG&E Citygate — averaged \$9.26/MMBtu and \$9.63/MMBtu, respectively, as prices rose in the state starting in November because of below-average temperatures, high natural gas consumption, lower imports from Canada, pipeline constraints from West Texas and low storage levels in California.

"Seasonal electricity prices also tracked prices for natural gas, as natural gas was typically the marginal fuel for electricity generation in most markets," the report said.

Natural gas was still the main generator of electricity, making up 38.9% of total generation on the year. Wholesale power prices were up at most pricing hubs for the second year in a row, with the biggest jumps being seen in New York City and PJM, which both saw average prices rise by 80% from 2021.

"Electricity demand grew in every regional transmission organization or independent system operator as economic activity continued to rebound from the COVID-19 pandemic and weather had an increased impact on heating and cooling demand at times," the report said. "Various factors including higher electricity demand and higher natural gas prices placed upward pressure on wholesale electricity prices in 2022."

The only regions that did not see prices rise were ERCOT and SPP, which were significantly impacted by the February 2021 winter storm to the point where average prices were lower, but median prices were higher.

Longer-term trends in electric capacity continued with new entry dominated by wind and solar, while retirements were dominated by coal-fired power plants. ERCOT added the most generating capacity with 7.4 GW constructed, followed by CAISO at 4.5 GW, MISO at 3.9 GW, PJM at 3.5 GW and SPP at 3.2 GW.

Battery storage additions totaled 3 GW across the country, reaching that level for the second year in a row and making up the fourth biggest group of additions after solar, wind and natural gas.

"The markets are not all right," Commissioner Mark Christie said after staff presented the report. "Specifically, the capacity markets are not all right. There are fundamental problems, specifically in the multistate capacity markets — ISO New England, MISO and PJM — that are directly leading to serious reliability problems."

ISO-NE has faced winter reliability issues for years, but MISO and PJM have more recent problems, as resources are retiring and new additions are not keeping up, he added. PJM almost had rotating outages during winter weather over the holidays, and its Independent Market Monitor has called its Capacity Performance construct "a failed experiment." (See *PJM Monitor: Rise in Fuel Costs Led to Record-high Prices in 2022*.)

PJM could lose up to 50 GW of dispatchable generation by 2030, and the new plants that are coming online are not enough to replace that, Christie said.

"For those who think queue reform is going to be the magic bullet [that fixes] everything: No, it's not going to be the magic bullet because so many of the resources in the queue are intermittent resources," Christie said. "And they're not going to be a one for one replacement for the dispatchable resources that are being lost."

FERC is going to have to address whether the multistate capacity markets can deliver reliable power at prices that people can afford, he added.

The commission is already hosting a forum on PJM's capacity market, and it is holding another event focused on New England's winter issues in the coming months too, Chairman Willie Phillips said at a press conference after the meeting. When markets do work, they drive competition, and they can lower costs for consumers, he said.

"I think it's also clear with recent winter extreme weather events, we've seen markets come to the rescue, and actually keep us from having some type of cascading outages," Phillips said. "But that being said, we certainly have questions. I think we should always have questions about the way our markets are working. That's why we're having these forums. That's why we're digging deeper for solutions." ■



FERC commissioners chatting before the open meeting | © RTO Insider LLC

FERC/Federal News



Panel Debates Impact of Renewables, Electrification on Reliability *Experts See Blurring Lines Between Distribution and Transmission, Baseload and Peaking*

By K Kaufmann

The answer to the question of whether the U.S. can reliably decarbonize its electricity grid while electrifying most of its economy usually comes down to perspective — and how the question is framed.

For a media briefing on March 13, the U.S. Energy Association approached it with a sense of alarm and urgency as a “crisis ahead for electric utilities as electrification picks up.”

“The world’s greatest machine, the U.S. electricity supply system, will begin to sputter in a few years as more is asked of it than it can deliver with its present resources and constraints,” the USEA said in its invitation for the online event. “There is fear in the industry that it is heading toward a time when it can’t produce and deliver the amount of power the increasingly electrified world will need.”

Speaking on a panel at the briefing, Louis Finkel, senior vice president of government relations at the National Rural Electric Cooperative Association (NRECA), acknowledged the opportunities in the country’s ongoing energy transition, but focused more on the “huge risk” now playing out in real-time.

Pointing to concerns raised by the *National Academies of Science* and *NERC*, Finkel said, the U.S. would need to increase generating capacity 170% “just to facilitate a surface transportation fleet transition ... all while we have a disorderly retirement of baseload power.”

His frame of reference, he said, is rooted in NRECA’s 900 member cooperatives, which serve “92% of the persistent poverty counties in America,” where affordability and reliability are imperative.

Arguing for maintaining fossil fuel generation, Finkel said, “You need dispatchable power to keep the grid afloat, and you have to acknowledge that a megawatt of dispatchable power is not a megawatt of [intermittent] wind and of solar; the capacity factor is different.”

But Emily Fisher, general counsel at the Edison Electric Institute (EEI), countered that cross-industry conversations such as the USEA briefing should inspire optimism “that we can make it through this transition and provide customers resilient, clean power. I think we all know where we’re going, and there are going to be some challenges to getting there,



| ©RTO Insider LLC

but given the way that we operate and regulate the electric system in the U.S., it’s going to be a multistakeholder effort.”

Ron Schoff, director of renewable energy and fleet enabling technologies at the Electric Power Research Institute (EPRI), said the problems of decarbonizing the grid while slashing greenhouse gas emissions are daunting but solvable.

EPRI expects U.S. renewable capacity will grow from 230 GW at present to 600 GW by 2030 as sales of electric vehicles, electric heat pumps and other electric appliances grow. Integrating those resources will “require system-level thinking to ensure that as we progress through the stages of decarbonization we are maintaining reliability, ... affordability and ... the level of service that our customers and people ultimately expect and, by the way, are increasingly dependent on as we start to shift to more electrification.”

John Di Stasio, president of the Large Public Power Council, which represents the country’s 27 largest publicly owned utilities, said he was less pessimistic than “realistic and maybe pragmatic.” His topline concerns included the need for “permitting reform” and the decade-long lead times needed to build transmission or other large energy projects.

“We need a lot more coordination and harmonization to facilitate some of the aspirations that had been stated, and then ... we really need every resource that we have, and that means natural gas,” Di Stasio said. He predicts ongoing complexity as the grid changes from an inertia-based system to a fully digital system “and trying to manage that from a compliance and reliability standpoint.

“We need to be optimistic, but [with] eyes wide open and making sure we’re covering all our bases as we go forward,” he said.

The End Mix

Federal and state policies have become key drivers for decarbonization and electrification, including President Biden’s goals of cutting U.S. GHG emissions 50 to 52% from 2005 levels by 2030 and decarbonizing the grid by 2035. The Infrastructure Investment and Jobs Act and Inflation Reduction Act contain a range of incentives for clean technologies, such as the IJA’s \$7.5 billion to build out a national network of 500,000 EV chargers and the IRA’s EV tax credits and heat pump rebates, all of which have set off a growing wave of private investment.

State-level policy is also pushing electrification forward, such as California’s Advanced Clean Cars II rule, which will require all new passenger cars, SUVs and light-duty pickup trucks sold in the state to be zero-emission vehicles by 2035. Eight additional states have either adopted the rule or are working toward adopting it.

At the same time, a range of industry voices, such as NRECA CEO *Jim Matheson*, have repeatedly said decarbonizing the grid by 2035 is unrealistic or not possible. RTOs and ISOs have said it could take years to upgrade and build out their systems to integrate the 1,400 GW of power capacity — mostly solar, wind and storage sitting in their interconnection queues.

And while the need to update and streamline permitting processes in the U.S. has become a major bipartisan concern, bipartisan solutions remain elusive.

The catch, according to Schoff, is that solutions will have to evolve with technology as electrification and renewables on the grid increase.

“Do we have distribution transformers that are up to the task of everybody on my street having an EV with a fast charger on their wall or in their garage?” he said. An understanding of the regulatory and economic environments in which clean technologies will be deployed will also be essential, he said.

A mix of resources — solar, wind, nuclear, hydro and natural gas — will be critical to maintain reliability, but the amounts needed of each will also continue to change, Schoff said. “Whatever we’re going to end up [with] in 2050 or some future endpoint, it’s going to not look like that along the way.

FERC/Federal News



“We’re going to have to progressively march our way through, and we have to manage risk at every point,” he said.

Todd Ramey, MISO’s senior vice president for markets and digital strategy, said the 171 GW of generation in the RTO’s interconnection queue — 95% of which is solar, wind and storage — would far exceed the RTO’s current 130 GW load, but putting those resources on the system would “drastically change the reliability characteristics of operating this fleet.”

“The only way to do that reliably is through extensive collaboration and coordination across participants, local regulators, state regulators and federal regulators, so that we have the information we need to make good choices, and it’s going to be a lot more dynamic than it’s ever been,” Ramey said.

The increasing frequency and severity of extreme weather events — like the winter storms in Texas in 2021 and in the Midwest and Mid-Atlantic in December 2022 — add another layer of complexity to the resilience challenge, Schoff said.

“You [need to know] whether wind turbines are able to operate under certain circumstances, whether you have or need an enclosure around a natural gas plant, whether your coal pile may freeze, understanding the limitations potentially of natural gas,” he said.

Ramey agreed that “weather-dependent outages of fossil fuel-fired resources” have become a key issue, which will affect “the complexity of modeling and planning going forward. To the extent that there are resources that are not well-prepared to operate through extreme weather, that’s going to have effects in the way the resources are accredited,” he said.

Focus on Resource Attributes

EEl’s Fisher believes that a “broadly interconnected” system must be part of the solution for reliability and integrating renewables onto the grid.

“I actually find some of the distinctions between baseload and peaking a bit artificial in the current environment. Any resource can provide what is needed at any given moment in time, if it’s available,” she said.

“But a lot of that has to do with how broadly interconnected the system is. One of the true benefits of a broadly interconnected system is we’re able to rely on resources across a vast geography and that allows us to address some of the intermittency concerns” of renewables, Fisher said.

Both she and Di Stasio talked about the parallel evolution of utility planning processes. “You’re constantly in a planning process versus having a one-time plan and then you execute it over a decade,” Di Stasio said. He noted that his member utilities now plan with an eye to the attributes of resources and how they work together, rather than focusing on resource types.

“How do you get something that’s optimal versus just trying to do something that’s possible with one resource?” he said.

However, resource planning has its own challenges, Schoff said. “It’s so sensitive to the assumptions that are entered by the modelers for what the technologies are capable of and what they will cost. ... We need to understand the system in which new assets will operate in and understand what they will have to be capable of.

“Will it be OK to build ... wind and solar that

are for the most part energy producers without a lot of dispatchability, or should we be including energy storage and some additional dispatchable technologies?” he said.

The decision might come down to interconnection requirements, market signals and technological advances, “but the system-level thinking about what that operation is going to look like needs to start informing the capital investment decisions for new projects as we go forward,” he said.

The role of demand-side management and the potential integration of distribution and transmission systems was also discussed.

While demand management occurs at the distribution level, Ramey said a key trend will be “the need to integrate load management into wholesale operations, blurring that current distinction between distribution and transmission.”

It may be a big leap for MISO and its members who rely on the RTO to operate the transmission side of their businesses, Ramey said, but “we’re all expecting the distribution system to be much more dynamic going forward. So, one of the challenges is to build on MISO’s current technology systems to start covering and penetrating and getting more information about the distribution system so we can optimize that interface.”

Schoff said more load management technologies will be needed. “The more loads you have that are controllable, the less pain each one of those loads will have to experience when you’re trying to manage the load on the grid,” he said. “We see a system coming forward that is much more dynamic on the demand and the supply side, and ultimately the grid in the middle is going to have to be able to manage that really effectively.” ■

IPF 23 2023 INTERNATIONAL OFFSHORE WIND PARTNERING FORUM
 March 28-30, 2023 | Baltimore, Maryland

Registration opens Jan. 3

Don't miss IPF—the premier offshore wind energy conference in North America.



HOST SPONSORS



Save your obstacle courses for weekend Mud Runs.



Getting the information you need shouldn't wear you out.
NetZero Insider. Stay informed.

2023 EBA ANNUAL MEETING & CONFERENCE

MAY 11-12
 MARRIOTT MARQUIS WASHINGTON D.C.



FERC/Federal News



WRI Webinar: Permitting Laws for Clean Energy Need Improvement

Effort Should Keep Longstanding Environmental Protection Laws in Place, Speakers Say

By James Downing

The rollout of renewable energy and transmission lines needs to greatly accelerate to meet climate goals, but “permitting reform” efforts should not trample important environmental protections, speakers said last week on a World Resources Institute webinar.

The grassroots of the environmental community often focus on protecting one important piece of land from development, with Sen. Brian Schatz (D-Hawaii) reminiscing that he got involved in activism initially to protect some beaches.

“The tools that exist in state and county and federal law, and rule and process and procedure, enable people to stop bad projects,” Schatz said. “The problem is that they are now being weaponized to stop the kind of planet-saving projects that we need.”

It is necessary to reduce the time it takes to build a new transmission line, but Schatz warned of the real possibility that nothing gets done this Congress.

“It is very unclear to me what the House is going to do, whether they’re serious about doing something on a bipartisan basis, or whether they just want to do something that’s sort of a messaging bill with a bunch of American Petroleum Institute talking points,” Schatz said.

Changing permitting laws will get some attention, but Schatz said that the effort could move forward outside of Congress at the administrative level and among state and local governments.

Schatz worked on the last Congress’ biggest attempt to make reforms in the area, a proposal backed by Sen. Joe Manchin (D-W.Va.) that did not eliminate any bedrock environmental laws but required greater coordination among federal permitting agencies.

Another key to getting the work done on time involves early and effective outreach to impacted communities to address any concerns they have.

“To the extent that the whole conversation around climate action has been on K Street and Wall Street, that has to change; everybody has to benefit from that,” Schatz said. “So, what I hear from people who are in environmental justice communities is a little different from what I hear from environmental justice advocates on the Hill. The people in environmental justice communities want to participate in the clean energy revolution. The people who are on the Hill, I think, are a little bit more in an old-school mentality where stopping things is virtuous, no matter what you’re stopping.”

Maryland Public Service Commission Chairman Jason Stanek noted that permitting is a recent issue that was not debated much when he was a staffer on the U.S. House Energy and Commerce Committee for Republicans. But just the week prior, that committee voted out 15 bills on permitting.

“Unfortunately, most of them were party-line votes,” Stanek said. “And as [Schatz] referenced, most of them are likely just messaging bills. We need to get serious about this conversation if we’re going to decarbonize; if we’re going to build the clean energy infrastructure that’s necessary to get us to where we’re going.”

“Permitting reform” has become shorthand for dismantling every kind of environmental protection related to building out the clean energy grid among many in Earthjustice President Abbie Dillen’s orbit.

“I think it behooves us to think about this framing in a big but much more discrete way, which is, how do we build out the clean energy that we need, as fast as we need to do and fairly?” Dillen said.

The issue goes beyond the federal government, with regional organizations, such as ISOs and RTOs, and states playing very important roles in building out the needed clean energy infrastructure, she noted. It would also help to give the federal government some more authority to be able to override some of the friction seen in the states and to give projects a



Sen. Brian Schatz (D-Hawaii) | U.S. Senate Committee on Indian Affairs

one-stop shop for approval, Dillen said.

But it could prove difficult to pass any good legislation this Congress so it is important to use existing tools such as the Department of Energy’s and FERC’s limited backstop siting authority for transmission, Dillen said.

While it recently got amended by last year’s Infrastructure Investment and Jobs Act, that authority has been around for 18 years, and it has not led to the siting of a single transmission line, said American Clean Power Association General Counsel Gene Grace.

“There’s something amiss kind of with respect to federal transmission siting authority, in contrast with natural gas pipelines. ... For all interstate pipelines, you go directly to FERC, and you can get a permit, and it’s not surprising,” Grace said. “When you look over the last decade, about 10,000 miles of gas pipelines have been built per year, compared to 1,800 miles of transmission lines.”

Transmission lines that are in the national interest should be sited at a one-stop shop, and Grace argued that should be FERC. ■

National/Federal news from our other channels



[NERC Issues Level 2 Alert on IBR Issues](#)



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

FERC/Federal News



FERC Weighs in on Jurisdictional Questions over Puerto Rico Project

By Sam Mintz

FERC last week granted a petition from a company looking to build an undersea transmission line to Puerto Rico, affirming several of the developer’s questions about its status as a utility and weighing in on whether the project would make the island territory’s transmission system subject to FERC’s jurisdiction (EL23-14).

The company, Alternative Transmission Inc. (ATI), filed the petition for declaratory order in December. It asked FERC to confirm that it could qualify as a utility and therefore be able to submit applications asking for orders directing other utilities to interconnect with or provide transmission services for Project Equity, its Puerto Rican project.

It also asked whether, if FERC were to direct interconnection or transmission to Puerto Rico as part of the project, those orders would “provide a basis for the commission to exercise plenary jurisdiction over Puerto Rico’s electric transmission system or utilities, which have not previously been regulated by the commission.”

FERC first said that its answers to most of the questions would depend on the specifics of an actual project application and any proposed interconnections. But it confirmed that ATI could qualify as a utility and could submit applications asking for an order requiring interconnection or transmission services. It could also therefore be a target of those applications by others.

On the jurisdiction question, FERC said that, unless there was an order issued pursuant to Federal Power Act Sections 210 and 211 (requiring interconnection or transmission), the interconnection that ATI is proposing between



Damaged transmission lines in Puerto Rico after Hurricane Maria | Shutterstock

Puerto Rico and the continental U.S. would in fact result in the territory’s utilities becoming subject to FERC jurisdiction.

Those sections do provide an exemption though, the commission said.

“Upon receipt of valid applications under Sections 210 and/or 211, the commission could issue orders pursuant to those sections of the FPA allowing interconnection and/or transmission of energy between Puerto Rico and the

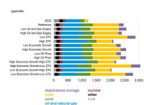
interstate transmission system while retaining the jurisdictional status quo such that Puerto Rico’s electric utilities would not be ‘public utilities’ under Section 201e of the FPA,” it said.

However, FERC would still have jurisdiction of Puerto Rico’s utilities as part of other FPA sections including 210, 211, 212, 215 and “any other FPA provisions that provide for jurisdiction over Puerto Rico’s transmission system and its utilities.” ■

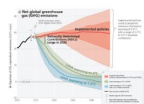
National/Federal news from our other channels



DOT Opens New Round of IIJA Funding for EV Chargers



EIA: Major Solar Growth Ahead, but EV Adoption Stalls After 2030



Guterres: G20 Nations Should Commit to Net Zero by 2040



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

CAISO/West News

CPUC to Investigate Western Natural Gas Price Surge

By Hudson Sangree

The California Public Utilities Commission launched an investigation Thursday into the extremely high natural gas costs in California and much of the West this winter, when average prices at key trading hubs were five times higher than in the Eastern U.S. in December and January.

Utilities passed through the costs to ratepayers, many of whom were shocked when they saw their utility bills had doubled or tripled compared with last winter. The prolonged price spike also drove up the cost of gas-fired generation, adding \$4 billion to California's wholesale electricity costs in December and January, CAISO *estimated* in a report last month. (See *Natural Gas Prices Add \$4B to CAISO Electricity Costs*.)

"This is one of the most pressing issues that ratepayers in California have faced this past winter," CPUC President Alice Reynolds said before the unanimous vote to open the

investigation. "It was an extraordinary spike in the price of wholesale natural gas, which led to steep increases in residential customer energy bills in January and February across the Western region."

The investigation will look into the causes of the price spikes, their impact on customers, the possibility of recurrence, and the potential threats to gas and electric reliability this summer and beyond.

"The commission will also examine the utility communications to customers to determine whether they were sufficient or require modifications," the *order* instituting the investigation said.

Giving ratepayers notice of high prices so they can reduce their natural gas use is one way to mitigate high prices, Commissioner John Reynolds said.

"If customers don't even know about a price spike, they don't really have an opportunity to change their behavior," Reynolds said.

'Anomalous Activities'?

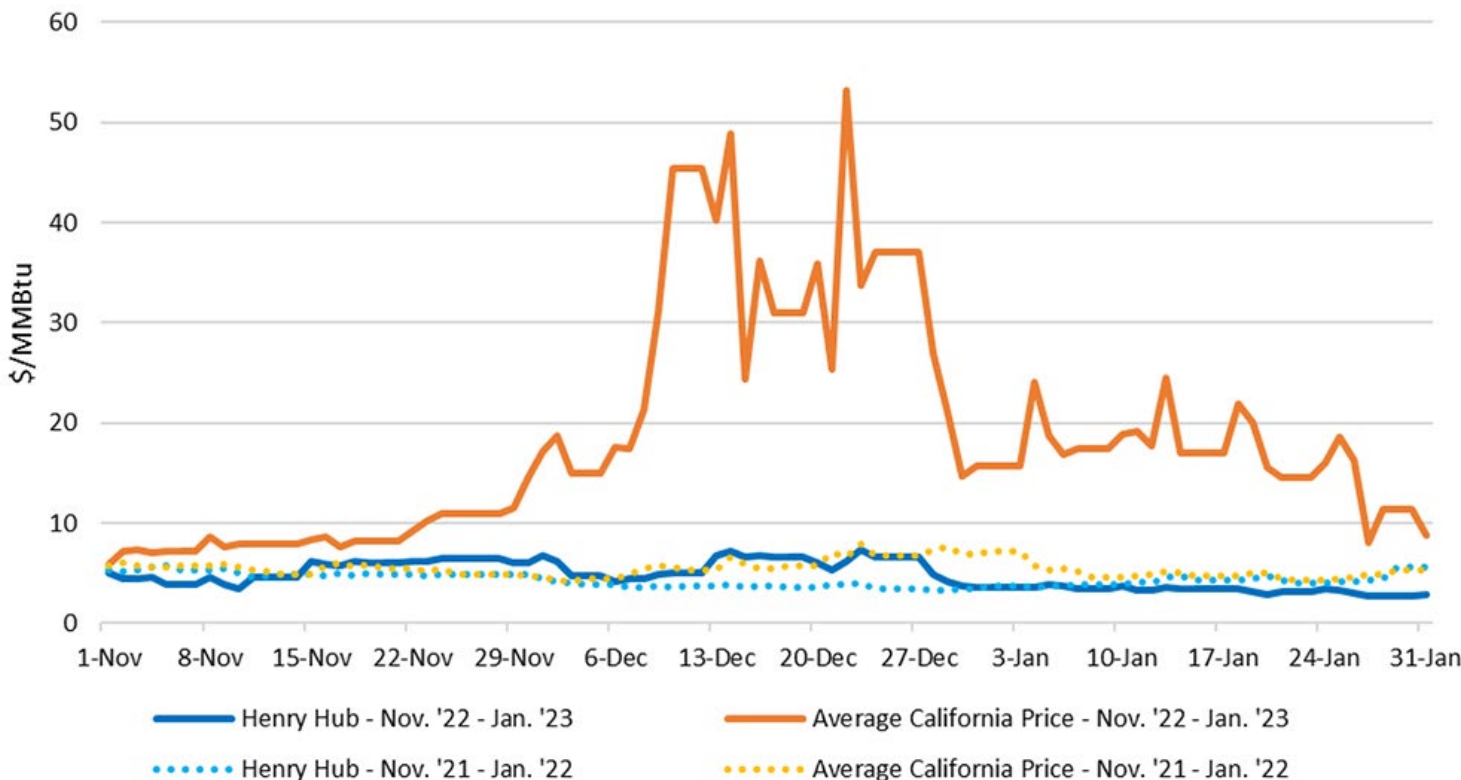
The CPUC's move followed Gov. Gavin Newsom's request to FERC that it investigate natural gas prices in the West.

On Feb. 6, Newsom *wrote* to FERC Chair Willie Phillips, asking the federal regulator to "immediately focus its investigatory resources on assessing whether market manipulation, anticompetitive behavior or other anomalous activities are driving these ongoing elevated prices in the Western gas markets."

FERC responded to Newsom in a letter this month saying it is "conducting surveillance to determine whether any market participants engaged in behavior that contributed to or took advantage of the high gas prices," said Reynolds, Newsom's former top energy adviser.

"FERC possesses broad powers under the Natural Gas Act to investigate and penalize anti-competitive behavior in the interstate natural gas transportation pipelines under its

Natural Gas Prices: Winter 2022-23



Natural gas prices in California this winter were far above the national benchmark at the Henry Hub in Louisiana and much higher than last winter's prices in California. | CPUC

CAISO/West News

jurisdiction," she said.

The CPUC does not regulate natural gas prices, but it does have oversight of utilities, including Pacific Gas and Electric, Southern California Gas and San Diego Gas & Electric that pass on their costs to ratepayers without additional markups. The CPUC named 10 utilities and gas storage companies as respondents in the investigation.

Whether the CPUC or FERC will uncover evidence of wrongdoing remains uncertain.

In an *analysis* published in January, the U.S. Energy Information Administration said this winter's price spikes were driven by below-normal temperatures in the West, pipeline constraints and low storage inventories, among other factors.

"The western region receives most of its supply from other parts of the United States and Canada," the EIA wrote. "Net natural gas flows from Canada dropped by 4% in the first three weeks of December compared with the second half of November, and 9% less natural gas was delivered from the Rocky Mountains."

The EIA also pointed to the impact on Southern California prices from gas pipeline maintenance in West Texas, which reduced flows into the Southwest.

On Feb. 7, the CPUC, CAISO and the California Energy Commission held a joint hearing to understand the factors that caused the cost increases. Market analysts and utility repre-



Soaring natural gas prices added \$3 billion to the cost of electric generation in December, CAISO said. | Calpine

sentatives who testified cited conditions such as an El Paso Natural Gas pipeline that exploded in Arizona in August 2021, impacting one supply line to California, and CPUC-imposed capacity limits at Southern California Gas's Aliso Canyon underground storage facility, where a massive methane leak occurred in October 2015.

Newsom acknowledged in his letter to FERC's Phillips that cold weather certainly "exacerbated" the gas price increases but lower-than-normal temperatures and other "known factors cannot explain the extent and longevity of the price spike," he said. "It is clear that the root causes of these extraordinary prices warrant further examination." ■

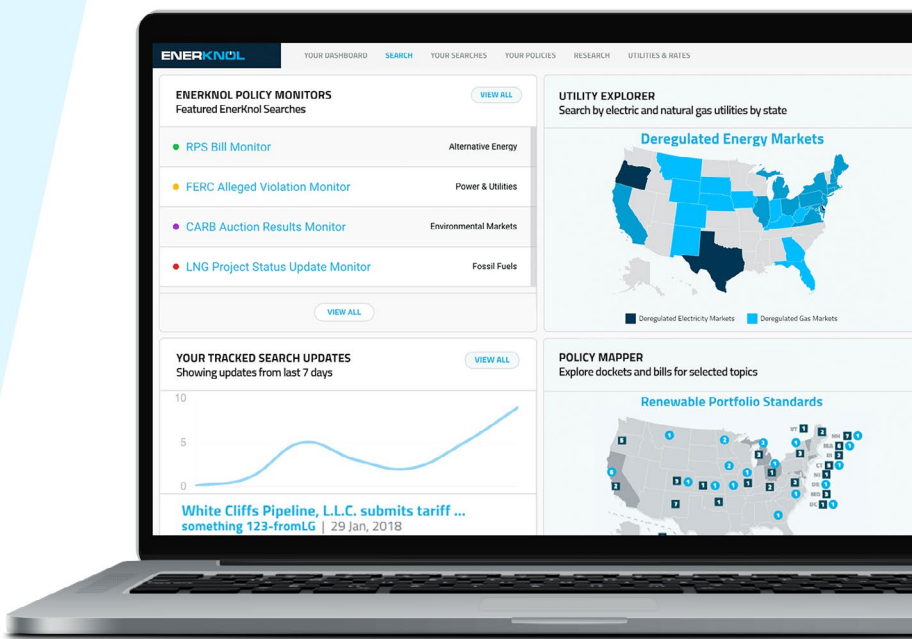
ENERKNOL

Our users don't have FOMO.

Don't miss out on real-time regulatory and legislative updates with EnerKnol, the comprehensive platform of US Energy Policy data.

START DISCOVERING TODAY

BEGIN YOUR FREE 7-DAY TRIAL AT ENERKNOL.COM



CAISO/West News

Nev. Regulators OK Controversial Gas-fired Peaker

By Elaine Goodman

State regulators approved NV Energy's controversial proposal to build a 400-MW gas-fired peaker plant in Southern Nevada, a facility the company says is needed to reliably serve load as weather has become more extreme and resources more variable.

The Public Utilities Commission of Nevada (PUCN) voted 3-0 on March 14 to approve the project.

The \$333 million peaker will be built at the site of the Silverhawk Generating Station, a 520-MW natural gas-fired plant about 30 miles north of Las Vegas. NV Energy plans to spend another \$20 million on associated transmission infrastructure.

The new plant is expected to be in operation in 2024.

The peaker plant is one piece of the fourth proposed amendment to NV Energy's 2021 integrated resource plan. The remainder of the amendment is still awaiting commission approval.

In addition to the peaker, the proposal includes the addition of geothermal resources and battery storage, as well as the postponed retirement of several gas-fired units in the state. NV Energy said its plan is intended to "advance Nevada's energy independence." (See [NV Energy IRP Looks to Reduce Reliance on Open Market.](#))

Nevada has faced energy supply issues for three years in a row, the company said in a PUCN filing.

"Nevada's historic reliance on the energy market to meet peak period demand is no longer viable and has introduced significant risk of energy shortfalls and associated rolling blackouts in recent years," the filing said.

NV Energy asked PUCN for an expedited decision on the Silverhawk peaking facility, with an approval by March 10 to keep the project on track to start operations in July 2024.

Even though its plan includes fossil-fuel energy, NV Energy said it will exceed the requirements of the state's renewable portfolio standard and meet Nevada's 2050 zero-carbon goal. The goal aims for zero-carbon generation to match the amount of electricity sales by 2050.

The company has proposed limiting operation of the peaking units to 700 hours a year.



NV Energy's new gas-fired peaker facility will be built at the site of the Silverhawk Generating Station in Southern Nevada. | Lochsa Engineering

PUCN staff called the peaker plant "a reasonable plan to pursue to obtain needed energy and generation capacity." Staff pointed to a long-term reliability assessment that NERC published in December, which said resource adequacy issues are expected for the foreseeable future.

Following the commission's vote last week, Advanced Energy United, a national business association, expressed disappointment in the peaker approval, which it called at odds with the state's clean energy transition.

"We are disappointed that the utility did not fully consider other, cleaner solutions, such as energy demand reduction, distributed energy and storage that could meet the same need or even improve reliability and resilience at lower cost," Advanced Energy United director Sarah Steinberg said in a statement.

Other critics of the proposal, including Western Resource Advocates and Google, had

called for further analysis of the plan before a decision was made. Google said NV Energy should have modeled the impact of joining a day-ahead market or an RTO in determining the need for the plant.

Google also asked for more vetting of the potential use of hydrogen at the Silverhawk plant. NV Energy said in its filing that the facility would be able to run on a 15% hydrogen fuel mix, with a potential for 100% hydrogen operation in the future.

But the commission rejected the requests for further analysis.

"Given the evidence presented regarding the unpredictability of the regional energy markets, the volatile weather patterns, and the supply chain disruptions in recent years, the commission finds a delay to conduct additional analysis an unacceptable risk to reliability at this time," the commission said in an order approving the project. ■

CAISO/West News

FERC OKs CAISO-TransWest Move Toward PTO Status

By Hudson Sangree

FERC on Wednesday approved an agreement that allows the developer of the TransWest Express transmission project from Wyoming to continue its bid to become a participating transmission owner in CAISO under a new “subscriber PTO” model the ISO is developing.

If FERC eventually approves the model and TransWest Express joins CAISO, it will expand the ISO’s reach as a transmission operator roughly 700 miles across the West. The TransWest project is intended to carry 3,000 MW of wind energy from Wyoming to Nevada, where it will connect with CAISO’s grid.

Wednesday’s decision dealt only with an “applicant participating transmission owner agreement” (APTOA) between CAISO and TransWest.

“The APTOA sets forth the terms and conditions that will govern TransWest’s responsibilities and relationship with CAISO until CAISO assumes operational control over TransWest’s transmission project,” FERC explained.

The agreement takes the place of CAISO’s “approved project sponsor agreement” (APSA) that it signs with developers whose transmission projects address needs identified in the ISO’s transmission planning process.

TransWest Express was not identified in the ISO’s transmission planning process and is

ineligible to sign an APSA, FERC noted. The APTOA takes its place, setting out the rights and responsibilities of CAISO and TransWest during project development.

It states, for instance, that the “parties recognize and agree that CAISO is the transmission planning authority for the project transmission facilities from the time the APTOA goes into effect, regardless of the timeline for project construction or energization,” FERC said.

FERC approved the APTOA “as it largely mirrors the language already approved by the commission in the *pro forma* APSA. While TransWest would be ineligible to execute an APSA with CAISO ... we find that the APTOA is a reasonable vehicle to address this situation.

“Like the APSA, the APTOA provides a mechanism for a potential participating TO to function as a participating TO in ways that facilitate the eventual transition ... to becoming a participating TO,” it said.

“Furthermore, as CAISO explains, the APTOA bridges the gap until CAISO’s tariff and [its transmission control agreement] can govern TransWest’s relationship with CAISO as a participating TO. This will allow, among other things, any requests for generator interconnections to the project to go through and be studied in CAISO’s generator interconnection queue cluster 15, opening April 1, 2023.”

The generator interconnection to be studied

is that of the line’s “subscriber,” the Power Company of Wyoming (PCW), owner of a 3,000-MW wind farm being constructed in the south-central part of the state. TransWest and PCW are affiliates, both wholly owned by the private Anschutz Corporation.

TransWest conducted a FERC-approved open-solicitation process in 2021 that offered firm, long-term transmission service to California via Utah and Nevada and decided to allocate 100% of its capacity to PCW. FERC approved the arrangement in February 2021.

Under the subscriber model, the costs of the TransWest project would not be included in CAISO’s transmission access charge, the mechanism by which costs for transmission lines are allocated to the ISO’s benefitting load-serving entities.

“Rather, TransWest intends that the transmission capacity of the project will be paid for by its transmission customer,” PCW, FERC said. “The transmission customer will in turn use its long-term transmission rights on the project to deliver wind energy and capacity to California.”

TransWest applied to join CAISO as a TO in July, saying in its application that it “intends to place under the CAISO’s operational control all of [its] project transmission lines and associated facilities.”

CAISO’s Board of Governors voted in December to admit TransWest pending further steps that include TransWest signing up energy off-takers in CAISO. (See [TransWest Express to Join CAISO as Tx Owner](#).)

FERC must approve the subscribing participating transmission owner model once it emerges from CAISO’s [stakeholder process](#). The ISO plans to post a draft final proposal on April 11.

“TransWest’s efforts to join CAISO as a participating TO must include certain terms and conditions that consider its agreements with PCW,” FERC noted. “In particular, the existing PCW transmission service agreements with TransWest will encumber the north-to-south capacity of the project, and that transmission capacity will be reserved for delivery of the associated wind energy and capacity to California.

“If a satisfactory subscriber PTO model cannot be developed and approved by the commission, CAISO expects that TransWest may instead move forward as an independent generation-only balancing authority,” FERC said. ■



TransWest Express will travel 732 miles from the Marketplace Hub in Nevada to south-central Wyoming, with a terminal near Delta, Utah. | [Transwest Express](#)

CAISO/West News

FERC Refuses Rehearing of PG&E-San Francisco Dispute

Long-running Case Hinges on Whether SF Customers Were Grandfathered In

By Hudson Sangree

FERC on Thursday denied Pacific Gas and Electric's request for rehearing in a case that has pitted the utility against the city and county of San Francisco for more than 18 years over PG&E's application of its wholesale distribution tariff (WDT) to the municipal customers of San Francisco's public utility (*EL15-3-005, EL5-704-027*).

The utility, the San Francisco Public Utilities Commission (SFPUC), operates a hydroelectric power project in the Hetch Hetchy Valley, near Yosemite National Park, and owns transmission lines that bring power from the Sierra Nevada to San Francisco.

It supplies electricity to schools, public housing

tenants, libraries and municipal departments using the distribution system PG&E owns and operates in San Francisco — making the publicly owned utility both a customer and competitor of PG&E.

Since 2014, San Francisco has argued to FERC that PG&E has unreasonably denied distribution service to many of its 2,200 metered interconnection points under section 212(h) of the Federal Power Act.

The section prohibits mandatory retail wheeling such as forcing PG&E to deliver another utility's power through its distribution lines. But it exempts cities and counties where "such entity was providing electric service to such ultimate consumer on the date of enactment of this subsection [Oct. 24, 1992]."

A FERC administrative law judge issued an initial decision in November 2016 that supported San Francisco's argument. It cited the commission's orders under Suffolk County Electric Agency (96 FERC ¶ 61,349) from November 2001. In that line of decisions, known as Suffolk I-IV, FERC said section 212(h) grandfathered classes of customers, not individual customers at specific delivery points.

"The Commission's orders and opinions ... support San Francisco's argument that grandfathering applies to the class of customers that was eligible to receive wholesale distribution service on October 24, 1992, regardless of where in the city those customers may be located now or in the future," the ALJ wrote. The judge defined the "class" of customers in the case as all "municipal public purpose load"



The San Francisco-PG&E fight has centered on distribution, seen here in the city's Sunset District. | © RTO Insider LLC

CAISO/West News

in San Francisco.

PG&E, in contrast, contended that only “points of delivery” that existed prior to Oct. 24, 1992, could be grandfathered under its WDT. Customers that had relocated since that time were ineligible, it said.

FERC Overturned

In a November 2019 order, FERC disagreed with the ALJ’s decision. It found the Suffolk precedent inapplicable and said PG&E had not unreasonably denied service to some of San Francisco’s end users.

“The commission explained that San Francisco’s ‘class of customer’ approach would entitle all municipal public purpose load as designated by San Francisco that was eligible to receive wholesale distribution service on October 24, 1992,” FERC explained in Thursday’s order. “Ultimately, the commission concluded ... that PG&E’s point of delivery approach to determining which San Francisco customers qualify for service under the WDT was just.”

The D.C. Circuit Court of Appeals reversed FERC’s decision in January 2022. It found that FERC’s interpretation of section 212(h) and PG&E’s tariff were too narrow, and its “attempts to defend its interpretation [were] unpersuasive.”

“That the tariff references ‘points of delivery’ does not necessarily imply that only specific points of delivery may be grandfathered, and those references to ‘points of delivery’ do not change the fact that the tariff expressly references the criteria of Section 212(h)(2),” it said.

The court criticized FERC’s orders in the case as demonstrating a “troubling pattern of inattentiveness to potential anticompetitive effects of PG&E’s administration of its open-access tariff.” Faced with claims that PG&E was refusing service to San Francisco customers, FERC “fell short of meeting its duty to ensure

that rules or practices affecting wholesale rates are just and reasonable,” it said.

The appeals court sent the case back to FERC on remand. (See *San Francisco Wins Against PG&E, FERC in DC Circuit.*)

FERC issued a new decision in October that followed the court’s direction and agreed with San Francisco that its precedent did not limit grandfathering to a fixed location.

“The commission concluded that San Francisco’s loads within the customer classes served on October 24, 1992, are entitled to grandfathered service under the WDT, granted the complaint filed by San Francisco, and directed PG&E to submit revised WDT provisions,” FERC noted Thursday.

PG&E requested a rehearing.

PG&E Denied

In its request, “PG&E argues that the commission in the order on remand exceeded [its] authority in FPA section 212(h),” FERC noted. “PG&E urges the commission to set aside Suffolk County because, according to PG&E, the Suffolk County customer-class approach to grandfathering is inconsistent with the plain language of the statute, the intent of the statute in its legislative history, and the concept of grandfathering.”

PG&E also contended that “even assuming Suffolk County is valid and applicable precedent, the commission in the order on remand failed to address the potential for harmonizing PG&E’s proposed delivery-point methodology with the Suffolk County customer-class approach.”

FERC rejected PG&E’s arguments.

“PG&E asserts that the ‘customer-class approach’ can be reconciled with grandfathering based on points of delivery to provide service to a specific type of customer within a defined

service area, because limiting grandfathering eligibility does not conflict with the text or intent of section 212(h),” FERC said.

But “in the order on remand, and as further discussed here, the commission has defined a coherent class of San Francisco customers eligible for grandfathering,” FERC said. “As the D.C. Circuit explained, the WDT ‘allows grandfathering of a customer San Francisco served under the prior interconnection agreement even though the customer seeks [WDT] service at a new delivery point.’

“Consistent with Suffolk County, eligibility under FPA section 212(h) therefore extends not only to the customers who were actually receiving service on October 24, 1992, but also to all subsequently interconnected customers of the same class.”

Second Case

In its January 2022 decision, cited above, the D.C. Circuit reversed FERC in a second case involving PG&E’s provision of distribution service in San Francisco.

In that case, the city and county contested PG&E’s refusal to provide lower-voltage secondary service to many sites within the city. PG&E instead offered to connect higher-voltage primary service, which requires the installation of transformers and carries higher fixed costs for ratepayers.

The city argued that the practice violated PG&E’s WDT.

The court remanded the matter back to FERC after overturning the commission’s unanimous 2020 decision rejecting San Francisco’s complaint.

In December, FERC ordered settlement judge procedures for the then three-year-old dispute. (See *Settlement Hearing Ordered for PG&E, SF Distribution Dispute.*) ■

West news from our other channels



[LCFS Bill Emerges in NM House as Session Nears Close](#)

NetZero
Insider



[Analysts Predict Steady Rise for Wash. Carbon Prices](#)

NetZero
Insider



[EPA Poised to Approve Calif. Clean Truck Rules, Report Says](#)

NetZero
Insider

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

ERCOT News



Texas PUC Order Clears LP&L's Path to ERCOT, Customer Choice

By Tom Kleckner

Texas regulators this month approved a *settlement* that clears the way for Lubbock Power & Light to complete its migration from SPP to ERCOT and begin offering retail choice to its customers.

The Public Utility Commission on March 9 approved an agreement between the utility and Southwestern Public Service (SPS) over the termination of a power contract that was to end in 2044. As part of the settlement, LP&L agreed to pay \$77.5 million for the contract's early termination (53529).

Golden Spread Electric Cooperative threw a late wrench into the proceeding in December when it filed opposition to the allocation of the termination payment between transmission and production functions. The co-op, which is connected to the SPS system, said the commission did not need to approve the allocation to green light the utility's integration into ERCOT and that the issue should be adjudicated by FERC instead.

"The allocation of that payment is kind of a poison pill on the rest of the agreement," PUC Chair Peter Lake said, pointing to LP&L's plans to give its customers access to retail choice.

Golden Spread counsel James Guy agreed that

the settlement's proposed allocation wasn't necessary for LP&L's move into ERCOT. After a sidebar discussion with the other parties, the cooperative agreed to drop its opposition at the PUC. However, it reserved the right to take up the issue at FERC.

"Given the timing constraints we have ... it has really never been our intent to slow the move of a group of consumers that are willing to go to ERCOT," Guy told the commission. "We don't intend and promise to not collaterally attack the commission's order or make any argument of a lack of evidence for the order or anything along those lines."

"Welcome to ERCOT," Commissioner Will McAdams told LP&L and Lubbock city representatives.

The settlement applies to a little more than 25% of LP&L's load, or about 170 MW. The bulk of LP&L's load, about 470 MW, was smoothly migrated from SPP to ERCOT in 2021, the largest single transfer of customers in the latter's history. That culminated a six-year engineering and regulatory effort that began in 2015. (See *Six Years in the Making: LP&L Migrates Load to ERCOT.*)

Reliant Energy Retail Services, TXU Energy and Octopus Energy have agreed to serve as *safety net providers* for LP&L customers. The utility will then become a *transmission and*

distribution utility.

\$1.75M Fine Recommended for TNMP

The PUC's enforcement staff has *recommended an administrative penalty* of \$1.75 million for Texas-New Mexico Power Company (TNMP) over its violation of metering and billing practices.

In a *report*, the commission's Division of Compliance and Enforcement said the utility violated accurate meter-reading rules because it failed to make necessary changes to its advanced metering system.

A staff investigation found the utility had three years' notice that the system's communication backbone was going to be discontinued but did not make replacement plans until halfway through the timeframe. They also said TNMP could have developed a back-up mitigation plan in case its vendor was unable to provide more than 170,000 new meters in time to avoid the "foreseeable" communications failures.

The results were prolonged, inaccurate estimates of power consumption for thousands of the utility's customers.

TNMP has until March 28 to either accept the penalty or request a hearing. The recommended penalty will go into effect without a timely response. ■



Lubbock Power & Light is the largest municipality in ERCOT's competitive market. | City of Lubbock

ERCOT News



Texas Court Reverses PUC's Uri Market Orders

Ruling Finds Commission Exceeded its Authority in Setting \$9,000 Prices

By Tom Kleckner

A Texas appeals court on Friday reversed the Public Utility Commission's orders to keep ERCOT wholesale prices at the \$9,000/MWh cap during the deadly February 2021 winter storm, adding even more uncertainty to a market facing a yet-to-be determined redesign.

A three-judge panel for the 3rd Court of Appeals in Austin ruled that the PUC exceeded its authority by setting prices at their limit for four days during the storm. The commission said that the move was necessary to incent generation to stay online as ERCOT worked desperately to bring the grid back to life after it came within minutes of a total collapse. (See [Texas PUC Won't Reprice \\$16B Error](#).)

The court said the commission's actions "entirely" eliminated competition, contrary to *state law*.

"Setting a single price at the rule-based maximum price violated the Legislature's requirement in the Utilities Code ... that the commission use competitive methods to the greatest extent feasible and impose the least impact on competition," Justice Edward Smith wrote ([03-21-00098-CV](#)).

The court reversed two PUC orders responding to market transactions clearing as low as \$1,200/MWh ([51617](#)) and remanded the case for "further proceedings consistent" with its ruling. Whether that takes place at the PUC or in another arena remains to be seen.

The PUC said it doesn't comment on pending litigation. Neither does ERCOT.



Katie Coleman, O'Melveny & Myers | © RTO Insider LLC

The appeal was filed by Luminant, Vistra's generating subsidiary, shortly after the 2021 storm, also known as Winter Storm Uri, knocked about 50 GW of generation offline. More than 200 Texans died during the resulting dayslong outages.

Other energy companies intervened on both sides of the case.

"We agree with the decision today by the Court of Appeals in Austin, but this is an ongoing legal proceeding, and we cannot predict the final outcome," Luminant spokesperson Meranda Cohn said in an emailed statement.

Luminant *argued before the court* last year that the PUC's actions addressing the power shortage were "invalid and ineffective" and "wreaked havoc." The PUC told the court that the appellants were upset over their financial losses and were asking the judges to "second-guess" decisions made by the PUC and ERCOT under extreme weather conditions.

The actions resulted in \$16 billion of market transactions that ERCOT's Independent Market Monitor said were incorrectly priced during 33 hours after ERCOT stopped shedding firm load. The PUC declined the reprice the transactions. (See "Monitor: \$16B ERCOT Overcharge," [ERCOT Board Cuts Ties with Magness](#).)

Attorney Katie Coleman, whose law firm represents several market participants, pointed out that some of the balance during the storm has since been securitized and that some participants are paying off debt that they now might not even owe. Other transactions settled outside ERCOT can't really be undone, she said.

"Resettling just the real-time and day-ahead markets creates chaos and undermines positions from two years ago," Coleman said. "It's a giant mess. I don't know how they can even try to unscramble that egg."

Austin-based energy consultant Alison Silverstein, who was part of FERC's decade-plus work settling the 2001 California market implosion, used a different metaphor in agreeing with Coleman.

"Practically speaking, it will be challenging to unwind the daisy chains of electricity transactions from that week, figure out what the prices should have been and claw the overpayments back," she said. "This could be harder for Uri transactions because a lot of that money



A Texas appeals court has reversed the PUC's order setting wholesale prices at \$9,000/MWh during the 2021 winter storm. | © RTO Insider LLC

paid for wildly inflated natural gas, rather than increasing many generators' profits. It's unlikely that the PUC can claw back Uri profits from businesses it doesn't regulate."

The court is aware of those same issues. "Our decision in this appeal may have very real material consequences for all involved," Smith said in his opinion.

But Silverstein agreed with the court's decision, finding it ironic that the ruling found that the PUC exceeded its authority by "eliminating competition entirely." She pointed to Smith's use of direct quotes from Texas statutes regarding "electric services and their prices should be determined by customer choices and the normal forces of competition" and that regulatory authorities should use "competitive rather than regulatory methods ... to the greatest extent feasible" and with "the least impact on competition."

"For the past year and at present, the Texas commission and legislators are considering a number of electric market options and policies that would advance regulatory methods that stifle customer choices and choke competition," Silverstein said. "This order should remind us that since 1995, Texas legislators and policymakers have repeatedly supported free-market competition for electricity. We should find ways to fix our current reliability and affordability challenges by leveraging competition, not squashing it." ■

ISO-NE News

Overheard at the 2023 NECA Renewable Energy Conference

WALTHAM, Mass. — Maria Robinson, director of the U.S. Department of Energy's Grid Deployment Office, gave an update earlier this month on the work her team has been doing since the office's launch last year.

Speaking at the Northeast Energy and Commerce Association's Renewable Energy Conference, held March 9 at the Waltham Woods Conference Center, Robinson painted a picture of a department that's hard at work looking for the country's biggest grid challenges and ways to solve them.

The office is working to allocate a great deal of funding from the Infrastructure Investment and Jobs Act, according to Robinson.

"We're seeing so much funding flowing to areas that are in desperate need of economic recovery and ensuring that they are being ... rebuilt at least back to 21st century standards," she said.

The office is also getting down to business on transmission permitting, and she noted that the Northeast has plenty of practice at dealing with the complexities and politics.

"Here in New England we have experience with individual communities interacting with transmission lines a little differently than others might," she said.

But she also gave a shoutout to the region's collaborative memorandum of understanding on offshore wind. (See [New England States Group Up To Push For Federal Transmission Funding](#).) The states are looking to win federal funding from the Grid Resilience and Innovation Partnerships (GRIP) Program.

"That's the type of exciting innovative project that we're thrilled to see applying," Robinson said.



Maria Robinson, director of DOE's Grid Deployment Office | © RTO Insider LLC

Robinson gave one other key update at the conference, on the process of preparing to work on projects in National Interest Electric Transmission Corridors (NIETC). She said the *triennial state-of-the-grid study* is a precursor to the NIETC work. The draft version of the study is out for comment now and will be finalized by November.

"At that point in time, our hope is to be able to start opening up for potential applications for those corridors," Robinson said. "We've already heard a lot of interest from private developers, who are more than ready to start that application process."

State of Renewables in the Northeast

Another panel at the conference discussed the opportunities and challenges for different types of renewables in the Northeast.

Every panelist agreed that there is a lot of promise for nearly every clean technology in the region.

"The signs are great. There's a lot of activity from a jobs perspective. I would characterize it as an exciting time to be in solar," said Mark Sylvia, chief of staff at BlueWave Solar. "When you think about the Northeast and what's been accomplished over a very short time, we have a really good story to tell."

Amit Barnir, vice president of U.S. network infrastructure for storage developer Zenobe, agreed.

"The Northeast is interesting because we're finding market-based solutions for energy storage," he said.

And in offshore wind, Northeastern projects have been setting the bar in what is largely a "homegrown industry," said Katie Theoharides, head of U.S. offshore in the Eastern U.S. for RWE renewables.

"We also have a workforce which is building up and ready to go, and the federal government has come in line and set bold targets as well as releasing historic lease

areas in rapid succession," she said.

The workforce development piece is key to the success of offshore wind, said Nickie Collard-Andrade, a senior workforce development coordinator at Avangrid.

"Even in the short time I've been involved, things have changed dramatically, specifically in workforce development. When I started, it was hard to get people to buy in that it was really happening. The dynamic has changed, and there are more individuals contacting us," she said.

But there are headwinds for each segment of the Northeast's clean energy industry too. Most of them have to do with interconnection, the grid and regulation.

"The general approach in the Northeast has started with utilizing existing rules, both wholesale interconnection tariffs and retail tariffs," Barnir said. "The challenge that we have run into is that energy storage is not just generation; it's load as well. The rules that are in place kind of only look at it in one direction."

Sylvia offered a similar perspective for solar.

"Chief among the challenges we face is the grid and the interconnection process. There's a misalignment between these very aggressive goals governors have set in their states and where we are in upgrading the grid," he said.

For wind, political and personal views of the technology are an obstacle.

"There are a lot of fears about new technology. How do we make it something that's approachable and highlights the benefits?" Theoharides said.

She suggested building more political support by bringing oil and gas resources from the Gulf Coast to bear on the Northeast's offshore wind efforts. ■



Nickie Collard-Andrade, Avangrid | © RTO Insider LLC



Amit Barnir, vice president of U.S. network infrastructure at Zenobe | © RTO Insider LLC



Mark Sylvia, chief of staff at BlueWave Solar | © RTO Insider LLC



Katie Theoharides, head of U.S. Offshore East for RWE Renewables | © RTO Insider LLC

MISO News

FERC Rejects Last-ditch Effort to Save Tx Project

Order Allows MISO to Cancel Hartburg-Sabine Junction

By Amanda Durish Cook

FERC on Friday approved MISO's ability to abandon the only competitive transmission project it has ever assigned to its South region.

The commission's order means the RTO can cancel its selected developer agreement with NextEra Energy Transmission (NEET) Midwest (NYSE: NEE) for the \$115-million, 500-kV Hartburg-Sabine Junction project in East Texas. The grid operator recommended the project in 2017 ([ER23-865](#)).

MISO said that Texas' 2019 right-of-first-refusal law prevented NEET Midwest from obtaining regulatory approval from the Texas Public Utility Commission to construct the project and meet a June 2023 in-service date. The grid operator said that after a fresh analysis of the project showed that it provided little value, it would not reassign the project to incumbent Entergy Texas. (See [MISO Cancels Hartburg-Sabine Competitive Project](#).)

The project was intended to alleviate constraints in a load pocket straddling Texas and Louisiana.

NEET and the Southern Renewable Energy Association (SREA) attempted to save the project by lodging protests of the agreement's cancellation with FERC. SREA has accused Entergy of strategically building generation near existing line routes to thwart projects that would open up Entergy's service territory to outside generation supply. The nonprofit has said Entergy wants to preserve its load pockets. (See [NextEra, SREA Protest Canceled MISO Project at FERC](#); [SREA Criticizes Lack of MISO South Planning in FERC Tx Proceeding](#).)

SREA argued that MISO performed only a "limited" screening when it reexamined Hartburg-Sabine and did not conduct a more in-depth congestion analysis. The organization said the project could still be necessary to the MISO South system.

But the commission said MISO appropriately followed its tariff when it used schedule delays to trigger a project analysis and ultimately seek a dissolution of the developer agreement. FERC concluded it was "reasonable" for MISO to determine that NextEra was unable to complete the project.

"While NextEra and Southern Renewable disagree with MISO's choice of outcome, we



The proposed \$1.1 billion, 500-kV baseline reliability project submitted by Entergy Texas under MISO's 2023 transmission planning cycle | [Entergy Texas](#) and Google

find that MISO appropriately exercised the discretion provided by its tariff in arriving at that outcome," FERC said. "The issues NextEra and Southern Renewable raise do not provide a sufficient basis for us to find that MISO acted in a manner that is inconsistent with its tariff under the circumstances presented here."

NEET maintained it was "optimistic" it could resume the project's development following the 5th U.S. Circuit Court of Appeals [ruling](#) last year that Texas' ROFR discriminates against nonincumbents in the portions of the state belonging to interstate transmission systems. Texas has since appealed the ruling to the Supreme Court. (See [Texas Petitions SCOTUS to Review ROFR Ruling](#).)

"We disagree with NextEra's argument that it is premature for MISO to find that NextEra is unable to complete Hartburg-Sabine given the status of Texas ROFR [I]aw litigation," FERC said. "While it is true that the Fifth Circuit remanded the issue of the constitutionality of the Texas ROFR [I]aw under the Commerce Clause of the U.S. Constitution to the Western District, the Texas ROFR [I]aw is currently in effect."

Entergy said it was appropriate for MISO to seek to terminate the developer agreement because the project can no longer deliver benefits.

In comments to FERC, Entergy said NextEra and SREA's allegation that the utility is trying to stall outsider transmission projects or usurp

those projects is untrue.

Entergy said its newly proposed, \$1-billion Babel-Running Bear 500-kV project in East Texas is "completely different" from the Hartburg-Sabine project, counter to what NextEra alleged. Entergy [gave notice](#) to MISO that it intends to construct a substation and build a 150-mile 500-kV line to accommodate regional load growth and relieve the historically constrained Western Region load pocket. Unlike Hartburg-Sabine, a market efficiency project, the Babel-Running Bear project would be classified as a baseline reliability project and not be open to regional cost sharing.

The MISO stakeholder community has criticized Entergy for proposing billions of dollars of baseline reliability projects in the RTO's South region in this year's transmission-planning cycle. Stakeholders have pressed the grid operator to determine whether some of the projects could become more comprehensive, regionally allocated projects. (See [Initial MTEP 23 Ignites Familiar Arguments over MISO South's Reliability Spending](#).)

"Entergy believes that the transmission system should be planned and constructed to provide customers with reliable, reasonable cost electric service, including to accommodate the transition of a changing resource mix," Entergy told FERC. "Among other things, transmission planning should consider generation solutions and local distribution facilities to ensure that the results of the planning process are efficient and will provide for a reliable grid." ■

MISO News

FERC Affirms ITC Midwest's Capital Structure Rehearing

By Amanda Durish Cook

FERC on Thursday affirmed ITC Midwest's 16-year-old capital structure over protests that it results in unaffordable customer rates.

The commission said ITC Midwest's 60% equity/40% debt capital structure passes its three-prong test; some of the language mirrored the commission's November ruling (EL22-56-001). (See *FERC Rejects Iowa Coalition's Complaint over ITC Structure*.)

The Iowa Coalition for Affordable Transmission, a group of Iowa utilities, industrial customers and consumer advocates led by Alliant Energy, challenged the transmission developer's capital structure twice in 2022 as being excessive and too skewed toward equity. The group asked FERC to reduce ITC's equity component to 53% and initiate a refund process.

FERC said that ITC Midwest's equity component is not unusually high and falls within the range of other approved capital structures. It said ITC Midwest has a bond rating independent of parent companies ITC Holdings and Fortis and said there remains no proof that either parent guarantees Midwest's debt or would take on obligations in the event of a default.

Canada-based Fortis purchased ITC Holdings for \$11.3 billion in 2016.

On rehearing, the Iowa organizations argued that FERC hasn't meaningfully analyzed the capital structure's appropriateness since 2007. They said that a 2021 Moody's report contained the line, "We expect that Fortis would



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

provide 'extraordinary support' if required, provided that the parent had the economic incentive to do so." Moody's use of "extraordinary support" "constitutes evidence of an effective guarantee of ITC Midwest's debt by its parent companies," they said.

The commission said Fortis and ITC Holdings have made no formal pledges that they would extend credit support. It also said Moody's statement doesn't amount to a guarantee.

FERC said the Iowa group's fixation on Moody's statement "merely speculates upon which circumstances would prompt Fortis or ITC Holdings to assist its subsidiary" and is not

enough grounds to order a hearing.

"A finding of less than total separateness between ITC Midwest and its corporate parent with respect to corporate governance does not demonstrate that ITC Midwest fails prong two" of the three-part capital structure test, FERC said.

The commission said it would be unusual for it to order a new capital structure.

"The commission does not dictate the level of common equity in a utility's capital structure used for ratemaking, except in very limited and specific circumstances, which ... are not present here," it said. ■

MISO News

Cleco CCS Project Looks to Beat Carbon Mandates

By Amanda Durish Cook

NEW ORLEANS — A year after it was announced, Cleco's Diamond Vault carbon sequestration project is in the thick of an engineering study that will determine its design and construction.

Diamond Vault is planned to capture and sequester up to 95% of the carbon emissions from Cleco's (NYSE: CNL) petroleum coke- and coal-fired *Brame Energy Center's* Madison Unit 3 by 2028. The unit emits about 4 million tons of carbon dioxide per year and is one of the biggest sources of carbon pollution in Louisiana.

The project will use an amine-based carbon capture technology employing an amine solvent that has a reversible reaction with CO₂. The sequestered CO₂ will be converted into a sludge that will bond with rock over time in geological vaults below the Brame Energy Center.

During the Gulf Coast Power Association's (GCPA) MISO-SPP conference earlier this month, Cleco Chief Compliance Officer and General Counsel Bill Conway said Diamond Vault is the result of a convergence of economic worries and "concern over our children's, children's children."

"World capital has come to the conclusion that climate change is a problem," he said.

Cleco secured \$9 million in congressional funding for the \$12 million engineering study, expected to be completed next year. In an emailed statement to *RTO Insider*, the company said it cannot speculate on the study's results before its completion and declined to answer questions on whether Brame is proving to be a suitable site or whether the project might keep Madison 3 operational longer through emissions control.

The utility is seven months into the 21-month study. Jennifer Cahill, corporate communications director, called the engineering study a "major step in making Project Diamond Vault a reality."

Cleco said if the study proves successful, it will work to secure the \$1.1 billion to \$1.4 billion needed for the project through the federal government's \$85/ton tax credit for carbon storage. Construction would begin at the end of 2025, the utility said, and it does not expect to require rate increases to fund the project.

The billion-dollar estimate matches the cost of Madison 3 itself.

Conway said the federal government's tax credit makes the project viable. He also said amine-based carbon capture is already a proven method, though not at the scale of Cleco's envisioned project.

He said it would be "economically catastrophic" to prematurely shutter Madison 3 because it was built in 2010 and ratepayers might be

forced to foot its stranded costs.

Cleco estimates Diamond Vault will require about 200 MW to run, about a third of Madison 3's output. Conway said those megawatts will likely come from solar generation additions.

He said he believes carbon credits will soon become a mandate and that Cleco is better off getting ahead of the issue, funded largely by "Uncle Sam."

"We think we have a very good proposition to sell to the Louisiana Public Service Commission," Conway said.

Cleco has started "intensive community outreach" to earn public support on the project, he said. However, he said not many people live in the site's vicinity.

"So far, because of where we are, because we're not going under a major waterway, because the site is surrounded by timberland, there seems to be good community acceptance," Conway said.

The company says Madison 3 is a good candidate for onsite carbon capture and storage because it's a newer plant with relatively low sulfur emissions. The plant is also situated on a large site with "suitable" geological formations for permanent carbon sequestration "directly below the Madison 3 unit" that won't require pipeline transportation.

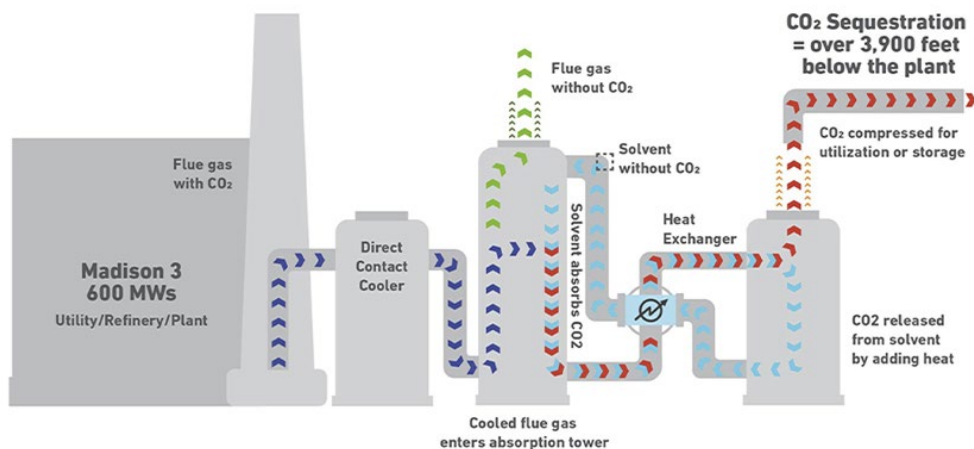
Cleco said it's in discussions to sell the unit's output to third parties that need around-the-clock available clean energy to comply with low-carbon fuel standards.

"If we are successful in this effort, we will be able to substantially reduce our rates and improve customer affordability," the utility says.

Conway predicted Louisiana will be ripe for other carbon capture and sequestration projects.

During the same GCPA panel, Tenaska Power Services' Bret Estep said carbon-capture developers will have to present their case that Louisiana isn't going to be targeted as a "dumping grounds" for carbon. He argued that Louisiana is already an industrial hotspot that won't be able to exist in the future without CCS operations.

"I think without this, we'll be left with brown-fields that will take decades, centuries to remediate," he said of Louisiana's industrial landscape. ■



Diamond Vault illustrative chart | Cleco

MISO News

MISO Accreditation Impasse Persists at Workshop

By Amanda Durish Cook

MISO responded to unease over its proposed capacity accreditation methodology Friday with a workshop to show stakeholders that it lines up with a recent report on accreditation design principles.

The RTO invited a representative from Energy Systems Integration Group (ESIG), which released the [report](#) last month, to the workshop. However, stakeholders continued to insist that accreditation should exist to simply reflect the reliability value of units, not send new capacity procurement signals.

Telos Energy's Derek Stenlik, who serves on ESIG's Redefining Resource Adequacy Task Force, emphasized that "there is no such thing as perfect capacity." He said accreditation should hit a "sweet spot between reliability and economic efficiency," making sure the methodology sends price signals to new market entrants.

MISO said Stenlik was not advocating for any particular accreditation method but laying out options.

ESIG's report recommends that grid operators consider accreditation designs that evaluate energy availability during risky periods, use a similar and simplified method to accredit all resources, and align incentives in both capacity accreditation and real-time performance. That would "not only simulate availability during typical risk periods but ensure performance during actual scarcity events," according to the report.

MISO is proposing all resources' accreditation be predicated on availability during "resource adequacy hours," or conditions with emergencies or tight supply. The methodology will also adjust unit accreditation by a capacity value determined by loss-of-load expectation. The equation's direct LOLE piece would replace the RTO's use of unforced-capacity values that rely on historic forced-outage rates.

The move to a marginal accreditation methodology would assign solar generation near-zero capacity credits within the decade. The thought is that an influx of solar generation is only helpful to a point and will shift daily generation peaks to when the sun sets.

MISO's preferred accreditation design was contested during a Resource Adequacy Subcommittee meeting earlier this month. Stakeholders proposed several revisions and



| Ameren Missouri

a pair of motions opposing the process. (See [MISO Stakeholders Debate Capacity Accreditation, RA.](#))

Stenlik said accreditation designers should decide whether their philosophy is valuing capacity while determining the next-best investments, or simply assessing the units' historical performance. He said a marginal approach arrives at saturation points for wind, solar and storage more quickly than one based on past operations.

ESIG concluded that accreditation should be tied to actual operations and that a combination of simulated, prospective capability and historical performance captures a wider range of risks, he said.

"If we're only looking at how my portfolio did during risk periods in the last three years, my risk periods in the next three years are going to be very different as the resource transition continues," Stenlik said. He said accreditation can draw on "a matrix of risk hours that are both past- and forward-looking."

He said accreditation could be surveyed using a load-serving entity's entire fleet. RTOs take stock of the LSE's total supply side and demand-side resources and determine the total risk and benefits they introduce to the system, Stenlik said.

During the workshop, stakeholders asked whether MISO is open to removing marginal calculations from its accreditation, arguing it will undervalue capacity.

Zak Joundi, the RTO's director of resource adequacy coordination, said the workshop was not intended to host another debate on the accreditation proposal. He said staff will continue vetting the accreditation proposal in the stakeholder process.

"It's not like we just rolled this out. This has been 18 months of discussion," he said of MISO's proposal.

During the recent Gulf Coast Power Association's annual MISO/SPP conference, MISO Independent Market Monitor David Patton

MISO News

said, "If we're brave and we accredit resources right, the lights won't go out. But it remains to be seen whether we do that.

"We need to be honest about the limitations of different resources," he added.

Patton said different resource classes have different contributions to reliability. He said MISO should accurately assess those characteristics and known fuel issues by season to inform accreditation.

Signs Point to Renewables, Storage

No matter what happens with MISO's accreditation proposal, the grid operator is certain to be awash in renewable energy, a market analyst said recently.

Ascend Analytics' Brent Nelson said during a March webinar that high natural gas prices, solar generation and standalone storage tax credits and increased demand for clean energy mean MISO and PJM renewable developers are eager to begin construction.

"The kid in the candy shop is the analogy here," he said, adding that there's currently a "land

rush" to snap up optimum sites for wind and solar resources.

Brent said despite gas prices dropping in the past few weeks, there's "a pretty permanent long-term structural uplift in the market expectations." He also said there's "regulatory concern over stranded-asset risks" on new natural gas plants.

"Storage is the pretty clear new capacity resource," he said.

Nelson said multiple RTOs are struggling with how to accredit capacity to meet reliability standards in a transitioning fleet mix. He said he doesn't see good answers.

"I think one of the things we've seen over that last year is that there's been a systemic underestimation of critical system risks in cold weather," Nelson said. "If the critical system condition that you're worried about is when the wind's not blowing, by definition that's the time that you're worried, then you have to rethink how you accredit a resource."

Nelson predicted that both PJM and MISO will see coal resources retire without extensions.

He said coal will get "squeezed out" of markets, unable to compete with solar and wind.

High natural gas prices will keep energy prices high in the near term, but substantial renewable energy buildout will eventually bring them down, he said.

"I think the concept of baseload is a false construct. What you need is to meet demand. And so, if you have variable supply, you want some other variable supply that can fit around it," Nelson said. "Baseload as a concept isn't something that we need. What we need is something that will deliver reliability and energy at minimum cost."

Nelson said he doesn't expect MISO capacity prices to hit net cost of new entry in next month's 2023/24 planning year auctions, but he said clearing prices are entering an era of instability. MISO's capacity market will "oscillate between near-zero and near-price cap levels" for years as utilities lean on the optional market to make up their needs, Nelson said. For that reason, MISO utilities will strive to build, own and contract capacity outside of the market, he predicted. ■



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

Submit a Stakeholder Soapbox Op-Ed

See rtoinsider.com/soapbox for editorial guidelines.

MISO News

ITC Defends ROFR Use for Major Tx Buildout

By Amanda Durish Cook

ITC Holdings says that a MISO 2016 market efficiency project is proof that rights-of-first-refusal laws benefit the grid and ratepayers.

Nathan Benedict, ITC's regulatory strategy manager, said the transmission developer is so confident that the 50-mile, 345-kV line in Minnesota has been so successful that it will use the project as a case study when it files comments on transmission planning and cost containment with FERC later this week.

The \$118 million Huntley-Wilmarth line was part of MISO's 2016 Transmission Expansion Plan and would have been open to competitive bidding were it not for Minnesota's more than decade-old ROFR law.

A handful of state legislatures in MISO's footprint have introduced and sometimes tabled ROFR rules this year. The pressure to pass or set aside the laws is sharpened by the nearly \$30 billion in new transmission spending the grid operator may recommend for its Midwest region under its long-range transmission plan (LRTP). Mississippi became the latest MISO state to enact a ROFR law when Gov. Tate Reeves *signed* legislation earlier this month.

Meanwhile, a pending complaint asks FERC to invalidate states' ability to give incumbent utilities first shots on construction. (See *MISO States Ramp Up ROFR Legislation*.)

"It takes this discussion of who is going to build the transmission off the table and focuses on the transmission planning," Benedict told *RTO Insider*. "We realize the most cost-effective measure to cost containment is coordinated transmission planning."

"We feel at the end of the day, the Minnesota ROFR allowed us to manage costs effectively and respond to route, environmental and landowner concerns and secure a return on investment," ITC Midwest Communications Manager Rod Pritchard said.

Pritchard said Huntley-Wilmarth was originally estimated at \$108 million in 2016 dollars. He said the original design incorporated a single-circuit, H-frame wooden structure design that ultimately morphed into the costlier double-circuit, steel monopole design after input from the Minnesota Public Utilities Commission.

Possible routing changes meant project co-owners ITC Midwest and Xcel Energy were

grappling with nine different route alternatives ranging from 45 to 57 miles that differed from MISO's preliminary estimates, Pritchard said. At one point, landowner feedback collected by the Minnesota PUC could have pushed the line's cost as high as \$167 million.

Pritchard said that because of "collaboration with incumbent utilities and very aggressive cost-containment measures," ITC and Xcel were able to keep costs at \$118.3 million. He called Huntley-Wilmarth an "excellent example of two transmission owners under the ROFR process working together" to provide the best routing and cost-containment decisions.

Huntley-Wilmarth is now alleviating constraints in southern Minnesota and northern Iowa, once one of MISO's most congested spots, Pritchard said.

"There are segments of our industries where competition doesn't make sense," Benedict said, pointing to a 2022 Concentric Energy Advisors' *report* that concluded competitive projects average 27% in cost increases and an additional 12 months of schedule delays.

Benedict said there's no time to waste in energizing the new transmission necessary to bring record amounts of renewable energy online.

ITC estimates it will be responsible for roughly \$1.4 billion to \$1.8 billion of MISO's first LRTP portfolio, which is valued at \$10 billion. The developer will be involved in six of the 18 projects.

"As an incumbent, we have extensive knowledge of the communities, the geography ... the intricacies of what it takes to plan transmission," Benedict said.

He said states have the "prerogative" to remove the uncertainty from transmission-expansion decisions after FERC issued Order 1000 in 2011.

Benedict acknowledged that ITC differs from other utilities in that it's an independent and unbundled transmission developer. He said the company's independence from generation means it's focused on how to best improve the transmission system.

"We really want an efficient grid that works best for customers," he said.

Benedict said while transmission investment raises customer bills, it can also offset delivered energy costs and other portions of the bill. ■



Construction of the Huntley-Wilmarth transmission line project in Minnesota | Michels Corporation

MISO News

MISO Issued Show-cause on Seasonal Capacity Auction Values

By Amanda Durish Cook

FERC on Friday issued MISO a show-cause order saying the grid operator appears to be violating its tariff by failing to publish a system-wide unforced capacity ratio ahead of its first four-season capacity auction in a few weeks.

The commission said although MISO has updated individual units' ratios of unforced capacity to intermediate seasonal-accredited capacity, it hasn't updated the systemwide ratio (EL23-46). It ordered MISO within seven days to either show cause as to why it would not have to update the ratio or explain how it will revise the ratio before it conducts its seasonal capacity auctions for the 2023/24 planning year beginning June 1.

Commissioner Mark Christie said FERC's order on MISO's missing ratio is more proof that grid operators' capacity markets are convoluted and dysfunctional.

The ratios are a new concept added alongside MISO's seasonal, availability-based accreditation style. (See [FERC Affirms MISO's Seasonal Auctions, Accreditation.](#)) MISO and market participants use the ratios to validate capacity values. The RTO said it intended it to be "an annual calculation posted well in advance of each PRA in order to provide market participants certainty as they plan to meet planning reserve margin requirements."

In an early March filing to FERC to explain issues surrounding the systemwide ratio, MISO said its tariff was silent on the matter of when the ratio should be published in advance of its four-season Planning Resource Auction (PRA) conducted in April. The RTO said it published the annual ratio on Dec. 15, but found that its software registered some previously approved and exempt generator outages over the last three years as illegitimate, thus lowering expected capacity.

While MISO said it issued individual corrections for affected generators, it said it could not update the systemwide ratio again in time for the 2023/24 PRA.

Late last month, Director of Resource Adequacy Coordination Zakaria Joundi said MISO's filing on the ratio is "an attempt to share and communicate with FERC what we've been up to" and signal to FERC that "potential process changes" may be needed moving onto the next planning year.

At the time, Joundi said MISO was in the

"final stretch" before running its first seasonal auctions.

FERC said that while it was sympathetic to the challenges MISO faced in pulling off its first seasonal auction, the RTO was nonetheless violating its tariff by not releasing an updated ratio.

"We understand that this is the first year in which MISO is transitioning to its seasonal capacity construct and that errors may occur in executing complex calculations," FERC said. "In this instance, MISO identified an error in how outage exemptions were calculated and corrected this error by updating the [seasonal accredited capacity] values of affected resources. However, the ... tariff does not afford MISO with discretion to decide whether to update the ratio; rather, MISO must calculate the ratio consistent with the formula set forth in the tariff."

In an email to *RTO Insider*, MISO said it was reviewing FERC's order and will submit a formal response by March 24.

Christie Criticizes Capacity Markets

Christie seized on the order as further evidence that grid operators' capacity markets are plagued by complicated rules.

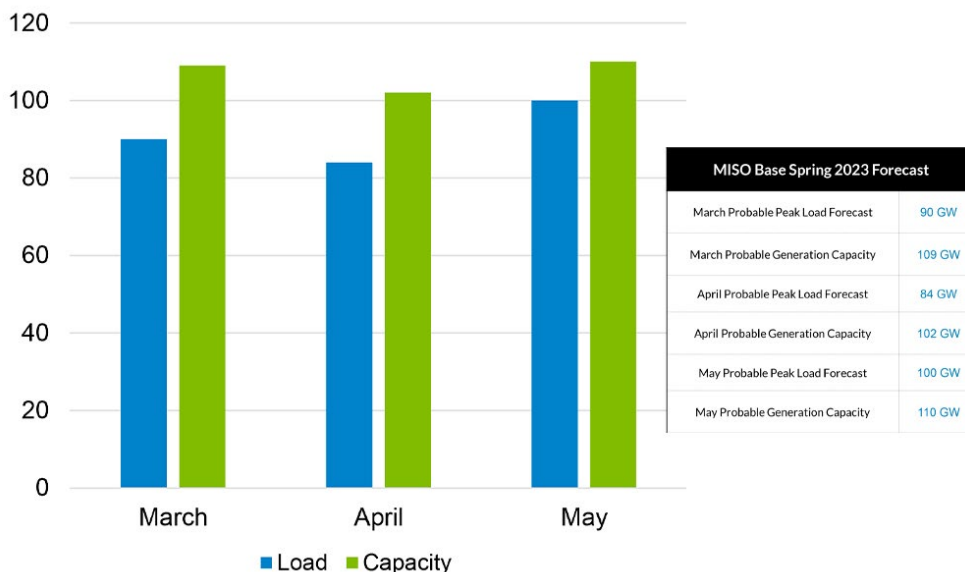
He said MISO's seasonal capacity construct is "daunting[ly] complex," pointing out that the seasonal accreditation values assigned to some thermal resources in the ratio aren't even "directly" used as their accredited capacity.

"Given these Rube Goldberg machinations, it is perhaps no wonder that something went awry in MISO's accreditation calculations — though, in fairness, MISO attributes the incorrect calculations to an error by its Control Room Operations Window (CROW) software program in assessing the timeliness of outage submissions (which I suppose represents a serving of CROW)," Christie wrote in a concurrence to the order.

"This proceeding shows once again that these administrative constructs known as capacity markets are characterized by such hopeless complexity and impenetrable opacity that they represent the classic example of a game that only insiders can play and win," Christie continued. "The interest groups that have the time and resources to navigate this labyrinth can and will make sure their interests are protected or at least advocated well. Whether the public interest is or even can be protected in this insiders' game is increasingly a salient question."

Speaking this month at the Gulf Coast Power Association's MISO-SPP conference, MISO Independent Market Monitor David Patton predicted MISO will gather "lessons learned" from the April auctions and results. He said MISO moved too hastily to design and seek approval for its seasonal market.

"With the speed at which they implemented it, there's going to be some things that are going to be not quite right," Patton said. ■



MISO base spring 2023 forecast | MISO

NYISO News

NYISO Begins 2023 Class Year with Nearly 100 Projects

By John Norris

NYISO last week formally *announced* that the 2023 Class Year (CY23) study was launched with between 80 and 90 projects participating.

Class Year studies assess whether a new resource entering the New York grid would have an impact on reliability and identifies any transmission upgrades necessary to maintain reliability. CY23 officially *started* on Feb. 13, 30 days after the completion of CY21. (See “Class Year Updates,” *NYISO TPAS Briefs: Jan. 19, 2023.*)

The abundance of projects joining CY23 is emblematic of a problem concerning NYISO’s interconnection study processes, which have undergone an unprecedented increase in the volume and complexity of projects since the passage of New York’s aggressive clean energy transition roadmap, the Climate Leadership and Community Protection Act.

NYISO has responded to this challenge by narrowing certain study scopes, considering tariff revisions and adding more staff. (See *NYISO Investigating Tariff Changes to Improve Interconnection Processes.*)

However, previous delays and the increase in projects requesting interconnection did force some projects to obtain waivers from FERC granting them more time to have their studies approved before being able to participate in CY23. (See “FERC Interconnection Waivers,” *NYISO Operating Committee Briefs: Feb. 13, 2023.*)

In an episode last month of NYISO’s podcast, “*Power Trends*,” Zach Smith, vice president of system and resource planning, extolled the ISO’s interconnection process, saying the study’s

| Queue # | Project/Facility | Project Cost Allocation for SUF | Project Cost Allocation for SDU | Deliverable MWs |
|---------|---------------------------|---------------------------------|---------------------------------|-----------------|
| 521 | Bull Run II Wind | Accepted | Accepted | Accepted |
| 522 | NYC Energy | Not Accepted | Not Accepted | Not Accepted |
| 571 | Heritage Wind | Accepted | Accepted | Accepted |
| 577 | Greene County Energy | Not Accepted | Not Accepted | Not Accepted |
| 597 | Greene County 3 | Not Accepted | N/A | N/A |
| 629 | Silver Lake Solar | Accepted | Accepted | Accepted |
| 631 | NS Power Express | Accepted | Accepted | Accepted |
| 694 | Sunset Hill Solar | Not Accepted | Not Accepted | Not Accepted |
| 700 | Robinson Grid | Accepted | Accepted | Accepted |
| 709 | Alder Creek Solar | Not Accepted | Not Accepted | Not Accepted |
| 710 | Horseshoe Solar | Accepted | Accepted | Accepted |
| 716 | Moraine Solar | Not Accepted | Not Accepted | Not Accepted |
| 717 | Morris Ridge Solar | Accepted | Accepted | Accepted |
| 740 | Oakdale Battery Storage | Not Accepted | Not Accepted | Not Accepted |
| 758 | Sithe Independence | Accepted | N/A | N/A |
| 766 | NY Wind Holbrook (1) | Accepted | N/A | N/A |
| 774 | Tracy Solar Energy Centre | Not Accepted | Not Accepted | Not Accepted |
| 777 | White Creek Solar | Not Accepted | Not Accepted | Not Accepted |
| 779 | Gedney Hill Solar | Not Accepted | Not Accepted | Not Accepted |

Summary of class year 2021 initial decision period results | NYISO

“core objective is about the reliability of the grid” and ensuring new resources entering the grid will not “degrade the performance of system so that we can keep the lights on and keep the quality of service for all customers in New York.”

Smith acknowledged that NYISO’s studies have become more complex and challenging, both because of the volume of proposals and that many resources rely on new technologies, creating a backlog of nearly 500 projects.

NYISO “recognized that the interconnection

process must continue to evolve,” saying in a *white paper* that the “influx of new projects in the interconnection queue means that additional reforms are needed.”

In an email to *RTO Insider*, Smith said, “We’re extremely pleased to have launched another Class Year study process.”

“We understand how important the process is to supporting state policy goals and keeping the electric system reliable through the grid in transition.” ■

March 24, 2023
9:00 - 12:30

Affordability, Rate Design & Electrification

Restructuring Roundtable
MANAGED AND FACILITATED BY
RAAB ASSOCIATES, LTD.
www.raabassociates.com

FOLEY HOAG

FULL AGENDA/REGISTRATION HERE

NY Energy Summit
April 4 - 6, 2023 | Albany, NY

Hear Key NY Decision-Makers Review and Explore the Empire State’s Progress Towards Its Clean Energy Goals

Register Now

NECA **CPES**
Powering the Future through Innovation

29TH ANNUAL NEW ENGLAND ENERGY CONFERENCE & EXPOSITION

JUNE 7*-8 | GRADUATE HOTEL, PROVIDENCE, RI
REGISTRATION IS OPEN
WWW.NECA-CPESCONFERENCES.ORG
*OPTIONAL NETWORKING ACTIVITIES

NYISO News



FERC Dismisses Complaint over Con Ed Wholesale Distribution Rate

By John Norris

FERC on Thursday denied a New York company's complaint against Consolidated Edison, saying it did not provide any evidence that the utility's wholesale distribution service (WDS) rate was unjust or unreasonable ([EL23-8](#)).

There is little information online about the company, called Cubit Power One. According to an [application](#) filed with the New York City Industrial Development Agency in 2014, it is a special-purpose entity created "to develop green manufacturing facilities" seeking to build an "energy-efficient packaged ice manufacturing facility with on-site power generation" on Staten Island, with plans to eventually turn it

into the city's first carbon-capture plant. Its listed website is defunct.

That on-site generator, an 11-MW combined heat and power unit, was at the center of Cubit's complaint. It told FERC that revisions Con Ed proposed making to its WDS rate in response to a New York Public Service Commission proceeding would severely reduce the income the company received from selling the unit's extra power onto the grid.

The WDS rate is based on electric distribution companies' average retail standby service rates, which are charged for the delivery of replacement energy that would normally be produced by distributed generators.

The New York PSC last March adopted a new cost allocation methodology for standby rates to "more accurately align individual customers' contribution to system costs with the rates such customers pay, thereby sending improved price signals to those customers." It required EDCs to submit revised standby and buyback rates ([15-E-0751](#)).

Con Ed's current WDS rate is \$7.59/kW/month and is charged when the amount being sold is over 1,500 kW. Cubit alleged that the new rate as a result of the PSC proceeding could be less than \$0.20/kW/month. It argued that the new rate would allow Con Ed to "recover costs well in excess of Con Ed's own cost of service." Cubit also claimed that a Con Ed employee had sent an email saying the new rate would be \$2.29/kW/month.

In response, Con Ed said that Cubit failed to include a later message from the email chain, which said that assumption was subject to change based on the PSC proceeding.


"Cubit's arguments are based on conjectures regarding what may ultimately happen in the New York commission rate proceeding," FERC said. The proposed rates submitted as part of that proceeding "are subject to change at any time."

FERC noted that Con Ed will file an updated WDS rate once the PSC proceeding is completed, at which time it will determine whether it is just and reasonable. ■




Cubit Power One's 11 MW combined heat and power generation facility in Staten Island | Google

Northeast news from our other channels





NYSDERDA Signs MOUs to Explore Renewable Projects in Closed Landfills






Healey Admin Takes 1st Steps to Reshape Mass. DPU






NYSDERDA Chief Lays out Cost, Benefits of Climate Plan






NY Utilities Get More Time to Contract Energy Storage





Lone RI OSW Proposal to be Evaluated for Affordability



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

NYISO News

New York PSC Approves 20% Installed Reserve Margin

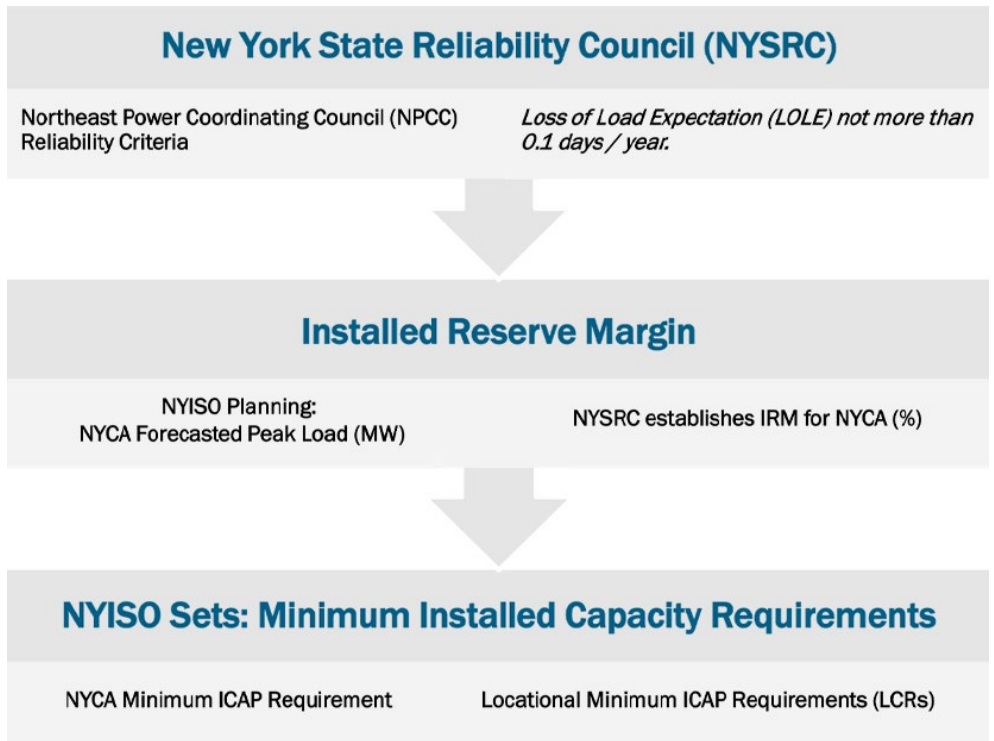
The New York Public Service Commission on Thursday approved a slight increase to the amount of reserve resources that load-serving entities must have available for the upcoming capability year (07-E-0088).

The New York State Reliability Council (NYSRC) had in December proposed raising the installed reserve margin from 19.6% to 20% for the 2023/24 capability year, which begins May 1 (05-E-1180). The figure equates to an installed capacity requirement of 120% of forecasted peak load for the year.

The council told the PSC it based its decision on the addition of 549.3 MW of wind generation and the need to maintain 350 MW of operating reserves during load shedding. It calculated the figure using the GE MARS system to examine factors such as demand uncertainty and scheduled or forced outages to establish a value above forecasted peak such that the loss-of-load expectation from resource deficiencies is fewer than 0.1 event days per year on average.

NYISO supported the proposal, as its own analyses yielded an IRM of 19.9%; 20% was “within a range of reasonable IRM levels that will maintain reliability.”

The PSC also said that the adopted IRM will “not have a significant adverse impact on the



Overview of determining New York Installed Capacity Market requirements | NYISO

environment.”

should conditions change. ■

The NYSRC will re-evaluate the IRM before the end of the year and submit another value

– John Norris

Save your 10 to 1 odds for Vegas.
You never want to chance too much in this market.

NetZero Insider. Stay informed.

Staying on top of the news and policy changes as the U.S. decarbonizes its economy is a mighty challenge. That’s why you subscribe to *NetZero Insider*, your eyes and ears on climate policy and adaptation. Offering comprehensive, timely, unbiased reporting and analysis from Washington and the states, *NetZero Insider* makes it easy for you to be prepared. Whatever the future brings.

NetZero Insider

rtoinsider.com

PJM News



FERC Issues Show-cause Order on ComEd Formula Rate Protocols

By Devin Leith-Yessian

FERC last week ordered show-cause proceedings for Commonwealth Edison's formula rate protocols, saying that they may not provide adequate transparency and lack a proper framework for challenging rates (EL23-31).

The commission found ComEd's protocols deficient in that they do not specify who can request information from transmission owners and what has to be provided in response, holding the utility to standards imposed by a 2012 order on MISO's protocols. The commission has since opened proceedings on formula rate protocols regularly, seeking to ensure they are compliant with the provisions laid out in the MISO order. (See related story, [PSCo, Idaho Power Comply with Show-cause Order.](#))

FERC said ComEd may not be meeting several of the disclosures the MISO order requires, including accounting practices for items where the commission hasn't provided specific direction, changes in tax elections and correcting of errors and prior date adjustments. It also said there does not appear to be adequate detail on various types of costs, requirements on documents requests, and the identification of transactions related to mergers and how they may affect formula rates.

The MISO order also requires that the updated filing with FERC must follow an informational exchange period with interested parties, but the commission said ComEd's protocols may not require an adequate time frame. The utility's definition of which parties can participate in the review process may also be insufficient by not providing enough clarity,



| © RTO Insider LLC

The provisions for challenging formula rates may also be inadequate, FERC said, by not containing enough information about which parties can informally challenge the proposed inputs and how that challenge can be converted to a formal challenge with the commission if a resolution cannot be found. The order also says that the protocols do not contain enough clarity that such challenges are pursuant to the protocols themselves, rather than rule 206 of

its Rules of Practice and Procedure.

ComEd has 60 days to respond to the order to either defend its protocols by showing how they comply with the commission's requirements or to detail the changes it believes would be necessary to address the issues laid out in the order. Comments will be accepted within 21 days of the utility's response to address whether the rates are just and reasonable or to suggest possible changes. ■



TRANSMISSION & INTERCONNECTION SUMMIT
June 12 - 14, 2023 | Arlington, VA

A New Era of Transmission Expansion Begins: Supporting the IRA-Accelerated Energy Transition

Register Now



PACIFIC OFFSHORE WIND SUMMIT
Offshore Wind California

MAY 8-10, 2023
SAFE Credit Union Convention Center
Sacramento, CA

SIGN UP NOW >



IPPNY'S CLEAN ENERGY SPRING CONFERENCE & SHOWCASE

Albany Capital Center
Albany, NY - May 9 & 10, 2023

Featuring:

- Alexis Glück, Keynote Speaker
- Senate Energy and Telecommunications Committee Chair
- Assembly Energy Committee Chair

Panel Discussions:

- Fueling the Energy Future
- The Future of the Electric Grid
- System Performance During Key Weather Events
- Big Picture Plans and Priorities for NY Energy Development

Register today at ipppy.org

ipppy 

PJM News



Maryland Bill Would Require Utilities to Report Votes at PJM

By Devin Leith-Yessian

A bill passed by the Maryland House of Delegates last week would require that utilities submit annual reports detailing their votes at PJM, including an explanation of how each vote benefits the public interest.

Del. Lorig Charkoudian, the sponsor of [HB1186](#), said the bill would provide needed insight for legislators into the decision-making at PJM and aid them in determining if utilities operating in the state are acting contrary to clean energy policy goals and ratepayers' interests. The General Assembly holds the authority to determine the state's generation mix targets and is expected to protect consumers, she said, but its legislation is often undermined by decisions made by PJM stakeholders.

The House passed the bill 100-35 on Saturday, advancing it to the Senate Education, Energy and the Environment Committee.

"We're in this position where sometimes I call PJM a shadow government because you have an LLC that is theoretically ... neutral on policy, but in reality the decisions they make every day ... absolutely make or break our climate change rules," Charkoudian told *RTO Insider*.

Most of the state's utilities are voting members of PJM:

- the four investor-owned utilities: Exelon's Delmarva Power and Light, Potomac Electric Power Co. (Pepco) and Baltimore Gas and Electric; and FirstEnergy's Potomac Edison;
- the municipal utilities for Berlin, Easton, Hagerstown, Thurmont and Williamsport; and
- the Southern Maryland Electric Cooperative (SMECO).

Two rural electric co-ops — A&N Electric and Choptank Electric — are members of Virginia-based Old Dominion Electric Cooperative, itself a PJM member but presumably would not be subject to the bill. According to the [fiscal and policy note](#) for the bill released by the Department of Legislative Services, "the companies can likely submit the required voting record information with existing resources. If not, local expenditures increase minimally. Revenues are not affected."

Charkoudian said that lawmakers' attempts to understand how local utilities are voting on

matters affecting the state are stymied by PJM rules, which do not make public the votes individual entities make at the lower committees and task forces. Though votes at the Members Committee are public, Charkoudian said initiatives benefiting the state may be blocked before they reach that level without legislators being able to understand why.

In particular, she pointed to the parameters defining the variable resource requirement curve as influencing the type of generation that is likely to be built in the state, while backlogs in the interconnection queue have limited the ability for renewable generation to be developed.

"I don't think this bill solves the problem, but it leads to a better ... conversation about what we can do to ensure that PJM is reinforcing what we're trying to do," Charkoudian said.

PJM spokesperson Jeff Shields said that all committees where votes are taken are open to the public and media.

"PJM has not been asked to opine on this legislation," Shields said. "All committees where votes are taken are open to the public and to the media. Votes of PJM's most senior committee, the Members Committee, are public, and a voting report is posted showing individual votes."

Stakeholder Comments

The Maryland Energy Administration, Office of People's Counsel and the state's chapter of the Sierra Club [submitted](#) favorable testimony to the House Economic Matters Committee. They argued that the bill would provide transparency without interfering with utilities' ability to cast votes on issues before PJM.

"Public service companies are provided with state-granted monopolies in order to perform important public functions and are required to operate 'in the interest of the public,'" the OPC said. "At the same time, however, many public service companies are private companies with fiduciary obligations to earn profits for their investors. Unless effectively regulated, public service company votes at PJM can result in serious misalignments with the public interest."

The IOUs and SMECO all submitted testimony in opposition to the bill, which they say would stifle debate and create significant administrative burden without providing much benefit to legislators.

Exelon Vice President of Federal Regulatory



Sharon Midgley, Exelon
| © RTO Insider LLC

Affairs Sharon Midgley, a regular attendee of PJM committee meetings, said the company supports transparency and is willing to engage with policymakers and regulators, but it believes the legislation in its current form

misses the mark. She said the requirement that the public benefit rationale for each vote be described is vague, with there being many competing issues of public interest, including affordability, security and the environment.

For votes in the lower committees, Midgley said there is currently no framework for logging individual votes — particularly those taken by voice or acclamation, which allow an item to pass if there are no objections. Requiring those votes to be cast would add a responsibility to stakeholders based in other states and sectors.

Midgley also pointed to PJM's [Manual 34](#), which states that all matters before stakeholders are considered preliminary until a vote is taken by the MC.

"All participants understand that documents, reports, slideshows and other written material used at all until final Member Committee and/or PJM board approval are intended to be works in progress and to encourage dialogue, discussion, debate and, preferably, movement towards consensus," the manual says. "Therefore, such work products should be treated in the spirit to which they are intended; that is, not as final or complete documents, nor the final position or view of a participant."

In its comments, FirstEnergy noted that the votes at the Markets and Reliability Committee and MC consolidate all affiliates together so each corporate entity has a single vote, which it said often means that its vote on an issue may not be driven by issues in any one state.

"Because of this consolidated vote, there are times when FirstEnergy's 'vote' is not driven by Potomac Edison or Maryland considerations. Compelling utilities to report and explain their vote in these situations just does not make sense," said the company, which has subsidiaries in Ohio, Pennsylvania, West Virginia and New Jersey. ■

PJM News



PJM, Stakeholders Present Initial Capacity Market Proposals to RASTF

Discussions on Potential BRA Delay Continue

By Devin Leith-Yessian

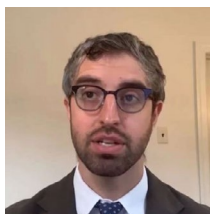
PJM on Wednesday [presented](#) a preliminary proposal to overhaul its capacity market to the Resource Adequacy Senior Task Force.

The proposal aims to address the core reliability concerns the Board of Managers shared in its February [letter](#) invoking the Critical Issues Fast Path (CIFP) process. (See [PJM Board Initiates Fast-track Process to Address Reliability](#).) A more formal package of specific revisions will be unveiled during the “stage one” CIFP meeting March 29.

PJM also presented the [problem statement](#) and [issue charge](#) laying out the RASTF’s work. Under the issue charge’s roadmap, stakeholder proposals will be developed through the second stage, followed by their finalization in the third stage.

The RTO said its proposal would revise several market structures related to risk modeling, performance assessment and testing, resource accreditation and market power. The approach to risk modeling would shift to a reliability metric based on expected unserved energy (EUE), expand the dataset used with a longer historical lookback of 50 or more years, and consider temperature when modeling forced outages.

PJM’s Walter Graf said the current methodology over-accredits certain resources compared to their contribution to the grid during high-stress periods, which results in the amount of capacity in the variable resource requirement curve being artificially inflated. This could lead to depressed clearing prices and a stronger retirement signal for some units.



Walter Graf, PJM | FERC

The proposal suggests switching to marginal accreditation, though Graf said PJM is open to alternatives such as marginal reliability impact. It would also consider resources’ past availability throughout different weather and load patterns and would bring demand response into the effective load-carrying capability (ELCC) accreditation model.

To account for the most severe winter weather, PJM proposes to set more stringent win-



Pat Bruno, PJM | © RTO Insider LLC

terization requirements above the minimums mandated by NERC. For resources that cannot meet those standards, two options were presented: to create a “winter disqualification” by which they would receive no obligation and compensation for the season, or an “annual disqualification” that would prohibit their participation in the capacity market outright.

Several stakeholders questioned how the greater consideration of seasonal weather would affect resources’ capacity ratings and whether the effort suggests a need for a seasonal product. Graf said PJM is envisioning an annual commitment with a seasonal differentiation mindset.

PJM is also considering four options for performance interval assessment (PAI) triggers, including maintaining the status quo, limiting triggers to exclude pre-emergency actions and warnings, during operating reserve shortages, and an amalgamation of the three that would include a minimum number of hours that would be assessed each year.

Pat Bruno of PJM said the second and third option would improve how PAIs reflect capacity emergencies and could incentivize more output, with the downfall of having fewer

assessment hours. The fourth option would address that by expanding the hours looked at outside PAIs to include the hours with the tightest operating reserve margins to ensure that there are at least 30 assessment hours each year.

Part of the goal with the changes is to reflect the role PJM has in scheduling resources and potentially excuse those not dispatched from Capacity Performance penalties. Bruno gave the example of having an hourly baseline at night reflecting the lower output of solar resources to allow them to be exempt from penalties.

Stakeholders Pivot Proposals to CIFP

Several stakeholder packages already being drafted by the RASTF will also be reworked into the CIFP process.

Independent Market Monitor Joe Bowring [presented](#) an overview of the package he plans to bring before the group that centers on eliminating extreme penalties from the capacity market and focusing on incentivizing generators to perform during emergencies. It would define the amount of capacity a generator can offer as its installed capacity multiplied by its

PJM News



modified equivalent availability factor (EAF) and would only allow that capacity to be paid for when it is available by hour. He argued the approach would treat intermittent and thermal resources comparably and eliminate the asymmetric treatment created by PJM's application of ELCC.

"The Capacity Performance design has strayed from the basic principles of a capacity market design by incorporating energy market short-age pricing in the capacity market through the PAI concept," Bowring said. "That does not and cannot work as demonstrated by the experience of [December's] Winter Storm Elliott. The goal of the IMM proposal is to return to capacity market basics and re-establish a workable capacity market design that does not create the type of administrative and settlements crisis created by Winter Storm Elliott."

All generation would be subject to the must-offer requirement under the Monitor's proposal, which would also require capacity resources to have firm fuel or dual fuel, and to test frequently.

Though he applauded PJM's proposal to switch to marginal accreditation from the current average approach, Bowring also said he believes ELCC will provide incorrect market signals and prove impossible to implement as the marginal value of intermittent resources rapidly declines as penetration increases.

"You [will] come to the point where you have a relatively low capacity value, but your obligation remains at your full maximum facility output," he said.

E-Cubed Policy Associates outlined a [proposal](#) that would use a multi-seasonal capacity market design, with overarching annual participation requirements, as well as sub-seasonal requisites. Sub-annual auctions would be held to procure capacity for the seasons, using a modified demand curve based on the amount

cleared in the annual auctions. It would also utilize a unit-specific market seller offer cap, with no default values calculated by PJM.

A [proposal](#) from the Eastern Kentucky Power Cooperative (EKPC) would create two reserve target standards and an hourly accreditation model based on modeling installed capacity available during target conditions. Base level capacity would be based on expected hourly system needs under normal conditions and focus on maximizing availability. Insurance level capacity would be modeled on extreme load scenarios and qualified based on dispatchability, firm fuel and the ability to operate during extreme conditions.

The EKPC proposal also called for the stakeholders to consider changes to the energy market to address gas fuel security issues by allowing multiday commitments. The single largest cause of generator outages during Elliott, according to PJM presentations to the Market Implementation Committee, was fuel unavailability for gas generators, with one reason discussed being the multiday nomination process pipeline operators use not being aligned with the daily commitments used by PJM.

Auction Delay Discussion Continues

Stakeholders also continued discussions over whether future Base Residual Auctions should be delayed to allow any capacity market changes to be effective sooner. Two alternative auction schedules [presented](#) by PJM include keeping the 2025/26 BRA scheduled for June 2023 but delaying the following two auctions by six months, or delaying the 2025/26 auction to May 2024 and delaying the following three by six months. (See [PJM Stakeholders Debate Capacity Auction Delays](#).)

Several state consumer advocates and regulators said they're opposed to any delays, with

Morris Schreim, senior adviser to the Maryland Public Service Commission, saying it could be the first time PJM has sought a delay not related to a FERC remand or action, suggesting that auction parameters were not just and reasonable.

"This would really be ... the first time PJM ever on its own volition purposely delayed an auction," he said.

LS Power's Marji Philips supported delaying the 2025/26 auction, which she said is necessary to ensure fair price signals that will keep resources needed for reliability from retiring early. She said that rather than asking stakeholders for guidance, PJM should be taking leadership and pushing for a delay itself.

"The idea that resources will continue to come in and stay on the system and maintain reliability ... is not a well grounded financial analysis of how plant owners participate in the market," she said.

Bowring opposed delaying the auctions, noting that most of the required work in preparing for the 2025/26 auction had already been completed by resource owners and the IMM. He also responded to assertions that capacity market prices are too low and that auction delays will permit a design with higher prices.

"Capacity market prices are not too low and they are not too high. Generation owners offered the prices they wanted for the period of Winter Storm Elliott, without any effective market power mitigation, and the market clearing prices reflect those offers. Total energy, ancillary services and capacity market net revenues are what matters. Energy market net revenues have increased significantly, and resources are generally covering their avoidable costs. See the State of the Market Report for the details," he said. (See [PJM Monitor: Rise in Fuel Costs Led to Record-high Prices in 2022](#).) ■

Mid-Atlantic news from our other channels



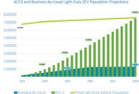
[NJ Governor Names 2 New BPU Commissioners](#)

NetZero
Insider



[Electric vs. Gas Skirmish Rising in NJ](#)

NetZero
Insider



[Enviros Demand NJ Move Faster on 100% EV Rule](#)

NetZero
Insider

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

PJM News



PJM MRC/MC Preview

Below is a summary of the agenda items scheduled to be brought to a vote at the PJM Markets and Reliability Committee and Members Committee meetings Wednesday. Each item is listed by agenda number, description and projected time of discussion, followed by a summary of the issue and links to prior coverage in *RTO Insider*.

RTO Insider will be covering the discussions and votes. See next week's newsletter for a full report.

Markets and Reliability Committee

Consent Agenda (9:05-9:10)

The committee will be asked to endorse as part of its consent agenda:

B. proposed *revisions* to Manual 12: Balancing Operations resulting from the manual's periodic review;

C. proposed *revisions* to Manual 14C: Genera-

tion and Transmission Interconnection Facility Construction; and

D. proposed *revisions* to Manual 37: Reliability Coordination.

Endorsements (9:10-9:50)

1. Periodic Review of Default CONE and ACR Values (9:10-9:30)

PJM's Skyler Marzewski will *review* the proposed default cost of new entry (CONE) and avoidable-cost rate (ACR) values resulting from the Quadrennial Review. The values for most resource types would rise under the proposal, largely from changes to investment tax credits under the Inflation Reduction Act and to the reference resources for some classes, based on last month's first read. (See "Updated Default CONE and ACR Figures," *PJM MRC/MC Briefs: Feb. 23, 2023*.) The committee will be asked to give an advisory vote on the values, as well as corresponding tariff revisions.

Issue Tracking: *Periodic Review of Default CONE and ACR Values*

2. Manual 11 Revisions (9:30-9:50)

PJM's Joseph Tutino will review proposed revisions to Manual 11: Energy and Ancillary Services Market Operations, and the committee will be asked to endorse them.

Members Committee

Endorsements (11:10-11:30)

1. Periodic Review of Default CONE and ACR Values (11:10-11:30)

Marzewski will again *review* the proposed default CONE and ACR values, and the committee will be asked to give an advisory vote on the values and tariff revisions.

If approved by both committees, PJM anticipates filing the changes with FERC by the end of the first quarter with an effective date in November.

Issue Tracking: *Periodic Review of Default CONE and ACR Values* ■

— Devin Leith-Yessian

Save your acrobatics for Cirque de Soleil.

Jumping through hoops was never really your thing anyway.



ERO Insider. Stay informed.

Staying on top of cybersecurity alerts and new reliability standards is a mighty challenge. That's why you subscribe to *ERO Insider*, your eyes and ears on electric reliability. Offering comprehensive, timely, unbiased reporting and analysis from inside the room at NERC and Regional Entity meetings, *ERO Insider* makes it easy for you to be prepared. Whatever the future brings.

ERO
Insider

Southeast

DC Circuit Focuses on Filing Deadline in Appeal of SEEM Approval

By James Downing

Oral arguments on the appeal of FERC's approval by operation of law of the Southeast Energy Exchange Market (SEEM) held Wednesday at the D.C. Circuit Court of Appeals focused on the issue of deadlines.

FERC deadlocked 2-2 in October 2021 over the lawfulness of the market, which makes available unused transmission capacity from its member utilities in the Southeast for additional trades among its members. Under the Federal Power Act, the tie meant that the commission approved the market, even though it did not issue an order on it.

The automatic approval drew rehearing requests, but FERC unanimously ruled that they were filed too late, coming 30 days after commissioners filed statements on their positions — instead of a few days earlier, when the SEEM agreement actually went into effect. (See [FERC Rejects SEEM Opponents' Rehearing Requests](#).)

The commission also later approved rules for SEEM in a separate order. (See [FERC Accepts Key Tariff Revisions to SEEM](#).)

The case was appealed by environmental groups and renewable energy advocates, with Earthjustice attorney Danielle Fidler arguing that FERC was wrong to deny the rehearing requests because of lateness and had to come up with a justification for its action under the Federal Power Act.

Judge David Tatel asked whether the court would have to rule on the SEEM tariff itself if it rejected the agreement in the first place.

"If the SEEM agreement were invalidated, then that would make it more difficult to have the tariff go into effect," Fidler said. "But as they are separate orders, those orders have to be addressed."

Judge Neomi Rao asked whether it would make sense to remand the case to FERC if the court agrees that it miscalculated its rehearing deadlines and have the commission address the merits of the case. FERC issued its first order on the case before Commissioner Willie Phillips, now acting chair, joined. It is now back

down to four members after Richard Glick left at the beginning of the year.

Fidler said that because FERC based its approval of the SEEM rules on questionable claims, both orders needed to be remanded to the commission. Among those is that the SEEM market is "bilateral" when it crosses 10 states and matches up available transmission capacity with power sales based on an algorithm, she argued.

"The petitioners argue that that that decision is also arbitrary and capricious, and that information needs to be provided to the commission as it considers both the agreement and the tariff," Fidler said.

The Federal Power Act was amended in 2018 to add Section 205g after FERC split on approving the results of ISO-NE's Forward Capacity Auction 8. The new section stipulates that, in the case of a deadlock, the commissioners must explain their positions and that the courts are allowed to review such cases.

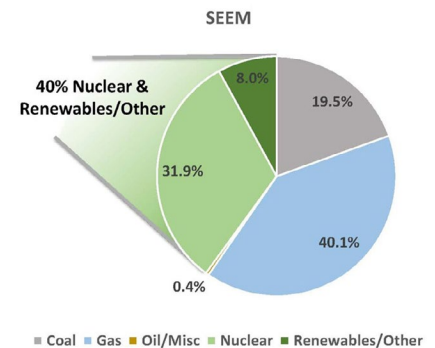
Rao admitted that the legislative history indicated Congress wanted the court to review cases such as SEEM, but she said the text of section meant it did not apply.

"The only thing that's judicially reviewable under 'g' is if there is a deadlocked rehearing order; that becomes judicially reviewable," Rao said. "But we don't have a deadlocked rehearing order here. Here we have a rehearing order focused on timeliness."

Petitioners have asked the court to review whether FERC was right on the timing of their rehearing requests, Fidler said. If they win that argument, she argued, then it would fall back to the automatic approval. The court would also be within its rights to provide guidance to FERC on remand, she added.

FERC Senior Attorney Robert M. Kennedy defended the commission's rehearing order, saying that it correctly interpreted the notice period under 205g as the D.C. Circuit directed it to do in another case.

Rao asked how that decision fits with FERC's own rules on deadlines, which go back decades.



SEEM 2020 generation mix | SEEM

"The commission has consistently taken the position that while that rule can be applied to deadlines for filers, it cannot be applied to the commission's implicit statutory period to act on rate filings because that would impermissibly extend the burden, the waiting period, imposed on utilities by Congress," Kennedy said.

In some emergency situations, FERC can take more time to rule on rates, but generally it tries to get orders out before the 60-day deadline and will issue orders earlier if the deadline falls on a holiday or weekend.

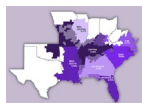
Section 205g holds that the failure to act constitutes an order. When FERC issued a notice on Oct. 13, 2021, about the case, it indicated that its failure to act happened on Oct. 11; that date set the rehearing deadline, Kennedy said. The petitioners misread the statute, and FERC was clear that its failure to act occurred on Oct. 11, he argued.

Rao asked Kennedy whether it would make sense for the court to just remand the case, requiring the commission to deal with its arguments.

That would be the standard procedure, Kennedy replied.

"What makes this case different, among many other things, is the fact that you have before you majority-voted orders from the commission that deal with many of the same issues that were raised with respect to the agreement," Kennedy said. ■

Southeast news from our other channels



[SERC LTRA Notes Challenges From IBRs, DERs](#)

ERO
Insider

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

SPP News



PSCo, Idaho Power Comply with Show-cause Order

FERC Accepts Black Hills Order 864 Compliance

By Tom Kleckner

FERC last week approved two Western utilities' revisions to their transmission formula rate protocols in their response to a show-cause proceeding initiated last year.

The commission said Thursday that Public Service Company of Colorado (PSCo) and Idaho Power proposed revisions that are consistent with the standards established in a 2012 order regarding MISO transmission owners and would remedy the show-cause order's concerns. It directed both companies to submit a compliance filing within 30 days of the orders (EL22-39 and EL22-37, respectively).

FERC opened the proceedings against the two utilities and three others last April under Section 206 of the Federal Power Act. It said the utilities did not appear to provide customers and regulators the ability to challenge rates resulting from the formulas. (See [FERC Opens Probes on Western Tx Rate Protocols](#).)

The commission found that each of the five utilities' protocols fell short on one or more of the following: "the scope of participation (i.e., who can participate in the information exchange); the transparency of the information exchange (i.e., what information is exchanged); and the ability of customers to challenge transmission owners' implementation of the formula rate as a result of the information exchange (i.e., how the parties may resolve their potential disputes)."

Neither PSCo, a subsidiary of Xcel Energy, nor Idaho Power refuted FERC's findings.

PSCo said it would broaden the definition of interested parties to specifically identify the entities that can participate in its annual update process. It also proposed several other changes and said it would clarify that formal challenges by the parties should be filed pursuant to the annual informational filing docket's protocols.

Idaho Power also said it would adopt MISO's definition of interested parties that can participate in its annual update process. It proposed several other transparency-related revisions and said it would incorporate informal and formal challenge procedures that satisfy the MISO order's requirements and provide a structured timeline that allows the review process to be completed before the next year's posting.



Line crew works on an Xcel Energy transmission line. | Xcel Energy

In the MISO order, the commission ruled that the RTO's protocols inappropriately limited who could participate in the review processes and directed it and TOs to revise them to include all interested parties, including customers under the MISO tariff, state utility regulatory commissions, consumer advocacy agencies and state attorneys general.

Two of the other three show-cause proceedings are still active. FERC has not yet ruled on the PacifiCorp proceeding (EL22-38), but it granted Puget Sound Energy's request for an extension (EL22-41).

The commission approved Public Service Company of New Mexico's compliance filing in November (EL22-40).

Commission Accepts Black Hills Compliance

The commission also found that Black Hills Colorado Electric's July 2022 compliance filing meets the requirements of [FERC Order 864](#), which addresses excess and deficient accumu-

lated deferred income taxes (ADIT) resulting from tax rate changes (ER22-2377).

FERC in June accepted tariff revisions for Black Hills' transition from a stated rate to a transmission formula rate, suspending them until Sept. 1, 2022, subject to refund, and established hearing and settlement judge procedures. It also accepted the suggested ADIT worksheets, subject to refund and the compliance proceeding's outcome.

Tri-State Generation and Transmission Association protested and moved to consolidate the proceedings, saying the worksheets lacked transparency and the level of detail required by Order 864. The commission rejected the argument, finding that the worksheets' calculation steps "are shown clearly enough for an interested party to be able to verify that the calculations were done correctly."

FERC dismissed Tri-State's motion to consolidate the proceedings, accepting the compliance filing as just and reasonable without need for a trial-type evidentiary hearing. ■

SPP News

SPP Unveils Markets+ Governance Structure

By Tom Kleckner

SPP last week rolled out the governance structure that will oversee the first developmental phase of Markets+, the RTO's day-ahead and real-time market in the Western Interconnection.

The RTO said Markets+ will provide "fully independent governance" from day one and give Western stakeholders a "meaningful say" in the market's implementation.

Antoine Lucas, SPP's vice president of markets who is responsible for overseeing the Markets+ launch, said the grid operator has always relied on the "integrity" of its governance model.

"The model designed to govern Markets+ builds on that legacy of success," he said in a [statement](#). "It will ensure stakeholders from across the Western Interconnection ... all have a voice in the design, development and administration of Markets+."

Staff shared further details of the governance model during a webinar last Thursday. Developed last year with western stakeholders, it is essentially the same process found in SPP's final service offering for Markets+. The model will be used to develop tariff language, protocols and governing documents in a package to be approved by stakeholders and filed with FERC. (See [SPP Issues Final Markets+ Proposal](#).)

SPP Director Steve Wright likened it to the final service offering to Markets+'s constitution.

"We'll be seeking to act consistently with that. It really does set the roles and responsibilities for all of the governance," Wright said during the webinar.

Wright will chair the Interim Markets+ Independent Panel (IMIP), which will provide independent oversight and the top level of decision making during the market's first developmental phase. He will be joined by fellow independent directors Elizabeth Moore and John Cupparo. Any actions taken by a simple majority on Markets+ tariff language will be presented to the full SPP board and filed with FERC.

Wright, a former Bonneville Power Administration administrator and CEO of Washington's Chelan Public Utility, and Cupparo, a former senior executive at Berkshire Hathaway Energy and WECC board member, bring extensive experience in the Western Interconnection.

"I encourage folks to embrace this opportunity, and I really look forward to moving through this process as quickly as the stakeholders would like," Cupparo said.

"Technically, if there are disputes, they could come to the IMIP for resolution," Wright said. "We would certainly hope and encourage that there will be no disputes that we would need to resolve. We really would like to see folks in the West deciding how they want this thing to be put together in establishing their own leadership, and that we are merely providing support for that."

"I want to really emphasize this is your market design, not SPP's market design. You have the ability to define how this will go," he said. "Our role is to try to manage the process in a way to make sure that you get to the substantive outcomes that you want. We'll certainly be encouraging collaborative discussions that lead to decisions driven by Western stakeholders and not driven by the IMIP."

MIP, IMIP, MSC and MPEC

The Markets+ Independent Panel (MIP), a five-member panel independent from Markets+ participants and stakeholders, will eventually be established and replace the IMIP for the market's second phase of development.

SPP staff had originally intended to stand up the MIP for the first phase, but stakeholders indicated they preferred a truly independent board, SPP General Counsel Paul Suskie said. More than two dozen participating organizations provided comments during the process.

The IMIP — and eventually the MIP — will oversee a structure that includes a Markets+ State Committee (MSC), a Markets+ Participants Executive Committee (MPEC), and multiple working groups and task forces, including the Market Design and Seams working groups and the Greenhouse Gas Task Force.

The MSC will be comprised of regulators from each state in the Markets+ footprint: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming. The group is designed to advise the MIP, MPEC and working groups on policy issues and initiative prioritization.

Eric Blank, chair of the Colorado Public Utilities Commission, is leading the effort with the Western Interstate Energy Board to draft the MSC's charter and formation efforts. Blank and SPP staff will update the board on Mar-



Tri-State will host the first meeting of the Markets+ Participants Executive Committee April 18-19. | © RTO Insider LLC

kets+ and the MSC during a [Thursday webinar](#).

The MPEC offers a forum for Markets+ market participants and stakeholders to discuss issues related to the market's administration and advancement, including establishing working groups, proposing tariff amendments and administrative rate changes. SPP staff is drafting charters that include each group's purpose, scope and representation; they will be reviewed and voted on during the committee's first meeting [April 18-19](#) in Westminster, Colorado.

MPEC meetings are open to all stakeholders, but only entities that execute a market participant Phase One funding agreement or a stakeholder Phase One participation agreement are eligible to appoint a representative to the committee.

Markets+ has attracted 10 participants and several stakeholder groups, including the American Clean Power Association, The Energy Authority and Western Resource Advocates.

Western stakeholders and SPP staff spent more than nine months developing the governance structure. Staff said that having reached a critical mass threshold for Markets+ participation earlier this year, it has executed additional funding agreements. (See [SPP Moving Quickly on Markets+'s Development](#).)

"From the overall board's perspective, we are very encouraged by the commitment to the funding agreements and rapidity with which they were put in place," Wright said. "It has certainly caused us to accelerate all of our activities, including pushing forward the establishment of this governance structure and the establishment of the IMIP." ■

Company Briefs

Rivian, Amazon Negotiating End to EV Van Exclusivity



Electric vehicle manufacturer

Rivian and Amazon are in active discussions about ending the exclusivity provision of their delivery van deal, according to multiple reports.

Rivian is trying to remove exclusivity terms from its Amazon deal because of a lower-than-expected order number for 2023. In 2019 Amazon agreed to buy 100,000 delivery vans by 2030. However, Amazon plans to buy only 10,000 EV vans this year, which is at the low end of a range provided to Rivian.

Both companies declined comment.

More: [The Atlanta Journal-Constitution](#)

Houen Solar to Open Manufacturing Plant in South Carolina



Global solar panel manufacturer

Houen Solar last week announced that it plans to invest \$33 million to open a manufacturing plant in Orangeburg County, S.C..

While Houen is headquartered in Chino, Calif., it will be the company's first manufacturing operation in the U.S.

No date was given for the factory's opening.

More: [The State](#)

AEP Names Senior VP, Controller and Chief Accounting Officer

American Electric Power last week named Kate Sturgess senior vice president, controller and chief accounting officer, effective May 9.

Sturgess most recently was vice president, controller for Edison International and its subsidiary Southern California Edison. Prior to that, she held various finance leadership positions at National Grid USA.

Sturgess will succeed Joseph Buonaiuto, who will retire on July 1 after more than 21 years with the company.

More: [AEP](#)

Federal Briefs

FBI Offers \$100K for Info on Substation Shootings

The FBI last week said it is offering \$100,000 in rewards for information about four substation shootings in Washington, Oregon and North Carolina.

The call for information comes as concerns grow about increasing attacks on the power grid tied to rising domestic extremism. Officials have said it's unclear what motivated the attacks or if they were related.

More: [USA Today](#)

DOE Study: Clean Electricity to Reach as High as 90% by 2030



An analysis by the Department of Energy and the National Renewable Energy Laboratory found that the percentage of clean electricity in relation to the nation's

total generation could increase to more than 80% by 2030.

The low-case and high-case projections place clean energy's share of generation between 71% and 90%. This is substantially

greater than the 41% share emissions-free electricity achieved in 2022.

The DOE also said clean electricity growth will lower bulk power costs by \$50 billion to \$115 billion through 2030.

More: [pv magazine](#)

Study: Solar Farms Lower Property Values



A Lawrence Berkeley National Laboratory study

recently found that houses within a half-mile of a utility-scale solar farm have resale prices that are, on average, 1.5% less than houses farther away.

The lab analyzed 1.8 million sales between 2003 and 2020 near solar farms in six states and found diminished property values in Minnesota (4%), North Carolina (5.8%) and New Jersey (5.6%). The three other states — California, Connecticut and Massachusetts — had price changes within their margins of error. The study accounted for differences in property features, inflation and other factors in order to isolate the effect of their

proximity to solar.

The researchers chose the top five states in terms of solar installations of at least 1 MW as of 2019. They added Connecticut because it is an example of a state with a high population density near solar projects.

More: [Inside Climate News](#)

TVA, DOE Agree to Study Better Hydropower Methods



The Tennessee Valley Authority last week announced it will work with the Water Power Technologies Office of the Department of Energy over the next six months

to evaluate ways to better operate hydropower plants.

TVA signed a memorandum of understanding with DOE to enhance collaboration on hydropower technology development. TVA, which gets 11% of its electricity from 29 hydroelectric dams and the Raccoon Mountain Pumped Storage Facility, wants to boost its carbon-free sources and build more storage.

More: [Chattanooga Times Free Press](#)

National/Federal news from our other channels



FERC Approves NERC Cyber Protection Expansion

ERO
Insider

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

State Briefs

CALIFORNIA

Bay Area to End Sale of Gas Furnaces, Water Heaters

The Bay Area Air Quality Management District last week voted to adopt rules to phase out the sale and installation of natural gas furnaces and water heaters over the next eight years.

Residents will be able to repair their gas appliances if they break, but the rules take effect when existing gas-powered furnaces or water heaters no longer work and need to be replaced. New construction will also be required to have electric furnaces and heaters.

Natural gas furnaces and water heaters account for about 90% of the nitrogen oxides emitted from the Bay Area's 1.8 million homes, the BAAQMD says.

More: *San Francisco Chronicle*

MICHIGAN

Dems Propose 2030 Storage Target to Bolster Grid

A bill sponsored by Rep. Jenn Hill (D) would require state-regulated utilities to have a combined 2,500 MW of battery storage capacity in operation statewide by 2030.

Consumers Energy and DTE Energy already have outlined storage goals in their long-term plans. Consumers plans 75 MW of storage by 2027 and 550 MW by 2040, while DTE's latest plan proposes building more than 1,800 MW of energy storage by 2042. However, neither Gov. Gretchen Whitmer's climate plan nor the IRPs would mandate such storage goals, as Hill's proposal aims to do.

More: *MiBiz*

MINNESOTA

Revised Budget Seeks EV Tax Credit

Gov. Tim Walz last week tweaked his state budget proposal to add a new tax credit to encourage electric vehicle purchases.

The tax credit would be good for \$2,500 for new EV purchases. The state credit would piggyback back on the national credit, which stands at \$7,500.

More: *MPR News*

MONTANA

Senate Votes to Repeal State Energy Policy

The Senate last week voted 33-17 to repeal the state's energy policy.

The bill addresses energy efficiency and conservation, calls for development of the state's coal reserves and wind capacity, and supports new technologies, among other provisions. It also removes the Montana's energy development process from the books.

More: *Daily Montanan*

NEW MEXICO

Grisham Signs Bill Limiting Storage of High-level Nuclear Waste



Gov. **Michelle Lujan Grisham** last week signed a bill into law that will limit the storage of high-level nuclear waste in the state.

This bill comes as Holtec International sought to

build a temporary storage location for nuclear waste from power plants throughout the country. Currently, the waste is stored at the plants.

There are concerns that New Mexico may not have the authority to enforce the law, as the Atomic Energy Act gives the authority to regulate nuclear waste to the federal government. However, Rep. Matthew McQueen argued that while the state doesn't have the authority to specify the depth at which nuclear waste must be buried or the thickness of the walls, it does have authority to protect its economy, roads and environment.

More: *NM Political Report*

Senate Targets 2 GW of New Storage by 2034

The Senate last week passed a bill that will require investor-owned utilities to have 2 GW of energy storage online by 2034.

The bill says the state will target 1 GW of storage deployments by Dec. 31, 2028, and an additional, identical amount by the same date in 2033.

The bill will now go the House Energy, Environment and Natural Resources Committee.

More: *Energy Storage News*

NORTH CAROLINA

DEQ Approves State's First Wind Farm



The Department of Environmental Quality last week gave final approval for the state's first wind farm.

Timbermill Wind's 189-MW farm, which will have as many as 45 turbines in Chowan County, has been in the works for the last eight years.

The company still needs to get building permits for the turbines.

More: *Spectrum News*

OREGON

Bill Would Put Per-mile Tax on EVs

A bill working its way through the Senate would create a tax for EV owners that would charge them based on how many miles they drive.

There is currently a program similar to the proposed bill, called OReGO, that has been around since July 2015 and charges drivers 1.9 cents per mile, compared to the 38 cents per gallon fuel-powered vehicle drivers pay. OReGO is in an opt-in program that has 700 volunteers and 2,100 cars enrolled.

The bill would require that the miles traveled be measured starting when the car is registered. The rate is equivalent to the gas tax owed by drivers getting 30 miles per gallon.

More: *KDRV*

DEQ to Suspend EV Rebates Due to Lack of Funds

The Department of Environmental Quality last week announced it is temporarily suspending the Clean Vehicle Rebate Program for a year starting in May because too many people are applying and the program is running out of money.

There are more than 60,600 EVs registered in the state. The rebate program has disbursed more than \$71 million over five years to help people buy or lease roughly 40% (25,000) of those cars.

A bill before the Legislature may allow the rebates to restart sooner, but it's not designed to be a long-term source of funding if it passes.

More: *The Oregonian*

TEXAS

Lawmakers Propose \$4B in Energy Bill Relief

State senators last week voted to direct \$3.9 billion to pay off some of the costs pushed onto customers during the 2021 winter storm that sent natural gas and electricity prices soaring.

The money comes out of a broader \$11.8 billion spending plan by Finance Chair Joan Huffman that cleared the Senate by a unanimous vote. The House has its own version of the bill, filed by Appropriations Chair Greg Bonnen, that is similar though not identical to the Senate plan.

The 2021 storm nearly collapsed the state's grid due to freezing temperatures. Grid operators set the price for electricity at what was then its maximum — \$9,000 per megawatt-hour — leaving electricity providers with massive costs. Natural gas fuel prices also spiked more than 700%.

More: [The Texas Tribune](#)

WEST VIRGINIA

Gov. Jim Justice Puts Family Coal Business Up for Sale



According to Steven Ruby, one of Gov. **Jim Justice's** lawyers, Justice aims to sell his family's coal business.

Ruby said the Justice family retained Perella Weinberg Partners to advise them on strategic options for Bluestone Resources Inc., the Justices' coal operations. He also said the governor's potential Senate candidacy has no bearing on the sale and it is part of a previously agreed restructuring plan. The Bluestone operations have generated enough cash to pay off roughly \$30 million and the Justices' debt balance is declining by \$1 million a week, Ruby said.

In recent years, Justice and his family took out \$850 million in personally backed loans

from the now-collapsed firm Greensill Capital.

More: [The Wall Street Journal](#)

WISCONSIN

Wausau Passes Clean Energy Resolution

The Wausau City Council last week unanimously approved a resolution "supporting reduction of greenhouse gas emissions and energy security."

The resolution commits the city to "develop a municipal energy plan with the goal of moving city government operations to a more secure and 100% clean energy by 2050." The measure also calls for determining the level of energy use and greenhouse gas emissions in government operations. Additionally, the city resolves to provide resources and information to residents and businesses to support them in the transition to a cleaner future.

More: [Wausau Pilot & Review](#)

Save your obstacle courses for weekend Mud Runs.

Getting the information you need shouldn't wear you out.



NetZero Insider. Stay informed.

Staying on top of the news and policy changes as the U.S. decarbonizes its economy is a mighty challenge. That's why you subscribe to *NetZero Insider*, your eyes and ears on climate policy and adaptation. Offering comprehensive, timely, unbiased reporting and analysis from Washington and the states, *NetZero Insider* makes it easy for you to be prepared. Whatever the future brings.

NetZero
Insider

Save your 10 to 1 odds for Vegas.

You never want to chance too much in this market.



ERO Insider. Stay informed.

Staying on top of cybersecurity alerts and new reliability standards is a mighty challenge. That's why you subscribe to *ERO Insider*, your eyes and ears on electric reliability. Offering comprehensive, timely, unbiased reporting and analysis from inside the room at NERC and Regional Entity meetings, *ERO Insider* makes it easy for you to be prepared. Whatever the future brings.

