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Stakeholder Soapbox

Technology, not Subsidies, is the Key to Electrification

By Kenneth W. Costello



Kenneth W. Costello

With deepening concerns over climate change, politicians, policymakers, electric utilities and environmentalists are advocating the idea of electrification: the replacement of fossil

fuels with electricity for direct end uses like transportation and water and space heating. But most of these champions of electrification fail to consider its downsides.

Proponents want electrification to occur sooner than later, to be accelerated by subsidies and other governmental inducements. Some even advocate for mandated electrification and natural gas bans to avoid alleged climate catastrophe. Others point to the less lofty goal of revitalizing the electric industry, although electrification could cripple the natural gas and oil industries with significant job losses. Another group argues that electrification is already economical for end uses, like water and space heating. If that is true, why then do we need subsidies to induce energy consumers to switch to electric vehicles and heat pumps?

Many of the arguments supporting aggressive climate actions portray those actions as a free lunch. How could any reasonable person oppose them? Aren't we facing a climate apocalypse that demands a full-court effort, regardless of the cost, to prevent it from happening? Anyone opposing electrification must be climate deniers or just plain wrongheaded. Proponents' problem is that they view electrification at the 40,000-foot level, along with the false narrative that electrification can have more than a nominal effect on climate change.

Well, as with most things, there are two sides, and electrification is no exception.

Instead of artificially bolstering electrification with subsidies and mandates, which proponents of electrification would have us do, we should wait to see where electric technology takes us. Technology will determine the ultimate success of electrification — not subsidies and other governmental actions that are largely politically driven.

For electric vehicles, the challenges are still daunting: infrastructure investments — chargers, customer and utility upgrades in their



| NREL

distribution systems, rapid direct-current charging, education and outreach, range anxiety — limited battery storage capability, the availability of charging stations across the country and demands on the electric grid.

For heating, economics seems to be the toughest hurdle, as most electric heat pumps are only cost-effective in areas that have low electricity prices and moderate winters, at least in comparison to natural gas. Further technological improvements will make heat pumps more economically viable and markets — not government handouts — can best achieve that.

Whether energy consumers rely on fossil fuels or electricity for their transportation or space-heating needs comes down to a rational choice of what source of energy would best satisfy those needs. With few exceptions, consumers express their choices and make the best decisions for themselves.

We can say with confidence that accelerating electrification with government subsidies and mandates is a win-win for electric utilities and environmentalists but a loser for society as a whole.

The problem of new electric technologies subsidized by utility customers and taxpayers

with only a distinct minority benefiting is hard to ignore, both politically and economically. It would likely have a regressive effect by disproportionately benefiting higher-income households while being funded by all income groups.

Before moving ahead with any action, policymakers should ask themselves what benefits electrification offers relative to the costs. It is unlikely that any justification would realize net benefits if the intent of accelerated electrification is solely to mitigate greenhouse gas emissions. It is somewhat puzzling, for example, why a state on its own, without cooperation from other states or the federal government or other countries, would overhaul its energy sector (which massive electrification would do) at a high transition cost for something that would largely benefit the rest of the world, namely, the mitigation of climate change.

Policymakers need to do their homework before extolling the wonders of electrification. They should especially place more trust in markets in assuring that when electrification occurs, it will be for the good of society — not just for special interests. ■

Kenneth W. Costello is a regulatory economist and independent consultant.

2023 EBA Annual Meeting

Clements Discusses FERC's Role in Grid Transition

By James Downing

WASHINGTON — Utility regulators should see planning for the grid's transition as a practical — rather than political — act, FERC Commissioner Allison Clements told the Energy Bar Association's annual meeting Thursday.

The nation's grid is old and in need of upgrades, which will have to be resilient against increasing instances of extreme weather and cyber and physical attacks, while accommodating the changing resource mix. All those issues generate plenty of political debate, but Clements said it's not her job to wade into that.

"It is the regulator's job, and the utilities we regulate, and the stakeholders who are interested in the outcomes of that regulation, to protect customers and maintain reliability in the face of these challenging realities," Clements said.

FERC and others with responsibility over the power system must tackle all the small and very large problems those changes produce at the same time. One of the biggest keys to it all is changing how transmission gets built.

"Right now, today, there is money on the table," Clements said. "There is efficiency in the existing transmission system that we are not taking advantage of. And as I've been joking lately, I never thought in my life that I would become a

cheerleader for something called grid enhancing technologies [GETs]. But I am a cheerleader for these things."

GETs do involve changing the way the grid is run, but they are simple technologies and offer massive savings compared with building more transmission. Brattle Group has estimated that GETs could help integrate twice the volume of renewables as exist today without expanding transmission at all, so even if the real number is just 50% more renewables, that means massive savings, Clements said.

Tapping into the demand side can also make that transition easier, as evidenced by the 1.2 GW cut in demand resulting from a text message sent out by California's government during last September's heatwave. The text has come under criticism for scaring some consumers into thinking the grid was collapsing, but Clements said it at least showed there is plenty of untapped potential on the demand side.

"It's not to suggest that we should go around scaring people by asking them to reduce demand," Clements said. "The reality is that's an opportunity that can be systematized."

'Never-ending Lunch Line'

FERC does have a role as it continues to work through issues around Order 2222 compli-

ance, which required RTOs and ISOs to open their markets to aggregations of distributed energy resources.

The demand side and GETs are some of the "small things" that can help address the grid's transition, but FERC is also focused on the larger issue of trying to clear out the 2,000 GW backlog in the country's interconnection queues. (See *LBNL: Interconnection Queues Grew 40% in 2022.*)

"It's like a never-ending lunch line, right?" Clements said. "You just wait and wait and wait. And it's hard, and it's expensive, and you lose efficiency and resources drop out of line."

FERC has issued a Notice of Proposed Rulemaking (NOPR) that includes reforms that emerged as best practices around the country such as dealing with projects on a first-ready, first-served basis and processing them in clusters instead of one at a time. But the interconnection queues also need broader transmission planning reforms, which are the subject of another pending NOPR at the commission.

"I don't think interconnection gets you all the way there, if you don't fix the transmission system planning, and this maybe is perhaps the hardest, and the longest term," said Clements. "But again, it's a thing that FERC has taken action on. We issued a bipartisan proposal to improve regional transmission system planning and cost allocation."

A major feature of that NOPR is longer-term scenario-based transmission planning that tries to figure out where generation and load will come from in the future and plan accordingly. It is impossible to predict the future, but by studying different scenarios, planners could come up with grid upgrades that produce significant benefits in multiple scenarios, Clements said.

Clements pointed to Edison Electric Institute figures showing that investor-owned utilities invested almost \$28 billion in transmission in 2021, a figure that rose to about \$30 billion last year.

"That's the status quo," she said. "So, whether or not FERC takes action on this rule, money is getting spent. Customers are ultimately holding the bag for that, right? We need to help direct that investment to a way where customers get the most bang for their buck — the most benefit at the lowest cost. And I think that this proposal has the opportunity to do that. Of course, we have to finalize it." ■



FERC Commissioner Allison Clements giving a speech at the EBA Annual Meeting. | © RTO Insider LLC

2023 EBA Annual Meeting

FERC's Evolving Enforcement Practices Examined at EBA Meeting

By James Downing

WASHINGTON — FERC's enforcement powers have been impacted by some recent court cases, and the commission itself has some new priorities, experts said at a panel Friday during the Energy Bar Association's Annual Meeting.

The commission for a long time had four main priorities when it comes to enforcement: market manipulation; serious violations of reliability standards; threats to transparency; and anticompetitive conduct, said Jones Day partner David Applebaum, a six-year FERC veteran and former director of the Division of Investigations. But in late 2021, it added a fifth: threats to the nation's infrastructure and associated impacts on the environment and neighboring communities.

"I wouldn't categorize the addition as any indication that we were investigating or penalizing conduct that had previously gone unaddressed, but rather as an indication that we had seen a compliance concern in this area," FERC Office of Enforcement Director Janel Burdick said. "And specifically, I'm talking about violations of hydroelectric licenses, as well as certificate orders associated with [Natural Gas Act] Sections 3 and 7."

While so far the new policy only applies to dams and natural gas infrastructure — with FERC getting some expanded authority over electric transmission in National Interest Electric Transmission Corridors — the commission could start to pursue similar cases in the power industry. Burdick, however, said those issues are still being hammered out by the commission, so it is unclear how this would play out.

One example of its new focus was a \$700,000 settlement FERC approved with the natural gas storage facility outside Houston called Tres Palacios because it failed to conduct sonar surveys of its salt caverns as required in its certificate, said Bracewell partner Charles Mills. The firm admitted that it had not done the survey and even asked for an extension, which was denied (*IN21-3*).

"The things that can somewhat be taken away from it are: There was no finding of negligence, no finding harm, in order to find a violation," Mills said. "It appears to be somewhat strict liability; if that certificate says you must do something, then you've got to do it."

The Tres Palacios case was straightforward, but other cases involving the new priority could involve more litigation, such as when



A panel on FERC enforcement activities at the EBA Annual Meeting. From left: Jones Day partner David Applebaum, Skadden Arps counsel William Barksdale, FERC Office of Enforcement Director Janel Burdick, FERC Enforcement Division of Investigations Branch Chief Seema Jain, Bracewell partner Charles Mills and Entergy Assistant General Counsel Karis Anne Gong Parnham. | © RTO Insider LLC

FERC pursues enforcement against a pipeline for its post-construction cleanup activities, in which whether that work was done properly can be a matter for debate, Mills said.

FERC has long pursued market manipulation cases, and some of those have worked their way through the courts after years of litigation and have set some precedent.

The commission alleged that BP manipulated natural gas prices in the Houston Ship Channel following Hurricane Ike in 2008 to benefit its positions elsewhere. In a *decision* last October, the 5th U.S. Circuit Court of Appeals agreed with BP on jurisdiction, said William Barksdale, energy regulatory counsel with Skadden, Arps, Slate, Meagher & Flom.

Most of the transactions in question were intrastate, and while FERC claimed authority because they impacted markets it regulates, the court disagreed and threw those out. The court told the commission to recalculate the fine based on the much smaller group of transactions it did have jurisdiction over, Barksdale said.

Another case where FERC managed to dodge having precedent set against some of its powers of disgorgement came in litigation with Coaltrain Energy, which is one of the firms that allegedly manipulated PJM's market in the summer of 2010, said Mills. It and other firms used otherwise unprofitable up-to-congestion transactions to maximize marginal loss surplus allocation (MLSA) payments.

Coaltrain argued that FERC did not have the

authority to order disgorgements, and the court agreed with the firm. The case was getting ready to go to trial, but FERC *settled* with Coaltrain for the \$4 million in disgorgement alone, dropping significantly higher civil penalties it had initially sought, and got the court to vacate its opinion.

"So that's over \$50 million in fines [removed] from the case, but disgorgement is preserved," said Mills. "To me, this indicates the importance that FERC places on disgorgement as a remedy but also [the] concern that its jurisdiction is being challenged, and they're losing that jurisdictional point, and they don't want that."

Another one of the firms that allegedly engaged in the UTC-for-MLSA scheme back in 2010, Powhatan Energy Fund, recently wrapped up the litigation in a default judgment after it declared bankruptcy. That *decision* issued in March was important because it shows the commission has been winning on jurisdictional arguments, said Seema Jain, branch chief of Enforcement's Division of Investigations.

"This is an important decision, because it's the only final judgment on an enforcement case under the Federal Power Act," said Jain. "So, you know, I want to highlight that. And the court granted FERC's motion for default judgment against Powhatan and ordered disgorgement of \$3.4 million, as well as \$16.8 million in civil penalties. As part of that order, the court found that the commission's well pleaded complaint and penalty order established that Powhatan committed market manipulation." ■

2023 EBA Annual Meeting

Overheard at the Energy Bar Association's Annual Meeting

By James Downing

WASHINGTON — Much of the focus at the Energy Bar Association's Annual Meeting last week was on the grid's transition from fossil fuels — specifically matching carbon-free electricity to demand curves.

"For many of you, it may feel like the goalposts are moving, complicating business risks," NorthBridge Group Partner Neil Fisher said. "And what was considered the gold standard five years ago may not be acceptable in the near future."

While retiring renewable energy credits from wind farms far from the customer was seen as good enough in the past, now many large, sophisticated customers want to match their load with 24/7 clean energy.

The federal government — the largest buyer of electricity in the country, at about 54 TWh per year — historically only tried to comply with the Energy Policy Act of 2005, which required 7.5% of that come from renewables, said White House Council on Environmental Quality Director of Clean Energy Tanuj Deora.

But President Biden has upped that with a goal of getting the federal government to 100% carbon-free electricity by 2030.

"We know it's very ambitious, right?" Deora said. "So, we are looking actively to figure out how we get there because not only is it ambitious, but it is absolutely necessary. I think we all know that we're living the consequences of climate change, and the impact on the environment here real time, and so there's no time to waste."

Today the grid is already at 40% carbon-free power so the federal government procurements will take that into account.

Deora said the government would not seek to supply its facilities exclusively with the output from existing zero-emissions facilities. Instead, the procurements will focus on new resources. And the government is hedging its bets because it is still unclear exactly which technologies will prove economical and scalable among advanced nuclear, virtual power plants, carbon capture and storage, clean hydrogen and others.

The federal government is not alone in trying to procure more green power. Voluntary

commitments from corporate buyers helped to build about 40% of new clean energy resources in recent years, Deora said.

Google has aggressive clean energy goals and a total load of 18 TWh annually that is growing because of computing power demands from new technologies like artificial intelligence, the firm's Brian George said. Google says it has met its entire demand with renewable energy since 2017.

"Even as we do that, there are periods during the day where we still rely on fossil energy to serve our data center demand," George said. "In 2021, around the world ... our data centers consumed about 66% of carbon-free energy on an hourly basis."

Like the federal government, Google wants to increase that to 100% by 2030, which will require it getting new resources built where they can directly serve its data centers. Focusing on 100% carbon-free electricity can help send the signals that are needed to build out the new technologies required to reach an emissions-free grid, he added.

"Our systems are not set up to recognize and reward customers for what they are already



From left: Christina Hayes, ACEG; Kelly Speakes-Backman, Invenergy; Laura Rauch, MISO; former FERC Chair Richard Glick; and EEI's Kevin Huyler. | © RTO Insider LLC

2023 EBA Annual Meeting

doing just from paying their electric bills, much less ... be tailored to the actions that the Googles of the world want to be taking to be driving change," said Constellation Energy Senior Vice President of Public Policy Mason Emmett. "And so, we're spending a lot of time working with our customers in terms of the product development, the commercialization of these types of products."

While wind and solar are the cheapest options now, over time the more they get built the less the power produced matches up with demand every hour. Emmett said once they hit about 50% of demand that split starts to grow. Once you get to 100% annual match with renewables, the grid is still relying on balancing resources for about 25% of its total needs, he added.

Interregional Transmission

Another EBA panel focused on getting more interregional transmission lines built.

The experiences of Texas and its neighboring grids in SPP and MISO during the 2021 winter storm are one of the main reasons former FERC Chair Richard Glick wants to see interregional transmission built. ERCOT lacked major connections with the outside, and it was short on power for days, leading to hundreds of deaths, while the nearby sections of the Eastern Interconnection were able to import power from farther afield and avoided the worst.

"There is a lot of consensus out there that much more is needed in terms of connections between these regions," Glick said.

Many in Texas might still be skeptical about linking up with the rest of the grid. But in other regions, even state regulators have indicated that they support addressing the barriers to interregional transmission.

"We do know, with regard to interregional transmission in particular, that there are multiple benefits," Glick said. "And part of the problem — some are very easy to quantify, like probably production cost reductions — ... but some of the benefits, whether it be resilience, whether it be achieving public policy goals ... are more difficult to quantify."

Figuring out a way to quantify those benefits is going to be necessary to make progress and deal with the very tricky issue of cost allocation, he added.

"Whenever we talk about transmission, it always does come down to cost allocation," Glick said. "There's a lot of other issues. There's always barriers, but cost allocation is the big one."

While interregional transmission can produce benefits, the conversation around expanding it has not been very refined, said Edison Electric Institute Managing Director Kevin Huyler.

"When I look at some of the proposals that are out there for driving interregional transmis-

sion investment, I don't see a lot of nuance, which sometimes isn't surprising, particularly if it's a legislative proposal," Huyler said.

Some have suggested that regions should be able to get a 30% minimum transfer requirement, but Huyler said nobody really knows what the right number is, and getting accurate figures is vital to proper transmission planning.

"It can't be entirely precise," he added. "But I think there has to be an effort made ... to have customers and stakeholders [understand] why that much is being built."

Invenergy is pursuing merchant interregional projects around the country, along with the development of new renewable resources and that makes it come at the issue with a sense of urgency, said its Executive Vice President of Public Affairs Kelly Speakes-Backman.

"I don't want to turn this into a whole climate discussion, but it's real and it's here, and we've got not a lot of time to fix this," Speakes-Backman said. "Frankly, the planning and the work that goes into it takes a really long time. And this is part of why we're in the transmission business itself — to help with the urgency."

Invenergy can make it easier to get transmission by investing its capital to get new lines constructed. But it does need to get paid for the benefits of such investments to make it work economically, she added. ■



From left: Neil Fisher, NorthBridge Group; Tanuj Deora, White House Council on Environmental Quality; Brian George, Google; W. Mason Emmett, Constellation Energy; and Lon Huber, Duke Energy. | © RTO Insider LLC

FERC/Federal News



EPA Proposes New Emissions Standards for Power Plants

After CPP and ACE, 3rd Time's the Charm?

By Michael Brooks

EPA on Thursday announced proposed rules aimed at reducing carbon dioxide emissions from coal- and gas-fired power plants by requiring them to use carbon capture and sequestration and co-firing of hydrogen.

The massive, 681-page [document](#) represents the Biden administration's attempt to succeed where the Obama EPA's Clean Power Plan failed and would repeal the Trump-era Affordable Clean Energy (ACE) rule.

Like those proposals, EPA is issuing its latest rulemaking under Section 111 of the Clean Air Act for both new and existing plants and the Supreme Court's 2007 ruling in *Massachusetts v. EPA* that CO₂ is a pollutant.

But unlike the CPP, which required states to each meet individually set emission-reduction targets, the new rule would set nationwide standards on plants based on whether they are new or existing, their fuel type, frequency of usage, capacity and how long they plan to operate.

"The proposed new source performance standards and emission guidelines reflect the application of the best system of emission reduction (BSER) that — taking into account costs, energy requirements and other statutory factors — is adequately demonstrated for the purpose of improving the emissions performance of the covered electric generating units," the agency said in a [factsheet](#).

Carbon capture and sequestration (CCS) would be considered the BSER for most new baseload combustion turbines, existing coal-fired plants that intend to keep operating after 2040 and existing large, frequently operated CTs. EPA cited new tax credits for CCS in the Inflation Reduction Act as a basis for its determination that the technology is the BSER that "taking into account costs, energy requirements, and other statutory factors, is adequately demonstrated."

For new peaking units, defined as CTs with capacity factors of less than 20%, the BSER would be switching to lower-emitting fuels, such as coal switching to gas.

EPA proposed two pathways for baseload units: using CCS to capture 90% of GHG emissions by 2035 and the co-firing of 30% (by volume) low-GHG hydrogen by 2032, increasing to 96% by 2038.

"The EPA recognizes that, since it promulgated the ACE rule, the costs of CCS have decreased due to technology advancements as well as new policies including the expansion of the Internal Revenue Code section 45Q tax credit for CCS in the Inflation Reduction Act, and the costs of natural gas co-firing have decreased as well, due in large part to a decrease in the difference between coal and natural gas prices," the proposal says.

"The proposed limits and guidelines would require ambitious reductions in carbon pollution based on proven and cost-effective control

technologies that can be directly applied to power plants," EPA Administrator Michael Regan told reporters during a conference call Wednesday. The proposal "is also designed to give the power sector continued flexibility with respect to its operations and choice of generating resources that facilitate long-term planning during this dynamic period for the sector."

In response to a reporter's question about possible legal challenges, Regan said the proposal "does not implicate the concerns addressed by the Supreme Court decision in *West Virginia v. EPA*," in which the court ruled against the CPP. (See [Supreme Court Rejects EPA Generation Shifting](#).) "This has limiting guidelines that follow EPA's traditional approach under the Clean Air Act to cut and control pollution from stationary sources. So, we feel really good that we're within those bounds."

Several reporters asked whether the rules were aggressive enough to meet President Biden's goal of net-zero emissions for the electricity industry by 2035 and the U.S.' 2030 commitment under the international Paris Agreement on climate change.

The 2035 goal "has been the North Star that's guided policy as we've worked to modernize the grid; to accelerate innovation on clean energy technologies; to build out our capabilities here in the United States to manufacture clean energy technologies," National Climate Adviser Ali Zaidi said. "We are driving a transformation that will help us absolutely meet the president's goal, and this [proposal] reinforces and harnesses that trajectory for public health benefits."

"When you look at what's in this rule and what's been proposed, we are absolutely in line with the president's goal," Regan said. "The options that are available to the power sector in this rule ... would allow for these facilities to take advantage of technologies that really lock in and secure that glide path that the president has laid out."

With regards to the Paris target, Zaidi said, "The president has positioned us to meet the nationally determined contribution through the totality of his climate and clean energy agenda. The United States will meet its goal of reducing emissions by 50 to 52% by 2030 relative to 2005 levels. Every action that we take ... firms up our ... path to achieve that goal." ■



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FERC/Federal News



Regan: New EPA Standards Designed to not Jeopardize Grid Reliability

EPA Administrator Confident New Rules Legally Durable

By Michael Brooks

COLLEGE PARK, Md. — EPA Administrator Michael Regan on Thursday said his agency's newly proposed carbon dioxide emission standards for power plants target "the most egregious sources" of pollution so "we can be sure that we don't jeopardize the reliability" of the grid.

Regan was speaking to reporters after an event held at the University of Maryland College Park celebrating the official release of the standards earlier that morning. The complex rulemaking would set nationwide standards on CO₂-emitting plants based on multiple variables, such as fuel type and frequency of usage. (See related story, [EPA Proposes New Emissions Standards for Power Plants.](#))

They would require most new and existing large-capacity plants to use either carbon capture and sequestration or hydrogen co-firing no later than 2040, with some facilities subject to earlier deadlines based on characteristics. The most stringent standards are reserved for coal plants and new gas plants.

Left out are existing smaller, peaking gas units, defined as less than 300 MW with a capacity factor of less than 50%. For those, EPA is seeking comment on how it "should approach its legal obligation to establish emission guidelines."

Regan was asked whether he was concerned about the number of gas-fired units left unregulated.

"I think the regulation covers a lot, quite frankly; the most and the largest," he said. "Some of the smaller sources, some of those peaker plants that run less frequently, we will be thinking about how we tackle those as well. What we want to do with those [plants] is not use a blunt object. We want to be more surgical."

Regan also emphasized that EPA had been consulting with utility CEOs, grid operators and states over the past two years to give the power sector "the certainty that they're looking for without compromising reliability or affordability." The proposal "takes into account all the energy requirements and needs of this country in a way that doesn't compromise reliability, but the impacts to costs are also extremely negligible. So we believe we've threaded a really good needle here."



EPA Administrator Michael Regan addresses an audience gathered at the University of Maryland College Park on May 11 to formally announce the release of proposed new emissions standards for power plants. | © RTO Insider LLC

Republicans do not agree.

The Biden administration's "rush-to-green" agenda is shutting down American energy and threatening the security and reliability of our electric grid," Reps. Cathy McMorris Rodgers (R-Wash.) and Bill Johnson (R-Ohio) said in a statement. "We're currently witnessing an electricity reliability crisis unfolding across the country. ... The latest power plant rules being proposed by the EPA will make these problems worse by shutting down reliable energy sources prematurely and adding costly new burdens on sources like natural gas, which is responsible for a significant portion of our emissions reductions."

Nor does Electric Power Supply Association CEO Todd Snitchler, who said that "once again, aspirational policy is getting ahead of operational reality. If finalized, these aggressive rules will undoubtedly drive up energy costs and lead to a substantial number of power plant retirements when experts have warned that we are already facing a reliability crisis due

to accelerated retirements of dispatchable resources."

But the Edison Electric Institute in a statement echoed some of Regan's points, saying it valued "that EPA has constructively engaged with EEI and our member companies over the past 18 months, and we look forward to continuing to work with Administrator Regan and his team throughout the rulemaking process."

The organization said it had lobbied for aligning the standards' compliance deadlines with utilities' existing transition plans and recognizing "the critical role existing and new natural gas generation plays — and will continue to play — in integrating more renewable energy and maintaining reliability." It had also urged "a range of compliance flexibilities," including hydrogen co-firing.

Legal Scrutiny

Environmental groups were nearly uniformly positive about the proposal, saying it would help the U.S. meet its emission-reduction goals.

FERC/Federal News

"I think all of our stakeholders understand just how strong and how strategic this rule is. We're also all living in a post-*West Virginia [v. EPA]* time," Regan said, referring to the Supreme Court decision last year that struck down the Obama-era Clean Power Plan.

EI noted in its statement that, "for the third time in nine years, EPA is proposing to limit carbon emissions from power plants using Clean Air Act Section 111."

The group was referring to the CPP and the Trump administration's Affordable Clean Energy rule, the latter of which would be repealed by the new rules.

"Last year, the Supreme Court threw out the Environmental Protection Agency's overreaching mandates on power plant emissions," said Sen. John Barrasso (R-Wyo.), ranking member of the Senate Energy and Natural Resources Committee. "The court rightfully confirmed Congress, not the EPA, has the authority to create environmental policy. Nothing has changed since then to give the unelected and unaccountable bureaucrats at the EPA this authority."

The court threw out the CPP, however, because it found that EPA lacks authority to compel generation shifting, ruling that it was a "set of state cap-and-trade schemes." The agency is



EPA Administrator Michael Regan answers questions from reporters. | © RTO Insider LLC

limited to requiring steps that individual plants can make "inside the fence line," the court said. (See *Supreme Court Rejects EPA Generation Shifting.*)

But Sen. Joe Manchin (D-W.Va.), chair of

the Senate Energy and Natural Resources Committee, announced on Wednesday that he would oppose every nominee to EPA before the committee because he said the agency did not even have the authority to regulate power plants' emissions.

"Neither the [Infrastructure Investment and Jobs Act] nor the IRA gave new authority to regulate power plant emission standards," Manchin said. "However, I fear that this administration's commitment to their extreme ideology overshadows their responsibility to ensure long-lasting energy and economic security."

Regan on Thursday reiterated that he was confident that the Biden administration's version would be upheld. Asked how the failure of the CPP influenced the new rules, he said the proposal "is a completely separate rule from the Clean Power Plan."

"This rule is well within the bounds of our statutory authority and the *West Virginia* Supreme Court decision," he said. "We feel really good that we're using the Clean Air Act's traditional authority. We're looking at the backdrop of the Inflation Reduction Act and those incentives for advanced technologies to put out a very strong rule that is really aggressive as it relates to combating the climate crisis. [I'm] very proud and very comfortable and confident that this is a very strong, legally sound, durable rule." ■



Maryland Gov. Wes Moore celebrated the new standards and applauded the Biden administration's work to address climate change. | © RTO Insider LLC

FERC/Federal News



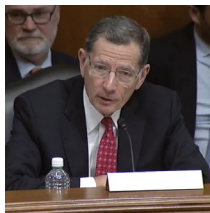
Senate ENR Searches for Bipartisan Compromise on ‘Permitting Reform’ Manchin: Put Politics Aside and Get ‘Permitting Done for the Sake of our Country’

By K Kaufmann

Sen. Joe Manchin (D-W.Va.) opened Thursday’s hearing of the Senate Energy and Natural Resources Committee with an urgent call for members on both side of the aisle to put politics aside and hammer out a bipartisan bill to accelerate and streamline permitting of energy and transmission projects.

“No energy sector is immune to permitting roadblocks,” Manchin said. “We all need to sit down and negotiate in good faith. We need to take our names off the bill and go back to a bipartisan permitting reform bill. That’s the only way we can take the politics out of this.

It’s not me; it’s not [Ranking Member Sen. John Barrasso (R-Wyo.) | *Senate ENR Committee*]. It’s not any of our colleagues. It’s getting permitting done for the sake of our country.”



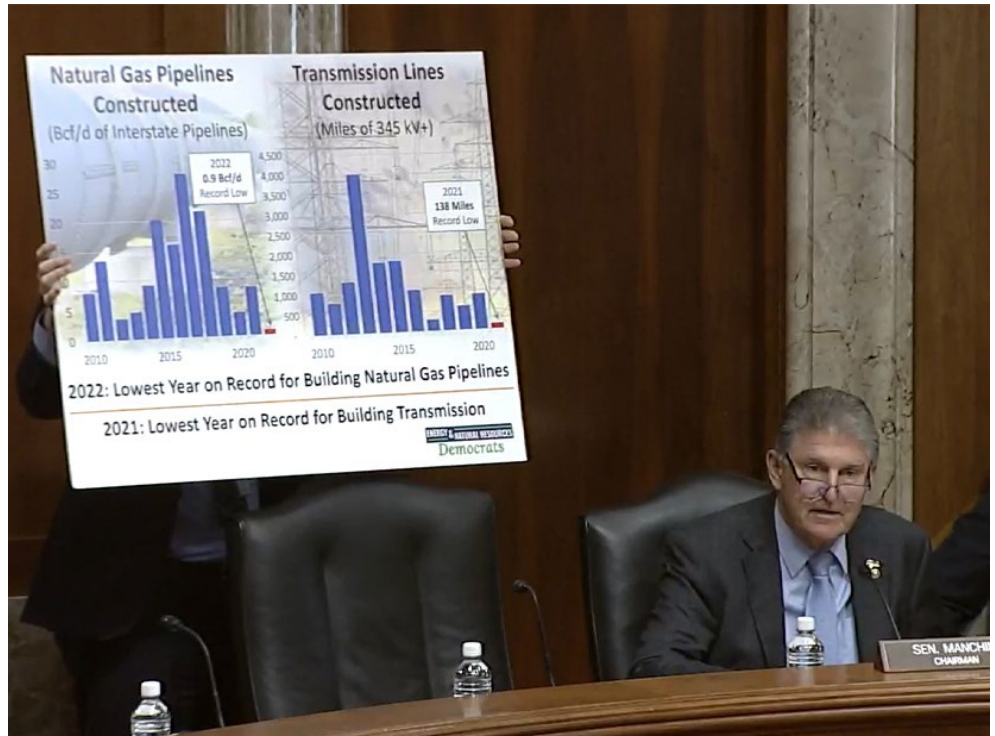
Sen. John Barrasso (R-Wyo.) | *Senate ENR Committee*

Manchin’s comments set the tone for a hearing that reflected the current state of play on “permitting reform,” as the issue is commonly referred to. Manchin wants to have a bipartisan bill completed by the time Congress goes into recess for August, but while potential common ground has emerged on some issues, flashpoints remain that will require tradeoffs and compromise.

Potential points of agreement include the need for permitting to be technology- and project-neutral, while also setting predictable time frames both for environmental reviews under the National Environmental Policy Act (NEPA) and for legal challenges to project approvals.

The points of conflict are cost allocation for interstate transmission lines and FERC’s “backstop” siting authority, under which the commission can approve such projects if a state has failed to act on a permit for a year or has denied a permit for a project deemed in the national interest. Both are issues that raise thorny questions about federal authority versus states’ rights on permitting such projects.

The momentum for compromise on these and other issues is being driven by the common agreement that changes are urgently needed. At stake is the country’s ability to leverage the billions of dollars of clean energy funding in the



At Thursday’s hearing on permitting reform, Sen. Joe Manchin (D-W.Va.) said new pipeline and transmission construction in the U.S. has hit all-time lows. | *Senate ENR Committee*

Inflation Reduction Act and Infrastructure Investment and Jobs Act to reach President Joe Biden’s goals of a 100% decarbonized grid by 2035 and net-zero emissions economy-wide by 2050.

Senators on both sides of the aisle talked about key projects in their states that have been bogged down in the permitting process or litigation for years.

Manchin’s is the Mountain Valley natural gas pipeline, a 300-mile-long project running from northwestern West Virginia to southern Virginia, which filed its first permit application in 2014. The pipeline is 94% complete, according to the [project website](#), but remains tied up in litigation, with the U.S. Supreme Court most recently sending a suit filed by landowners in western Virginia back to district court for reconsideration.

Sen. Steve Daines (R-Mont.) pointed to the Rock Creek and Libby mine projects, proposed silver and copper mines to be located in a major wilderness area in his state, which environmental groups have been opposing for at least two decades.

‘Designed to Fail’

Industry stakeholders at the hearing also spoke of the diverse impacts of delayed and canceled projects resulting from the current system.



Mr. Jason Grumet, American Clean Power Association | *Senate ENR Committee*

“The process for planning transmission that spans more than one region is unworkable,” said Jason Grumet, CEO of the American Clean Power Association. “It subjects developers to an impossible triple hurdle, requiring separate approvals by each region and a ‘coordinated’ interregional approval process, which is literally designed to fail because different regions apply different evaluation metrics and have no obligation or incentive to consider full project benefits.”

Growing markets for renewable energy and electric vehicles mean that “demand for [minerals] is expanding exponentially,” Rich Nolan, CEO of the National Mining Associa-

FERC/Federal News



tion (NMA), said in his testimony. “But we have not seen corresponding actions to support increased production of these critical mined materials.”

Citing an *NMA analysis*, Nolan said, “In 2022, the U.S. reached its highest level of mineral import reliance. ... Each new announcement of a blocked domestic mine locks in our competitive weakness and weakens our national security. Without permitting reform, we will be watching the global competition for minerals and energy control from the sidelines.”



Elizabeth Shuler, AFL-CIO | Senate ENR Committee

Elizabeth Shuler, president of the AFL-CIO, measured the impacts of permitting delays in terms of potential union jobs lost. The 18 years it took for the recent final approval of the TransWest Express transmission line meant “18 years of lost economic opportunity for

workers,” she said.

“Every job in every part of the energy sector and the manufacturing sector depends on permitting and siting,” she said. “Full implementation of the [Inflation Reduction Act] alone will create more than 1 million new jobs and bring down emissions across the economy. But without permitting reforms, job creation will be more modest, and emissions could actually go up.”

Paul Ulrich, vice president of Jonah Energy, a Wyoming natural gas producer, spoke of increasingly long time frames for permitting oil and gas projects, with environmental reviews taking anywhere from six to 12 years.



Paul Ulrich, Jonah Energy | Senate ENR Committee

“The average time to process an [application for a permit to drill] a well has increased by 124% from 2018 to 2022, averaging 271 days,” Ulrich said.

Certainty, Speed, Consistency

In his opening remarks, Sen. Barrasso summarized the three principles that GOP lawmakers and many industry stakeholders are advancing as a basis for reform.

“First, legislation must benefit the entire country, not a narrow range of special interest-favored technologies or a limited group of

projects,” he said. “Second, it must include enforceable timelines to ensure environmental reviews don’t drag on for years. Third, it must place limitations on legal challenges to prevent endless litigation intended to kill projects.”

Bills introduced by Manchin, Barrasso and Sen. Shelley Moore Capito (R-W.Va.), ranking member of the Senate Environment and Public Works (EPW) Committee, all have proposed a two-year limit on environmental impact studies, the most intensive level of NEPA review, and one year for lesser environmental assessments. (See related story, *Podesta Lays Out Biden’s Priorities for ‘Permitting Reform.’*)

They also call for reviews to be led by a single federal agency that coordinates the associated reviews of other agencies and issues a single, final environmental review.

Manchin’s *Building American Energy Security Act* includes a 150-day time limit on legal challenges once a project has been permitted. Both Barrasso’s *Spur Permitting of Underdeveloped Resources Act* and Capito’s *Revitalizing the Economy by Simplifying Timelines and Assuring Regulatory Transparency Act* would cut that time frame down to 60 days.

Grumet said ACP supported the basic concepts such proposed reforms with the caveat that “none of these changes will undermine the bedrock protections of our environmental law.”

But, he said, “while NEPA reform is necessary, it is not sufficient” to accelerate the buildout of the interstate transmission needed for rapid clean energy deployment and to ensure adequate energy transfers between regions in emergency situations.

Grumet’s *written testimony* details ACP’s “discussion framework” for changes to NEPA permitting and FERC backstop siting authority that could cut transmission approvals to three years. Under this framework, project developers could apply to the Department of Energy for a designation of a National Interest Electric Transmission Corridor for their projects, with the department issuing a decision within 90 days. FERC would undertake a NEPA review, with a two-year time limit, while the project developer could simultaneously file for state approval and begin the pre-application process for FERC backstop siting. (See *DOE Rolls out New Process for Designating Key Transmission Corridors.*)

“Congress [would] codify FERC’s proposed policy for simultaneous state and FERC review,” according to Grumet’s statement. “This would continue to recognize the primacy of the states’ role in siting transmission infrastructure but would help remove a year off the

backstop siting authority process, as the FERC pre-filing process takes that long and would likely be completed by the time a state made its decision on whether to permit a line, saving a year in the overall permitting process.”

Shuler also advocated for accelerated permitting timelines “that [do] not come at the expense of the rights of states, tribes, communities or other stakeholders to have an effective voice in the process or to intervene informally.”

Her three must-haves were certainty (“We need to know when a final decision will be made, and that it is in fact final.”); speed “to deploy a full range of clean energy technology”; and consistency, meaning “a standardized process that can apply to all forms of permitting for all technologies.”

Ulrich and Nolan both called for clear timelines on permitting and legal challenges, and a prohibition on moratoriums on either coal or natural gas leasing, or pipeline approvals.



Rich Nolan, National Mining Association | Senate ENR Committee

Federal vs. State Primacy

While Democrats and Republicans spoke of the need for speed on permitting, the sharpest questions of the hearing came on the issues of cost allocation and FERC’s backstop siting authority.

Sens. Cindy Hyde-Smith (R-Miss.) and Josh Hawley (R-Mo.) pushed Grumet for his position on federal versus state primacy on permitting and whether states should pay for transmission that provides no direct economic benefits to their residents.

While first established in the Energy Policy Act of 2005, Grumet said, “the backstop authority enabling federal action to permit projects of national significance has been used successfully exactly never, and if it were employed, it would take a decade or longer to permit a long-distance line.”

But using the backstop authority does not mean cutting states out of the process, Grumet said. “Instead of having to wait for states to move forward, we can use the backstop authority that was already put into law, give the states a chance to move forward with that permitting but have the federal government have a response if the states fail to act,” he said. “It is not taking them out of the process; it’s just requiring them to work within the process.”

FERC/Federal News



Answering a question from Hawley on states' jurisdiction in transmission permitting, Grumet said, "States have a role to play and have to have a role. But that role has to be guided with the same kind of deliberate national interest that we've been talking about ... that there [are] transmission interests that [are] in the national interest. ..."

"Electricity moves very quickly, covers far distances, and we have to be able to bring that larger vision so that we actually protect ourselves as a nation and as a community," he said.

Similarly, on cost allocation, Grumet said regions have a role to play, but "they have to play it. They can't rope-a-dope the nation into energy insecurity."

Projects must be justified on the basis of the economic benefits they provide, he said, "but we have to recognize that there are benefits greater than what you're paying per kilowatt-hour. It's a benefit for your lights not to go out. It's a benefit for your region to be able to be saved with power if you have a terrible storm. It's a benefit for you to have the capacity to bring new industries into your region. It's a benefit to have lower-cost power brought to you from other parts of the country."

Herding Cats

The calls for a "regular order" of bipartisan negotiations notwithstanding, the chances are mixed for a substantive bill being negotiated by August recess.

Manchin is calling for concessions on both sides. "We can't let the perfect or the politics be the enemy of the good and continue to live with an outdated permitting system that kills much needed projects across the spectrum," he said at Thursday's hearing.

But ClearView Energy Partners sees only

limited overlap between the GOP bills and Manchin's, as well as a bill that EPW Chair Tom Carper (D-Del.) hopes to have finished by Memorial Day.

Capito's bill could undercut NEPA authority by allowing *de facto* approval of projects if an environmental review is not completed within the proposed two-year time frame. Further, legal challenges to such approvals would be severely limited.

Manchin has promoted his bill, which he reintroduced this year after failing in December, as the only one currently on the table that has drawn demonstrated bipartisan support, with 40 Democrats and seven Republicans voting for it.

One of its key provisions is a requirement for the president to designate a list of 25 key energy projects that would be prioritized for permitting. The list would be periodically updated and would have to represent a "balanced" mix of technologies: "critical minerals; nuclear; hydrogen; fossil fuels; electric transmission; renewables; and carbon capture, sequestration, storage and removal."

Its key sticking point is its provisions that would expedite the completion of the Mountain Valley pipeline and severely limit any legal challenges to final permitting.

The apparent consensus at the Senate ENR hearing was far from universal, as environmental organizations, absent from the hearing, have advanced a different strategy for accelerating permitting, based on early engagement with communities and tribal groups and "smart from the start" planning.

Speaking at a recent EPW hearing on permitting, Dana Johnson, senior director of strategy and federal policy at WE ACT for Environ-

mental Justice, said, "We really need to start community engagement much earlier in the process. ... Advocates in that space noticed that when industry comes to them, when they are able to negotiate, when we have community meetings before a permitting process even begins, we are able to work in partnership to solve the challenges of bringing a project to fruition."

Federal support for such engagement was a central provision of Biden's permitting reform priorities, which the White House released last week. Biden specifically calls for federal agencies to designate a chief community engagement officer and provide funding to help small communities and groups build the resources and expertise to participate in federal permitting processes.

In direct opposition to GOP bills, the president's priorities put a stronger focus on clean energy, calling for legislation to accelerate interconnection of solar, wind and storage projects sitting in interconnection queues. Rather than limits on NEPA reviews, Biden supports increased interagency cooperation and the use of "programmatic environmental reviews" to speed up permitting in transmission corridors or in specific areas of federal lands.

ClearView characterized Biden's priorities more as "trying to find a middle ground" between Manchin's bill and Sen. Ed Markey's (D-Mass.) "*progressive priorities*" released in March, which call for increased funding for NEPA reviews and for engagement with environmental justice communities.

"Herding proverbial cats within one's party may be a prerequisite to successful negotiations with the other side," ClearView said. "But we would suggest it falls well short of bridge building between Republicans and Democrats at this time." ■

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FERC/Federal News



Podesta Lays out Biden's Priorities for 'Permitting Reform'

White House Calls for FERC to Set Minimum Transfer Capability Between Regional Grids

By K Kaufmann

WASHINGTON — President Joe Biden may not agree with all the provisions of Sen. Joe Manchin's (D-W.Va.) bill to accelerate permitting of energy and transmission projects, but he will support it "to start serious bipartisan negotiations in the Senate," according to White House Senior Adviser John Podesta.

"The president doesn't love everything in the bill, but we support it," Podesta told a small audience Wednesday at the Bipartisan Policy Center. "That's what compromise means, and it will take compromise by everybody to get this done."

Podesta was acting as advance man for a new *fact sheet* from the White House outlining Biden's top priorities for "permitting reform,"

as the issue is commonly referred to. Describing current permitting delays and bottlenecks as "pervasive at every level of government," Podesta said, "we got so good at stopping projects that we forgot how to build things in America."

Permitting for projects he had worked on during the administration of former president Barack Obama had still not been approved when he returned to government last year, Podesta said. "That's unacceptable."

While highlighting administration actions — such as last week's release of proposals for designating National Interest Electric Transmission Corridors — deeper and more basic changes will require congressional action, he said. (See related story, *DOE Rolls out New Process for Designating Key Transmission Corridors.*)

In his summary of top-line points in the fact sheet, Podesta put speeding up interconnection at the head of the list. A *recent report* from the Lawrence Berkeley National Laboratory found more than 2,000 GW of wind, solar and storage sitting in interconnection queues across the country.

"We've got to get more clean energy capacity connected to the grid," he said. "Legislation needs to expedite the connection of generation or storage that impacts more than one transmission system, and it needs to allow clean energy project developers to pay the cost of interconnection upfront."

On interstate transmission, the administration wants permitting to be faster, more efficient and predictable. "A key part of this is allowing developers to allocate project costs to custom-



White House Senior Adviser John Podesta (right) talks about permitting reform with Xan Fishman of the Bipartisan Policy Center. | © RTO Insider LLC

FERC/Federal News



ers that benefit from the new transmission,” Podesta said.

To prevent power outages during extreme weather events, the administration wants to expand energy transfers between grid operators. Congress should give FERC the authority “to set a minimum level of transfer capability between regional grids — and should require the consideration of multiple benefits, including economic, operational, and environmental, when making transmission decisions,” he said.

In addition, “Congress should give FERC clear authority to issue permits for interstate transmission lines ... and to include carbon dioxide and hydrogen infrastructure in designated energy corridors,” Podesta said.

Other priorities set out in the administration fact sheet include:

- Improved permitting of clean energy projects on public lands through the use of programmatic environmental reviews, which cover specific areas or regions. Such reviews could “allow environmental review work to be re-used for multiple projects — by authorizing agencies to impose a fee on project sponsors to cover costs associated with a programmatic review upon which their project relies.” These reviews could then be used for up to five years or longer to expedite permitting of projects in the programmatic review area.
- Expanded use of categorical exclusions for clean energy projects. About 95% of projects on federal land get these exclusions, meaning they do not require an environmental review under the National Environmental Policy Act (NEPA).
- Development of “an automated, joint electronic permit application for federal agencies,” along with “automated workflow tools that are compatible with existing agency dashboards” and can track a project’s progress from application to approval.
- Improved community engagement. The White House wants federal agencies to each have a dedicated chief community engagement officer who will oversee engagement efforts across permitting processes. Agencies would also establish community engagement funds to help local and tribal entities who might not have the resources or expertise to engage in federal permitting processes. Fees from project developers could be used to contribute to these funds.
- Modernized mining laws. The law governing mining on federal lands was signed in 1872 by President Ulysses S. Grant and has

remained largely unchanged since then, Podesta said. While the administration has yet to develop detailed proposals, the fact sheet calls for reforms that “set a global standard for responsible mineral development and ... increase coordination, transparency and communication between federal agencies, and provide greater certainty for project sponsors for responsible domestic mining and extraction.”

‘No More Climate Denial’

The administration’s focus on permitting appears strategically timed as Congress gears up for action on the issue. House Republicans have tied permitting reform to the increasingly tense debt ceiling negotiations, with the inclusion of their energy bill, *H.R. 1*, in the debt ceiling package they passed April 26. Permitting reform provisions in that bill were almost exclusively focused on streamlining permitting and removing other obstacles to the development of fossil fuel projects. (See *GOP Energy Bill Passes House, Heads for Hostile Senate*.)

Podesta slammed the debt ceiling bill, saying it be “would be catastrophic for our economy, our energy security and our national security. They are proposing to endanger the health of Americans [and] undo our clean energy progress as ransom for not triggering a catastrophic default,” he said.

Any chance for bipartisan action on permitting now lies in the Senate, where the issue is on the agendas of both the Energy and Natural Resources (ENR) Committee, chaired by Manchin, and the Environment and Public Works (EPW) Committee.

At EPW’s recent hearing on permitting, both Chair Tom Carper (D-Del.) and Ranking Member Shelley Moore Capito (R-W.Va.) called for a “regular order” of hearings and bipartisan negotiations on the issue. (See *Permitting Delays, Inflation Put Double Whammy on IJIA and IRA*.)

Manchin and ENR have a [hearing on permitting](#) on Thursday, when bills from both Manchin and Ranking Member Sen. John Barrasso (R-Wyo.) will likely be on the table.

Manchin has reintroduced the *Building American Energy Security Act*, which failed to gain a majority vote in the previous Congress but continues to have Biden’s support. While Manchin and the White House have had a falling out over implementation of the Inflation Reduction Act’s electric vehicle tax credits, permitting may allow some rebuilding of the relationship, with Podesta praising the senator’s “leadership and commitment to this issue in particular.”

The bill sets a two-year limit on environmental impact reviews for major projects and one year for projects needing a lower-level environmental assessment. It also calls for the White House to identify a list of 25 high-priority energy infrastructure projects, to be updated periodically, and expedite permitting on them.

Similar to H.R. 1, Barrasso’s *Spur Permitting of Underdeveloped Resources Act* has a strong focus on promoting oil and gas leasing. The bill would require the Secretary of the Interior to immediately resume quarterly onshore oil and gas lease sales and “offer no less than 25% of all nominated parcels in each field office at every quarterly sale.”

It also calls for no fewer than 11 offshore oil and gas lease sales in the Gulf of Mexico and offshore Alaska over the next five years.

Capito’s permitting reform effort is the tongue-twisting *Revitalizing the Economy by Simplifying Timelines and Assuring Regulatory Transparency Act*, which is chiefly aimed at undercutting NEPA and the Clean Water and Clean Air acts. For example, it proposes a two-year time limit for environmental impact reviews under NEPA, but if the deadline is not met, a project would be considered to have met the requirements of the law.

By comparison, in Manchin’s bill, if an agency misses a permitting deadline, project developers could seek a court order “directing agencies to finish the review.”

With Republicans’ focus on fossil fuels and Biden’s on clean energy, common ground may be hard to find. Podesta sees possibilities for compromise on both sides’ proposals for limiting the time allowed for environmental reviews and other efforts to simplify the permitting process.

“There’s room for discussion on those core common elements,” he said. “But the one thing I think we’re going to insist on is no more climate denial; no more looking the other way; no more ‘you can’t analyze the climate effects of a project’; no more ‘we need to ensure that we’re only looking at the cost benefits over a short period of time because if we look over the horizon, we might find that the world is changing a little faster than we thought.’

“Right now, we’re in the midst of a climate crisis, one that demands that we build, build, build clean energy,” Podesta said. “Here’s the bottom line: If we can’t build some new things in a few backyards, the climate crisis will destroy everyone’s backyards, along with the livelihoods, communities, wildlife and biodiversity we all want to protect.” ■

FERC/Federal News



FERC's Christie Calls for Reassessment of Single Clearing Price Capacity, Energy Markets Both Worthy of Reassessment, Commissioner Contends

By James Downing

RTOs and ISOs should reconsider the practice of relying on single clearing price mechanisms in organized electricity markets, FERC Commissioner Mark Christie argued in an *Energy Law Journal* article published May 8.

Use of a single clearing price (SCP) means that every resource dispatched is paid as much as the last unit needed to meet demand, which has the highest price among them.

"As a result, sellers that have offered to sell at prices lower than the clearing price, including those offering at zero or even below zero due to out-of-market subsidies, still receive the highest clearing price," Christie wrote. "As consumers' power bills continue to rise, however, both the EU and UK are reconsidering whether the continued use of SCP mechanisms is in the best interests of hard-pressed consumers and whether changes to pricing structures need to be made to give consumers the full potential cost savings available from low to zero marginal cost resources."

The European Union is looking into the issue because the single clearing price means that many of the savings associated with renewables that deliver at very low to below-zero marginal cost do not flow through to consumers. That makes it a timely discussion to have in the U.S., Christie said.

RTO capacity markets also clear at a single price, and Christie said they have bigger problems that are in need of more immediate reforms.

"These constructs are critically important not only because of their impact on the costs consumers pay for power resources, but on the reliability of the power grid itself," the article said. "Indeed, it is past time to reconsider whether such constructs, certainly those in the large, multistate RTOs, are still capable of performing the important duties expected of them."

In creating capacity markets, RTOs conceded that investors need certainty on future revenues and that energy market revenues were not sufficient to encourage investment in capital intensive generation.

"The creation of these markets also destroys any argument that deregulation was all about shifting investment risk for generation assets from consumers to investors," Christie said. "It



FERC Commissioner Mark Christie | © RTO Insider LLC

never was, certainly not where capacity markets were established to provide the 'missing money' to investors."

The capacity markets differ by region, but they all pay a single clearing price, which is at best zonal and thus far less granular than the locational marginal prices used in energy markets. And the forward nature of the markets involves assuming what load will be in the future, and some guesswork around supply as well.

"Those operating the capacity markets are speculating on future supply and demand just as integrated resource planners in vertically integrated utilities are speculating," the article said. "Both are engaging in an administrative planning exercise."

Capacity markets are facing more immediate problems, but Christie does not want to limit the reconsideration to them.

"While acknowledging that there are serious arguments in favor of continued use of the LMP mechanism in certain markets, the article asserts that such arguments should not prevent an open-minded consideration of equally serious arguments made against continued use of single clearing price mechanisms in U.S. power markets, including the practical question whether LMP itself, which may be effective in some scenarios, can continue to deliver what it promises under today's conditions," the article said.

Beyond 'Textbook' Theory

Reassessing single clearing price mechanisms will require reconsideration of the assumptions that drove restructuring of the industry in the 1990s and early 2000s and whether they still apply to present conditions.

Restructuring was driven by a sense among

policy makers that generation was no longer a natural monopoly, largely because of the development of efficient and low-cost natural gas-fired resources. FERC and some states both pushed the change, and while transmission remained a monopoly, its control was handed over to ISO/RTOs that took over the planning role from utilities.

The transfer of control of transmission development made it harder for states to regulate what was happening in that area, which was common beforehand with integrated resource plans (IRPs).

"Overseeing the IRP process had long been one of the states' most effective tools for ensuring just and reasonable retail rates and reliable service, the two chief goals of state utility regulation," the article said. "The IRP process enabled state regulators to balance the need for one type of proposed resource, be it generation, transmission, distributed energy or demand-side, against other alternatives, potentially of lower cost."

The main defense of single clearing price is that the field of economics treats electricity as a commodity, and all commodities are priced that way, but "textbook" theory is not enough to justify its continued use alone, Christie said.

"Even the most ardent advocates of RTO markets admit that certain public policies, especially subsidies, that have been widely adopted since the advent of those markets, are antithetical to their efficient operation," the article said. "So any serious reconsideration of single clearing price mechanisms cannot be confined to textbook economic theory, but must take into account how public policies have distorted the pricing mechanisms in RTO power markets that use marginal costs to determine outcomes and how these policies are likely to continue to do so."

Any re-examination of such a fundamental construct of organized electricity markets requires a full comparison to alternatives, Christie said.

"That is because choosing public policies always involves tradeoffs, and any criticism of one policy must consider criticisms of alternative policies," he added. "So any serious reconsideration of single clearing price mechanisms in U.S. power markets must evaluate just as critically the alternatives and their advantages and disadvantages." ■

FERC/Federal News



DOE Rolls out New Process for Designating Key Transmission Corridors NIETCs to Unlock Federal Funding and FERC 'Backstop' Siting Authority

By K Kaufmann

The U.S. Department of Energy wants to accelerate permitting and financing for transmission projects currently under development by designating their proposed routes as National Interest Electric Transmission Corridors (NIETCs).

DOE was given the authority to identify these corridors in the Infrastructure Investment and Jobs Act, and last week, Maria Robinson, director of the Grid Deployment Office, announced the department's plan to implement that authority via a new "applicant-driven" and "route-specific" process.

Releasing a combined *notice of intent and request for information* on the new process, Robinson said DOE's top priority, at least to start, will be on identifying NIETCs (pronounced "nit-tees") for projects that are already being planned, even if they have not been permitted or financed.

"We're looking to unlock critical federal investments and regulatory and permitting tools to spur urgent transmission investments needed in specific regions to improve reliability and resilience, as well as reduce consumer costs," she said during a media briefing. "This approach to selecting corridors will focus on specific needs and targeted geographic locations and seeks to identify transmission corridors that help to ensure targeted and effective relief for American communities from life-threatening electric outages."

Projects located within a NIETC would be able to tap into \$2.5 billion in funding for public-private partnerships made available in the IIJA. The Inflation Reduction Act adds another \$2 billion to the pot from its transmission financing loan program, Robinson said.

A NIETC designation "can also allow ... FERC to grant permits within a [corridor] border in certain circumstances where states cannot or have not issued those permits after more than one year," she said, referring to the commission's "backstop" permitting authority established in the IIJA.

FERC issued a Notice of Proposed Rulemaking on its backstop permitting authority in December, with an extended comment period that ends on May 17 ([RM22-7](#)). (See [FERC Moves to Implement New Backstop Transmission Siting Authority](#).)



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The NOI lays out proposed guidelines for the potential applicants who will drive the process and the "route-specific" projects they will propose for NIETC designation.

Potential applicants will have "progressed beyond the preliminary concept and ... begun actively routing the project and engaging in community and landowner outreach, land surveys or initiation of environmental compliance work," the NOI says. "However, no particular stage of development is required for an applicant to seek potential designation."

DOE's definition of "route-specific" is particularly broad. Applicants will have document how their projects balance "the need to ensure that the potential route is defined with sufficient specificity to allow for meaningful evaluation of the potential energy and environmental impacts of one or more transmission projects along that route, while also sufficient in size and scope to construct, maintain and safely operate one or more transmission projects in accordance with applicable regulatory requirements and reliability standards and accommodate routine route changes that often occur when siting and permitting infrastructure."

Advocates Optimistic

The long list of the information an applicant would have to provide to get a NIETC designation includes the geographic boundaries and rationale for those boundaries; how the

project would address existing or future transmission needs; and the "economic growth and vitality in the corridor or end markets served."

Information on environmental impacts will need to be detailed enough for DOE to complete an environmental review under the National Environmental Policy Act (NEPA). That covers everything from "potential adverse effects to cultural and historic resources" to "known or potential impacts" to the U.S. aviation and marine transportation systems, and to a project's proposed use of previously disturbed lands.

The RFI seeks feedback on the NIETC guidelines, the structure of the application and designation process and how the impacts of any proposed route should be evaluated. It asks if the information requests outlined in the NOI might be "overly burdensome on respondents" but also if additional information should be included in applications.

Rob Gramlich, founder and president of industry consultants Grid Strategies, expects DOE will get a significant number of applications when it releases a request for proposals, possibly in the fall.

"It's exciting to see this process finally, formally introduced," Gramlich said in an interview with *RTO Insider*. "Transmission proponents have been recommending this type of process for a number of years. The department has sug-

FERC/Federal News



gested informally over the years that it would be open to applications for designation, but it's never really had a formal process like it has introduced today."

Christina Hayes, executive director of Americans for a Clean Energy Grid, agreed. Advocates have been waiting for DOE to develop a NIETC designation process "that really is consistent with how these [transmission] projects are developed," she said.

The NOI and RFI released May 9 will be published in the *Federal Register* in the next four or five days, triggering a 45-day comment period, according to DOE. The department has also scheduled a [public webinar](#) on the proposed guidelines for this Wednesday.

The History of NIETCs

The draft *National Transmission Needs Study* published in February documented huge gaps between existing lines and what will be needed to reach President Joe Biden's goal of a decarbonized grid by 2035.

A 2022 study from the National Renewable Energy Laboratory estimated that U.S. transmission capacity would have to grow 1.3 to 2.9 times by 2035. A 2021 study from Princeton University said a 60% increase in transmission may be needed by 2030, followed by a three-fold increase by 2050.

DOE was first authorized to designate NIETCs by the Energy Policy Act of 2005, according to a department [fact sheet](#). Following a study of grid congestion and constraints, DOE designated two broad NIETCs in 2007. The Mid-Atlantic corridor included counties in Ohio, West Virginia, Pennsylvania, New York, Maryland and Virginia, and all of New Jersey, Delaware and D.C. The Southwest Area corridor

covered areas in California and Arizona.

Recalling that effort, Gramlich said it was too broad. "Those were big, brawny corridors that looked like big blobs and Magic Marker lines across the country, which got everybody anywhere near the paths concerned about whether there's going to be a transmission line in their front yard," he said.

The applicant-driven approach "is much more surgical ... focused on the actual route that's likely to be used rather than, you know, 100 hypothetical routes that aren't likely to be used," Gramlich said.

Hayes was also optimistic that DOE has refocused "its efforts on how to deploy the transmission that's needed for a transition to cleaner energy [and] electrification and to respond to extreme weather. ... They're focusing on where cost-effective, well planned transmission would be sited and [looking] at the corridors around those projects."

DOE's Robinson stressed that while a "NIETC designation can identify a specific corridor where transmission projects are needed, it does not establish a preference for a specific transmission project or cluster of projects that may be located within a designated corridor."

The National Transmission Needs Study, which DOE aims to finalize this summer, will also be factored into NIETC designations, Robinson said. One of the study's key findings is that new transmission that connects the country's major electrical interconnection areas — East, West, Midwest and Texas — will provide the most value, especially during extreme weather events.

Keeping the Train on the Tracks

One of the IJJA's more critical and contro-

versial provisions gives FERC backstop siting authority, long desired by transmission developers and proponents but opposed by both red and blue states.

To qualify for this "backstop" permitting, a project has to be located in a NIETC. FERC can approve the project if it has been denied by state or local regulators, if they have taken no action for a year, or if they have conditioned approval on requirements that would either make a project financially unfeasible or unable to relieve congestion or other constraints on a line.

The NOPR issued in December would provide a "pre-application" process that a developer could begin before delays or denial of a permit reaches the one-year mark. It would also set up a 90-day period for a state to respond to a request for a backstop approval.

Hayes sees FERC's backstop authority as an essential piece of the process for promoting transmission development. "We're really excited to see how they are seeking to work with states by providing that extra 90 days after the one year for states to explain what they're doing," she said, while also setting up the pre-application filing process.

"They're being really thoughtful about how to keep the train on the tracks while being mindful of allowing a process for the states," she said. "DOE and FERC are thinking about ways to work together to move forward in a way that's consistent with the statute, consistent with the need for thorough, legally durable environmental reviews, but also making sure that we're able to deploy the kind of transmission that we need to meet our reliability goals, our electrification goals and our need for cost-effective planning." ■



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FERC/Federal News



Vanguard Wins Investment Extension in Split Decision at FERC

GOP State AGs Urge FERC, Congress to Focus on ESG Issues

By James Downing

Vanguard's request for another three-year extension of its blanket authorization to procure utility securities went into effect "by operation of law" May 8 as FERC's commissioners apparently split 2-2 on the application (EC19-57).

Republican Commissioners James Danly and Mark Christie released a [joint statement](#) May 9 expressing concern that Vanguard's utility holdings, which have grown from \$5 trillion in 2019 to \$6.7 trillion in late 2022, could undermine competition.

"Horizontal shareholding, or common shareholding between horizontal competitors, could reduce incentives to compete in a given product market. This is especially so in concentrated markets," Danly and Christie said. They said the commission had not developed a sufficient

record to determine whether Vanguard's advisory subsidiaries and 34 affiliated investment companies were abiding by promises not to exert control over the utilities.

The two had previously objected to a 2022 FERC order, which extended a 2019 ruling allowing Vanguard to acquire up to 20% of the outstanding voting securities of a public utility in aggregate, and up to 10% by a single fund.

FERC Chair Willie Phillips and Commissioner Allison Clements, both Democrats, had not issued a statement on Vanguard's filing as of press time.

GOP AGs Protest

While Danly and Christie cited competitive concerns, a group of Republican state attorneys general had challenged Vanguard's petition on the grounds that the investment

manager was seeking to pressure utilities to adopt environmental, social and governance (ESG) investing policies. (See [Red State AGs Challenge Vanguard Climate Activism](#).)

The attorneys general made similar allegations in a [filing](#) Wednesday opposing BlackRock's request for a similar investment authorization (EC16-77-002). The filing came as the House Oversight and Accountability Committee held a [hearing](#) on ESG issues, where Utah Attorney General Sean Reyes [said](#) the committee should ensure that FERC is preventing "asset managers who collectively own significant percentages of utilities' stock [from] improperly influencing the operations of those utilities."

The state AGs' BlackRock filing comes after FERC already granted the investment firm an extension last year, but it asks the commission to audit whether the firm continues to be a

passive investor. They point to its signing onto "activist crusades" such as [Climate Action 100+](#) and [Net Zero Asset Managers Initiative](#).

CA100+ and NZAM have called for achieving net-zero greenhouse gas emissions by 2050. Vanguard left NZAM after the AGs' protest over its application last year.

"This is yet another example of radical leftists trying to circumvent the will of the American people in order to implement their draconian mandates," Indiana Attorney General Todd Rokita said in a statement. "The restrictions these elitists are trying to impose on energy companies and utilities would never win approval at the ballot box."

'Enormous Accumulation'

Danly and Christie said "the enormous accumulation of such assets enables Vanguard to vote large percentages of publicly traded companies' shares. The commission has had a



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FERC/Federal News



long history of scrutinizing corporate structures that allow for the common ownership of, or influence upon, public utilities. Vanguard's application raises a number of issues that demand commission scrutiny because Vanguard may be able to exercise profound control over the utilities whose securities it holds, including the potential to influence decisions of the utility management that could have serious effects on the reliability of power service and rates for customers."

FERC should consider whether blanket exemptions for firms with such massive investments in the utility sector are consistent with the public interest, they said.

They noted that Vanguard told the commission that it is abiding by the conditions in the 2022 order and its "own investment guidelines" that preclude it "from acquiring or holding securities with the effect or for the purpose of exercising control or management" of utilities.

"These guidelines, however, do not appear in the record, so their sufficiency in this respect cannot be assessed," the commissioners wrote. "Further, Vanguard states that each Vanguard advised fund has 'proxy voting procedures and guidelines adopted by each fund's board.' These proxy voting procedures and guidelines are also missing from the record.

"Vanguard's failure to include material upon

which its application is predicated hampers the commission's ability to assess the independence of the advisors or examine how much control or oversight Vanguard actually retains," they added.

Public Citizen Energy Program Director Tyson Slocum said in an interview Wednesday that the ESG issues were a distraction from the real issue of horizontal market power from firms like BlackRock and Vanguard.

"We raised substantive issues about the commission's current, 'check the box' exercise for blanket waivers for certain fund managers," Slocum said. "The commission needs to perform some basic analysis given the size of BlackRock, Vanguard and these types of entities. These are no longer small players. They have sort of radically redefined equity ownership in stocks."

Public Citizen filed a protest last year arguing that BlackRock's impact on horizontal competition warranted more attention from the commission. That argument convinced Christie and Clements, who both filed comments on the April 2022 order urging more scrutiny going forward. (See [BlackRock Decision Unearths FERC Wariness of Investor Influence on Utilities.](#))

"As these types of entities increasingly emerge as material investors across public utilities, it is important for the commission to consider

whether its analysis in considering these blanket authorizations remains sufficient to ensure that transactions made under the blanket authorizations are within the public interest, including that they do not have an adverse effect on wholesale rates," Clements said then.

Slocum said FERC has an obligation under Section 203 of the Federal Power Act to review investment firms' impact on horizontal competition. That is especially important given that FERC's main method of regulating the industry in recent decades has depended on competition, which could be limited due to horizontal market power.

BlackRock, which directly owns energy infrastructure such as oil storage facilities and a natural gas plant in Georgia, is not just investing passively in utilities. The issue is worthy of FERC's increased attention, but the ESG talk amounts to a "political stunt," said Slocum.

If anything, it makes sense for utilities, and even companies focused on extracting fossil fuels, to plan around potential climate liabilities going forward, said Slocum.

"This 'woke capitalism' nonsense by these wildly uninformed attorney generals just makes them look silly and stupid," Slocum said. "There's nothing woke about BlackRock or Vanguard." ■

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FERC/Federal News



DOE Awards \$26M to Clean Energy Technology Projects

By Tom Kleckner

The U.S. Department of Energy on Wednesday announced it is funding eight projects across 13 states and Puerto Rico to demonstrate how solar, wind, storage and other clean energy resources can support grid reliability and efficiency.

DOE will allocate \$26 million in Infrastructure Investment and Jobs Act funding through its *Solar and Wind Grid Services and Reliability Demonstration* Funding Program, which is designed to demonstrate the reliable operation of energy systems that have up to 100% of their power contribution from solar, wind and battery storage resources.

The projects being awarded deploy “innovative” clean energy technologies at 15 sites “to build and support a resilient grid that automatically adjusts to changing demands,” according to the department. They will support the administration’s “efforts to accelerate a decarbonized grid, expand the adoption of affordable clean energy and strengthen America’s energy security while combating the climate crisis,” it said.

Research teams comprising utilities, laboratories, universities and industry will test how wind and solar plants can more reliably transmit electricity and protect against disruptions to high-voltage power lines. The projects will also monitor and test controls that allow the grid to restore power quickly and efficiently after blackouts.

“As threats and climate risks to America’s energy infrastructure continue to evolve, DOE is laser-focused on ensuring our power grid is strong and reliable as it incorporates a historic level of renewable resources,” Energy Secretary Jennifer Granholm said in a *statement*. “Today’s announcement will help build a resilient grid that the American people can trust to deliver reliable, affordable, clean electricity to their homes and businesses.”

A recent study by DOE’s National Renewable Energy Laboratory *found* that wind and solar energy could provide as much as 80% of generation on a grid run by 100% clean electricity. Achieving those levels would require rapid and sustained growth in installed solar and wind generation capacity, it said, with nuclear energy helping to make up the difference.

The study modeled four scenarios that deployed new clean energy technologies at an unprecedented scale and rate to achieve 100%

clean electricity by 2035. Wind and solar energy would provide 60 to 80% of generation in the least-cost electricity mix in 2035; overall generation capacity would grow to roughly three times the 2020 level by 2035, including a combined 2 TW of wind and solar.

The selected projects and awards are:

- Consolidated Edison’s initiative to demonstrate transmission protection strategies in New York and Virginia that reduce outages as the grid moves to inverter-based generation. If successful, the project will demonstrate to the transmission system protection, operation and planning industries that the grid can operate safely and reliably with any mix of energy sources, including 100% inverter-based resource (IBR) generation. (\$3 million)
- an Electric Power Research Institute project with multiple balancing authorities and utilities to demonstrate *grid services* capabilities in Michigan, Nebraska, Texas, New Mexico and California. (\$3.4 million)
- General Electric Renewable Energy’s project demonstrating grid-forming inverters at the Great Pathfinder wind plant in Iowa. (\$3.5 million)
- a National Renewable Energy Laboratory project in Hawaii that aims to further the understanding of the grid’s behavior in response to faults in scenarios with high IBR

levels. (\$2 million)

- Pacific Gas and Electric’s development of an automated analysis tool for utility engineers to address rapid changes in the electric grid, such as increased solar generation. (\$2.5 million)
- Portland General Electric’s demonstration of grid-forming inverters at the Wheatridge Renewable Energy Facility in Oregon, North America’s first energy center to combine wind, solar and energy storage systems in one location. (\$4.5 million)
- the University of Illinois at Chicago’s project in Illinois and Puerto Rico using an innovative modeling, protection and control framework to ensure the bulk power system’s reliable operation with 100% IBR generation, as they have much different fault characteristics than traditional synchronous generators. (\$3 million)
- Veritone’s project designed to boost confidence in renewable power by using the company’s artificial intelligence-powered distributed energy resource management system (iDERMS) technology in New Mexico. (\$3.9 million)

DOE and its applicants will go through a negotiation process before any funding is issued. The department could cancel negotiations and rescind the selection for any reason during that time. ■



DOE is allocating \$26 million to eight projects that test the grid’s resilience when clean energy provides up to 100% of the power. | NREL

CAISO/West News

West Coast States Should Collaborate on OSW, Panelists Say

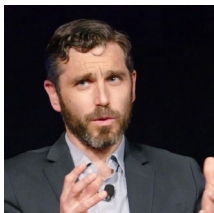
East Coast Lessons Learned Could Help with Nearly 300 GW of Potential Capacity

By Hudson Sangree

SACRAMENTO, Calif. — West Coast states need to work together on transmission, ports and industrial infrastructure to achieve their goals for floating offshore wind, speakers at this year's Pacific Offshore Wind Summit said.

The two-day *event*, hosted by Offshore Wind California, drew 700 attendees to the SAFE Credit Union Convention Center in downtown Sacramento on May 9-10.

Panelists encouraging collaboration cited lessons learned, both positive and negative, from the East Coast's experience developing offshore wind projects and infrastructure.



Travis Douville, Pacific Northwest National Laboratory | © RTO Insider LLC

"What we have learned is that there's great power in bringing the states together," said Travis Douville, who leads wind energy grid integration research at the Pacific Northwest National Laboratory.

"There already are models of substance in play," Douville said

during a panel on offshore wind transmission. For example, the New England States Transmission Initiative "is showing real promise, and the idea here is that states can come together and develop a shared transmission plan that serves all of their needs at the state level."

Last year, five New England states — Connecticut, Massachusetts, Maine, New Hampshire and Rhode Island — announced their joint initiative to explore investment in the transmission infrastructure they need to integrate offshore wind and other clean energy resources while improving grid reliability.

In January, the states said in a joint statement that they were seeking funding from the Department of Energy to strengthen New England's grid and reduce dependence on fossil fuels. (See [New England States Group Up To Push For Federal Transmission Funding](#).)

One of their proposals, the Joint State Innovation Partnership for Offshore Wind, would "proactively plan, identify and select a portfolio of transmission projects needed to unlock the region's significant offshore wind potential, improve grid reliability and resiliency, and invest



About 700 attendees filled a cavernous meeting room at the SAFE Credit Union Convention Center in downtown Sacramento, Calif. | © RTO Insider LLC

in job growth and quality."

California, Oregon and Washington could benefit from similar arrangements, Douville said.

'Pacific Coast Scale'

The West Coast states have nearly 300 GW of potential capacity from floating offshore wind turbines, the National Renewable Energy Laboratory *estimated* in a study last year. California has 88 GW of potential capacity. Oregon has 150 GW, and Washington has 59, NREL said.

The states, federal government and private industry are planning to develop that capacity, starting south and working north.

The Bureau of Ocean Energy Management (BOEM) held the first West Coast wind auction Dec. 7, when five lease areas off the California coast, with 4.5 GW of total capacity, brought more than \$757 million in winning bids. (See [First West Coast Offshore Wind Auction Fetches \\$757M](#).)

Three of the lease areas are in the Morro Bay

Wind Energy Area off the coast of Central California, and two are in the Humboldt Wind Energy Area off the coast of Northern California.

The auction was crucial to achieving the Biden administration's *goal* of deploying 15 GW of floating offshore wind in deep waters by 2035, the Interior Department said. The California Energy Commission has proposed offshore wind goals of 25 GW by 2045. (See [California Boosts Offshore Wind Goals](#).)

Off the coast of Oregon, BOEM has identified three call areas with 17 GW of capacity, one of which, the Brookings Call Area, is 60 miles north of California's Humboldt Wind Energy Area. The proximity quickly prompted discussion of collaboration between the West Coast states.

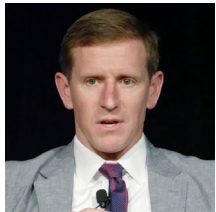
"The growing Pacific Coast scale of this ... sets in motion a whole set of speculation about coordination across the region," Adam Stern, executive director of Offshore Wind Califor-

CAISO/West News

nia, told an Energy Bar Association meeting shortly after BOEM announced the Oregon call areas Feb. 24, 2022. (See [Energy Bar Weighs OSW in Oregon, California.](#))

In Washington, BOEM has received two unsolicited bids for floating wind farms but has yet to identify any call areas.

'Economies of Scale'



Ryan Calkins, Port of Seattle | © RTO Insider LLC

Washington has moved more slowly on off-shore wind, in part because of its vast supply of hydroelectric power, said Ryan Calkins, a Port of Seattle commissioner and part of a panel on West Coast collaboration.

"We have such an abundant source of renewable energy in hydro that I think we didn't get off the starting blocks very quickly," Calkins said. "However, I think we're starting to see some real progress."

The state has an energy strategy that includes 3 GW of offshore wind by 2045, and "often-times you'll hear our state officials talk about 'it's not if, but when' we will get into offshore wind," he said.

The state is expecting to learn from California's experience with offshore wind, including its effects on fisheries, coastal communities and Native American tribes, he said.

"When we join California in a few years with our own plans for offshore wind, I welcome the inputs of California ports and supply chains to help us meet our targets," Calkins said. "I think it just makes sense for us to have a systemwide approach to this."

Some types of collaboration between the states are already happening and could serve as models for offshore wind, he said. For instance, West Coast ports employ standardized container shipping equipment that allows ships to offload in multiple ports, from Seattle to Long Beach, after crossing the Pacific from Asia. The setup promotes efficiencies of scale, he said.

"We also have a shared workforce, whether it's the unions that tie us all together or the brain trust behind what we do, and the various contractors that every port relies on for port design or for engineering services," Calkins said. "Those same sets of skills are going to be needed for the extension of ports along the West Coast."

On an international scale, "I think that if we manage to pull off strong collaboration on a coastwide level here, we actually have an opportunity to chase a much bigger prize, which is a larger Pacific Rim system developing offshore wind that includes Korea, Japan, China and elsewhere," he said.

"But if Washington tries to do it alone, or even if California tries to do it alone, we're not going to have the kind of efficiencies or economies of scale to be able to participate in bilateral trade with some of those nations, which have even bigger goals than we do in a lot of instances," he said. "So, I think we'd benefit if we collaborate."

Competition vs. Collaboration

The East Coast has seen a combination of competition and collaboration that has fostered growth but has also led to inefficient development, panelists said.



Molly Croll, American Clean Power Association | © RTO Insider LLC

Molly Croll, Pacific offshore wind director for the American Clean Power Association, said, "Competition as well as collaboration stimulates progress."

"Competition has been a big part of progress on the East Coast," Croll said. "There's been competition for who can set the highest offshore wind target, who can procure the best projects first ... and [who can offer the best] local incentives for supply chain and manufacturing. So, competition is a motivator, but obviously competition without collaboration will lead to inefficiencies, gaps and redundancies, which we don't want."

Croll, a California resident, said her home state should take the lead.

"I do not want California to wait for other states to get to where California is," she said. "But I think there's still so many areas for potential collaboration, [such as] best-practice sharing and information sharing. That's a no-brainer. We should be doing that. California is doing a lot of things for the first time that Oregon and Washington will benefit from."

"Then, moving up towards shared planning, I would love to see that, especially if we can coalesce states around a shared vision of large-scale offshore wind," Croll said. "Harder to do [are] mutual commitments, shared investments, things like that, but we could get there. And hopefully, working on those first steps provides a platform and habit of collaboration."



Tony Appleton, Burns & McDonnell | © RTO Insider LLC

In a panel on building a sustainable West Coast wind industry, Tony Appleton, offshore wind director for engineering firm Burns & McDonnell, said the West Coast could learn from the East Coast's mistakes.

"The lesson learned from the East Coast is that not everybody actually worked together," Appleton said. "Everybody was kind of doing their own thing in their own little silos and actually not realizing what the bigger picture was."

Developers focused on their own projects, and states competed for ports, jobs and supply chain opportunities, he said.

"I think what, what the West Coast could do — what California, Oregon, etc. can do — is actually work together, get all of those key stakeholders working together, rather than ... against each other. Because if you get them working together, they will come up with solutions that everybody's happy with."

Europe spent 20 years learning to work together on offshore wind, Appleton said.

If California takes a collaborative approach from the start, "It goes straight from iPhone 8 to iPhone 15 and not through all the steps in the middle." ■

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Proposed Calif. Budget Retains Climate, Energy Funding

By Hudson Sangree

The May revision of California Gov. Gavin Newsom's proposed budget, released Friday, anticipates a deficit that is \$9 billion more than his January forecast, resulting in additional cuts across many programs.

But the governor refrained from further cuts to major initiatives on climate and energy, including billions of dollars in funding for zero-emission vehicles and wildfire prevention.

Fearing deeper cuts, environmental advocates said they were relieved.

"A budget is a statement of values, and the governor's May revision continues to showcase California's climate leadership," James Pew, a climate policy fellow with advocacy group NextGen Policy, said in a statement. "Given the significant economic headwinds on

the horizon, we were pleased to see that the governor's May revision climate proposal does not make further cuts to last year's climate commitment."

The governor's January budget plan for fiscal year 2023/24 proposed eliminating \$6 billion in funding for clean transportation and other climate initiatives from the 2022/23 budget because of a projected plunge in tax revenues. (See [Calif. Governor Proposes \\$6B in Climate Budget Cuts](#).)

The May revision retains those proposed cuts without suggesting further reductions, even though the budget shortfall in FY23/24 grew from a forecast \$22.5 billion in January to \$31.5 billion in May.

If adopted by the California State Legislature, the proposed cuts would reduce last year's \$54 billion, five-year commitment for climate initiatives to \$48 billion, maintaining 89%

of last year's historic funding levels. Even reduced, the amount represents the world's largest climate pledge at a "sub-national level," Newsom said in January.

Major cuts proposed in January and carried through in the May revision include a \$1.1 billion reduction in the state's \$10 billion, five-year commitment to funding for light-, medium- and heavy-duty ZEVs. The budget proposal maintains \$8.9 billion, or 89%, of the planned ZEV investments, which are intended to support the state's transportation decarbonization mandates, including a requirement that all new passenger vehicles sold in California be zero emitting starting in 2035.

The May revision also maintains \$2.7 billion over four years to "advance critical investments in restoring forest and wildland health to continue to reduce the risk of catastrophic wildfires in the face of extreme climate conditions."

Pacific Gas and Electric, and to a lesser degree Southern California Edison, have faced multibillion losses in recent years from wildfires sparked by their equipment that exploded out of control because of forest and climate conditions.

California expects that federal funds — including \$100 billion in the Inflation Reduction Act for state clean energy and climate programs — could offset some of the proposed cuts.

The governor has also proposed a \$1.1 billion bond that would pay for some climate programs, such as water recycling, that would otherwise see sizable funding reductions.

The legislature has until June 15 to adopt a budget plan, allowing for a month of negotiations with the governor's office. Some lawmakers are unhappy with the governor's proposal and support alternatives developed by the legislature.

State Sen. Josh Becker, chair of the budget subcommittee that oversees climate and energy spending, said in a statement that he would continue to push a Senate proposal that "protects many programs and prepares the state to access federal climate dollars through matching and technical assistance, which are absent in the governor's proposal."

"My colleagues and I will continue to advocate and work with the Newsom administration to enact responsible ways to maintain critical investments and prevent backsliding on our climate progress," Becker said. ■



Gov. Gavin Newsom discusses his revised budget proposal in a press conference Friday. | [California Governor's Office](#)

CAISO/West News



Inslee Signs Wash. Bill to Dim Turbine Lights

Gov. Jay Inslee last week signed a bill that requires Washington wind farms to turn off their blinking aviation obstruction lights at night when no low-flying aircraft are around.

“This ensures wind farms are good neighbors,” Inslee said at the signing. There had been some speculation that the governor might veto the measure.

Rep. April Connors (R) introduced [House Bill 1173](#) after residents of her hometown Kennewick complained that blinking lights at a proposed wind farm in the Horse Heaven Hills just south of the city would ruin their night-time view of the ridgeline. The bill easily sailed

through both the state Senate and House with bipartisan support. (See [Washington House Calls for Dimming Turbine Lights](#).)

But Inslee vetoed two sections of the bill.

The first vetoed section would have made the bill effective immediately instead of the more typical date of July 1. Inslee did not say why he vetoed that segment.

The second vetoed section would have given county commissioners the authority to control the amount of light to be emitted.

Scout Clean Energy has proposed building up to 224 wind turbines — about 500 feet tall

— on 112 square miles of mostly private land in the Horse Heaven Hills. About 294 acres of that land would also hold solar panels. The wind turbines and solar panels are projected to produce 1,150 MW at full capacity.

At a Jan. 16 hearing before the House Environment and Energy Committee, Connors said the blinking lights on top of the 500-foot towers could be seen across an area with roughly 200,000 residents. Germany has a similar law in effect, she said. Connors noted that Washington already has about 2,000 wind turbines. ■

— John Stang



Recently passed House Bill 1173 will require wind farms in Washington to dim their aviation obstruction lights at night when no low-flying aircraft are near. | Shutterstock

CAISO/West News

Study: Calif. Distribution Grid Needs \$50B of Work for EVs

Study Forecasts 56% Average Peak Load Increase from 2025 to 2035

By Hudson Sangree

A study conducted for the California Public Utilities Commission finds that without mitigation, the distribution grids of the state's three large investor-owned utilities will require up to \$50 billion in upgrades by 2035, mainly to accommodate electric vehicle charging.

The Electrification Impacts Study, performed by energy analytics firm Kevala, was commissioned by CPUC as part of its High Distributed Energy Resources Grid Planning rulemaking, which is intended to prepare the state for large-scale transportation and building electrification.

California law requires that all new vehicles sold in-state be zero-emitting by 2035, and the state Air Resources Board is weighing a ban on sales of new natural gas-powered space and water heaters for residential and commercial use. (See [Calif. Considers Zero-emission Appliance Rules.](#))

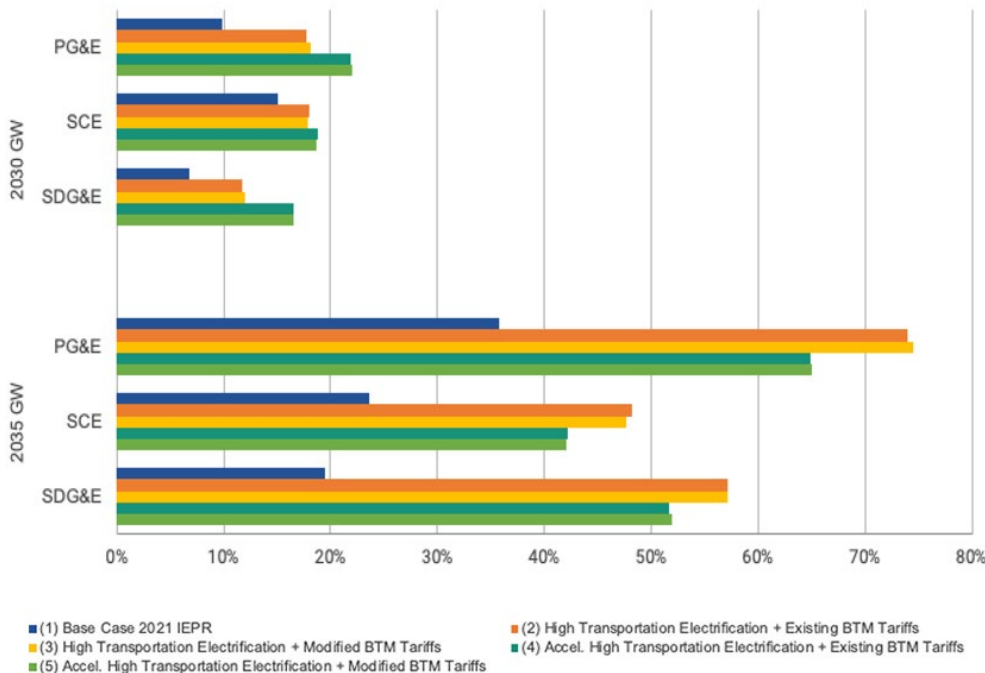
The study takes these high-electrification scenarios into account. Kevala and CPUC released the findings from its first part May 9 and plan to review the results in a public workshop May 17.

The findings provide preliminary estimates of the impact of widespread transportation electrification on the grids of Pacific Gas and Electric (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E) using a "highly granular load forecast" for more than 12 million homes.

"It is important to highlight that this Part 1 analysis was conducted under unmitigated planning scenarios, which assume only traditional utility distribution infrastructure investments," the study says. The study also assumed that existing time-of-use rates and behind-the-meter solar tariffs would be in place throughout the study period.

"It did not consider alternatives or future potential mitigation strategies such as alternative time-variant rates or dynamic rates and flexible load management strategies," the study says.

"Across these unmitigated load scenarios, Kevala estimates up to \$50 billion in traditional electricity distribution grid infrastructure investments by 2035," it says. "This estimate reflects distribution grid needs across the PG&E, SCE and SDG&E service territories under the



California's three major investor-owned utilities will see peak load increase by an average of 56% from 2025 to 2035, largely because of EV adoption, the study said. | Kevala

policy assumptions used in this report."

Two high transportation electrification scenarios would require the utilities to nearly double their current spending on feeder lines, transformer banks and substations, it says.

"Secondary transformer and service upgrades alone ... [comprise] an estimated \$15 billion of the \$50 billion ... and are currently not accounted for" in the investor-owned utilities' annual assessments of grid needs, it says.

"PG&E's distribution circuits are projected to reach capacity sooner than SCE and SDG&E," it says. "SDG&E is expected to have the least number of feeders reaching full capacity by 2035, with 22% compared to SCE's 36% and PG&E's 48% of feeders."

The study forecasts that peak load will increase on the utilities' distribution systems an average of 56% from 2025 to 2035 under all high-electrification and base-case scenarios.

"This dramatic increase in peak load ... is primarily due to transportation electrification impacts, with over 60% of this demand coming from light-duty vehicles," it says. "The average percent change in peak load from 2025 to

2035 for the high transportation electrification scenarios is more dramatic for PG&E (69%), followed by SDG&E (53%) and SCE (44%)."

Among the study's recommendations is that the utilities increase their distribution planning horizons to align with those of CAISO and the California Energy Commission, which stretch from 10 to 20 years. That would help them prepare more efficiently for a distribution grid that can incorporate DERs and manage load, it says.

"The substantial difference between the estimated capacity expansion costs, in the several tens of billions of dollars, in this study and the recent filings by the [utilities] suggest there is a disconnect between the data and the current planning process," it says.

Another recommendation is for the utilities to better incorporate the state's policy goals in their distribution planning.

A second part of the study will build on the first part's findings, including by developing scenarios that reflect state policy goals, state agency targets and the Energy Commission's demand forecast. ■

ERCOT News



LS Power to Acquire Brazos Gas Generation

LS Power said last week that it has reached an agreement with Brazos Electric Power Cooperative to acquire 2.15 GW of its gas-fired generation in the ERCOT market.

The deal is a result of last year's bankruptcy settlement between Brazos and the Texas grid operator, in which the cooperative agreed to sell its generation and become a transmission and distribution utility. Brazos owns about 4 GW of natural gas-fired capacity in ERCOT. (See [Bankruptcy Judge Approves ERCOT-Brazos Settlement](#).)

The cooperative filed for bankruptcy in the wake of the February 2021 winter storm after being billed for \$2.1 billion in wholesale prices. ERCOT later revised the amount due to the market to \$1.89 billion. Brazos will use some of

the transaction's revenues to settle its debt.

LS Power is acquiring three plants as it continues to evaluate expansion opportunities in Texas:

- Jack County, two baseload combined cycle units totaling 1,297 MW near Bridgeport;
- Johnson County, a 280-MW combined cycle plant near Cleburne; and
- RW Miller, four peaking units totaling 568 MW near Palo Pinto.

The company will fold the generation into a special-purpose affiliate that includes dual-fuel capability, firm gas and storage arrangements, and on-site fuel oil storage.

"These three generation projects we are acquiring provide critical, reliable energy supply to an ERCOT market that is experiencing continued load growth," LS Power Generation President Nathan Hanson said in a [statement](#). "These projects provide for considerable flexibility and operational redundancy, which are key to balancing the intermittency of renewables and supporting ERCOT's reliability requirements."

The acquisition will increase LS Power's gas generation fleet to 16 GW. The gas fleet is a key element of its energy transition portfolio, the company said. It expects the transaction to close in early June after receiving regulatory approval. ■

— Tom Kleckner



LS Power is buying Brazos Electric's Jack County gas plant and two others. | Fluor

ISO-NE News

ISO-NE Plans 2025 Launch for Day-Ahead Ancillary Services Initiative

\$100M Annual Cost Seen Offset by Capacity Market Reductions

By Jon Lamson and Rich Heidorn Jr.

MARLBOROUGH, Mass. — ISO-NE is targeting March 2025 for the launch of its Day-Ahead Ancillary Services Initiative (DASI) and predicting that its increased energy market costs will be offset by capacity market savings.

ISO-NE analyst Ben Ewing and economist Andrew Withers *presented* the RTO's analysis of DASI's impact to the Markets Committee on May 9.

DASI's revised market design is intended to procure and price the ancillary services needed for a reliable next-day operating plan with increasing renewable penetration.

DASI will cover any gaps when the day-ahead market's physical energy supply awards are below the RTO's forecast real-time load. It also will procure day-ahead flexible response services to ensure the system can recover from sudden generation losses and respond quickly to fluctuations in net load. (See *ISO-NE*

Outlines More of Plans for Capacity Accreditation, DA Ancillary Services.)

"With DASI, these reliability requirements will be satisfied within the clearing of the day-ahead market (DAM)," the RTO said.

Ewing said the RTO had been considering a launch between December 2024 and March 31, 2025, but settled on March 1 because of stakeholders' desire to gain experience with the design before the winter, which has a higher potential for stressed conditions. If the deadline is met, the final procurement period for the Forward Reserve Market (FRM) will be Oct. 1, 2024, to Feb. 28, 2025.

Stakeholder votes on the proposal are expected in July and August.

Impact Assessment

Withers said DASI is estimated to increase energy and ancillary services (E&AS) costs by \$100 million (1.1%) annually, with a commensurate reduction in capacity costs.

The elimination of 10-minute non-spinning reserve (TMNSR) and 30-minute operating reserve (TMOR) credits with the FRM sunset is expected to reduce E&AS costs and revenues.

Eliminating the FRM's failure to reserve and failure to activate penalties will increase E&AS costs and revenues. The RTO's analysis did not quantify potential changes to real-time (RT) costs, which are expected to be small relative to the change in FRM payments and would be difficult to estimate.

For the 2019–2021 study period used by the RTO, eliminating the FRM is expected to reduce E&AS costs by \$26.4 million annually.

Under DASI, suppliers of DA energy and ancillary services will receive payments for a new DAM constraint, the forecast energy requirement (FER) and new DAM products: energy imbalance reserve and flexible response services (FRS), including day-ahead 10-minute spinning reserve, day-ahead 10-minute non-spinning reserve and day-ahead 30-min-



Salem Harbor Power Station, a gas-fired generating plant in Salem, Mass. | Fletcher, CC BY-SA 4.0, via Wikimedia Commons

ISO-NE News

ute operating reserve.

The RTO projects will reduce DA net commitment period compensation (NCPC) uplift payments by \$9.1 million (74%), to between \$2.6 million and \$3.7 million annually.

ISO-NE expects to consider changes to NCPC rules from DASI next year. “These rules have not yet been assessed or designed,” the RTO said.

Capacity Costs

Withers said the RTO expects the \$100 million E&AS increase to be “roughly” offset by reduced capacity costs in the long run, reflecting the reduced “missing money” that resources need to recover.

“In the short run, however, predicting changes to capacity costs is more difficult,” the RTO said.

The RTO also said that the effects of DASI on E&AS revenues would vary based on resource types, which could impact which resources are impacted by capacity clearing prices, as well as lead to changes in net cost of new entry.

Tariff Changes

The proposed tariff changes borrow from those in the Energy Security Improvements (ESI) proposal in 2020. FERC rejected the ESI proposal in October 2020, saying it would add substantial costs “without meaningfully improving fuel security” (ER20-1567). (See [FERC Rejects ESI Proposal from ISO-NE.](#))

The RTO said the new DASI mitigation rules included in the tariff changes “reflect the most significant tariff redline additions to those introduced with ESI.”

These included updates to day-ahead ancillary services (DA A/S) offer requirements, format and strike price determination, and FRS and FER constraint demand quantity specifications.

Mitigation

Parviz Alivand, senior economist for ISO-NE, [presented](#) on mitigation enhancements proposed by the RTO, noting that “closeout and certain avoidable input costs associated with DA A/S are not explicitly addressed by current tariff provisions.”

The RTO is looking for stakeholder feedback on mitigation-related cost recovery, which it is requesting by this Friday. Alivand said the RTO would publish the tariff language for stakeholders before the June meeting of the Markets Committee.

The FERC filing process for recovery of losses would remain unchanged.

Alivand said ISO-NE opposes mandating that participants net real-time market profits against DA A/S losses.

“A participant that expects to make a cost recovery claim related to DA A/S mitigation would have incentive to raise its RT offers to show smaller RT profits,” Alivand said.

The RTO did not rule out netting profits and losses between different DA energy and DA A/S products, saying that this should be reviewed on a case-by-case basis.

“It is possible that DA A/S mitigation increases the DA energy profits, suggesting netting is appropriate, or that DA A/S mitigation decreases, or does not change the DA energy profits, suggesting netting is not appropriate,”

Alivand said.

IMM Analysis

Economist Michael Redlinger and supervisor Jacob Grindal of ISO-NE’s Internal Market Monitor [presented](#) their analysis of the DASI mitigation design, saying the Monitor supports the conduct and impact framework for mitigation proposed by the RTO.

“The proposed conduct and impact approach is intended to balance the risks of under-mitigation and over-mitigation,” Redlinger said. “The conduct and impact test thresholds appear reasonable, but it will be important to monitor the appropriateness of the thresholds over time and make adjustments if necessary.”

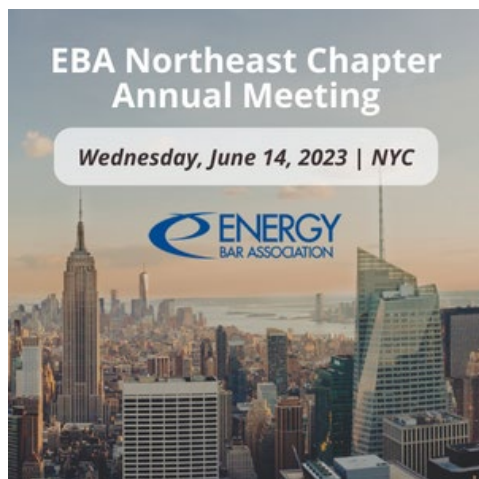
Consultation will be a key aspect in aligning the expected costs of participants and the IMM reference level and the conduct thresholds. To update reference levels for a market participant, the participant would need to provide the Monitor with detailed cost data backing up the change.

Redlinger also stressed the importance of consultation between generators and the IMM over justifications for physical withholding. He said that detailed consultation could help prevent — but not preclude — a participant from being referred for withholding.

Next Steps

The Markets Committee will consider any design changes to the RTO’s proposal at its meeting in June.

The RTO hopes to have a Markets Committee vote on its proposal and any proposed stakeholder amendments in July, with a Participants Committee vote in August. ■



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9:00 - 12:30

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MISO News

FERC Questions MISO Plan to Drop Renewables' Ramp Eligibility

By Amanda Durish Cook

FERC this month told MISO to provide more details around its plan to exclude wind and solar generation from supplying ramping service.

The commission issued a May 5 deficiency letter asking the grid operator to explain by mid-year its proposal to disqualify its dispatchable intermittent class of resources from providing ramping capability ([ER23-1195](#)).

MISO staff have said that its wind resources are ineffective at ramping because their output is often trapped behind transmission congestion. They said when that occurs, they are forced to curtail intermittent resources from supplying energy but clear them for ramp capability, even though they're undeliverable. (See [MISO Plans to Bar Intermittent Resources from Ramp Capability](#).)

FERC asked the RTO to describe any operational challenges it has encountered with

ramping supply issues and explain why it intends to only block intermittent resources from providing ramp capability. The commission pointed out that energy storage and other resources "are similarly undeliverable" when MISO clears up their ramp capability behind the same transmission constraints.

The agency also said the grid operator should describe how its plan is not discriminatory, an indication it believes the proposal could discriminate among resource types.

FERC said MISO should calculate the percentage of non-deliverable ramping megawatts from its intermittent resource class and the proportion of intermittent and traditional generation that clears for ramping from behind transmission constraints. It asked whether the RTO would consider non-intermittent and intermittent generation "similarly situated" when they're located behind an identical constraint.

FERC also responded to MISO's narrative

that solar resources experience about 90% less congestion because they tend to be closer to load and are less likely to be curtailed. The commission asked why the grid operator wants to uniformly prevent intermittent resources from ramp eligibility when solar resources face fewer transmission obstructions than wind resources. It asked for an explanation about why the blanket exclusion should be considered reasonable.

J.T. Smith, executive director of market operations, has told stakeholders that MISO understands the criticism of its filing. He said staff doesn't plan to make a permanent change, but they want to put the issue on "hold for the near term."

"Under the current market conditions, the complication versus the benefit doesn't make sense," he told stakeholders in March.

Smith said MISO strives to make market participation available to all resources capable of providing services. ■



Wind turbines in Iowa | NextEra Energy

MISO News

Wisconsin Tx Project Clears State Litigation

Approval for Cardinal-Hickory Creek Segment Draws Mixed Reactions

By Amanda Durish Cook

A transmission project that MISO approved 12 years ago cleared another legal hurdle last week when a Wisconsin county judge found that regulators adequately scrutinized the project nearly four years ago.

Dane County Circuit Court Judge Jacob Frost upheld the Wisconsin Public Service Commission's 2019 decision to issue a certificate of public convenience and necessity for the Cardinal-Hickory Creek project, a 102-mile, 345-kV transmission line (2019CV003418).

The ruling does not affect last year's U.S. district court decision, finding that federal agencies violated federal law when they cleared the line to route through the Upper Mississippi River National Fish and Wildlife Refuge. The decision halted construction on one segment of the line and is currently on appeal in the 7th U.S. Circuit Court of Appeals. (See [Federal Judge: Tx Line Can't Cross Wildlife Refuge.](#))

Cardinal-Hickory Creek is one of the 17 Multi-Value Projects MISO approved as a \$5-billion portfolio in 2011. The line is projected to facilitate the connection of nearly 20 GW of renewable energy, but it has been mired in litigation for more than a decade.

Frost said the Driftless Area Land Conservancy and two Wisconsin counties' challenge to the PSC's approval "largely boil down to disagreements with the PSC's conclusions and decisions regarding the disputes of fact." He said state regulators didn't err in their decision to grant the certificate; adequately weighed competing evidence and explained their decision; properly determined that an environmental impact statement satisfied the state's Environmental Policy Act; and did not shift the burden of proof to opponents of the line.

Regulators, not the courts, determine energy policy, Frost said.

"Though they couch the arguments as the PSC decision lacked substantial evidence, when examined more closely, petitioners are actually saying the PSC should not have believed the evidence applicants submitted and should have given greater weight to the evidence petitioners or PSC staff provide," he wrote. "However, the court cannot second-guess the PSC as to weight and credibility of evidence. Because the PSC's decision relied on substantial evidence, I must affirm."



The Cardinal-Hickory Creek line under construction | ATC and ITC Midwest

Frost said though he understood the "massive impacts" the project holds for Wisconsin, the PSC "properly conducted itself."

The Cardinal-Hickory Creek owners, American Transmission, ITC Midwest and Dairyland Power Cooperative, said they were "extremely pleased" with the ruling.

"The judge's decision reinforces that Cardinal-Hickory Creek is a critical, backbone project for the regional power grid within the Upper Midwest," the companies said in a [joint statement](#).

Mixed Responses

Jennifer Filipiak, executive director of the Driftless Area Land Conservancy, said the group was disappointed with the decision to uphold the PSC's approval of the line. She said state regulators "failed to fully and fairly consider less-damaging alternatives to the Cardinal-Hickory Creek transmission line."

"We remain committed to protecting the unique landscape of the Driftless Area and working to enhance its health and diversity. We are considering next steps and actions," Filipiak said in a statement.

Wisconsin Wildlife Federation Executive Director Mark LaBarbera said his organization was similarly dissatisfied with the ruling. He said the PSC failed to "look more seriously" at potential alternatives and said that the line's

costs are already more expensive than original estimates.

"The company reported it has spent more than \$530 million on this unfinished project, already exceeding its original \$492 million total estimate," LaBarbera said. "The dramatic cost increase makes clear why it's essential to thoroughly study and consider alternatives before starting to build large projects that will damage Wisconsin's natural environment. We are considering next steps and actions."

Environmental Law & Policy Center senior attorney Brad Klein, who represented both conservation groups, said he is considering filing an appeal. He noted that the state decision does not impact the 2022 federal decision.

Clean Grid Alliance, Fresh Energy, and the Minnesota Center for Environmental Advocacy applauded the decision in a joint press release. They said that with the ruling, they're "one step closer" to completing construction the project's final leg so it can move forward and enable 115 renewable generation projects.

"We have been needing — and waiting — for this line for 12 years. And in that time, our society's demand for clean electricity has grown even greater," Clean Grid Alliance Executive Director Beth Soholt said. "Several states have enacted clean energy goals since 2011. That means we need this line — and much more — to meet their carbon reduction goals and improve the reliability of the grid to boot. There is great demand on our electric grid these days, so seeing Cardinal-Hickory Creek get across the finish line is a huge win."

Amelia Vohs, regulatory attorney for the Minnesota Center for Environmental Advocacy, said the line is "well-designed and well-vetted to minimize its environmental impact, and its construction will result in reduced greenhouse gas emissions and more clean, renewable energy in the Midwest."

"Everyone says they want a clean energy economy, but to get there we need transmission. You can't have one without the other, and there is no time to waste," Soholt said.

She noted that MISO's first tranche of four long-term transmission portfolios, a \$10 billion package approved last year, shows the need for transmission is only intensifying. ■

MISO News

MISO Picks Republic Transmission for 1st LRTP Competitive Project

By Amanda Durish Cook

MISO has chosen LS Power's Republic Transmission to build the first competitive project emerging from the RTO's long-range transmission plan (LRTP).

In a [selection report](#) published Thursday, MISO said Republic's \$77 million proposal to construct the 345-kV Hiple line crossing the Indiana-Michigan border boasted a "well supported project implementation cost estimate, a superior revenue requirement commitment and a well-reasoned routing strategy."

The project is the first competitively bid project to come from MISO's inaugural, \$10 billion long-range transmission plan portfolio. The RTO originally estimated the project would cost about \$254 million based on a 55-mile route, which Republic said it will reduce to 23 miles.

The project entails a new double-circuit 345-kV line that will connect Northern Indiana Public Service Co.'s Hiple substation in LaGrange County, Ind., to Michigan Electric Transmission Co.'s (METC) future Duck Lake substation in Michigan.

MISO said it's still uncertain where the Hiple line will connect with METC's line on the state line and that its request for proposal required all proposed routes to cross the border "within 10 miles east or west of a point identified by METC as a possible point of interconnection."

Only the Indiana portion of the transmission line was eligible for MISO's competitive transmission process. However, Indiana this month expanded its state right of first refusal law to include multistate projects identified by RTOs in addition to projects necessary for reliability. (See [New Law Expands Indiana ROFR Law for Transmission Buildout](#).)

MISO said Republic was careful to avoid environmentally protected areas in its proposed routing to the Michigan point of interconnection.

"Republic Transmission's proposal reflects an efficient project cost and design," Jeremiah Doner, MISO's director of cost allocation and competitive transmission, said in a press release. "This includes a superior 40-year cost containment commitment and a well-reasoned project implementation strategy."

In a [press release](#), LS Power President Paul Thesen thanked MISO "for conducting a thorough competitive process to achieve cost efficient transmission solutions, which is estimated to provide consumers with more than 30% savings as compared to MISO's initial estimate."

The grid operator said it received six other proposals from two developers. Cost estimates for those proposals ranged from \$97 million to \$125 million and used either a 25- or 30-mile route. MISO does not reveal the identity of developers who do not win contracts.

The RTO gave Republic's proposal an overall score of 93 out of 100; the other proposals ranked from 81 to 64. MISO opened the RFP last September and developers had until Jan. 11 to submit applications.

Republic said it will use a concrete or steel monopole design and pledged to complete the project two years ahead of MISO's envisioned June 1, 2030, in-service date. MISO noted that, unlike the other two hopefuls, Republic is already cleared to operate as a public utility in Indiana and doesn't have to seek approval from the state's Utility Regulatory Commission to begin construction.

Other Project Decisions Loom

The Hiple RFP is the first of five RFPs stem-

ming from MISO's \$10 billion, 18-project LRTP package of 345-kV lines approved in July.

MISO has two other RFP application windows open. Proposals are due this Friday for the \$161 million Fairport-Denny project, crossing the Iowa-Missouri border. The RTO released another LRTP RFP in March, which seeks bids on the \$556 million, 345-kV Denny-Zachary-Thomas Hill project, part of which will link up with the Fairport-Denny project. (See [MISO Begins LRTP's 2nd RFP Process](#).)

MISO has said it will release two other RFPs in July. It plans to open bidding for the \$12 million, 345-kV Deadend-Tremval project in Wisconsin on July 11, followed by a July 24 opening of the bid window for a \$23 million, 345-kV line segment from the Iowa-Illinois border to the Ipava substation in Illinois. The LRTP portfolio marks the first time MISO is simultaneously managing multiple competitive bid processes.

Only about 10% of the first LRTP portfolio is open to competitive bidding because of state ROFR laws and the upgrade nature of some of the projects. (See [MISO Board Approves \\$10B in Long-range Tx Projects](#).) However, the Iowa Supreme Court in March temporarily invalidated the state's ROFR law, throwing \$2.64 billion worth of LRTP work across five Iowa projects assigned to incumbent developers into uncertainty. (See [Iowa Regulators Ponder MISO Tx Projects After ROFR Ruling](#).)

Iowa staff are still working through the possible implications for transmission construction. The state's Utilities Board [replaced](#) two of its three-member board on May 1. During an Organization of MISO States meeting Thursday, Iowa Board Member Joshua Byrnes told other MISO regulators that he was working feverishly to bring the new members up to speed on issues.

This isn't the first time Republic has been awarded a MISO transmission project. The company and partner Big Rivers Electric completed the \$65 million, 31-mile, 345-kV Duff-Coleman transmission project in Southern Indiana and Western Kentucky ahead of schedule in 2020 after their bid was selected by MISO planners in 2016. Republic's original \$49.8 million proposal beat out 10 other developers' bids. (See [LS Power Unit Wins MISO's First Competitive Project](#).) MISO originally placed a \$59 million planning-level estimate on the work and estimates the project will provide \$1 billion in benefits to its central region over the next two decades. ■



Republic completed the Duff-Coleman line in 2020 | LS Power

MISO News

Illinois Regulators Hear from RTOs on Summer Readiness

By John Funk

The Illinois Commerce Commission questioned MISO and PJM officials on their respective RTOs' preparations for summer Thursday, with commissioners concerned about the rapid retirement of traditional power plants and the lag in interconnecting new renewables.



Robert Kuzman, MISO | Illinois Commerce Commission

Robert Kuzman, director of customer affairs for MISO's Central Region, said the RTO's meteorologists are not expecting this summer to be as hot overall as last year, but they are expecting June temperatures to be higher than normal, as happened last year.

Using data from previous summers, MISO is modeling wind speeds and the amount of wind generation available hour by hour during previous summer months because of the resource type's growth in the region, said Kuzman. "Wind forecasting prepares us for changes in wind [power] output from hour to hour and day to day."

The analysis showed that MISO has tended to have between 800 and 1,200 MW of error in day-ahead forecasting, he said. Solar generation, which is also growing in the region, poses another problem, as weather can also affect its electrical output.

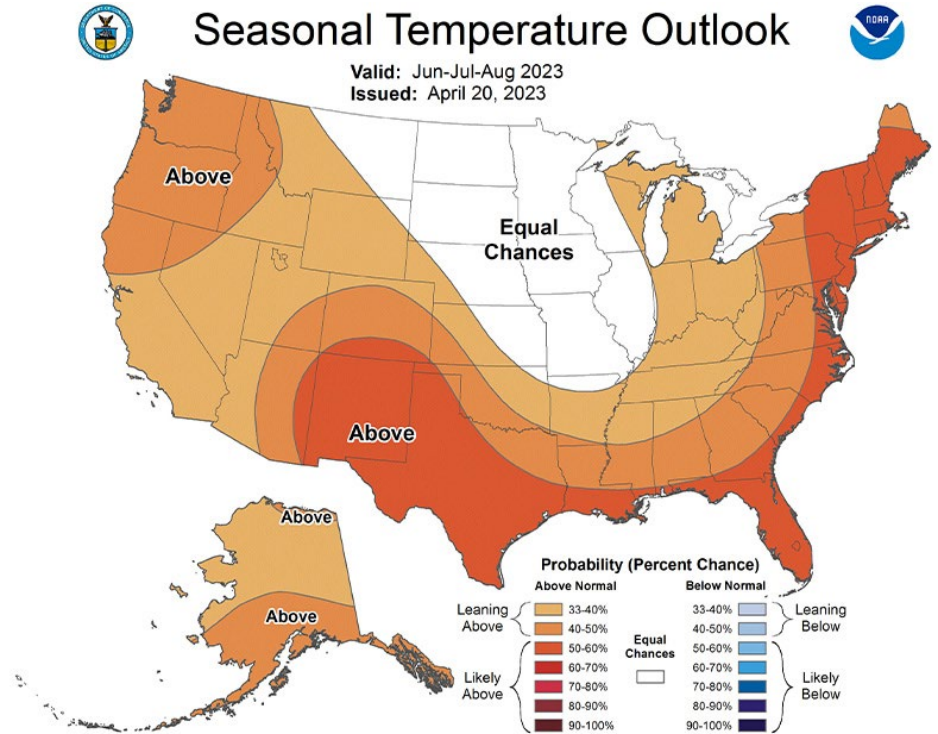
Kuzman also noted that the RTO was forced to delay its first capacity auction under its new seasonal construct after FERC ordered it to rework a capacity value ratio. "So, us being really prepared for summer, until we get those results, that data is not quite there," he said. (See [MISO Unveils New Seasonal Auction Timeline, Ratio.](#))

ICC Chair Carrie Zalewski asked whether there have been any developments in the retirement of old power plants or availability of demand response.



Carrie Zalewski, chair of the Illinois Commerce Commission | State of Illinois

Kuzman said aggregations of DR are beginning to occur in Zone 4, which includes Ameren Illinois' service territory, and that the retirement "of some



| NOAA

thermal resources" has been delayed.

Mike Bryson, senior vice president of operations for PJM, also noted that shutdowns of fossil plants are occurring at a faster rate than the buildout of wind and solar.



Mike Bryson, PJM | @RTO Insider LLC

"The megawatts are in the queue. The projects are there. We got to get them out of the queue and get them built," he said in a reference to the long lead time between applications and approvals of renewable power projects.

In response to a question from Commissioner Conrad Reddick about PJM shortening that lead time, Bryson said the "lag will improve yet continue." He added that PJM is trying to slow down the closing of thermal plants while working "to get solar and wind projects out and built faster."

DR has worked when needed, Bryson added. "We going to look for opportunities to get more demand response as well."

Dave Kolata, executive director of the Illinois Citizens Utility Board, also voiced concern that there are a lot of renewable projects stuck in planning queues.

"There are and there have been delays, and we absolutely need to work on that and make sure that all these projects that are ready to go actually get built," he told the commission. "As fossil fuel resources ... retire, we want to make sure that we have the resources there to replace them. I think there's no doubt in our minds that that can be done. But clearly, we need to put the focus on that."

He said the RTOs, particularly PJM, have not recognized that Illinois is committed to moving away from all fossil-fueled power plants to renewables.

"I think that the existing capacity construct is designed to build new combined cycle gas turbines," he said. "And that's not consistent with CEJA, and where the state is going," he said in a reference to the state's Climate and Equitable Jobs Act passed in 2021, committing the state to 100% clean power by 2045. (See [Illinois Senate Passes Landmark Energy Transition Act.](#)) ■

MISO News

Entergy Reaches Settlement on \$2.3B Texas Rate Case

By Amanda Durish Cook

Entergy said Wednesday its Texas subsidiary has struck a rate case settlement with state regulators to recover \$2.3 billion for grid-modernization improvements it has completed.

Entergy Texas last year filed for base rate and rider revenues designed to collect \$1.3 billion per year in non-fuel retail, an 11.2% (\$131.4 million) increase on average across all customers classes. The settlement provides for a \$54 million increase in base rate revenues, exclusive of incremental to costs being realigned from various riders and recovery factors, resulting in a non-fuel revenue requirement of \$1.23 billion (53719).

The Texas Office of Public Utility Counsel, Texas Industrial Energy Consumers, Sierra Club, Kroger, Federal Executive Agencies and Walmart all signed on to the [agreement](#), which is pending final approval from the PUC.

Entergy Texas spokesperson Kendra James said the settlement boils down to regulators agreeing to find that the company's investments were prudent, reasonable and made for the customers' benefit.

"It's important to note that this amount is not an amount by which Entergy Texas rates will change. A portion of the cost of these investments will be recovered annually over the period in which they serve customers, which is decades for most large assets," James said in an emailed statement to *RTO Insider*.

Entergy included the 993-MW Montgomery County Power Station, which went into com-



| Entergy Texas

mercial operations in January 2021 north of Houston, as part of the recent infrastructure upgrades. The plant was attributed as part of the reason MISO ultimately withdrew support for the only competitive transmission project it has ever recommended for MISO South. (See [FERC Rejects Last-ditch Effort to Save Tx Project](#).)

The utility also pointed to its recent \$41.3 million acquisition of the gas-fired, 146-MW Hardin County Peaking Facility from East Texas Electric Cooperative.

"Entergy Texas is continuously investing in customer-driven solutions to build a more reliable and resilient energy future for Southeast Texas communities," Entergy Texas CEO Eliecer Viamontes said in a [press release](#). "We are committed to balancing customer affordability

with critical investments to help reduce outages and continue to strengthen the power grid."

The company said it will also spend more than \$2.5 billion by 2025 to continue replacing aging generation and harden infrastructure. It received the PUC's approval last year to build the 1.2-GW natural gas and hydrogen-powered Orange County Advanced Power Station. Entergy recently broke ground on the project and expects it to be in service by 2026. (See [Entergy, NextEra Tout Clean Energy Efforts](#).)

Entergy said the settlement's terms will help ensure it stays "financially healthy and able to make the significant capital investments required to provide affordable, reliable and sustainable power." ■

MISO News

MISO Rebrands System Restoration Working Group

MISO's stakeholder committee chairs last week resuscitated a stakeholder group dedicated to emergency preparedness and system restoration training.

Steering Committee members voted at a May 10 teleconference to morph the *System Restoration and Reliability Training Working Group* into an Operators Training User Group (OTUG).

MISO said the sunsetted working group was effectively functioning as a user group because it did not make policy recommendations to the Reliability Subcommittee. It said policy decisions on power restoration processes have largely been handled through the subcommittee and the nonpublic Reliable Operations Working Group.

The OTUG will still serve as an outlet for discussions on operator training, system resilience, emergency preparedness exercises and restoration drills. When appropriate, the group will advise MISO and stakeholders on mitigating reliability risks through improved training.

User groups are not defined in MISO's Stake-



A lull during MISO meetings in 2022 | © RTO Insider LLC

holder Governance Guide and therefore aren't bound by the usual committee guidelines. User groups do not have to elect leadership. The grid operator said the new group will allow it to exert the same influence while having greater flexibility.

The OTUG will continue to report to the Reliability Subcommittee. Members will present a new mission statement, meeting dates and management plan to the subcommittee during its May 23 meeting. ■

— Amanda Durish Cook

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NYISO News



NYISO Recommends NYPA-Transco Proposal for Long Island Tx Need

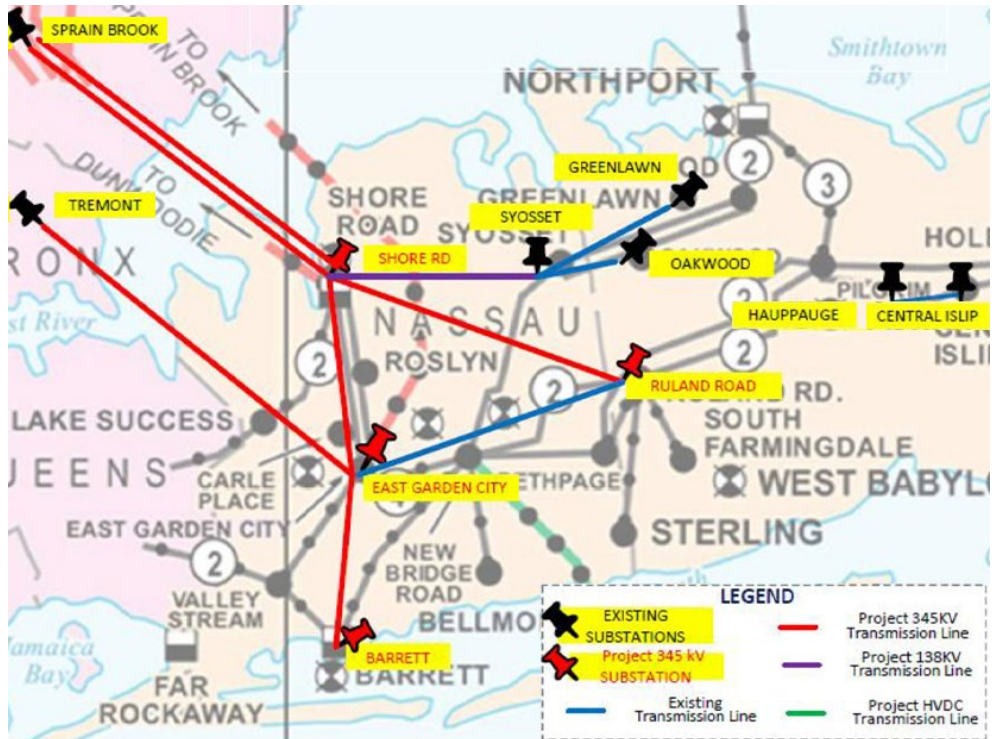
By John Norris

NYISO staff last week *selected* a proposal by Propel NY Energy to meet the ISO’s Long Island Public Policy Transmission Needs (PPTN) solicitation for transmission lines to export offshore wind energy and unbundle constraints across the island.

Propel, a partnership between the New York Power Authority and NY Transco, proposed three new 345-kV lines on the island. In a draft report released May 8, staff said the proposal would add “a strong 345-kV backbone to the Long Island transmission system that not only allows the delivery of offshore wind power but also will effectuate the efficient transfer of power in the future, providing optionality for resource planning and expansion needed to achieve” the state’s climate goals.

The goal of the PPTN was to add at least one bulk transmission intertie cable to increase Long Island’s offshore export capability by at least 3,000 MW and upgrade associated local transmission facilities to accompany the growing scale of wind power development off the Long Island coast, according to the report (20-E-0497).

Propel, along with the Long Island Power Authority and Consolidated Edison, would build two lines between Shore Road and Sprain Brook and one between East Garden City and Tremont for \$3.26 billion. Propel, however, proposed a soft cost cap of \$2.9 billion with a commitment to not recover 20% of included capital costs above the cap from ratepayers, which was one of the major evaluation criteria



Overview of Long Island transmission system and recommended T051 transmission lines | NYISO

the ISO considered.

Staff also found that the proposal has a potential economic benefit of up to \$3.6 billion over 20 years and, although not required by the PPTN, would relieve the 138-kV Barrett-Valley Stream congestion constraint.

NYISO presented the report to the Transmission Planning Advisory Subcommittee on Thursday.

impact on the capacity of neighboring zone interfaces, the ISO’s stated benefits may be overstated.

“It’s like [NYISO] is the old economist, where [you’re] on a desert island and have a can of food but are assuming there is also a can opener,” he said. “It would be kind of embarrassing if after the line goes in that the ISO discovers that you have too much capacity in Zones H through K.”

NYISO staff acknowledged that although they did not perform that specific analysis, “overall New York state will benefit from this public policy transmission need, and this is our recommendation to our board.”

Doreen Saia, an attorney with Greenberg Traurig, sought clarification on a potential appeals process, which NYISO confirmed was possible but added that the board is not looking to receive any more presentations.

The ISO will present its recommendation to both the Business Issues and Management committees on May 24 and 31, respectively, seeking stakeholder advisory votes before advancing to the Board of Directors for final approval. The board will consider any submitted written comments or requests sent to PublicPolicyPlanningMailbox@nyiso.com.

Ranking	Project ID	Developer	Project Name
1	T051	Propel NY	Alternate Solution 5
2	T049	Propel NY	Base Solution 3
3	T052	Propel NY	Alternate Solution 6
4	T035	LS Power	Atlantic Gateway
5	T048	Propel NY	Base Solution 2
6	T040	NextEra	Core 5
7	T036	NextEra	Core 1
8	T047	Propel NY	Base Solution 1
9	T053	Propel NY	Alternate Solution 7
10	T041	NextEra	Core 6
11	T037	NextEra	Core 2
12	T038	NextEra	Core 3
13	T039	NextEra	Core 4
14	T043	NextEra	Enhanced 1
15	T042	NextEra	Core 7
16	T044	NextEra	Enhanced 2

NYISO rankings for top-tier transmission projects from PPTN | NYISO

Mark Younger, president of Hudson Economics, contended that the ISO’s “presented results are not detailed enough” and what stakeholders have seen “has been very high level.” He argued that because NYISO did not conduct a transmission security analysis examining the potential

NYISO News

IPPNY Panelists Urge Collaboration, Coordination in Transition

By John Norris

ALBANY, N.Y. — There was no shortage of ideas on how to overcome the well known challenges to carrying out New York's clean energy transition last week at the Independent Power Producers of New York's 37th Spring Conference.

Much of the conference built on themes discussed last year, such as how to best implement New York's climate legislation, the need to expand the grid without compromising reliability or hurting ratepayers, and that everyone needs to be involved in the transition. (See [Overheard at IPPNY 2022 Spring Conference.](#))

Since New York *passed* the 2019 Climate Leadership and Community Protection Act (CLCPA), the state has set itself on an aggressive decarbonization timeline: 70% renewable electricity by 2030, 100% zero-emission electricity by 2040 and net-zero emissions statewide by 2050. The Climate Action Council (CAC) recently approved a Scoping Plan that laid out a roadmap for how New York can meet CLCPA goals. (See [New York Climate Scoping Plan OK'd.](#))

These deadlines are fast approaching, and panelists agreed that New York needs to act quickly, but methodically. Many of New York's fossil fuel plants are due to retire soon, and if the state has not installed enough reliable renewable capacity to replace that baseload generation, then those emissions-producing plants may need to stay online, which means that the state will not meet its objectives.

IPPNY President Gavin Donohue opened the



Corinne DiDomenico, NextEra Energy Resources | © RTO Insider LLC



Gavin Donohue, IPPNY | © RTO Insider LLC

meeting saying, "The purpose of this conference is to work together to identify innovative technologies that are zero-emitting and, ultimately, are going to bolster both reliability and affordability."

Common refrains heard during the conference were that New York needs to encourage more collaboration and be more open to innovative ideas or resources because this will better position the state to achieve its mandates.

Corinne DiDomenico, director of regulatory affairs at NextEra Energy Resources, said "the state has very discrete goals with very rigid timelines" and as those deadlines approach, "things start to get messy, and so with that in mind, we need flexibility to address incoming challenges."

The state's grid currently has 37,520 MW of total installed capacity, *according* to NYISO, and about 70% of that capacity is fossil fuel, the majority of which are dual-fuel systems for downstate zones; many will retire soon.

NYISO's 2022 Reliability Needs Assessment found that these retirements are leading to tightening transmission security and resource adequacy margins that could become deficient by 2025 if critical emissions-free projects — such as the Champlain Hudson Power Express, an immense transmission project to import hydroelectric power from Quebec to New York City — experience delays. (See [Champlain Hudson Power Project Receives Landmark Delivery.](#))

New York is walking a tightrope between its lofty aspirations and reality on the ground.

"We need to be able to adapt to the changes we see every day because, as exemplified by COVID, markets need to be able to react and

respond," DiDomenico said. "The state also needs a lot more coordination to happen to address the world changing around us."

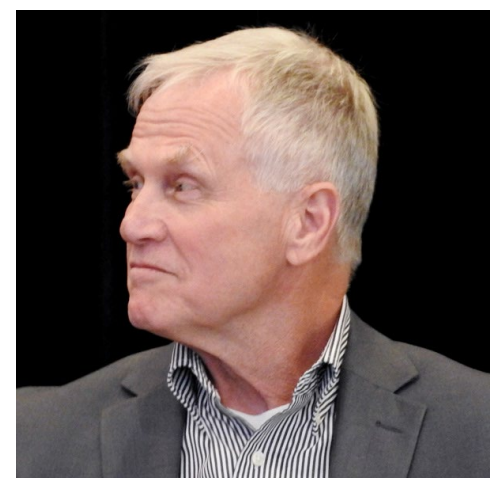
A desire for flexibility was also seen in a panel about climate change, resilience and reliability during extreme weather events, where natural gas was seen as critical to meeting current energy needs, particularly during emergencies like the December winter storm.

"We've had a surplus of fossil fuel resources, and that surplus not only offers flexibility and resiliency, but lets [NYISO] manage the grid as reliably as you see ... and we don't want to risk that," said Aaron Markham, NYISO vice president of operations. "In New York there remain incentives to maintain dual-fuel capabilities because, particularly during high demands in the winter, we have to have fuel on site that can provide resiliency in case there is an emergency."

The panel was supportive of renewable development but agreed that gas has a role in the transition.

"ISOs need be thoughtful about retiring [natural gas plants] too soon, because we don't want to impact loads during the transition to a renewable future because we want to make sure we have sufficient resources available to meet resource adequacy needs," Stephen George of ISO-NE said.

Chris Wentlent, chair of the New York State Reliability Council (NYSRC) Executive Committee, agreed. "Fortunately we went into this winter with a great fuel diversity that provided benefits when we started moving into the extremes for load," he said.



Chris Wentlent, New York State Reliability Council | © RTO Insider LLC

NYISO News



This flexibility and desire for New York to think more creatively was best expressed by William Acker, executive director of the New York Battery and Energy Storage Technology Consortium, and Bart Franey, vice president of clean energy development at National Grid, during a panel on “The Future of the Electric Grid.”

“There are a lot of tools in our toolbox that can optimize [New York’s] transition going forward,” Acker said.

New York “needs to think about different kinds of solutions and be more flexible, and not always be applying standard practices to its transition,” Franey added.

Flexibility was not the only thing on panelists’ minds, and frequently, they cited the need for greater cooperation.

Franey said the state “needs to do a better job coordinating land use very purposefully” and engage with communities directly because New York does not have vast tracts of land to install large-scale renewable projects.

This call for greater cooperation was most observable during the fireside chat between State Sen. Mario Mattera (R) and Assembly-member Didi Barrett (D).

Mattera, the ranking minority member on the Senate’s Energy and Telecommunications Committee, said that “when I’ve worked with developers, they always come up to me saying that we need to get the local community involved, that we need to have open forums, and we need to involve everyone, because when you don’t do that, that’s when you have problems.”

Barrett, chair of the Assembly’s Energy Committee, concurred. “We’re not going to get to our goals by bullying people, by shaming people, by calling people names or lying, so my goal is to make sure that we do bring all of our communities, all of our producers and all of our businesses together, since they are important to our decarbonization”

Some still expressed skepticism about New York accomplishing its near- to medium-term goals, though they thought it was not too late to learn from any early mistakes and change course.

“I think New York has an aggressive but appropriate climate agenda,” Franey said, but he added that “with regards to 2030 goals, we got caught flatfooted, and to make sure 2040’s goals become real, we need to start thinking about planning and infrastructure that will be needed to address affordability and reliability concerns.”



Bart Franey, National Grid | © RTO Insider LLC

Public Service Commissioner Diane Burman, agreed, saying, “We have to be clear that our near-term opportunities are not necessarily all going to be a done deal and that there will be significant challenges. ...

“This transition does have fundamental risks, and we need to be open and transparent about that and work through those challenges together to figure out solutions,” she added.

Doreen Harris, president of the New York State Energy Research and Development Authority (NYSERDA), was more optimistic, saying, “We each have a critical role to play in this effort, and I believe change is not easy, but it is realizable. ...

“This mid-transition point will have some messy spots on the way,” she added, but “I believe we are coming together in ways that not only get us from here to there but make our state the better in doing so.”

Panelists offered specific recommendations about how New York could be more flexible in its approach or better coordinate the transition.

NYISO’s Markham called for greater interregional cooperation among the RTOs/ISOs, saying, “Coordination amongst all [our neighbors] and state agencies as new policies are developed is critical to ensure there is an ability in those policies to keep resources around for reliability if necessary, because, in my opinion, that will minimize disruptions.”

Wentlent cited the NYSRC’s recent creation of an Extreme Weather Working Group, which was tasked with understanding how the grid is impacted by increasingly frequent and devastating disasters.

“We, and NYISO, are only at the cusp of un-

derstanding these [extreme weather events],” he said. He advised that New York study how every resource is correlated and impacted by these events because “until we understand all these pieces, we’re just at the beginning.”

Franey recommended that NYISO “could gain a lot of interesting efficiencies if [they] integrate storage with transmission ... and, in some cases, could become more economical and efficient.”

“We have to make sure that we can be creative in our transmission-distribution system build-out, and that means looking at other technologies and not just traditional transmission technologies, since we want to make this as cost-effective as possible,” he said.

More than One Way to Skin a Cat

For decades New York’s clean energy sector has been dominated by nuclear and hydroelectric power, yet they do not produce nearly enough energy to achieve CLCPA mandates, speakers said.

That emissions-free generation has been bolstered recently, particularly by wind, which will soon make up a large part of New York’s total energy production once offshore projects being planned along the coast are connected. But still more renewables are needed if CLCPA goals are to be met.

The state’s future success will also heavily rely on distributed energy resources and dispatchable emissions-free resources, both of which are nowhere near at scale to meet the energy demands being asked of them and, to many observers at the conference, have yet to be fully fleshed out.

In that context, many panelists called for a more inclusive approach to New York’s decarbonization.

Mattera was one of the most vocal, saying, “It seems like we’re not doing enough to consider other energy technologies,” citing the perceived lack of research into hydrogen, geothermal, carbon capture, storage or wastewater heating technologies.

Keynote speaker Alexis Glick, CEO of biomethane producer Nature Energy, called for greater usage of biofuels. She pointed to the EU as evidence for how there are many ways to reach net zero, noting how it was forced to think creatively about its transition after Russia’s invasion of Ukraine caused gas shortages and embrace renewable natural gas (RNG).

“RNG is seen as a key ingredient to [Europe’s] clean energy future,” Glick said. The union,

NYISO News

via the RePowerEU [program](#), has committed to annually produce 35 million cubic meters of biomethane to displace Russian gas by 2030. “I believe RNG needs to play a critical role in our energy transition to achieve our mutual goals,” she said.

New York currently uses 50 trillion BTU of RNG per year, according to an April 2022 [report](#) from NYSERDA, and bioenergy [accounts](#) for less than 2% of the state’s electric generation, according to the agency. Biofuels were one of the most contentious topics as the CAC was developing the Scoping Plan, as members disagreed on its environmental benefits and role in the transition. (See [Natural Gas Debate Heats up Hearing on CAC Scoping Plan.](#))

The Scoping Plan would recognize these resources as ways to reduce state emissions, but it still faces stiff activist resistance, which is why hydrogen was also discussed during the conference and offered as alternative to fossil fuels.

During an industry fireside chat, panelists such as Tim Cortes, chief technology officer at Plug Power, which develops hydrogen fuel cell systems, noted that hydrogen can be an important piece to the transition puzzle.

“Because we are still in the early stages of this transition, it is critical that we not take any viable solutions that could decarbonize the economy off the table,” he said.

“In the long run, hydrogen gives us the ability to be part of the solution by lowering emissions while keeping generating facilities that would’ve been retired around for a longer period of time,” said Mark Sudbey, CEO of Eastern Generation.



IPPNY spring conference breakout session | © RTO Insider LLC

Referencing the risks posed by the early retirement of many fossil fuels generators, Rudy Wynter, New York president of National Grid, said, “We’re going to need a lot of solutions to achieve our goals, and so we should keep an open mind to the many pathways to decarbonization. ...

“Hydrogen can play a role in this transition, especially if you’re operating off natural gas distribution networks because it will help to decarbonize those fossil fuels,” he said. Furthermore, RNG and hydrogen “can help us decarbonize [natural gas] molecules, because let’s be clear, not everyone is going to be able to afford to electrify, and some customers may have a harder time finding alternative decarbonization fuels.”

There was some reluctance about hydrogen’s potential, however.

“I think it’s still pretty early to judge [hydrogen’s] effectiveness in New York,” Markham said, because the “the challenge is that, No. 1, we still need the infrastructure to support

not only the production and transportation of hydrogen, but also the storage; and secondly, what will the cost of that hydrogen be? Because the costs vary wildly.”

Hydrogen’s fluctuating costs can be partially attributed to its many forms, where the price of blue hydrogen, which is produced from fossil fuels, and green hydrogen, which comes from the electrolysis of water to produce zero emissions, are dependent on the price of the resource that they are derived from.

More important, there is a hard push to develop technology to generate green hydrogen much more cheaply, and the degree to which it is successful will be a critical determinant of green hydrogen’s prospects for large-scale adoption as a fuel.

NYSERDA’s Harris, however, cited hydrogen as an example of the collaboration the transition can create, referring to the seven-state Northeast Regional Clean Hydrogen Hub that was led by New York but pooled everyone’s expertise. (See [Vermont Joins Northeast Clean Hydrogen Hub.](#))

“I believe we put together not only a winning proposal, but one in which we can continue to think about this resource and the ways it can help us achieve decarbonization,” she said.

“We have to catch our breath and recognize that we’re all in this together.” Commissioner Burman concluded. “We need to keep focused on what can be helpful as we move forward and how do we accomplish our transition in a way that is helpful, and not just rip off the Band-Aid saying, ‘We got this,’ because we may not, and we cannot risk reliability, affordability or safety.” ■

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NYISO News

Overheard at IPPNY 2023 Spring Conference

ALBANY, N.Y. — The Independent Power Producers of New York's (IPPNY) annual Spring Conference on Wednesday highlighted the challenges New York faces as it decarbonizes.

Some prominent figures in the industry shared their thoughts on how New York can achieve its ambitious energy and climate goals.



NYSERDA President
Doreen Harris | © RTO
Insider LLC

"We are literally experiencing this transition in every way across our economy every day," said Doreen Harris, president of the New York State Energy Research and Development Authority. "We got our work cut out for us" because "when

it comes to climate action and clean energy, all eyes are on New York. ...

"But I am truly optimistic about the ways we can achieve [New York's] goals and build a truly inclusive energy economy that sets the example for others to follow," she added.

"We're entering the period in our transition when it feels like a marathon," New York Public Service Commissioner Diane Burman said, so in the near term, the state must "focus on being prepared and getting the right resources in place."

"We need to look at every technology, because wind and solar aren't going to get the job done," State Sen. Mario Mattera (R) said. Constituents must demand more answers from their policymakers "about how this transition will get done and paid for" because "we want to make sure we're creating jobs, not losing them."

New York State Assemblymember Didi Barrett (D) agreed, saying, "This [transition] cannot be done on the back of ratepayers," adding that the state "needs to be open to new technology opportunities" while "educating the public about the realities they'll face."



NY Assemblymember
Didi Barrett | © RTO
Insider LLC

Keynote speaker Alexis Glick, CEO of biomethane producer Nature Energy, discussed the benefits from biofuels, saying, "We need an all-of-the-above approach because it's what New Yorkers do really well." They "recognize that



IPPNY 37th Annual Spring Conference in Albany, N.Y. | © RTO Insider LLC

innovation, investment, fresh thinking and an inclusive approach is critical to our combined success."

Bart Franey, vice president of clean energy development at National Grid, noted the benefits from energy storage resources and how they can enable New York to connect other renewables to the grid at scale without the need to make as many transmission and distribution system upgrades.

Rudy Wynter, president of National Grid, commented on the importance of workforce training and development, saying, "We want to make sure that all the jobs that will be created during the energy transition are secure, because we know in previous [historical] transitions communities have been left behind ... so [National Grid] works directly with communities to make sure they understand that those jobs are coming, and we help them get prepared for those jobs." (See *In Climate Leader NY, Energy Workforce Rising from Ground Up*.)

Zach Smith, NYISO vice president of system and resource planning, commented on how dispatchable emissions-free resources are "not some unicorn technology." New York can attract future resources with certain desirable attributes by sending the right price and market signals that encourage investment in new technologies.

In reference to the increasing risks posed by extreme weather events, Chris Wentlent, chair of the New York State Reliability Council's

Executive Committee, said the state needs to understand how every grid resource is impacted and correlated to natural disasters because without this knowledge, the state will struggle to successfully transition.

Aaron Markham, NYISO vice president of operations, said, "We need to keep our eyes open to how [New York's] transition is progressing" because there is a concern that as the state decarbonizes, its energy supplies could become compromised and the ISO will find itself unable to reliably meet growing electricity demands.



Aaron Markham,
NYISO | © RTO
Insider
LLC

Eastern Generation CEO Mark Sudbey said, "We need to be realistic to people about decarbonization's timelines because I am concerned that our goals are too aspirational" and, in attempting to transition too quickly, the state may end "up doing something foolish."

IPPNY President Gavin Donohue closed out the meeting by saying the challenge for New York will be to transition in a reasonable manner while ensuring that innovation is not compromised, investments are not discouraged and that environmental justice concerns are still considered. ■

— John Norris

PJM News



PJM Members Committee Approves Performance Penalty Reduction

By Devin Leith-Yessian

VALLEY FORGE, Pa. — The PJM Members Committee on Thursday approved a proposal that would sharply reduce the penalties generators pay for underperforming during emergency conditions.

The proposed tariff *revisions* would effectively lower the current penalty rate (\$3,177/MWh) and annual stop loss (\$142,952/MW-year) by changing the figures from being based on the net cost of new entry (CONE) to Base Residual Auction (BRA) clearing prices for the locational deliverability area (LDA) that the resource is located within. The shift would result in a penalty rate of \$394/MWh and a stop loss of \$17,744/MW-year. (See [PJM MRC Endorses Proposal to Reduce Performance Penalties](#).)

The conditions under which PJM could declare a performance assessment interval (PAI) would also be tightened, limiting when generators can be subject to performance charges.

PJM General Counsel Chris O'Hara said the tariff revisions should be filed by the end of the month to ensure that they can be implemented for the upcoming delivery year. The changes would be in effect through the 2024/25 DY, with proponents describing it as a temporary measure to realign penalty risks while stakeholders consider a capacity market overhaul through the Critical Issues Fast Path (CIFP) process. (See [PJM Stakeholders Refine CIFP Capacity Market Proposals](#).)

The Markets and Reliability Committee endorsed the proposal, brought by American Municipal Power (AMP), a week earlier. Director of PJM Regulatory Affairs Lynn Horning said the RTO's Capacity Performance (CP) structure has been a proven failure and the proposed tariff changes would align penalties with the revenues received by generators.

"We do need to get to a market design with appropriate penalties," she said.

An alternative measure only including the PAI trigger *provisions* was *presented* by Constellation Energy, but it would only have been considered by the committee if the main motion had failed. Vice President of Market Development Bill Berg said the alternative was a compromise to reduce litigation and would have preserved a strong incentive for generation owners to ensure their facilities would be able to operate during emergencies.

"We think it's better aligned with assuring re-

liability," he said. "It ensures a fundamental CP market-based approach to incentivize strong performance."

Berg said changing the penalty structure would have impacts on reliability and predicted that the company would protest any eventual FERC filing.

According to the *voting report*, the strongest support for the main motion came from the Electric Distributor sector, which gave unanimous support in the sector-weighted voting. The Other Supplier and Generation Owner sectors also gave significant support, while End-Use Customers were nearly split at 59% supporting — breaking down to industrial customers supporting and consumer advocates opposing. Transmission Owners were 67% opposed.

PJM's Adam Keech said the RTO supported changing the PAI triggers, as staff participated in the drafting of the trigger language, but he expressed concerns that reducing penalties without creating mandates to ensure generator performance would undermine the logic of CP: to receive performance through incentives rather than hard requirements.

Heather Svenson, RTO strategy manager for Public Service Enterprise Group, said the proposal would use clearing prices in LDAs to determine penalties for generators in those regions but distribute the bonuses across the RTO. That arrangement could create significant imbalances between the penalty risk and bonuses a generator could receive, she said.

"There's going to be an inherent mismatch

between bonus and penalties," she said.

PJM's Stu Bresler said a similar arrangement exists today with the difference between CONE areas, but those regions have closer values than the current spread between LDAs and the Rest-of-RTO region.

Gregory Poulos, executive director of the Consumer Advocates of the PJM States (CAPS), said some advocates were opposing the changes based on a belief that they would prioritize the preservation of existing generators, even if they are not meeting their capacity obligations.

Denise Foster Cronin of the East Kentucky Power Cooperative supported the proposal, saying it would align the penalties with the revenues received by generators.

Alex Stern of Exelon said changing penalties for a delivery year after auctions have already been run could raise retroactive ratemaking concerns at FERC.

The Natural Resources Defense Council released a statement following the MC vote saying the proposal constitutes a bailout of underperforming generators at the expense of those that made investments to back up their capacity offers.

"The public has paid tens of billions of dollars to power plant owners for the promise of reliable service," said Senior Advocate Tom Ruttigliano. "Last winter, we found out that many of them, mostly natural gas owners, failed to prepare to deliver the power they were getting paid for. Today, those same owners have voted to let themselves off the hook if they fail again in the coming winter." ■



MC Chair David "Scarp" Scarpignato, of Calpine | © RTO Insider LLC

PJM News

PJM OC Briefs

PJM Doubles Synchronized Reserve Requirement

VALLEY FORGE, Pa. — PJM has doubled its synchronized reserve requirement to account for diminished performance since the implementation of the reserve market overhaul in October.

Donnie Bielak, PJM senior dispatch manager, *told* the Operating Committee that reserve performance has been approximately 50% since the RTO implemented reserve price formation last year, which consolidated reserves into one product, lowered the offer cap from \$7.50/MWh to 2 cents and expanded resources subject to the must-offer requirement. (See *Synchronized Reserve Pricing Falls in PJM Markets After Overhaul*.)

The higher reserve requirement, announced to members Thursday morning, went into effect for the day-ahead market for Friday and was in place starting at midnight. The increase amounts to an additional 1,588 MW procured, equal to the single largest expected contingency.

“This is meant to be an immediate, albeit temporary measure,” Bielak said. “We are doing this to make sure we have reliable and uninterrupted service to the load.”

Several stakeholders questioned the timing and the immediacy of the decision, asking why there was not more notice. Bielak told *RTO Insider* that following stakeholders’ decision to initiate a quick-fix process to address reserve rates last month, PJM staff determined a more immediate solution was needed going into the summer months.

Generator performance during the December 2022 winter storm may have led to a violation of NERC’s disturbance control performance (DCS) standard by potentially taking 52 seconds longer than the permitted 15 minutes to alleviate a contingency event recovery period on Dec. 23.

Independent Market Monitor Joseph Bowring said PJM hasn’t provided any evidence of a reliability issue or that there is a risk of violating the DCS standard. After the operating reserve rule change on Oct. 1, 2022, the must-offer requirement for synchronized reserve significantly increased the amount of reserves available, he said, noting also that there have been no issues with violating the NERC DCS standards. Bowring also asked PJM to explain why it thinks it has the authority to unilaterally



Donnie Bielak, PJM | © RTO Insider LLC

double the reserve requirement.

Bielak said PJM thinks it has been able to procure adequate synchronized reserves because some generators are continuing to operate under the old ruleset, despite not receiving revenue for doing so. As that reality becomes clear for market participants, the RTO may not receive the same response to its calls to generators. (See *PJM MIC Briefs: April 12, 2023*.)

PJM Projects Adequate Supply This Summer

The *2023 Summer Study* found that the RTO will have enough installed capacity, 186.5 GW, to meet its 90/10 load forecast of 162.7 GW. The non-diversified peak demand is expected to be 156.1 GW.

“PJM works diligently throughout the year to coordinate and plan for peak load operations, with reliability as our top priority,” PJM CEO Manu Asthana said in an *announcement* of the study on Thursday. “We’re not saying these extreme conditions will happen, but the last few years have taught us to prepare for events we have never seen.”

No reliability issues were identified; however, re-dispatch and switching could be required in some areas to avoid thermal

or voltage violations.

Demand response may need to be implemented in the event of “extraordinary electricity demand and high generator outages,” with around 7.5 GW in pre-emergency load management found to be available in the study.

The study found that PJM should have resources to cover the outage scenarios historically seen in the summer months. It also draws on lessons learned from the February 2021 winter storm to incorporate the possibility of extreme conditions without precedent.

“We have learned through experience to expand the set of possibilities we prepare for,” Senior Vice President of Operations Mike Bryson said in the announcement. “We will continue to work with our utility partners and stakeholders to refine our planning, analysis and communications of the risks presented by new and challenging weather patterns and other variables.”

About 15.4 GW of discrete generator outages are expected in the study, as well as 4 GW being lost through net interchange. Under the largest gas-electric contingency, which is expected to take 4.8 GW off the grid, PJM would have an additional reserve margin of 4.1 GW. The no-wind and low-solar scenario would re-

PJM News



duce available capacity by 5.6 GW, producing a margin of 3.4 GW.

Last year's study presented the largest contingency and the low-renewables scenario together; however, PJM spokesperson Jeff Shields said it would be unlikely for those conditions to overlap. (See *PJM Summer Forecast Reports Sufficient Supply*.)

"We didn't feel that stacking all the contingencies together made for a plausible scenario," he said. "We wanted to emphasize that with high generator outage failures and high load, combined with either of the unlikely scenarios of almost no sun in peak summer conditions or major pipeline failure, we would have to call on demand response."

Discussion Continues on Transmission Outage Coordination Proposals

Bowring and PJM *presented* additional information on dueling proposals to add transparency to the process transmission owners follow to schedule extended outages. (See PJM OC Briefs: April 13 *Proposals Seek to Address Transmission Outage Coordination*.)

A joint *package* from PJM, DC Energy and Public Service Enterprise Group would involve coordination between utilities and RTO staff to identify any extended outages that may be required, evaluate the impact of those outages and expand outage information shared by PJM. Upgrades to facilities may be considered if outages are expected to cause significant

operational issues.

The Monitor's proposal would consider requests to reschedule an outage as a new request and classify it as a late submission if the request comes too close to the scheduled date. The language also would aim to reduce or eliminate approval of outage requests after FTR bidding opens and prevent TOs from bypassing rules for long-duration outages by breaking them into smaller segments.

Bowring said the Monitor's proposal wouldn't change existing processes, but it would more clearly define when outages should be considered late and provide market participants with more information about outages.

"We're not trying to change the way outages are scheduled. We're just trying to ensure they're labeled correctly," Bowring said. "... The goal is to make it easier to understand why the system is behaving the way it is."

PJM's Paul Dajewski said the status quo rules allow for outages submitted on time to be rescheduled regardless of their duration, which provides TOs with flexibility when scheduling their outages. He said the ability to reschedule is necessary to account for circumstances such as delays in equipment availability or weather.

Bowring responded that he understood that outages have to be scheduled well in advance and include flexibility but said the Monitor's proposal wouldn't change market mechanisms or how outages are scheduled, instead

providing more information for other market participants.

Other OC Business:

- Stakeholders approved revisions to manuals 3 and 36 under each document's periodic review. In both cases, the changes were updating the manuals with new information, as well as clarifying language in Manual 3.
- PJM's Steve McElwee provided a cybersecurity update, saying that a recent attack on Dragos displays the need to stay vigilant against "social engineering" hacks being used to gain access to sensitive systems. (See *Cancel: Dragos Breach Did Not Compromise E-ISAC*.) He said if a member's email systems were compromised, it would be difficult for PJM to determine that a breach had occurred unless it had been detected by that organization.
- The OC voted by acclamation to sunset the Synchronized Reserve Deployment Task Force due to an inability to determine a path forward since FERC rejected PJM's intelligent reserve deployment in August 2022. Task force facilitator Vijay Shah *said* its issue charge has limited the ability to discuss the concerns the commission raised in its order and there has been limited discourse and no proposals currently before the group. Shah noted that PJM's Adam Keech said during the Annual Meeting that RTO staff plan to bring a new problem statement and issue charge this summer. ■

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PJM News



PJM MIC Briefs

PJM Proposes Creation of Fifth CONE Area

VALLEY FORGE, Pa. — PJM last week proposed creation of a new cost of new entry (CONE) area for the Commonwealth Edison (ComEd) zone during discussions about how to account for local factors in calculating net CONE.

PJM's Gary Helm said the discussion arose out of concerns raised in the RTO's quadrennial review filing at FERC about the impact of the Illinois Climate and Equitable Jobs Act on net CONE. An issue charge and problem



Gary Helm, PJM | © RTO Insider LLC

statement were adopted following the approval of that filing to evaluate how asset life and net CONE are determined. (See "Amortization Period," *FERC Approves PJM Quadrennial Review.*)

"What we are looking at proposing here in this package is addressing that specific item through making ComEd, that [locational deliverability area], its own CONE area. So we currently have four CONE areas; this would be a fifth," Helm said. He added that PJM is also considering what other areas could be impacted by approved state and local legislation or other localized factors.

Stakeholders Continue Discussion on Co-located Load Packages

Several packages seeking to create new rules for generators with co-located load were discussed by the Market Implementation Committee during its May 10 meeting. PJM's Tim Horger worked with package sponsors to create a *comparison* of the five current proposals. (See "Discussion on Co-located Load Packages," *PJM MIC Briefs: April. 12, 2023.*)

Much of the ongoing discussion of the proposals has centered on configurations in which the co-located load isn't directly connected with the grid and whether those loads should be considered FERC jurisdictional or falling under state regulation. The discussion has also focused on whether generators should be permitted to retain their full capacity interconnection rights (CIRs) for the balance of their output consumed by the load and what service fees, if any, should be allocated to the load or generator.

The Independent Market Monitor propos-

al would follow the status quo of requiring generators to reduce their CIRs corresponding to the co-located load consumption, while the other four would not. The PJM, Constellation/Brookfield and Exelon packages specify that CIRs can be retained so long as the load is capable and willing to curtail within 10 minutes and that output be able to shift over to the grid.

The Advanced Energy Management Alliance (AEMA) package considers all co-located load to be FERC jurisdictional and as taking services from the grid. It would permit generators to retain their full CIRs.

The Constellation/Brookfield proposal is the only one to not charge any grid services to the configuration. The PJM package would assess regulation, reserve and black start fees to the entire load by assigning them to the generator. Exelon's would consider the generator to be a load-serving entity for the co-located load and levy all LSE credits and charges. The Monitor proposal would include charges for regulation, reactive power, frequency control, reserves and black start via the generator, and the AEMA proposal includes all firm point-to-point transmission charges.

All proposals except the Monitor's would permit the inclusion of curtailment costs in their market-based energy market offers, but not their cost-based offers. The monitor would not permit any inclusion.

The Constellation/Brookfield and Exelon proposals are silent on configurations in which the load is receiving service from the grid, while the AEMA proposal has the same rules for all configurations.

Under configurations with grid service, both the PJM and Monitor proposals would require CIRs to be reduced and consider the load to be FERC-jurisdictional. The Monitor also applies all LSE charges and credits, while PJM does not.

Exelon *presented* minor changes to its proposal since its last presentation, clarifying that the co-located load could participate as either demand response or price-responsive demand, incorporating PJM feedback to lengthen the initial public notice to 10 days and adding a provision to grandfather PJM's market rules for co-located load configurations that were approved by the relevant electric retail regulatory authority prior to 2024.

MIC Chair Foluso Afelumo said the committee will likely be continuing first reads at the

June meeting to accommodate a data center developer that plans to present an additional package at that meeting. Voting on endorsement could begin at the July meeting.

PJM will also give additional thought to how voting will be structured, as four of the proposals have separate provisions for co-located load with and without service from the grid, while the AEMA proposal addresses both.

Other MIC Business

- The committee endorsed by acclamation a PJM problem statement, issue charge and *proposal* to clarify that smoothed supply curves will only be generated after Base Residual Auctions and not Incremental Auctions. Tariff revisions will move on for consideration at the Markets and Reliability Committee and the Members Committee. The proposal was brought under the quick fix process, allowing solutions to be voted on simultaneous with the problem statement and issue charge. (See "First Read on Smooth Supply Curve Quick Fix," *PJM MIC Briefs: April. 12, 2023.*)
- Stakeholders endorsed revisions to Manual 11 to allow PJM to reduce the Transmission Constraint Penalty Factor under a set of circumstances when it is believed the penalty cannot incentivize actions that would reduce constraints. The proposal codifies a package previously approved by stakeholders and a FERC order in March. (See *FERC Approves PJM Proposal to Reduce Congestion Penalty During Grid Upgrades.*)
- The MIC endorsed *revisions* to Manuals 11, 27 and 28 to add market rules for hybrid resources. The proposal will go before the MRC for endorsement on May 31, followed by a FERC filing with a requested effective date of June 1.
- Stakeholders endorsed *revisions* to Manual 15, which PJM's Glen Boyle described as minor updates to clarify current processes related to heat input guidelines and the IMM Opportunity Cost Calculator.
- The Consumer Advocates for PJM States gave a first read on a proposal to amend the *issue charge* for the Reactive Power Compensation Task force, reducing the items considered out-of-scope to permit discussion of "any existing FERC approved or pending reactive service rates." ■

— Devin Leith-Yessian

PJM News



PJM PC/TEAC Briefs

Planning Committee

PJM Announces Transitional Headroom Allocations

VALLEY FORGE, Pa. — PJM plans to allocate more than 2,000 MW of transmission headroom to generators that requested additional capacity interconnection rights (CIRs) under a transitional process as the RTO shifts to a new methodology for calculating CIRs for effective load carrying capability (ELCC) resources. (See [FERC Approves Revisions to PJM's ELCC Accreditation Model](#).)

Existing generators or those with signed ISAs may request higher accreditation through the transitional study process, which assigns a portion of available headroom on the grid to those resources. PJM's Jonathan Kern said about 7,000 MW was eligible to participate in the studies, of which 2,073 MW was awarded, with the remaining 5,000 MW largely denied due to not being available for the upcoming delivery year. Those generators denied can receive access to headroom in future years once they are online.

"It's just for this particular Base Residual Auction (BRA) that they didn't achieve the particular milestones to participate," he said.

The higher accreditation will be added onto resources' CIRs when running calculations for the 2025/26 BRA and future auctions until the transitional period has ended. Should FERC grant PJM's request to delay that auction — currently scheduled for next month — Kern said many of the figures calculated could change significantly, including headroom allocations. (See [PJM Seeks to Delay Capacity Auctions Through 2028 Delivery Year](#).)

Most resources received either no increase in their accreditation or the full amount they asked for, with some receiving in between based on locational factors. Kern said there was no queue-based determination in the headroom allocation.

Stakeholders Seek Discussion on CIR Transfers

Denise Foster Cronin, of the East Kentucky Power Cooperative, and Tonja Wicks, of Elevate Renewable Energy, [presented a problem statement](#) and [issue charge](#) to open a discussion on streamlining the process of transferring CIRs from a deactivating generator to a replacement resource.



Jonathan Kern, PJM | © RTO Insider LLC

"Our motivation to bringing this forward is to add some certainty to something that is currently uncertain," Cronin said.

The current rules allow CIRs to be used at a resource seeking to interconnect at the same site as the retiring generator or at a different point of interconnection. Transferring CIRs also requires a study of the grid upgrades that may be necessary to support the capacity offered by the new generator, part of the interconnection queue process.

The status quo process assumes studies can be completed relatively quickly, but the queue is backlogged as PJM transitions to a new process meant to complete studies quicker, potentially creating a "timing misalignment." The problem statement says resources seeking to retire between 2023 and 2026 may expect a delay of four years before they're able to transfer CIRs to new resources, affecting reliability and cost.

"Inefficiency in the CIR transfer process results in unnecessary additional cost to customers served by these generation capacity resources. Load serving entities may need to seek alternatives and may find inadequate hedges to mitigate market price exposure should CIR transfers not be efficiently executed," the problem statement reads. "Also, the

inefficiency could result in PJM needing to rely on [reliability-must-run] agreements and/or the transmission reinforcements to address reliability issues resulting from generation deactivation that otherwise would not be necessary if CIR transfers could be more efficient. These measures result in cost to load, and the allocation of such costs may extend beyond the zone in which the deactivating generation is located."

The problem statement also calls for clarifying the resources the CIR transfer rules apply to, noting the status quo language refers to "generation capacity resources." The document states that more explicit inclusion of energy storage or hybrid resources may be warranted.

The issue charge states that any changes to the current process for transferring CIRs to a replacement resource located at a different interconnection site would be considered out of scope. The sponsors' presentation said the new standard interconnection process would not be affected.

Stakeholders asked questions on the implementation timeline and expressed concerns regarding possible queue jumping, generators being able to avoid grid upgrade cost allocations and any impact to generators already in the interconnection queue should resources

PJM News



receiving CIR transfers be studied first.

Reliability Requirement Study to Use New Software

PJM plans to use new software to conduct the 2023 Reserve Requirement Study (RRS), the annual process that resets the forecast pool requirement (FPR) and the installed reserve margin (IRM) for the following three delivery years and establishes an initial value for the fourth year out, 2027/28 in this case. The study will also set the winter weekly reserve target for the 2023/24 delivery year. (See “Stakeholders Endorse 2022 Reserve Requirement Study Results,” *PJM PC/TEAC Briefs: Oct. 4, 2022*.)

Past studies were conducted with the PRISM modeling software, but PJM’s Patricio Rocha Garrido said this year the software developed for the hourly loss-of-load modeling used for the ELCC study will be used in parallel with PRISM. Two separate sets of assumptions will be generated to correspond with the different approaches, and both sets of results will be presented to stakeholders after the study is done, with PJM planning to recommend one of the results for endorsement. PJM plans to ultimately shift to using the hourly loss-of-load modeling software by default in the future.

PJM will also be including data from the 2014 polar vortex based on experience gathered through the December 2022 winter storm. Previously, the polar vortex had been replaced with other data. The capacity benefit of ties will also be averaged over the past several years, rather than using annual data, due to value volatility.

The PC is slated to vote on the RRS approach at its June meeting.

Advocates Push for More Transmission Cost Details

State consumer advocates are seeking more insight into the development of cost estimates for supplemental transmission projects when they are presented to the Transmission Expansion Advisory Committee (TEAC). A

presentation by the Consumer Advocates of PJM States (CAPS) said questions to transmission owners about their proposals have not yielded substantive information. (See “CAPS Pushes for More Transmission Upgrade Data,” *PJM PC/TEAC Briefs: April 11, 2023*.)

For the 22 projects presented at the April TEAC, the presentation said transmission owners were asked how they developed the estimated cost, to provide a breakdown of the project budget and if the relevant state utility commission would have planning oversight. None of the responses regarding project budgets provided a breakdown, instead pointing to processes for receive cost breakdowns after the work is done. None of the responses specifically addressed the question of oversight, the presentation said.

Exelon’s Alex Stern rejected CAPS’ complaint.

“We have enhanced the planning process, and the TOs are providing more transparency in a timely manner than anywhere else in the country,” he said. “We’re also providing the best, most accurate cost estimates that we can based on industry experience when we bring solutions to needs forward followed by cost updates posted on pjm.com quarterly from project inception to project completion.”

The estimates provided to TEAC can significantly change before a project goes to development and is completed based on state and local siting processes, Stern added.

Tom Schmidt of Buckeye Power said the nuances of each state’s oversight provisions can make providing a yes or no answer “very, very difficult,” giving Ohio as an example of a state where oversight depends on specific voltages and project length.

Transmission Expansion Advisory Committee

Data Center Growth in Ohio Contributing to Nearly \$600M in Tx Upgrades

American Electric Power presented about

\$579.5 million in transmission upgrades throughout Ohio to accommodate several new load interconnection requests. AEP’s Nicolas Koehler told the Transmission Expansion Advisory Committee (TEAC) that much of the load stems from a surge in plans to construct data centers, with new announcements over the past few months estimated to consume around 3,000 MW.

The bulk of the expense would be direct connection costs at \$498 million, while the remaining \$81.6 million are system upgrade costs.

Responding to stakeholders who questioned why the AEP projects weren’t following the same competitive process as the data center alley in Northern Virginia, PJM’s Dave Souder said the Virginia load growth has necessitated upgrades to the regional 500-kV transmission system. PJM has opened a third window to its 2022 Regional Transmission Expansion Plan (RTEP) to address “unprecedented growth” from data centers. (See “Load Forecast for Northern Virginia Data Centers Continues to Climb,” *PJM PC/TEAC Briefs: Jan. 10, 2023*.)

The largest portion of the Ohio work would involve significantly expanding the grid in the New Albany region and adding about a dozen new substations:

- The existing Corridor — the Conesville 345-kV line would have two new substations, Curleys and Bermuda, and it would be rerouted to tie into the existing Innovation substation, which would be upgraded to handle both the new 345-kV capability and its current 138-kV lines. The Curleys facility would serve an ultimate load of 968 MW and would come with a \$55.2 million price tag, while the Bermuda substation would serve an ultimate demand of 337 MW and would cost around \$60.3 million.
- The Corridor — the Jug Street 138-kV line would have four substations added along its run: Souder, which would serve a projected future load of around 100 MW at a \$14.3 million cost estimate; Fiesta (up to 300 MW/\$22.3 million); Horizon (200 MW/\$11

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PJM News



million); and Badger (290 MW/\$18 million).

- The Green Chapel — the Innovation 138-kV line would be cut and extended around 0.75 miles to connect to the new Tasjan substation, which would serve an ultimate load of 150 MW. The work would cost around \$19 million.
- The Innovation — the Kirk 138-kV line would be cut with two single-circuit lines terminating around 0.35 miles at the new Jordan substation, which would serve a 270-MW load. The project would cost an estimated \$12.5 million. A new line would be constructed from the Innovation facility to the Brie substation with around 1.75 miles of double-circuit 138-kV line. New equipment would be installed at the Brie site, addressing potential load drop and overload risks at a \$10.8 million expense.
- The existing Innovation substation in the New Albany area would receive \$53.7 million in upgrades to serve 247 MW of additional load. The proposed project includes cutting into the Corridor-Conesville 345-kV circuit and building a new 345-kV ring bus at the site.

Additional substations would be built in the area of Union County and Columbus:

- The Cyprus substation outside Columbus would be upgraded with 345-kV infrastructure, in addition to the existing 138-kV equipment, and cut into the Beatty-Bixby 345-kV line at a \$46.9 expense.
- The proposal would build the new 138-kV and 345-kV Celtic substation in Union County to serve 461 MW of load at an estimated \$60 million. The substation would cut into the Hayden-Hyatt 345-kV line and

the Amlin-Hyatt 138-kV line and would also include a new 138-kV line to the existing Kileville line.

- The Beacon substation would be built for \$40 million to supply an ultimate load of 328 MW in the Columbus area. The facility would cut into the Hayden-Roberts 345-kV circuit.
- The Jerome substation in Plain City would serve an initial load of 106 MW, which could grow as high as 203 MW at a \$30 million price tag. The facility would connect to the proposed Celtic substation and the existing Hyatt-Amlin line via new 138-kV lines.

Several Generators Announce Deactivation

PJM's Phil Yum *presented* an update on the status of deactivating generators, highlighting seven facilities that have recently requested to go offline.

The new deactivations include the 1,884-MW Homer City coal plant in Pennsylvania, the 1,282-MW Brandon Shores coal plant near Baltimore, and the 167-MW Vienna oil-fired generator in Maryland.

The PJM Board of Managers referenced the Homer City deactivation request in a May 1 letter responding to environmental groups that said the RTO's analysis of future resource adequacy concerns overstated the issue.

"In performing the analysis discussed in this study, the PJM team made assumptions it believes are conservative, meaning that PJM did not try to overstate resource retirements ... In fact, just recently, the largest Pennsylvania coal-fired generating plant, Homer City,

announced its retirement. Homer City was not included in our retirement assumptions because the policy drivers underlying its retirement were not known at the time of the study," the board wrote.

Changes to NJ Offshore Wind Transmission Add \$128 Million

Several portions of the transmission planned to connect 6,400 MW of offshore wind to the PJM grid have been changed since the approval of the State Agreement Approach, leading to a \$128 million increase in the expected project cost from \$1.064 billion to \$1.192 billion.

The scope of the work in the Jersey Central Power & Light (JCPL) zone has increased to include the removal of existing equipment to accommodate new lines for \$17.47 million, while updated cost projections for previously expected JCPL work has increased by \$31.71 million. Work in the Public Service Enterprise Group (PSEG) region has increased by \$12.25 million, while a case correction in the PECO zone has reduced cost estimates by \$5.6 million.

The expected construction cost for the Larabee Collector Station, as well as procuring and preparing land adjacent to the site, has increased from \$121.1 million to \$193.3 million, with the new figures including costs that were explicitly excluded from the original estimate but have been determined to be required for the project.

Kern said additional work was identified after the approval of the project and will require the approval of the PJM Board of Managers. The New Jersey Board of Public Utilities is also aware of the changes. ■

— Devin Leith-Yessian

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SPP News

FERC Accepts SPP's Unexecuted FSA with Ponderosa

Commission also Approves Evergy Compliance on Tx Rate Update

By Tom Kleckner

FERC this month accepted an unexecuted facilities service agreement (FSA) between SPP, Southwestern Public Service (SPS) and Ponderosa Wind II, finding it to be “just and reasonable and not unduly discriminatory or preferential” (ER23-672).

The FSA replaces an unexecuted generator interconnection agreement (GIA) filed by SPP in July and amended in September. In accepting the substitute agreement May 5, the commission said it conformed to the SPP tariff's *pro forma* GIA.

The original agreement included a 20-year default term and allowed SPS to recover the return on and of the capital investment through a network upgrade charge that continued for the FSA's term. Ponderosa protested the 20-year term, arguing that the FSA would double the overall amount paid for upgrades under the GIA. Instead, the developers proposed a

three-year term to pay the money back faster.

The commission found the 20-year term to be just and reasonable because it will allow SPS to recover upgrade costs over a time period based on the utility providing interconnection service to Ponderosa. It said it was reasonable to expect interconnection service under the GIA to match or exceed 20 years.

Ponderosa II will add an additional 100 MW of capacity to the existing [200-MW facility](#) in the Oklahoma Panhandle. The wind farms are subsidiaries of NextEra Energy Resources.

Evergy Compliance Filing OK'd

FERC also this month accepted Evergy Kansas Central's compliance filing after protests from several transmission customers challenged the utility's implementation of its transmission formula rate (ER22-1205).

The commission on May 5 found that Evergy had complied with its directives in a December order by correcting its formula rates' applica-

tion in its 2022 annual update. It said the filing details how the revised formula rate billings' calculations reduced its annual revenue requirement by more than \$15 million.

Evergy also said it will provide refunds with interest in the next rate year's annual projection.

FERC denied the utility's rehearing request but granted its clarification petition.

Kansas Electric Power Cooperative, Kansas Municipal Energy Agency and Kansas Power Pool challenged Evergy's initial filing last year, arguing that it incorrectly applied its formula rate according to its own instructions. They also contended that Evergy double-counted its undistributed subsidiary earnings in the formula's equity capitalization component.

The transmission customers requested that FERC direct Evergy to correct the formula rate's implementation and refund excess amounts collected in previous years. The commission in December granted in part and denied in part the formal challenge. ■



Ponderosa II will add 100 MW to the Ponderosa Wind Energy Center in Oklahoma. | NextEra Energy Resources

Company News

Duke Energy Sees Earnings Fall on Warm Winter Weather CEO Good Discusses Renewable Business Sale and Transmission Spending with Analysts

By James Downing

Warm weather in its service territories led to lower earnings for Duke Energy in the first quarter at \$1.20/share, but CEO Lynn Good told investors last week that the firm should make up for it this summer.

“These results reflect a 22-cent headwind from weather, with January and February ranking among the warmest winter months on record across our service territories,” Good said. “In fact, DEP [Duke Energy Progress] had its warmest January and February in the last 32 years.”

Duke is working to make up lost ground on ratings and reaffirmed its annual projections, given that its strongest quarter is coming up this summer.

The firm is working on a sale of its commercial renewable business, with separate sales for its utility-scale subsidiary and another for one that focuses on distributed generation.

“We are in the late stage of the process for both transactions, and we’ll look to update you

in the near future,” Good said on a conference call May 9. “We continue to anticipate proceeds in the second half of the year.”

The firm took an impairment charge on the sale of its commercial business of \$175 million in the first quarter, which follows a \$1.3 billion impairment in the fourth quarter that was also related to the sale of its commercial renewables business. Asked about the second impairment, Good said that the firm is nearing the end of the process.

“I would say to you, though, that the estimated value that we see in this process remains within our planning assumptions,” she added. “So, there’s nothing here that I would point to as a surprise for us, as we’ve moved through the process.”

The firm is in discussion with “select bidders” and is nearing the end of the process, with Good saying her team is anxious to announce a deal and give the market more information once that is appropriate.

Duke is getting started on a major spending spree on transmission and distribution, investing \$36 billion through mid-decade on

its system.

“The grid is a critical part of our energy transition, and with more than 320,000 line-miles, we operate the largest transmission and distribution system in the nation,” Good said. “The foundation of our grid plan is focused on improving reliability and resiliency, preparing the grid for renewables and enabling electrification.”

The investments are aimed at addressing threats from storms and attacks on the grid, as well as improving Duke’s ability to restore power, she added. The company is allocating capital for self-optimizing grid technologies, targeted undergrounding, physical and cyber-security upgrades, and upgrading lines and substations.

“Our investments are already making a difference as evidenced by our response to Hurricane Ian last fall, where we restored power in less than half the time of our Hurricane Irma restoration efforts in 2017,” Good said.

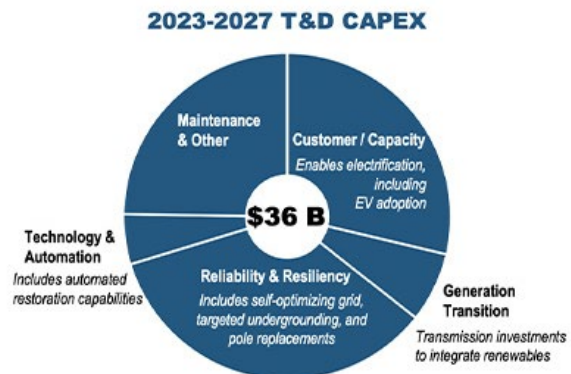
Duke has received approval for recovery mechanisms in place for that transmission investment in all its states, she added. ■

~\$36 BILLION
T&D CAPEX INVESTMENTS, 2023-2027,
WITH CONSTRUCTIVE RECOVERY
MECHANISMS

>320,000 MILES
OF TRANSMISSION AND DISTRIBUTION
LINES ACROSS COMBINED SYSTEM

IMPROVING RELIABILITY
& RESILIENCY
STRENGTHENING THE GRID TO REDUCE
RESTORATION TIME AND AVOID OUTAGES

ENABLING ELECTRIFICATION
& RENEWABLES
UPGRADING SYSTEM TO SUPPORT
CHANGING DEMAND AND RENEWABLE
RESOURCES



PRIMARY RECOVERY MECHANISMS

- North Carolina MYRP
- South Carolina Base rate cases
- Florida MYRP/SPP rider
- Indiana TDSIC rider
- Ohio DCI/BTR riders
- Kentucky Base rate cases

Duke Energy's summary of its plans for transmission spending through mid-decade. | Duke Energy

Company News

Vistra Bolstering its Zero-carbon Generation

Energy Harbor Acquisition Expected to Close in 4th Quarter

By Tom Kleckner

Vistra officials told the financial community last week that they are excited about the company's recent acquisition of Energy Harbor, which will more than double its zero-carbon generation currently online and that they expect to close by year-end.

"We've talked about closing this in the fourth quarter, and I think that is achievable. So far, so good," CEO Jim Burke told financial analysts during the company's first-quarter earnings call.

The Irving, Texas-based company announced in March it was purchasing Energy Harbor, a spinoff from FirstEnergy, for \$3 billion and assuming \$430 million in debt. The company plans to combine Energy Harbor's nuclear

plants and its retail business in the MISO and PJM footprints with its nuclear, retail, renewables and battery storage assets into a new subsidiary called Vistra Vision. (See *Vistra Pays more than \$3 Billion for Energy Harbor*.)

Burke said the regulatory approval process is progressing well and that the key filings have been made. The deal must be approved by the U.S. Department of Justice, FERC and the Nuclear Regulatory Commission.

"We believe the NRC is working towards an early October approval," he said. "To be on the six-month track for a license transfer, we think, is actually on the more efficient side of the scale."

Should the transaction close, it will give Vistra about 7.8 GW of zero-carbon generation and make it the second largest operator of nuclear

plants in the U.S., with six reactors producing more than 6.3 GW of power. The Energy Harbor platform would also increase the company's retail customer count to about 5 million.

"I like our retail, and we like our integrated model," Burke said.

Vistra will add another 350 MW of zero-carbon energy when it completes the third phase of its Moss Landing energy storage facility in California later this summer.

The company *reported* quarterly ongoing operations adjusted EBITDA of \$771 million, compared to \$1.19 billion for the same period last year. It uses adjusted EBITDA as a performance measure because, it says, outside analysis of its business is improved by visibility into both net income prepared in accordance with GAAP and adjusted EBITDA. ■



Vistra CEO Jim Burke (left) meets with Texas Gov. Greg Abbott. | Gov. Greg Abbott via Twitter

Company Briefs

Invenergy to Build Largest US Solar Panel Factory

Invenergy

Invenergy last week said it will invest \$600 million to build the nation's largest solar panel factory in Pataskala, Ohio.

The company will partner with China's Longi to supply monofacial and bifacial panels to the utility-scale and rooftop markets.

Production lines are expected to start up by the end of this year with full capacity by the end of 2024.

More: [Reuters](#)

Microsoft Signs Nuclear Fusion Deal as Part of Sustainability Push

Microsoft last week announced it has signed a power purchase agreement with nuclear fusion energy startup Helion for at least 50 MW of electricity beginning in 2028.

Helion plans to locate its fusion plant in Washington state and sell power directly into the grid via Constellation, while Microsoft plans to use the electricity to power its data centers.

Helion, which attracted a \$500 million funding round in 2021, says its Polaris fusion reactor is on track for the 2028 deadline.

More: [Axios](#)

Apex to Add 200 MW of Storage in Texas

Renewables developer Apex Clean Energy last week said it will build two 100-MW storage facilities in Texas using the Centipede Platform and StackOS battery management system provided by Powin.

The pair is known as the Angelo and Great Kiskadee storage projects, each with a two-hour battery duration. The former will be co-located with the 195-MW Angelo Solar project in Tom Green County. Their completion is scheduled for late 2023 and 2024, respectively.

More: [Renewables Now](#)

Federal Briefs

NRC OKs Spent Nuclear Fuel Facility in New Mexico

 **U.S.NRC**

The Nuclear Regulatory Commission

last week licensed a complex in New Mexico that will temporarily store spent nuclear fuel from power plants across the country.

The NRC said it will allow the energy company Holtec International to build and operate the facility in southeastern New Mexico, although it may still need to acquire permits from the state. Top state officials have vowed to fight the project.

The project would have capacity to temporarily store up to 8,680 metric tons of used uranium fuel. Future expansion could make room for as many as 10,000 canisters over six decades.

More: [The Associated Press](#)

DHS Searches JinkoSolar in Jacksonville

 **JinkoSolar**

The Department of Homeland Security last week

executed a search warrant at the JinkoSolar plant in Jacksonville, Fla., as part of an ongoing federal investigation.

Authorities did not release any details about the investigation spearheaded by Homeland Security Investigations, and JinkoSolar said the investigation has not altered its operations.

Based in China, JinkoSolar has 14 manufacturing plants worldwide and 24 overseas subsidiaries, according to the company. It built the plant at Cecil Commerce Center in Jacksonville in 2018.

More: [Florida Times-Union](#)

TVA to Buy Power from 40 More Solar Farms

Tennessee Valley Authority President Jeff Lyash told utility directors last week that it will begin awarding contracts this summer for about 6,000 MW of additional solar power and battery storage to help meet its long-term goal of having 10,000 MW of solar generation and a carbon-free power grid by 2050.

TVA received proposals for nearly 14,000 MW of clean energy in response to its appeal for carbon-free offers. Lyash said TVA's review of the offers determined 6,000 MW of proposals, representing about 40 solar farms across the Tennessee Valley, were workable and efficient enough to be pursued by TVA. Lyash said he hopes the solar arrays can be built and will produce power by 2032.

More: [Chattanooga Times Free Press](#)

State Briefs

ARIZONA

Tucson, TEP to Pursue 100% Renewable Energy

 **TEP**

The city of Tucson and Tucson Electric Power (TEP) last week signed a letter of intent to work toward powering 100% of

city operations with renewable energy.

TEP has put out bid proposals for up to 250 MW of new renewable resources, along with 300 MW of battery storage. By 2035, the company plans to get more than 70% of its power from wind and solar resources and reduce carbon emissions by 80%.

More: [Tucson.com](#)

ARKANSAS

PSC Orders Summit Utilities to Suspend Penalties

The Public Service Commission last week ordered Summit Utilities to not collect late fees or suspend service for its more than 400,000 customers.

Thousands of customer complaints against the company fueled a lawsuit filed in March in Pulaski County and led to investigations by Attorney General Tim Griffin's office. Problems began developing in November after the utility converted ratepayers to the company's billing and customer service systems.

The order said it was in the public's interest for Summit to suspend disconnections and late fees but that the PSC would decide in 60 days whether the suspension should continue.

More: [Arkansas Democrat Gazette](#)

CALIFORNIA

Port of Long Beach Unveils Plans for OSW Turbine Facility

The Port of Long Beach last week unveiled plans for a \$4.7 billion floating offshore facility that will manufacture wind turbines.

The Pier Wind facility would include 400 acres of newly built land southwest of the Long Beach International Gateway Bridge and would be able to support the construction of turbines standing more than 1,000 feet tall. Once finished, the turbines would be shipped to help the state reach its renewable energy targets.

The project calls for construction on the facility to begin as soon as Jan. 2027, with the first 100 acres of property open in 2031. The next 100 acres would be available later the same year with the final 200 acres coming by 2035.

More: [KCAL](#)

COLORADO

Dems Pass Proposal to Curb Utility Bills

The House last week passed a bill that seeks to lower utility bills and reduce future volatility by making several changes to the regulation of the state's investor-owned electricity and natural gas providers. The Senate passed the bill last month.

Under the bill, utilities would have to file a gas risk management plan, including a monthly cap on fuel charges. This is intended to stabilize bills by spreading out cost increases to a few cents per month over several years instead of increasing bills in a single month, sponsors said. Utilities also would be prohibited from charging customers to pay for advertising, lobbying, political contributions and other activities. And by 2025, the bill would require the Public

Utilities Commission to establish rules to ensure that utilities have financial incentives to keep fuel costs down.

More: [Colorado Politics](#)

Lawmakers Pass Weakened Ozone Pollution Bill

Democratic majorities in both chambers of the General Assembly gave final approval to a bill related to the state's air pollution.

As originally introduced, the bill proposed a broad tightening of Colorado's air-quality permitting procedures to crack down on emissions that contribute to the state's ozone pollution. However, the bill was dramatically scaled back before passing the House last month, with most of the procedural reforms removed in favor of an interim legislative committee to study the issue. The Senate further weakened the bill with amendments, including the removal of a provision that would have made it easier for third parties to sue over violations of state air-quality rules. Another change revoked the interim committee's authority to directly introduce legislation in next year's legislative session.

The bill now heads to Gov. Jared Polis.

More: [Colorado Newline](#)

ILLINOIS

Sentencing Dates Set for ComEd Conspirators



A federal judge last week set the sentencing dates for the four former

ComEd executives and contractors in a bribery case.

Michael McClain and his co-defendants — former ComEd Chief Executive Anne Pramaggiore, retired ComEd executive John Hooker and former City Club of Chicago President Jay Doherty — were found guilty in a scheme to influence former House Speaker Michael Madigan that funneled \$1.3 million in payments to the speaker's political allies. The trial of Madigan and McClain, in a separate case that includes accusations involving ComEd and other schemes, is scheduled to begin next April.

McClain's sentencing date will be Jan. 11, 2024; Pramaggiore, Jan. 16; Hooker, Jan. 25; and Doherty, Jan. 30. They each face up to five years in prison on counts related to the conspiracy to bribe Madigan. Individual bribery charges carry sentences of as much as 10 years, and charges related to falsifying

records have a 20-year maximum sentence.

More: [Chicago Sun-Times](#)

MONTANA

Gianforte Signs Bill Banning Agencies from Analyzing Climate Impacts



Gov. **Greg Gianforte** last week signed into law a bill that bars the state from considering climate impacts in its analysis of large projects such as coal mines and power plants.

House Bill 971 drew more than 1,000 comments, 95% of which expressed opposition to the measure. The bill bars state regulators such as the Department of Environmental Quality from including analyses of greenhouse gas emissions and climate impacts, both within and outside Montana's borders, when conducting comprehensive reviews of large projects. It builds off a decade-old law barring the state from including "actual or potential impacts that are regional, national, or global in nature" in environmental reviews.

More: [Montana Free Press](#)

OHIO

Householder, Borges to be Sentenced in \$60M Bribery Scheme

Former Speaker of the House Larry Householder and former state Republican Party Chairman Matt Borges will be sentenced on June 30, according to court records, after being found guilty of taking a \$60 million bribe from FirstEnergy in exchange for the passage of a nuclear power company bailout.

During the seven-week trial, federal prosecutors told jurors how Householder, Borges and FirstEnergy executives conspired to ensure House Bill 6, the nuclear bailout bill, became law.

Prior to Householder and Borges' trial, two other Ohio political operatives — longtime adviser Jeffrey Longstreth and lobbyist Juan Cespedes — took plea deals in 2020 for their involvement in the case.

More: [WCMH](#)

RHODE ISLAND

McKee Issues Order Setting Public-sector Emissions Targets

Gov. Daniel J. McKee last week signed an

executive order laying out new targets for public sector energy use in alignment with the Act on Climate.

The order says all state agencies “must collaborate with the Office of Energy Resources to implement and promote emission reduction projects.” Among the mandates is an “acceleration” of the state fleet’s transition to zero-emission vehicles by requiring all agencies to install EV charging stations.

The new targets include a 40% reduction by state entities of 2014 baseline fossil fuel emissions by 2030; 70% by 2040; and 95% by 2050. “Light duty” state fleet vehicles must be 25% zero-emission by 2030, and

energy use intensity at state-owned buildings must be reduced incrementally until the 40% target is reached by 2050.

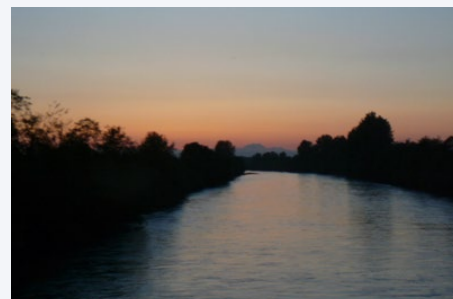
More: [Providence Business News](#)

WASHINGTON

Electron Hydro Fined \$1M for River Pollution

A Pierce County Superior Court judge last week fined Electron Hydro and its COO \$1 million for pollution of the Puyallup River with plastic sports turf.

The judge sentenced Electron Hydro to pay \$250,000 in penalties, while COO Thom



Fischer was ordered to pay \$5,000. As part of the sentence, Electron Hydro also will pay \$745,000 to the Puyallup Tribal Fisheries to help restore the river.

More: [King 5](#)

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