

# RTO Insider

YOUR EYES AND EARS ON THE ORGANIZED ELECTRIC MARKETS

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

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# RTO Insider

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

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RTO Insider LLC

10837 Deborah Drive

Potomac, MD 20854

(301) 658-6885

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# FERC/Federal News



## Debt Deal Weakens Odds for Increased FERC Siting Authority, Glick Tells EBA

By James Downing

WASHINGTON — Giving FERC a larger role in transmission siting would aid decarbonization and grid reliability, but it is unclear whether Congress will have the appetite for that any time soon, former FERC Chair Richard Glick told the Energy Bar Association's Electricity Steering Committee on June 6.

Permitting "reform" has been a hot topic on Capitol Hill this session, and Congress' debt ceiling agreement included provisions to shorten reviews under the National Environmental Policy Act. (See [Lawmakers, White House Promise More Work on Permitting After Debt Deal](#).)

But the changes "weakened the legislative momentum," making it much more difficult to find a legislative vehicle for giving FERC increased powers this year, said Glick, a former Senate aide who opened a consulting shop after his term at FERC expired. (See [Former FERC Chair Richard Glick Sets up Consulting Shop](#).)

He noted that the Infrastructure Investment and Jobs Act gave FERC authority to overrule state denials of transmission lines designated by the Department of Energy as National Interest Electricity Transmission Corridors. (See [FERC Backstop Siting Proposal Runs into Opposition from States](#).)

"I think there's still going to be issues with regard to transmission siting [for] certain lines," Glick said. "Certainly, it's not going to happen as quickly as it might have happened, because there's no one-stop-shopping, so to speak, at FERC."

The current system of leaving most siting decisions up to states might have made sense for many decades, he said. But with major transmission lines needed to bring renewables across multiple states, or to increase minimum transfer capability among regions to deal with increasingly volatile weather, the current system needs to change, he said.

### Rights of First Refusal

Glick and other speakers at the EBA meeting also weighed in on FERC's controversial proposal to reinstate a federal right of first refusal (ROFR) on transmission construction for incumbent utilities that work with a partner. The change was included in the commission's April 2022 Notice of Proposed Rulemaking on transmission planning, which Glick supported (RM21-17). (See [ANALYSIS: FERC Giving up on Transmission Competition?](#))



Former FERC Chair Rich Glick addresses the Energy Bar Association's Electricity Steering Committee. | © RTO Insider LLC

FERC Order 1000 in 2011 eliminated the federal ROFR on regional transmission projects. Glick said he supported reinstating the ROFR because utilities responded to Order 1000 by reducing spending on bigger regional projects in favor of local transmission that remained exempt from competition.

"The answer that I first thought when I was at FERC was why not just subject all of them to competition?" Glick recounted. "And staff convinced me that wasn't a workable solution."

Glick acknowledged it was hard to police local transmission projects that often fall under formula rates and have varying levels of state oversight. FERC Commissioner Mark Christie has suggested getting rid of formula rates when states lack the ability to adequately oversee such local lines.

"The states that don't have that [oversight] authority would quickly act to get that authority because getting rid of formula rates would be complex — and that's an understatement," Glick said.

Some states reacted to Order 1000 by imposing ROFRs on any transmission line that goes through their territory. LS Power Development Senior Vice President Sharon Segner said it is an open legal question whether such laws "invade" FERC's exclusive jurisdiction over interstate transmission.

A group of MISO transmission customers filed a complaint last year asking FERC to

effectively override such state laws (EL22-78). (See [Consumer Groups File FERC Complaint Against MISO](#).)

"They interfere with interstate commerce," Segner said. "And we're talking about states interfering with regional projects that are paid for by citizens outside of the state, yet you have state protectionist laws coming into play."

WIRES Executive Director Larry Gasteiger holds the opposite opinion on ROFRs, contending that FERC's NOPR would get more interregional transmission built.

"Our general approach to ROFR and to competitive transmission issues comes from the standpoint of ... how is it impacting transmission development and the ability to get transmission developed in a timely basis?" Gasteiger said.

More than a decade after FERC introduced competition to transmission, the policy does not seem to be working and is producing results that go against other transmission policies that FERC and others support, he said. Competition makes it more difficult to build the huge amount of transmission that is forecasted as needed to get the grid to net zero emissions, he added.

"It's taken us over 100 years to get to where we are now," Gasteiger said. "So, you're talking about doubling or tripling that amount of transmission in a third of the time."

Gasteiger argued that it made sense to keep local projects away from competition because often they are needed quickly and are often fairly small — such as the need to raise a substation to avoid floodwaters.

Segner said LS Power does not want to compete with incumbent utilities on such projects. But she said local transmission lines of 100 kV or above should be open to competition.

Making that many lines open to competition would lead to even more states passing their own ROFR laws, said Perkins Coie Partner Jane Rueger. But major interregional lines could benefit from competitive processes, she said.

Major transmission lines that cross states are often built by one company, but those efforts could run into a state ROFR law that blocks them from getting built.

"You might see more pressure to have a federal solution, so again, that everything is rowing in the same direction," Rueger said. ■

# FERC/Federal News



## RTOs Report Diminished Solar Output, Loads as Wildfire Smoke Passes ISO-NE, PJM, NYISO Affected; Analysis from 2020 Wildfire Showed Decreased Output too

By Devin Leith-Yessian, John Norris, K Kaufmann and Jon Lamson

VALLEY FORGE, Pa. — RTOs in the Northeast are experiencing diminished solar output and lower-than-expected loads as smoke from wildfires in Canada passes over the region.

“In recent days, smoke from wildfires in Canada has traveled to New England, significantly lowering production from solar resources in the region compared to what ISO New England would expect absent the smoke,” ISO-NE said in a [statement](#) Thursday.

Most solar generation in ISO-NE is behind-the-meter of retail loads, leading the smoke’s impact to manifest as increased energy demand in the region. Lower temperature from the smoke has had a counterbalancing effect, reducing energy consumption from air conditioning.

“These two factors — decreased production from solar resources and decreased consumer demand due to lower temperatures — [have] made forecasting demand for grid electricity challenging,” ISO-NE statement said. “In forecasting real-time and future demand for elec-

tricity, ISO New England relies on historical data from similar days, adjusting for changing system conditions. Because these smoky conditions are unprecedented in the region, there is little, if any, historical information to rely on, creating further complications in generating accurate forecasts.”

PJM spokesperson Dan Lockwood said the smoke has been having a similar effect as it passes over the mid-Atlantic region as well.

“Smoky conditions throughout the RTO this week have caused a reduction in visibility, reducing solar and keeping temperatures several degrees lower than usual. It is difficult to single out the effect of smoke alone, especially when PJM has not seen an expansive plume like this. However, the cooler temperatures and decreased visibility are similar to what we experienced during the period of July 19-21, 2021, when the RTO was covered with smoke from wildfires in the western U.S. PJM is closely watching the smoke maps and taking these factors into consideration as it forecasts load for its zones,” Lockwood said in an email.

NYISO reported total peak solar output over June 6 and 7 was 1,466 MW lower than fore-

cast, including both utility-scale and behind-the-meter resources.

“Based on data compiled by NYISO forecasters, wildfire smoke cover significantly reduced incoming solar irradiance across the state on June 6 and 7. ... While the haze caused by the ongoing Canadian wildfires had a significant impact on solar energy production, the two-day total peak production still reached 4,405 MW. The NYISO will continue to monitor this situation as it develops,” spokesperson Andrew Gregory said.

Jeff Weiss, executive chair of Distributed Sun, said one of their rooftop units in NYISO peaked at 63% of its nameplate capacity Thursday. A few weeks away from the summer solstice, he said solar should be operating at “full blast” this time of year, reaching full nameplate even at 75% solar irradiance due to the oversized inverters installed. While the lower output likely reflects the impact of the smoke, Weiss said upstate New York was expected to have reduced solar output to some degree due to wind, cloud cover and similar atmospheric conditions.

“While this extra particulate matter is certainly blocking out the sun, a detailed atmospheric analysis is required to accurately measure the specific impact of multiple factors,” he said.

A September 2020 [analysis](#) by the Energy Information Administration found that average solar output declined by 30% when smoke from wildfires covered California over the first two weeks of the month compared to the July average. Despite 659 MW in new utility-scale solar installations in the region, a 5.3% increase and an 11% growth in distributed solar, overall generation from solar was 13.4% lower for those weeks than in the corresponding period in 2019.

“In July 2020, daily solar-powered electricity generation, which includes generation from solar photovoltaic and solar thermal electric generators, ranged from 104 to 119 GWh, averaging 113 GWh for the entire month. Daily solar-powered generation began declining as large wildfires broke out in mid-August, reaching a low of 68 GWh on Aug. 22 before returning to approximately 100 GWh by the end of the month. Solar-powered generation began declining again as wildfire activity rose in September, falling as low as 50 GWh on Sept. 11 as PM2.5 smoke pollution increased,” EIA wrote. ■



Wildfire smoke created a haze over Capitol Hill on Wednesday | © RTO Insider LLC

## CAISO/West News

# CAISO Tries to Shake up its Interconnection Process

## ISO Using Working Groups to Address Concepts, Create Proposals

By Hudson Sangree

CAISO on Wednesday began a series of stakeholder meetings to deal with a surge of interconnection requests by focusing on generation and storage proposals more likely to meet California's reliability needs and climate goals.

The ISO received a record 544 interconnection requests totaling nearly 350 GW during its Cluster 15 application window in April. That was five times the average number of requests it received in Clusters 8 to 13 during the years before 2021, the year application numbers began to soar.

The state needs to add 7,000 MW of clean-energy and storage resources to its grid each year for the next 10 years to meet its 100% clean energy goal by 2045 while maintaining grid reliability, CAISO and the California Public Utilities Commission estimate.

In a *discussion paper* published May 31, CAISO said that "given the rapid acceleration of clean energy development necessary to meet reliability and policy objectives and the unprecedented level of resource development activities reflected in interconnection requests to the ISO, this paper explores concepts for significant and transformative improvements to the ISO's role in resource planning coordination, transmission planning, interconnection queuing and management, and power procurement."

The paper kicked off Track 2 of CAISO's 2023 Interconnection Process Enhancements stakeholder initiative. Wednesday's meeting was held to present stakeholders with the ISO's suggestions and elicit their initial feedback.

CAISO is breaking with its traditional stakeholder process by convening working groups to address the paper's concepts and possibly come up with proposals of their own. Typically, the ISO presents a management straw proposal that is refined in a stakeholder process. But it used working groups last year to develop parts of its proposed extended day-ahead market for the Western Energy Imbalance Market.

"Given the complexities associated with this issue, the ISO is taking a different approach with this initiative and intends to initiate a robust stakeholder process to solicit feedback and suggestions to address the volume of new interconnection requests received in Cluster 15 and to encourage progress of existing proj-

ects in the queue," it said.

CAISO is hoping to seek approval from its Board of Governors for Track 2 in December. The board approved Track 1, a timeline extension to study Cluster 14 requests, in May along with the ISO's restructured transmission plan. (See *CAISO Board Adopts Revamped Transmission Plan*.)

The discussion paper proposed principles, problem statements and conceptual solutions. Its principles, or "process redesign parameters [and] objectives," include prioritizing interconnections in "zones where transmission capacity exists or new transmission has been approved" and limiting the amount of interconnection studies to "reasonable capacity volumes that align with state resource planning."

The paper's first problem statement says: "The massive increase in interconnection requests seeking to meet the accelerated cadence of resource development now needed by the state on a sustained basis has overwhelmed critical planning and engineering resources across the industry. The current generator interconnection processes simply cannot efficiently accommodate all applicants and

must be substantially redesigned to meet state policy and reliability needs."

It then offers concepts for discussion in the working groups, including:

- "a qualification process for determining projects studied for full capacity delivery status, and an alternative study path for all others;
- a process where load-serving entities and other off-takers select projects for study as an indication of commercial interest in advance of the cluster studies; and
- a process that selects the projects for study through an auction."

Managing a large, unwieldy queue is another problem the paper targets. It offers concepts for queue management that include increasing deposit amounts and holding projects in the queue more accountable.

Stakeholders who spoke at Wednesday's meeting asked for clarification of some aspects of the relatively novel process for CAISO.

"Just to clarify, these concepts that you introduce are not intended to limit the potential reforms that you're open to exploring as it relates to managing interconnection requests," said Ryan Millard of NextEra Energy Resources. "So, if we see something missing here, or see problems with some of these concepts, we'll still be able to explore it in working groups. If we have some or reform ideas that don't necessarily relate to just these concepts, there's still opportunities to identify those concepts as part of the working groups. Is my understanding, correct?"

Robert Emmert, senior manager of interconnection resources at CAISO, said, "Yes, that's correct. The main thing that we are looking for is that whatever proposals stakeholders bring forward ... deal with the principles that we're developing. That's why the principles are so important."

Some speakers took issue with CAISO asking for initial stakeholder comments by this Wednesday, saying that was unrealistic.

Emmert said the comments the ISO is hoping for in that time frame are "at just a very high level on the various concepts that have been laid out."

The working groups will begin meeting this month, CAISO said. ■



CAISO wants to focus its interconnection study efforts on areas with existing or planned transmission capacity. | © RTO Insider LLC

## CAISO/West News

# Nev. Lawmakers Pass Bills on Utility Market Risk, Clean Trucks

## Gas Company IRP Bill also Passes, While Yucca Mountain Renewable Effort Fails

By Elaine Goodman

The Nevada Legislature wrapped up its 2023 regular session last week by passing bills related to integrated resource planning for electric and gas utilities, along with a bill creating a zero-emission truck incentive program.

[Assembly Bill 524](#) passed on a 20-1 Senate floor vote just hours before the legislature adjourned at 11:59 p.m. June 5.

Assemblyman Howard Watts (D) introduced the bill with the goal of reducing electric utilities' reliance on the open energy market to acquire sufficient supply. That in turn might improve electric reliability and reduce consumer costs, he said.

The bill would require utilities to include in

their integrated resource plans a scenario in which they acquire enough energy resources to close their open position. Although that scenario must be evaluated, it wouldn't necessarily be the one chosen. (See [Bill Would Require NV Energy to Examine Market Reliance](#).)

NV Energy opposed the bill, saying the legislature should go further by calling for utilities to quickly close their open positions.

AB 524, which previously passed unanimously in the Assembly, now goes to Gov. Joe Lombardo for a signature. In a March executive order, Lombardo called for the state's "advancement of energy independence."

The state's legislature meets every other year in a 120-day session. Although the regular session has ended, Lombardo is expected to call a

special session on unresolved budget issues.

The 2023 legislature also passed [Senate Bill 281](#) by Sen. Rochelle Nguyen (D).

The bill would require natural gas utilities to file a plan every three years, similar to the IRPs filed by electric utilities. The bill aims to improve the transparency of gas utility planning. (See [Nev. Bill Would Require Gas Company Efficiency, GHG Plans](#).)

The Senate and Assembly both unanimously passed the bill, which was backed by Southwest Gas.

### Zero-emission Truck Incentive

Another bill introduced by Watts this year was [AB 184](#), which directs the Nevada Division of Environmental Protection to work with



Assembly Bill 184 passed by the Nevada legislature would create the Clean Trucks and Buses Incentive Program. | Thomas Built Buses

## CAISO/West News

the state Department of Transportation to establish a Clean Trucks and Buses Incentive Program.

The incentives would be funded through the federal Carbon Reduction Program, part of the Infrastructure Investment and Jobs Act.

Nevada will receive an estimated \$57 million over five years through the federal program. Of that, 35% is flexible funding that could be applied to the incentive program, Watts said during a hearing this month before the Senate Natural Resources Committee. No state funding would go toward the incentives.

The incentives would be for the purchase of a zero-emission medium- or heavy-duty truck, including a battery electric or hydrogen fuel cell vehicle. Base incentive amounts would range from \$20,000 for a Class 2b truck to \$175,000 for a Class 8 truck.

Increases to the base incentive would also be available in some cases. For example, a small business could receive a 20% increase to the base incentive, and a disadvantaged small business, such as one owned by a minority, woman or veteran, would be eligible for a 5% increase. A truck buyer could combine up to two base

incentive increases.

Independent truck operators would be eligible for a 33% increase to the base incentive amount, but they wouldn't be able to add on the small business increase.

The incentives would be available to businesses, nonprofits, and state and local government agencies. Watts said the idea was to bring the cost of a zero-emission truck in line with that of its diesel counterpart.

Andrew MacKay, executive director of the Nevada Franchised Auto Dealers Association, said zero-emission trucks are cost-prohibitive for most independent truck operators and small operators.

"This bill's transformative," MacKay said during the committee hearing. "It's going to put these people in a position ... of being able to afford these vehicles."

Another bill by Watts adds new requirements for state automobile fleets. *AB 262* requires the state to give preference to vehicles that minimize emissions and give consideration to the lifetime cost of the vehicle when making purchasing decisions, "to the extent practicable."

Lombardo signed the bill June 5.

Ben Prochazka, executive director of the Electrification Coalition, said June 6 that electric vehicles are typically less expensive to operate than those with internal combustion engines.

"AB 262 will save Nevada's taxpayers money and signal that the state is demonstrating leadership as the U.S. rapidly accelerates toward transportation electrification," Prochazka said in a statement.

### Yucca Bill Fails

Bills that failed during the 2023 legislative session include *Senate Joint Resolution 4*, introduced by state Sen. James Ohrenschall (D). SJR 4 would have urged the federal government to use Yucca Mountain for the development and storage of renewable energy. The site, about 100 miles from Las Vegas, has been eyed as a disposal site for the nation's high-level radioactive waste. (See *Nevada Resolution Seeks to Bring Renewables to Yucca Mountain*.)

But SJR 4 missed the deadline for passage from its first committee, Senate Natural Resources. ■



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## CAISO/West News

# Panel Explores Consumer Connections to Western RA

## WECC Discussion Covers Demand Response, Customer Education, Affordability

By Robert Mullin

During a blistering 10-day heat wave last September, California residents helped the state avert rolling blackouts by acting on an emergency text that called for reduced electricity consumption as solar output began rolling off the system during the evening of a day of record-setting demand.

Within 20 minutes of the Sept. 6 call for conservation by the governor's Office of Emergency Services, CAISO's demand dropped by 2,385 MW. (See [CAISO Reports on Summer Heat Wave Performance](#).)

The consumer response, which was also seen outside the ISO's footprint, was not so much a spontaneous reaction as a product of a long

process of relationship-building, according to Sherrie Villmark, program director with the Community Energy Project, a Portland, Ore.-based nonprofit that works with utilities and local government to provide free energy-efficiency services to low-income households.

Speaking Thursday during a WECC webinar on consumer considerations related to Western resource adequacy efforts, Villmark described a meeting with a Sacramento Municipal Utility District (SMUD) employee involved in communicating with customers during last summer's emergency. The staffer recounted that SMUD had spent "years" engaging with community members to prepare for such an event, building a "social piggy bank" that the utility was able to draw on at a critical moment.

The webinar's other panelist, Utah Office of

Consumer Services Director Michele Beck, offered a "contrarian view" on the California response — and one that revealed potentially divergent Western perspectives on the consumer's role in RA efforts.

"I believe, even though I'm hearing it second-hand, that California put the effort into the piggy bank, but I think that's hard," said Beck, who is also a member of WECC's Member Advisory Committee. "I think that many, many jurisdictions do not have the systems to do that, and so I think that unless there is ... a formalized system like that in place, policymakers should be cautious about using that sort of call to action as an actual resource."

Beck questioned how often electricity customers would be willing to answer such calls before wondering whether others were bearing



Last-minute customer conservation measures sharply reduced California's electricity demand during strained grid operations on Sept. 6, 2022, averting the need for rolling blackouts. | CAISO

# CAISO/West News



their share of the burden.

Her view echoed that of WECC CEO Melanie Frye, who, in speaking about the California event, said demand response is “a great tool, but that’s not the way we want to deploy that as a resource.” (See [WECC Heat Wave Analysis Evokes Calls for Caution, not Celebration](#).)

“I’m still a little skeptical, to where I think it shouldn’t be a resource; that resource adequacy means that we don’t have to call people and say, ‘Hey, can you turn your air conditioning down?’” Beck said. “We need to have adequate resources; that should be our plan.”

## ‘Education and Access’

The two panelists were less divided — if not quite united — on how to get residential electricity customers to participate in other DR programs that can contribute to resource adequacy, such as use of “smart” technology to automatically adjust electricity consumption throughout the day.

For Villmark, those efforts require “a mix of education and access.” For Beck, it comes down to program design that makes participation as simple as possible.

“I have found that when it comes to education, experts are usually not the best educators,” Villmark said. “When you develop a deep expertise in something, you often forget what it’s like to not know those things deeply.”

She contended that third parties can be more effective at educating consumers because utility-based education programs are typically developed and conducted by engineers, who tend to delve into technical concepts that most audience members don’t understand or consider to be “trivia.”

Villmark said utility education often assumes a level of accessibility among consumers that doesn’t account for socioeconomic variables. For example, many residents don’t own their own homes or still can’t afford the internet service needed to take advantage of “smart” energy programs, she said.

Beck agreed with Villmark’s views on education but disagreed about the utility’s role, arguing that utilities are often the best partners in areas that don’t enjoy the level of resources available in a metropolitan area such as Portland.

“I also think that access is the key, and it’s certainly true that a lot of people are really interested in energy and do want to understand it better — but there’s also a lot of people who never will,” Beck said. “So, I think it’s incumbent on us to design programs so that they’re very easy to participate in [and] understandable. And on the program design level, we need to think about things like internet access, and we need to think about things like how do we make this a set-it-and-forget-it kind of a program. Because ultimately, if we want large participation in the residential and small commercial sectors, that’s going to have to be what it is.”

## ‘Blackout Blackmail’

Panel moderator Branden Sudduth, WECC’s vice president of reliability planning and performance analysis, appeared to push the consumer advocate hot button for Beck when he asked how utilities should invest in RA to ensure that electricity remains affordable for low-income households.

Beck said that conversation should expand to include more than just low-income customers, because electricity costs are increasingly jeopardizing affordability for those at a higher level of income who do not qualify for bill payment assistance. She pointed to what consumer advocates refer to as “blackout blackmail”: when a utility urges regulators to allow a resource to be rolled into customer rates “because we won’t be able to keep the lights on if you don’t do it.”

“Yes, we need to have resource adequacy, so let’s set the standard, but let’s still require that utilities meet the standard in the most cost-effective way,” Beck said.

Villmark cautioned that “certain cost-effective standards when it comes to [things]

like energy-efficiency upgrades ... can really work against us at times, because not everything is a straightforward calculation.” She said measurements that only consider cost can ignore other important benefits such as health, safety and climate resilience.

Beck clarified that she was talking about the cost-effectiveness of a utility’s overall resource mix.

“I think that if a utility wants to build this resource ‘X,’ but resource ‘Y’ is cheaper, they shouldn’t be automatically allowed to build resource ‘X,’ even though all of us want them to have sufficient resources,” she said.

Villmark questioned whether that would mean a requirement for utilities to build a coal-fired resource over solar if the former were cheaper, even in areas seeking to adopt cleaner resources.

Beck countered that the cost-effectiveness rule can still apply to a transitioning grid. “As I say all the time, set the goal and achieve the goal in the most cost-effective way. So, if you’re in a jurisdiction that’s evolving out of fossil fuels, now you’ve reset the goal, [and] you should still achieve that new goal in the most cost-effective way.”

In response to a question from *RTO Insider* about whether any utilities or jurisdictions are specifically focusing on residential energy efficiency to alleviate the West’s RA challenges, Beck said that both DR and EE are a “significant component” of PacifiCorp’s integrated resource plan.

“I’ve got certainly quite a number of concerns about the IRP, but I also have a long history of working collaboratively with their [demand-side management] folks, and I’m impressed with the programs that they design,” she said.

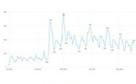
“We’re part of a study from the Department of Energy and [the National Renewable Energy Laboratory] that’s looking at that very thing — like exactly how much can you squeeze out of the house in that regard?” Villmark said. ■

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NetZero  
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[Calif. EV Rebate Program Expected to Run Empty Ahead of Plan](#)

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## CAISO/West News

# CPUC Grants PG&E \$1B in Wildfire Costs

## Controversial Decision Approved Without Public Discussion

By Hudson Sangree

The California Public Utilities Commission on Thursday awarded Pacific Gas and Electric more than \$1.1 billion in wildfire mitigation costs despite opposition from its own Public Advocates Office and consumer groups.

The commission granted PG&E 85% of the money it requested to be collected from ratepayers over the next year. The *order*, written by CPUC Administrative Law Judge Camille Watts-Zagha, was approved unanimously without discussion, along with rest of the Thursday voting meeting's lengthy consent agenda.

The public advocates said the decision was arbitrary and capricious and that the commission committed legal errors by awarding PG&E its requested costs without determining their reasonableness first, as required by state law.

It is "unprecedented to grant a utility 85% of its recovery request in interim rates without a reasonableness review," the advocates said. "Previously, the commission has explained in detail why a grant of 55% in interim rates was equitable. Here, the commission makes no attempt to demonstrate why 85% is reasonable."

The office said the CPUC should award PG&E a maximum of 55% of its nearly \$1.4 billion request, or \$770 million.

Consumer groups The Utility Reform Network (TURN) and Direct Access Customer Coalition (DACC) urged the CPUC to reject PG&E's request entirely.

"The proposed decision would authorize interim rate recovery for over \$1 billion of costs PG&E has incurred but that have not yet been determined to be reasonable," TURN said. "In the past, and as recently as last year, the commission has limited such rate relief to extraordinary circumstances.

"Rather than continue this practice, the proposed decision would grant PG&E the full extent of the requested relief, based on little more than general assertions regarding the utility's financial condition and the likelihood that requiring customers to prepay \$1 billion could reduce interest costs by approximately \$30 million," TURN said. "In doing so, it would downplay if not ignore the repeated and consistent [upbeat] statements PG&E has made to the financial community regarding its current financial condition."

The utility's credit rating remained below investment grade at the end of 2022, but its outlook has since improved as its stock price has been edging upward.

PG&E contended that interim rate recovery (IRR) would improve its credit rating and

benefit customers in the long run with lower corporate borrowing costs.

"The [proposed decision] correctly grants IRR because it will provide direct interest savings of approximately \$30 million to PG&E customers," the utility said. "The IRR will also improve PG&E's financial condition and credit metrics, which could yield additional customer savings and benefits through PG&E's improved access to capital."

Nearly \$850 million of the award will cover PG&E's vegetation management activities to prevent wildfires.

A tree falling on a PG&E distribution line caused the nearly 1 million-acre Dixie Fire, which burned through five counties in the Sierra Nevada foothills from July to October 2021. The Zogg Fire, which killed four people in September 2020, was also ignited by a downed tree on a PG&E line, the California Department of Forestry and Fire Protection (Cal Fire) found.

Branches and trees striking PG&E lines were among the causes of a spate of fires in October 2017 that ravaged Northern California wine country, Cal Fire determined.

The decision said that the reasonableness of PG&E's costs would be reviewed later.

"PG&E is required to refund, with interest, any excess amount it collects in comparison to the commission's final determination on the amount reasonably incurred," it said. "Nothing in this decision shall be construed to relieve PG&E of the burden of proving that all costs it seeks to recover in this proceeding are just and reasonable."

The decision agreed with PG&E that "interim cost recovery confers benefits of cost savings and risk minimization to the ratepayers and utility sufficient to justify departure from the commission's statutory duty to put costs into rates after the commission determines the costs reasonable. Based on the totality of circumstances, commencing collection of costs through rates now is consistent with the commission's constitutional and statutory duty to review and approve rate increases."

Spread out over PG&E's 5.5 million customers, the rate hike is expected to add \$8.67 to the utility bills of typical consumers, whose average bills now range between \$111 and \$180/month. ■



A tree falling on a PG&E distribution line ignited the nearly 1-million-acre Dixie Fire in July 2021. | U.S. Forest Service

## ERCOT News



# Texas Appeals Court Reverses Another PUC Order

## Commission Exceeded Authority with 2021 Price Cap's Approval

By Tom Kleckner

A Texas appeals court this month reversed a Public Utility Commission's scarcity-pricing order and remanded it back to the PUC for further proceedings.

The Texas 3rd Court of Appeals ruled June 1 that the commission violated the state's Administrative Procedure Act's (APA) rulemaking provisions when it approved an ERCOT protocol change related to pricing during certain extreme events. It also agreed with the lawsuit's appellants, RWE Renewables Americas and Hereford Wind, that the order constitutes a "competition rule" and that the PUC exceeded its statutory authority with its approval (*No. 03-21-00356-CV*).

The PUC declined to comment on what action it would take, saying agency policy is not to comment on pending litigation.

Attorney Katie Coleman, who represents market participants before the PUC, *tweeted* the ruling "could have implications for other major [revision requests] that were adopted without following the APA."

At issue is a nodal protocol revision request (*NPRR 1081*) that the commission approved in July 2021, following its endorsement by the ERCOT board. The appeals court said the commission did not follow the APA in adopting the rule, as required by a legislative change passed during that year's session.

"From our review, we conclude the commission complied with few, if any, of the requirements of [the] APA," the court wrote. "The myriad ways in which the commission failed to comply with mandatory APA requirements for adopting or amending a rule cannot be characterized as 'technical defect[s]'. ... its actions in approving NPRR 1081 do not qualify as 'substantial compliance' with the APA's mandatory rulemaking procedures."

The NPRR modifies the real-time on-line reliability deployment price adder's calculation so that, when combined with system lambda and the real-time on-line reserve price adder, it is equal to the value of lost load when ERCOT directs firm load shed during a level 3 energy emergency alert. The NPRR results in real-time energy prices clearing at the high system-wide offer cap, which was \$9,000/MWh when it was adopted. (The PUC later reduced the cap to \$5,000/MWh.)



Texas 3rd Court of Appeals | State of Texas

ERCOT's Independent Market Monitor filed the proposed change as a "more permanent solution" modifying the reliability deployment's adder. The PUC told the appeals court that because not all demand can be served with available generation during firm load shed, "wholesale market prices should reflect that extreme scarcity and rise to the high system-wide offer cap."

RWE and Hereford Wind filed a direct appeal challenging the order's validity the same month it was issued by the PUC. They asserted the commission does not have the statutory authority when ordering load shed under EEA3 "to replace the price of electricity being set by the market with an inflated, fixed price set by the government."

ERCOT and the PUC came under heat from the IMM and market for keeping prices at the systemwide cap while bringing the grid back from a near-collapse during the February 2021 winter storm's frigid temperatures. (See "Monitor: \$16B ERCOT Overcharge," *ERCOT Board Cuts Ties with Magness*.)

The commission argued that its order is not a "competition rule," which the Texas Utilities Code allows to be challenged. However, the court found that NPRR 1081 falls within the

APA's definition of "rule" — "a state agency statement of general applicability" that "implements, interprets, or prescribes law or policy" — and within the term "competition rule," allowing it to be challenged through the direct-appeal process.

Pointing to its March ruling reversing the PUC's orders to keep prices at the \$9,000/MWh cap during Winter Storm Uri, the court said it was bound by the precedent and held that NPRR1081 "exceeds the commission's statutory authority and is therefore an invalid rule." (See *Texas Court Reverses PUC's Uri Market Orders*.)

The appeals court also rejected the PUC's argument that the revision request constitutes a rule because ERCOT's stakeholder process "substantially complied with the APA's requirements for agency rulemaking." The court said the commission failed to meet the APA's requirements, which include: (1) notice, (2) public participation, and (3) contents of the agency order.

"Because we conclude that the commission has failed to demonstrate that it substantially complied with the APA rulemaking procedures, we hold that NPRR 1081 is, for that separate reason, an invalid rule," the court said. ■

## ERCOT News



# ERCOT TAC Endorses Agreement on 'Exceptional' Fuel Costs

By Tom Kleckner

ERCOT stakeholders last week unanimously endorsed a protocol change that requires resources to file exceptional fuel costs that include contractual and pipeline-mandated costs, following negotiations between consumer representatives and a generator.

The Technical Advisory Committee had tabled the nodal protocol revision request ([NPRR1177](#)) during its regular May meeting to give the two groups an opportunity to work out their differences. They said their edits allow ERCOT to determine ineligible costs, clarify that exceptional fuel costs are distinct from fuel adders, and codify some of the attestation's language. (See "Fuel-cost Discussion Tabled," [ERCOT Technical Advisory Committee Briefs: May 23, 2023](#).)

"I think we've landed in a good place," Eric Goff, a member of TAC's consumer segment, said during the virtual meeting June 5.

"We're supportive of the consumer comments," said Constellation Energy Generation's Andy Nguyen, the NPRR's sponsor. "NPRR1177 is a

vast improvement to what we have today."

Constellation modified the attestation's language to add that fuel costs be "accurate and variable" so that it is based on the resource's actual dispatch. However, Nguyen said the NPRR still does not address a gap in the protocols where a mitigated resource has no cost recovery mechanism if it is uneconomically dispatched.

The revised version accepts ERCOT's draft language presented during the May meeting. It also removes from the NPRR the complex task of developing standardized contract language. That has been referred to TAC's Wholesale Market Subcommittee for additional discussion with the ISO's staff.

A 2027 sunset date was modified to Jan. 1, 2025, to allow a permanent solution for the standardized contract.

TAC also re-visited [NPRR1169](#), which expands the qualifications for generation resources that may be a firm fuel supply service resource or an alternate.

The Public Utility Commission urged additional discussion of the issue during its May 25 open meeting. The commissioners and ERCOT staff deliberated over safeguards to prevent facilities from being inappropriately disqualified if the qualified scheduling entity serves public needs through a gas distribution company elsewhere in the state.

The two staffs are working to ensure that pipelines providing firm gas supply to generators aren't curtailed should the gas be designated for residential customers first.

Attorney John Arnold, who represents gas suppliers Kinder Morgan and Enterprise Products before both the PUC and the Railroad Commission, proposed an alternate definition for qualifying pipelines that addresses their deliverability at individual generators instead of systemwide.

TAC's members declined to add comments to the NPRR, but ERCOT plans to file additional comments for the Board of Director's consideration during its June 19-20 meeting. ■



Exceptional fuel costs are becoming an issue for ERCOT stakeholders. | [American Gas Association](#)

# ERCOT News



## Jackson Named Texas PUC's Interim Chair

### Chair Lake Leaves July 1

Texas Gov. Greg Abbott on Wednesday appointed the Public Utility Commission's newest member, Kathleen Jackson, interim chair. She will lead the commission until a permanent chair is named, Abbott said.

Jackson was appointed to the commission in August and only confirmed by the Texas Senate in May. She replaces Peter Lake, who resigned earlier this month and will leave July 1. (See [Texas PUC's Lake Steps Down as Chair.](#))

"I'm honored and humbled by Gov. Abbott's trust and confidence in me to lead the Public Utility Commission at this very important time for the agency and for Texas," Jackson said in a statement.

The commission's other four members were all appointed in 2021. They replaced the previous commissioners, who all resigned after the deadly February 2021 winter storm.

Jackson has led the PUC's grid-related energy efficiency efforts. She previously served as a board member of the Texas Water Development Board from 2014 to 2022. ■

— Tom Kleckner



Commissioner Kathleen Jackson (right) listens to Commissioner Lori Cobos during a recent Texas PUC open meeting. | © RTO Insider LLC

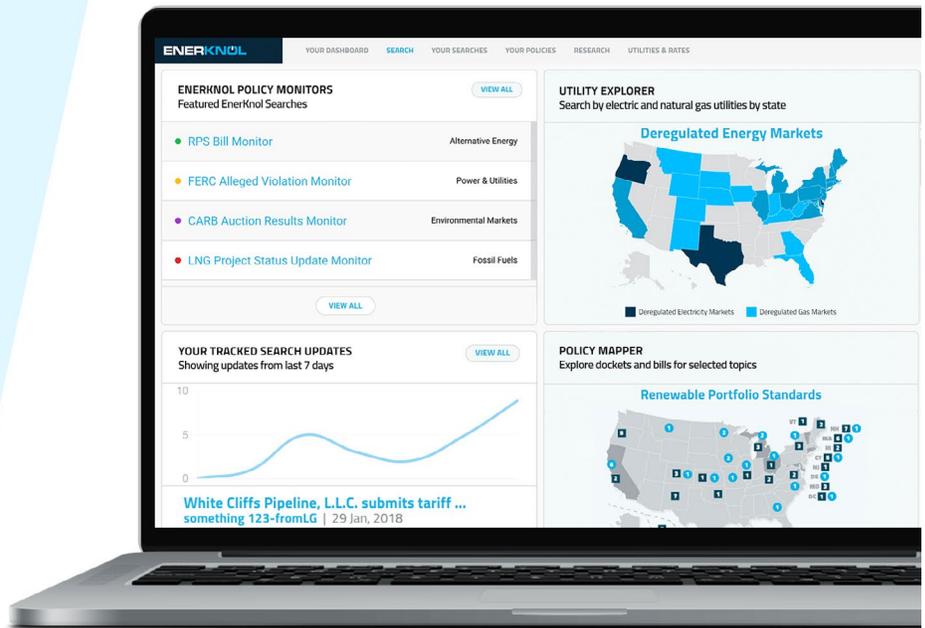
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# ERCOT News



## Ex-ERCOT CEO Kahn Returning to Austin Energy as GM

*Kahn is GM of TMPA; Previous Austin Energy GM Retired amid Controversy*

Austin Energy announced Friday that it has brought former ERCOT CEO Bob Kahn back to the utility as general manager.



Bob Kahn, TMPA | TMPA

Kahn is currently general manager of the Texas Municipal Power Agency (TMPA), which represents 72 municipal utilities. He was ERCOT's CEO from 2007 to 2009, and he replaces Jackie Sargent, who retired after controversial *extended*

*power outages* in February.

"I'm very excited to return to Austin Energy and look forward to working with the community and the hardworking, dedicated staff at Austin Energy to accomplish the City Council's goals," Kahn said in a *statement*.

Before taking the ERCOT leadership role, Kahn was Austin Energy's deputy general manager, general counsel and vice president for legal services. He served on ERCOT's Board of Directors from 2002 to 2006, and returned to the board in 2021 following the disastrous winter storm, but resigned shortly thereafter over a conflict of interest with his TMPA leadership position. (See *Former ERCOT CEO Kahn Resigns from Board.*)

Kahn's first day back with the utility will be July 3.

Interim City Manager Jesús Garza, who returned to the Austin government after Spen-



| Austin Energy

cer Cronk was *fired for the utility's response* to the storm, announced other leadership changes as well.

"I am confident the changes announced ... will

strengthen the City of Austin as we continually work to improve the services we provide to our residents," he said. ■

— Tom Kleckner

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# ISO-NE News

## Activists Want ISO-NE to Push for Renewables

### RTO a Punching Bag in Discussion of Storage vs. Peakers

By John Cropley

Thursday's ISO-NE Consumer Liaison Group meeting was largely a forum on the merits of energy storage and fossil-fuel generation and a critique of the RTO for continuing to power the grid with one instead of advancing the other.

The tone was due in no small part to the meeting being held in Peabody, Mass., where a controversial gas-fired peaker plant was recently built near environmental justice communities.

Two older gas- and oil-burning units stand near the new one.

Peabody resident Susan Smoller, a representative of Breathe Clean North Shore, asked: "What is the plan to replace these peakers with batteries and renewables?"

She called on ISO-NE to be sure the higher-emissions fuel — oil — is not used in the older units if gas is not available and urged that

demand peaks be reduced so the Massachusetts Municipal Wholesale Electric Co.'s new 55-MW peaker plant is never turned on.

"In the least, let's make sure that it is the last new fossil fuel infrastructure built in Massachusetts," she said to applause from some of the 200-plus attendees.

"It's ISO New England that holds the power to decide when our peakers run, and what they burn," Smoller said.

Other speakers drilled down on the idea that ISO-NE favors fossil fuel interests.

"Every time we come and ask for a just transition, we hear these arguments that 'ISO has to be neutral; we can't take a political stance on one form of energy over another,'" another speaker said. "ISO is already deciding what fuels are present on our grid and picking fossil fuels. My question is, how do we fix this? Do we need to change the tariff? Do we need to abolish [the] ISO itself?"

Another speaker paraphrased a prior statement by ISO-NE that it would prioritize grid reliability and proper market function as the clean energy transition moved forward.

"I'd like you to reverse that," he said — make preserving conditions for life on planet Earth the priority rather than keeping the lights on and the capitalist free markets functioning.

"What we really want to hear is that your heart is in saving life — not in the lights coming on every time someone wants to make an egg," he said.

ISO-NE Vice President Anne George pushed back on almost every point.

"Reliability also affects lives," she said to the last critic.

ISO-NE's mission and vision statements show its commitment to a successful transition to a clean energy future, George said, but "we have to do it in a reliable way."

Some of her other rebuttals:

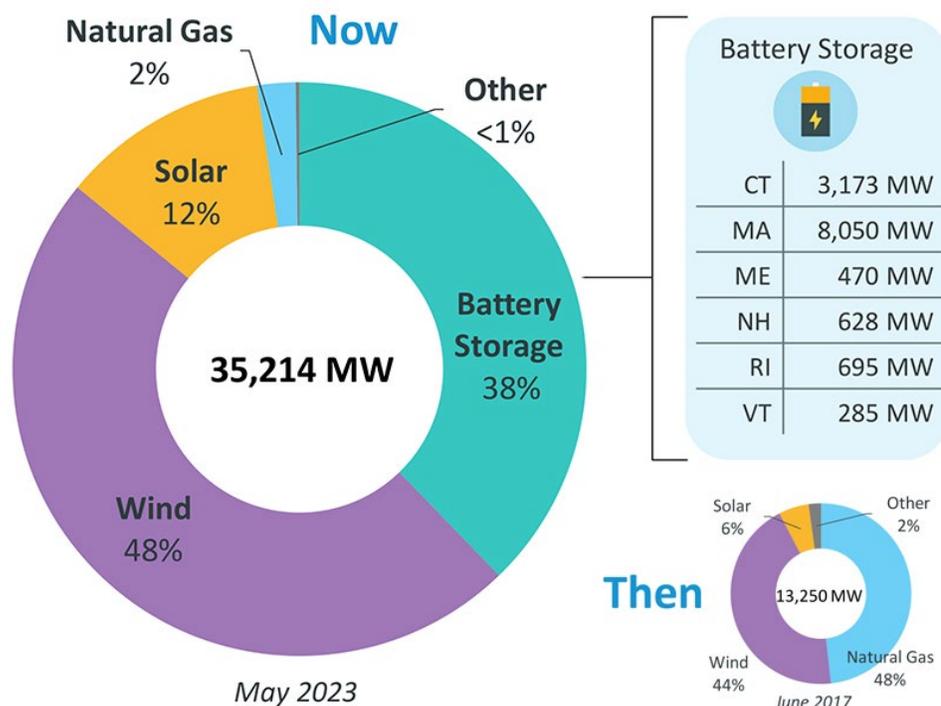
- Anyone can participate in the wholesale market ISO-NE operates, if they meet reliability standards.
- The RTO is independent and is not beholden to fossil fuel interests.
- It agrees climate change is a threat and will use its tools to facilitate the energy transition.
- The RTO lacks authority to make the changes suggested at the meeting.
- It has advocated putting a price on carbon and embedding that into the wholesale electricity market to make renewables more competitive, but the RTO has found little support for such a move.
- ISO-NE provides the "huge" value of an independent body to oversee the market.

The transition of the market toward renewables will not be as rapid as critics are calling for, George said.

"It is not going to happen overnight, and it is not something we are dragging our feet on."

### Energy Storage

The variable nature of the wind and solar power the clean energy transition — at least in its early stages — will rely heavily on makes a



The ISO-NE interconnection queue shows a sharp shift toward renewables in the six years since mid-2017. | ISO-NE

# ISO-NE News

fallback power source indispensable.

A major theme of Thursday's meeting was using energy storage rather than fossil-fired peakers to meet that critical need.

Rosemary Wessel, founder of No Fracked Gas in Mass, and Chris Sherman, a vice president at Cogentrix, related their collaboration in western Massachusetts.

Wessel listed the health problems in neighborhoods surrounding two Cogentrix peakers in the heart of Pittsfield.

Sherman recounted the company's decision to retire both, and to retire a third peaker in West Springfield, Mass.

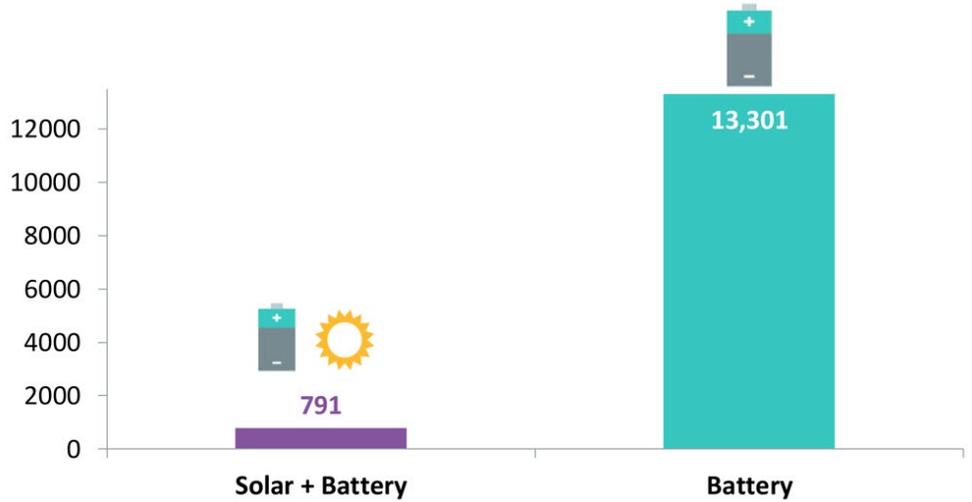
The West Springfield site, with its three interconnections, will host a 45-MW/180-MWh battery energy storage system. The site could host as much as 100 MW, but 45 MW is what Sherman could convince the company and its investors to back.

Colette Lamontagne of National Grid said the utility has installed five storage systems in Massachusetts as demonstration projects and a nonregulated affiliate is developing renewable power generation.

Storage will be useful in easing the peak-demand transmission bottlenecks likely to arise as communities ramp up their use of electricity, she said, and provide a less expensive, more flexible alternative to building a new substation.

Jason Houck of Form Energy described the Massachusetts-based company's pre-commercial efforts to develop longer-duration storage.

Sen. Joe Manchin and Energy Secretary Jennifer Granholm joined Form Energy in Weirton, W.Va., on May 26 to break ground on its first



The ISO-NE interconnection queue shows a large quantity of energy storage proposed in New England. | ISO-NE

factory. At least 750 people are expected to eventually work there, fabricating iron-air batteries.

Form plans to build a 1.5-MW/150-MWh system in Minnesota next year for Great River Energy as a pilot project, then two 10-MW/1,000-MWh systems for Xcel Energy in 2025, one each in Minnesota and Colorado.

Both areas are seeing wind power replace coal power, Houck said, and have weather extremes, all of which creates the demand for storage.

An audience member at Thursday's meeting asked him why Form Energy was not putting the projects in Massachusetts.

"We'd love to," Houck said. "It comes down to the market structure. It's a regulated market."

It is easier to work under the other states' integrated utility model, he added.

"In New York, New England, other markets, the utilities no longer own assets and don't do planning; who do we partner with? In this region, the ISO has not historically played a role in commercializing new technologies."

Priya Gandbhir, senior attorney at the Conservation Law Foundation, made a similar point about ISO-NE.

"We need the ISO to reform its market structure and prioritize getting clean energy up and running. We need the ISO to stop [looking] at the problem of how to fit clean energy resources into its existing market structures and rather to prioritize the just transition to our clean energy future." ■

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## ISO-NE News

# New England Stakeholders Discuss Clean Energy Market Mechanisms

## Issues Include Finance, Carbon Price, Hydrogen Tracking System

By Jon Lamson

PROVIDENCE, R.I. — As a haze of smoke and particulate matter from several massive Canadian wildfires engulfed the Northeast last week, energy industry leaders met in the 17th floor ballroom of the Graduate Providence hotel to discuss some of the challenges and opportunities of decarbonization.

Much of the discussion, hosted by the Northeast Energy and Commerce Association at the 29th annual New England Energy Conference and Exposition, centered around how the region can improve the financing of large clean energy projects, including potential market mechanisms to supplant the current reliance on power purchase agreements.

Over the past several years, New England states and stakeholders have discussed the potential for regionwide clean energy market mechanisms, such as a carbon price or a forward clean energy market (FCEM), but have struggled to come to a consensus on any such

program. (See *NECA Panel Ponders Forward Clean Energy Market.*)

Joanna Troy, director of energy policy and planning at the Massachusetts Department of Energy Resources (DOER), said creating a market framework to incentivize large clean energy projects could help ratepayers across New England save money. She referenced the 2022 “*pathways analysis*,” commissioned by ISO-NE, that found the status quo of state-led PPAs to be more expensive than alternatives like a forward clean energy market, a carbon price or a hybrid.

The DOER under the administration of former Gov. Charlie Baker released a *proposal* for a regional FCEM in January; it outlined the creation of an independent nonprofit to oversee the market, with representatives from each New England state. Stakeholders including utilities, state agencies, municipalities and companies would voluntarily purchase different types of clean energy certificates, which would help provide financing for renewable resources.

In May, the Massachusetts Executive Office of Energy and Environmental Affairs, in consultation with the DOER and Department of Public Utilities, released a *report* on clean energy markets, concluding that the “use of a regional or multistate, market-based approach to facilitate the development of clean energy generation resources — and, more broadly, to achieve and maintain a clean, reliable and affordable energy resource mix — could result in lower costs to consumers and would be beneficial for the commonwealth.”

However, the state said additional collaboration with other New England states would be necessary to develop and implement this approach and cautioned that implementing an FCEM would take years.

Thus, “Massachusetts must collaborate with its regional partners and explore more expedient market-based approaches to support the development of clean energy, the achievement of state decarbonization requirements and reduced consumer costs,” the state concluded.



From left: Aleks Mitreski, Brookfield Renewable Energy; Susannah Hatch, Environmental League of Massachusetts; Joanna Troy, Massachusetts Department of Energy Resources; Chris Geissler, ISO New England; and David O'Connor, O'Connor Energy Consulting | © RTO Insider LLC

# ISO-NE News

"All options are on the table for how we get to a world in 2050 where we have this innovative clean energy market," Troy said.

Susannah Hatch, director of clean energy policy at the Environmental League of Massachusetts, said studies show it will be extremely difficult to reach net-zero emissions without placing a meaningful carbon price, which should not be limited to the electricity sector.

"Having an economywide carbon price will be really important to make sure that we're not disincentivizing electrification in other sectors," Hatch said.

Aleks Mitreski, senior director of regulatory affairs at Brookfield Renewable Energy, said issues related to cost allocation and "financeability" for developers of clean energy projects have come up while trying to design a carbon pricing scheme, but he called carbon pricing "probably the easiest and best thing to do from an economic standpoint, if we can get that done."

Hatch said an FCEM could be a useful tool but expressed concerns that a cost-based mechanism could overlook other important factors.

"While markets are really amazing at getting the lowest-cost projects and driving down costs for consumers, which is really important, they do not do quite as good a job of valuing some of the things we care about, such as environmental protection; diversity, equity and inclusion; labor standards; environmental justice; etc.," Hatch said.

Panelists also stressed that market mechanisms must account for the variable reliability attributes of different clean energy resources, over both short- and long-term horizons.

"If we define the services that we need, then that provides the revenue opportunities for the markets to procure those services, so that we get the sort of resource mixes that will ultimately provide the region with the reliability we need as we move towards a lot more non-carbon-emitting resources," said Chris Geissler, manager of economic analysis



From left: Bob Grace, Sustainable Energy Advantage LLC; Cyrus Tingley, Plug Power; Alberto Aguillon, FuelCell Energy; and Sara Harari, Connecticut Green Bank | © RTO Insider LLC

at ISO-NE.

Geissler highlighted the RTO's work on the Day-Ahead Ancillary Services Initiative, which would provide new incentives for short-term reliability resources within the day-ahead market. (See *ISO-NE Plans 2025 Launch for Day-Ahead Ancillary Services Initiative*.)

## Verifying Clean Hydrogen

As federal investment spurs interest in hydrogen development, Bob Grace, president of consultancy *Sustainable Energy Advantage*, made the case for a comprehensive hydrogen tracking system to verify the emissions intensity of hydrogen, tracking it from production to end use.

"At present, there is no established system for green hydrogen to be tracked and attributed between source and use," Grace said. "A clean or green hydrogen tracking system is needed — and it's needed soon — to enable a credible landscape for hydrogen."

The federal tax credits created in the Inflation Reduction Act are based on a *tiered system* of carbon intensity: the lower the lifetime carbon intensity of the hydrogen, the greater the tax

credit received.

Grace said a centralized tracking system that is not limited by geography will be essential to ensuring that hydrogen is as clean as it claims to be and that parties investing in hydrogen can rely on a framework to support due diligence and contracting. He added that the system will need to be able to track hydrogen as it is transported, stored and blended with nonrenewable fuels, while accounting for losses along the way.

"Going forward, we're looking to pull together interested stakeholders, create a stakeholder process and find the funding to take this to the next step," Grace said.

Cyrus Tingley of Plug Power said that while the hydrogen market has not yet been overly concerned about verification, "for it to be sustainable and bankable long term, we need it. ... There's a big volume of projects and effort out there that will ultimately depend really strongly on this."

Tingley agreed that a multistakeholder process will be needed to create a workable verification system, overseen by a trusted and independent organization. ■

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# ISO-NE News

## ISO-NE Market Monitor Reports Decreased Winter Energy Costs Higher Temperatures, Lower Prices Contributed

By Jon Lamson

ISO-NE wholesale market costs were *down* 23% for the winter of 2023 compared to 2022, said the RTO's Internal Market Monitor at the Markets Committee meeting last week.

The decrease was driven by a 29% drop in energy costs, which was largely a result of the 37% decrease in natural gas prices compared to the previous winter.

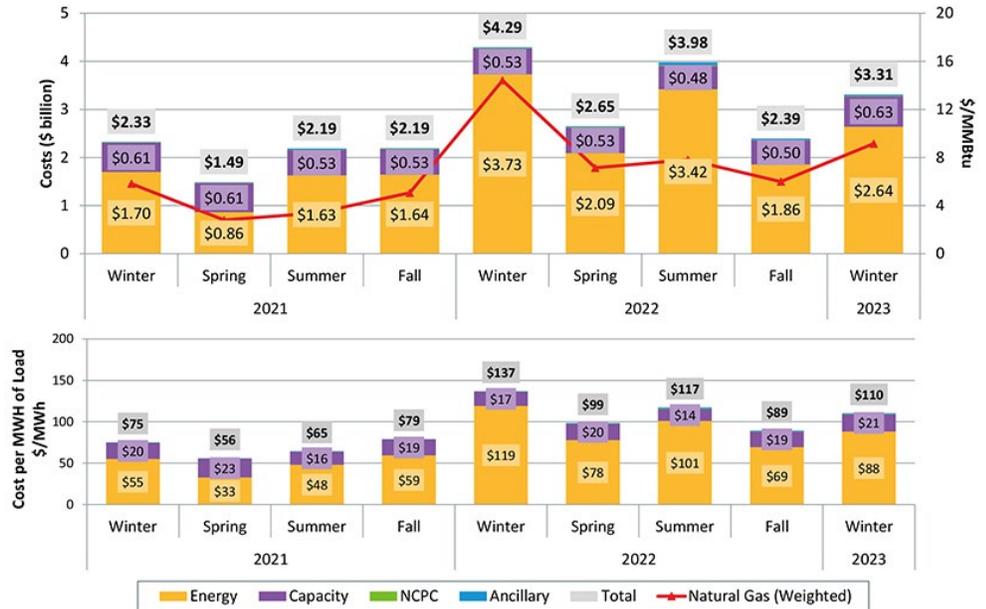
While wholesale costs declined, capacity market costs increased by 18%, or nearly \$100 million, due to the supplemental payments to the Mystic 8 and 9 generators – the main customers of the Everett LNG import terminal – which totaled \$213.5 million.

ISO-NE entered into an agreement in 2022 with Constellation Mystic Power to keep the generators operating through May 2024. The RTO justified the agreement to bolster fuel security in the region, but the agreement has been subject to intense criticism from a range of stakeholders.

"The net costs passed through the agreement so far have been astronomical: more than \$436 million over the first ten months of the two-year term," per a May FERC filing on behalf of a group of New England consumer-owned utilities (ER18-1639). "Most of those costs have resulted from [Constellation] buying – and then selling at a loss, burning uneconomically, or otherwise disposing of – fuel that Mystic did not need."

The IMM noted in its presentation that relatively high winter temperatures led to lower average and peak loads for 2023. The average load was down by about 4% compared to the winter of 2022.

The region did experience two major cold snaps Dec. 24-27 and Feb. 3-4. On Dec. 24, the region faced its first pay-for-performance (PfP) capacity scarcity conditions since 2018, due to a combination of factors including low temperatures, a reduction in net imports, and several gas and dual-fuel generation plants failing to supply power.



ISO-NE pay-for-performance credits and charges | ISO-NE

"Most resources that tripped were older generators that run infrequently," said Kathryn Lynch of the IMM. Lynch said these resources totaled approximately 2,180 MW of capacity.

The IMM said PfP credits and charges totaled \$35.9 million during the scarcity conditions, with most charges incurred by gas and dual-fuel generators, while most credits went to imports, nuclear and pumped storage.

Generation from oil spiked during the two periods of extreme cold weather, making up 20-26% of generation during these stretches. Overall, oil generation decreased relative to 2022 and made up a small fraction of overall generation.

### Technical Difficulties

ISO-NE said it has *paused discussions* on its Resource Capacity Accreditation (RCA) project because of a software error related to how it models LNG inputs for gas generation plants.

"The software significantly restricted LNG available to the gas resources," said Tongxin Zheng of ISO-NE.

The RTO is developing the RCA modeling to project the reliability and availability of energy resources, and it will use the modeling to determine the amount of capacity a resource could receive in the Forward Capacity Market.

"The preliminary evaluation after correcting the software effectively results in negligible reliability risk in the model for winter under FCA 16 assumptions," Zheng said. "Further evaluation is needed to determine whether the winter risk level in the initial results containing the error [nearly complete elimination of LNG in the software] is reasonable."

The RTO previously hoped to implement the RCA modeling for the 19th Forward Capacity Auction, which is scheduled for 2025 and will determine capacity obligations for 2028/2029. Zheng said the software will impact the project schedule.

"ISO is reviewing its options and plans to share further information with stakeholders ahead of the June NEPOOL Participants Committee meeting," Zheng said. ■

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## MISO News

# MISO Poised to Extend Missouri Coal Plant's Life

## Area Upgrades Negating Need for Extension Not Available Until 2024

MISO last week said that it will likely be forced to renew a Missouri coal plant's operating extension for almost two more years.

Ameren Missouri's 1.2-GW Rush Island Energy Center has been operating under a system support resource (SSR) designation since September, when FERC approved a one-year SSR agreement. (See [FERC: Rush Island Plant's Extension Essential to MISO Reliability](#).)

During a Central Subregional Planning meeting June 6, MISO's Grant Larson said staff reanalyzed the system without Rush Island's assistance and again found transient voltage recovery and steady state voltage violations if it is allowed to suspend operations. Larson said Rush Island's SSR status will have to be

renewed for another year Sept. 1 unless stakeholders can suggest generation or transmission alternatives by June 20.

"MISO likes to consider SSRs a last resort," Larson told attendees, but he said the RTO has "unfortunately" not found any reconfiguration, redispatch or demand-response alternatives to avert another extension.

"Transient voltage recovery violations, that result in cascading outages and instability, cannot be mitigated," he told stakeholders. He said more than 1,000 MW of load is at risk due to the violations.

MISO restudies system conditions annually to assess the need for SSR agreements.

Larson said transmission upgrades in the area that negate the SSR won't come online until mid-2024 and 2025. He said the wind, solar and battery storage projects proposed in Illinois and Missouri won't be available in time either.

While some system upgrades that will be completed by September have improved reliability performance and mitigated a few of the issues since 2022, Larson said, it won't be enough to allow Rush Island to suspend operations. He also said the SSR's cost allocation to load won't be "drastically" different, though some elemental pricing nodes will change. ■

— *Amanda Durish Cook*



Rush Island coal plant | Ameren Missouri

# MISO News

## MISO Weighs MTEP 23 Alternatives to South Reliability Projects

### \$4.3 Billion for MISO South Projects Exceeds MTEP 22 Cost

By Amanda Durish Cook

MISO planners say they have pinpointed several proposed projects in this year’s transmission planning cycle that might provide more system benefits with altered designs.

During a series of subregional planning meetings last week, staff said nine projects in the draft 2023 Transmission Expansion Plan (MTEP 23) are candidates for alternative designs because of their size and complexity. The projects account for more than 40% of the MTEP 23 price tag, currently standing at \$8.8 billion across 578 projects.

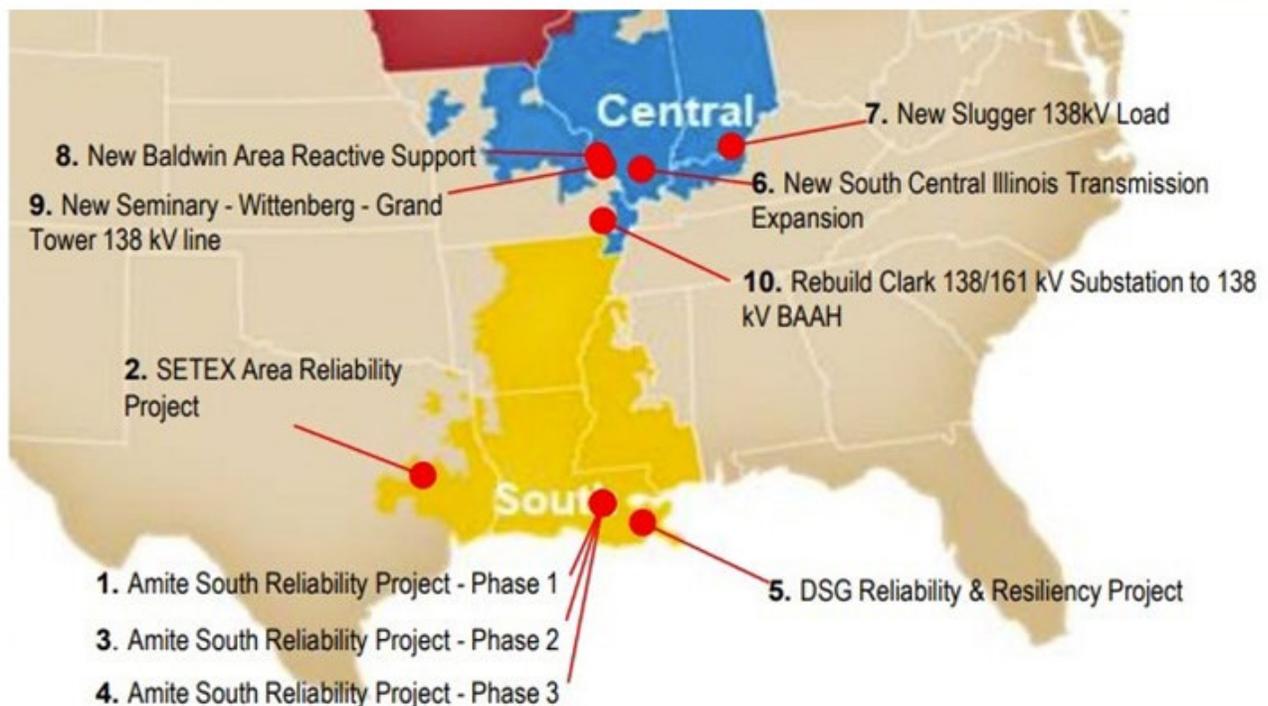
During a MISO Central subregional planning meeting June 6, expansion planner Amanda Schiro said most of the projects singled out for alternative designs are for substation work in the southern region. They include the controversial \$1.1 billion, 150-mile 500-kV line and substation project Entergy has proposed for southeast Texas and all three phases of its nearly \$2 billion, 500-kV Amite South line and substation work in the state’s southern region. Entergy has said both projects are needed for reliability.

The \$3.6 billion in localized reliability spending MISO South transmission owners proposed this year has sparked debate among stake-

holders as to whether Entergy is attempting to dodge more efficient, regionally cost-shared projects. The grid operator this year pledged to examine the TOs’ proposals for larger, combined project opportunities. (See *Initial MTEP 23 Ignites Familiar Arguments over MISO South’s Reliability Spending.*)

Competitive transmission developers and clean energy groups have said the two Entergy projects resemble previous economic projects MISO recommended and ultimately canceled in 2016 and 2017. The economic projects’ costs would have been shared regionally, but reliability projects are billed only to the local transmission zone in which they’re located.

Rank	Project ID	TO	Project Type*	Expected ISD (min)	Estimated Cost (\$M)	Rank	Project ID	TO	Project Type*	Expected ISD (min)	Estimated Cost (\$M)
1	23954	Entergy Louisiana	Other – Local Reliability	12/6/2028	1,442.6	6	23026	Ameren Illinois	Other – Local Reliability	12/1/2025	159.4
2	23952	Entergy Texas	BRP	12/19/2030	1,111.0	7	23925	Duke Energy Indiana	Other – Load Growth	12/31/2029	123.5
3	23957	Entergy Louisiana	Other – Local Reliability	2/12/2027	290.0	8	22966	Ameren Illinois	Other – Local Reliability	6/1/2026	120.0
4	23959	Entergy Louisiana	Other – Local Reliability	11/16/2027	260.0	9	23846	Ameren Illinois	BRP	12/31/2025	68.0
5	23935	Entergy Louisiana	Other – Local Reliability	9/23/2027	164.2	10	22869	Ameren Missouri	BRP	6/1/2025	64.4



MTEP 23’s most expensive project proposals | MISO

## MISO News

(See [NextEra](#), [SREA Protest Canceled MISO Project at FERC](#).)

Other projects tagged for alternative exploration include Entergy Louisiana's \$164 million line and substation upgrades to alleviate the Downstream of Gypsy load pocket in southern Louisiana; Ameren Illinois' \$159 million, 138-kV substation and 29-mile line in south central Illinois; and Michigan Electric Transmission Company's \$63 million plan to *construct* a new 138-kV substation and related facilities to serve a new industrial customer. The projects all rank among the MTEP 23 portfolio's most expensive.

Trevor Armstrong, manager of MISO South's expansion planning, said during another sub-regional planning meeting Thursday that staff are evaluating the nine projects' effectiveness and will announce any alternative recommendations in early September. MISO is hosting its final round of subregional planning meetings at the same time and will present its final MTEP 23 project recommendations.

Some alternative project costs might be higher than the original projects. The RTO's planners said larger project costs aren't necessarily a dealbreaker if the project can satisfy additional benefits criteria. They stressed that a higher price tag doesn't necessarily mean the project is a worse option.

The proposed \$4.3 billion investment for 68 projects in MISO South exceeds the entire MTEP 22's \$4 billion cost.

Armstrong said MISO is introducing an eco-

nomics screen in the region this year for the five most expensive projects. The screen replaces the normal market congestion planning study, currently on hold while staff chart its four long-range transmission planning (LRTP) portfolios.

"In order to do our due diligence on these very large projects, we're putting a screener on them to see if they warrant further economic study ... and get insights into congestion relief," Armstrong said. The screen could designate some of the proposals as market efficiency projects, with their costs allocated regionally.

Different project designs will be pursued if they are a "better alternative in terms of cost and performance," Armstrong said. "MISO's focus isn't just keeping the lights on. We also plan for other benefits."

"The Amite South project area is a hotbed of load growth. There are industrial requests along the Mississippi River ... and they're related to electrification," MISO's Clayton Mayfield said, noting that much of the state's load growth is in a load pocket. "We've studied in excess of 8 GW of load growth. It's really the foot of the wave coming our way, and customers have aggressive timelines. They're looking to come online in 2026 through 2028."

Armstrong said he would consider a request from stakeholders to share the economic screen's results before announcing any alternative projects.

Southern Renewable Energy Association's Simon Mahan urged MISO to search for

alternatives that will "future proof the system." He reiterated that stakeholders weren't privy to the grid operator's new generation and retirement data, which could have helped them propose more suitable project alternatives. Stakeholders had until the end of May to submit project alternatives.

Mahan also asked whether staff's extensive alternative project analysis will cause MISO to abandon the LRTP's third portfolio, the first to consider planning needs in the southern region. Jeanna Furnish, MISO's director of expansion planning, said staff remain committed to examining South system needs with the LRTP.

The RTO is also including an exploratory study to alleviate near-term congestion in MTEP 23. The study will review historical congestion data and recreate system conditions in production cost models to distinguish between persistent trouble spots and temporary ones.

Because the study is informational, MISO won't recommend any transmission projects. Stakeholders had requested that the grid operator come up with smaller, congestion-relieving projects like its interregional targeted market efficiency projects with PJM and SPP. Some expressed disappointment that the study won't result in a new class of projects. (See [MISO Adding Near-term Congestion Study to MTEP](#).)

MISO has said it first needs to better understand the nature of its near-term congestion before proposing a new project type and potential cost allocation. ■

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## MISO News

# Salaries, Benefits Push MISO over Budget

By Amanda Durish Cook

MISO CFO Melissa Brown said last week that payroll and medical benefit expenses will push the grid operator over budget through year-end.

Brown said during a Wednesday meeting of the Board of Directors' Audit and Finance Committee that as of April, base expenses are almost 3% over budget by \$2.9 million. MISO expects to spend \$324.5 million in base expenses and be over budget by \$14 million, or 4.5%, before the year is up.

She told board members expenses are over budget mostly because of staffing levels, employee compensation and medical benefits.

Brown said MISO originally budgeted a 6.5% vacancy rate this year, expecting the same

employee turnover it has experienced since 2021. However, that rate recently dropped to 4%. She said Human Resources Director Allegra Nottage and her team are doing a good job keeping MISO adequately staffed.

"We didn't know how successful we'd be in getting our vacancy rate turned around. It's very difficult to prepare for," Brown said of the anticipated continuing trend of a tight labor market or a recession. She said MISO will forecast a further decline in its vacancy rate, "bringing us closer to full employment."

Director Robert Lurie asked whether staff should be more conservative in forecasting spending given the current financial uncertainty. Brown said MISO will analyze this year's variables and reflect those dynamics in next year's budget.

MISO's project investment expenses are under

budget by about \$1 million (10.6%) year-to-date, driven by equipment delivery delays and limited external resources. Brown said supply chain issues continue to persist, leading to "ups and down" among the RTO's internal projects.

Brown will deliver a second financial report to the full board in Madison, Wisc., this week.

Lurie asked that going forward staff include a statement in future financial reports that MISO is complying with its *investment policy*. The policy is conservative in nature because it invests its members' funds to securities backed by the U.S. government, highly rated money market investments and dollar-denominated obligations held by entities rated AAA by at least one organization.

Lurie said that because MISO manages other people's money, it is appropriate that it reiterate that investments comply with the policy. ■



MISO Carmel, Ind., headquarters | © RTO Insider LLC

## MISO News

# MISO Defends Renewable Ramping Stance to FERC

By Amanda Durish Cook

MISO defended its plan to bar renewable energy from supplying ramping reserves to FERC last week, saying its proposal doesn't amount to undue discrimination between resources because of the "significant differences" between renewable and non-renewable resources' ability to deliver ramp product ([ER23-1195](#)).

In a June 5 response to a deficiency letter, the grid operator said because so many of renewable resources' ramping capability is essentially undeliverable, it becomes a "legitimate" factor that "can support different treatment of different types of resources" within MISO. FERC issued the letter in May. (See [FERC Questions MISO Plan to Drop Renewables' Ramp Eligibility](#).)

MISO said that dispatchable intermittent resources (DIRs) in the real-time market cleared 15% of the megawatt hours needed for up ramping last year. The RTO said 99.7% of the cleared output was "economically undeliverable" because the DIRs' cleared ramp negatively affected transmission constraints.

Intermittent resources' average marginal congestion cost was  $-\$73.33/\text{MWh}$ , MISO said. Other resources providing ramp capability for the remaining 85% of MWh experienced uneconomic deliverability issues only 31% of the time, the grid operator said, with an average marginal congestion cost of  $-\$5.83/\text{MWh}$ .

MISO said its data demonstrates "the extraordinary behavior of DIRs in MISO markets with regard to the clearing of reserve-type products such as up ramp capability."

"Deliverability is important because mere ability to produce output, without deliverability of that output, renders any such would-be output useless to meet operational or market needs," the RTO said. It said if it allowed ramping capability from DIRs, it would have to redispatch other resources to reduce flows on the limiting transmission. That would result in higher production costs.

"Such an outcome is plainly uneconomic for MISO's markets, and it is more reasonable for MISO to refrain from dispatching such zero or negative [marginal congestion cost] resources — rendering them undeliverable for economic reasons, which are also linked to the need to reliably manage binding transmission constraints," MISO said.

The grid operator also said that when it clears DIRs' undeliverable up ramping, it depress-

es ramp pricing and hamstring staff from "effectively redispatching the non-DIR fleet to optimize ramping capability."

MISO said its wind resources tend to be geographically concentrated and likely to be trapped behind the same transmission constraints. MISO does not use locational considerations in its markets to determine which resources should be eligible to provide ramping reserves. It said DIRs' offer profiles allow them to be cleared for up ramp at zero dollars when they're undeliverable due to the negative impact of their marginal congestion costs on constraints.

In comparing DIRs to other resources, MISO said they have "fundamentally different" market participation characteristics and behavior. It said DIRs "almost exclusively" clear for up ramping when they're already being dispatched down to manage transmission constraints. The RTO added that when DIRs

aren't being curtailed, it's more profitable for them to offer all available energy to the grid rather than ramping product. MISO said when there's no network congestion, DIRs opt to provide energy.

"The root problem is that curtailed DIR capacity is not economically deliverable to provide up ramp irrespective of its location, which prevents the market from acquiring sufficient ramping flexibility during periods of high ramping needs," MISO said. "In other words, there is a significant difference in the manner as well as the degree to which DIRs versus non-DIRs are stranded/trapped behind transmission constraints."

MISO said solar generation has a similar offer profile to wind generation and almost always clears for ramp when they're being curtailed and thus, undeliverable. The grid operator said solar should also be excluded from providing ramping reserves. ■



Madison Gas and Electric

# NYISO News

## NYISO's Latest Queue Overhaul Draft Confuses Stakeholders

By John Norris

RENSELAER, N.Y. — NYISO left members of the Transmission Planning Advisory Subcommittee bewildered and dissatisfied last week when it *presented* another revised proposal for overhauling its interconnection study process.

Mark Younger, president of Hudson Energy Economics, summarized the mood: "You have succeeded in totally confusing me," he said to laughter in the room June 5.

NYISO's new concept incorporates previous *stakeholder* feedback but still left many wondering if the revised proposal would solve existing project backlogs, reduce delays plaguing the queue and address stakeholder concerns. (See "Queue Window Comments," *NYISO Shares Details of Potential Long Island Tx Projects.*)

NYISO has been investigating ways to improve its interconnection process, which has been getting longer and more complicated as projects with more advanced technologies enter the queue.

Thin Nguyen, NYISO senior manager of interconnection projects, said the ISO "wants to create a process that improves interconnection studies by reducing time and increasing efficiency while maintaining system reliability and providing sufficient incentives and disincentives to commercial projects."

### Overview of Approach

The approximately three-year-long class year queue window (CYQW) concept keeps parts of the interconnection study process that are popular, such as the class year study but gives developers more opportunities to exit the queue without significantly compromising their finances or impacting other queued projects.

For example, the proposal would maintain current class year structures with a defined application phase and a clustered feasibility study that replaces individual system reliability impact studies, but it would use a two-staged class year study with more stringent validation requirements and run queue window groups in parallel.

NYISO's presentation to the TPAS last week delved broadly into the three portions that constitute the CYQW: the application phase, the clustered feasibility study and the two-stage studies.

The application phase would be a 90-day pe-

### Class Year Queue Window Concept



Diagram of revised interconnection class year queue window proposal | NYISO

riod when project applications are submitted and validated, developers post their preliminary study deposits, and the initial interconnection diagrams are provided.

The next stage, the cluster feasibility study, would be when projects in a group are initially evaluated. During this 180-day period, NYISO would conduct environmental review, perform multiple sensitivity analyses, identify any system upgrades necessary to accommodate a project and give nonbinding cost estimates. Afterward, project developers would have 15 days to decide whether they want to either move forward to the class year study or leave the queue if they are found to be infeasible. Projects electing to leave the queue would see 75% of their study deposit refunded.

The class year study would consist of two eight-month stages where two project groups (i.e., Group A and B) are studied. Each stage would be followed by a 30-day decision period.

In stage 1, NYISO would perform localized analyses, which developers can use to inform their decision about whether to move ahead. Projects that take this initial offramp would lose only 50% of their application deposit.

In stage 2, study results would be refined based on projects that left, and remaining

analyses would be conducted to identify any system upgrades required to install the proposed projects. Projects withdrawing during stage 2 would forfeit their entire deposit, while developers who accept their cost allocations would post security for any system upgrades identified for their projects.

NYISO asked stakeholders to address several open issues left unanswered in the proposal, including definitions, penalty determinations and whether prioritization processes should be established for projects proposing to interconnect at a similar location.

The ISO will spend the summer with stakeholders discussing and refining the CYQW proposal and hopes to begin vetting tariff language in the fall. It requests stakeholder comments on the proposal be sent to [stakeholder\\_services\\_1Psupport@nyiso.com](mailto:stakeholder_services_1Psupport@nyiso.com) before June 16.

### Stakeholder Comments

Stakeholders expressed discomfort about many aspects of NYISO's proposal, but their focus was on the interactions between different groups of projects in the queue and dissecting the graphic that the ISO created to explain the construct. Many stakeholders were confused by how all the groups interact and impact one another.

## NYISO News

Mark Reeder, representing the Alliance for Clean Energy New York, was concerned about how projects in Group C or D could simultaneously conduct their own feasibility studies as earlier CYQW projects (i.e., Groups A and B) conduct class year studies, even though there may be potential interactions.

Anthony Abate, lead energy market adviser with the New York Power Authority, sought to clarify, saying, "If you're in Group C or D and are worried about potential interactions, what's key to me is that the feasibility work for Groups A and B have likely already vetted or weeded out any surprises. So theoretically, this design should result in fewer dropouts because projects have already gotten feasibility evaluations." Nguyen said Abate gave a nice summary.

Nguyen would expand on this issue in response to later questions posed by Hudson's Younger, who asked how CYQW timelines overlap and what the graphic's different colors represent.

"These are parallel processes where a transition class year study is ongoing, and at the same time, we have Group A and B undergoing their cluster's feasibility studies," Nguyen said. "Then, once those [feasibility studies] are

complete, we start the class year for Group A and B, and as that class year study begins, we start the next group of feasibility studies for Group C and D."

Given the novelty of the CYQW proposal, a swarm of questions was perhaps inevitable, but the complicated styling of the graphic seemed to make the proposal even harder to understand for stakeholders.

"I am having trouble understanding Group A and B interactions because [the graph] seems to show no overlap and just sequential pieces," Younger said. "And so I don't understand the benefit of having a Group A and a Group B if you're going to do Group A's analysis and then just wait to proceed to the class year for Group B's analyses."

Nguyen responded, "Let's say a developer in Group A cluster discovers some issues in the feasibility study; [developers] have the opportunity to submit a new interconnection request for Group B, so that's why we have two groups. Then we also want to make sure that the class year does not run into any problems; therefore, as we conduct Group B's feasibility analyses, we include Group A's results in the baseline to allow us to consider potential interactions."

Nguyen clarified that Group B constitutes a separate cluster queue window that includes both projects from Group A that found out about problems and resubmitted an application and other potential projects not already studied.

Howard Fromer, who represents Bayonne Energy Center, asked why projects in Group A that already completed their feasibility studies had to wait for projects in Group B to move ahead to class year studies.

NYISO attorney Sara Keegan responded that "whether or not there's a Group B, Group A cannot enter into the class year until the start date and so are stuck pending the subsequent class, so [NYISO] is just taking advantage of that time between class years to do as much as we can."

Multiple stakeholders requested NYISO redo the graphic and come back to stakeholders with a picture that more explicitly shows the interactions and the timing between both different groups and windows.

NYISO did not explicitly promise to redraw the graphic but said it will return with updates after considering stakeholder feedback. ■

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# NYISO News

## NYISO CEO Warns of Tightening Resource Adequacy

### Dewey Also Acknowledges Electrification Concerns

By John Norris

NYISO CEO Rich Dewey on Wednesday told reporters that anticipated fossil fuel-fired plant retirements could shrink reliability margins to the point that they may have to be delayed.

“We’ve got to be really careful not to prematurely retire resources if we don’t have replacement supplies at the ready,” Dewey said.

The comments came as part of Dewey’s presentation of the ISO’s annual *Power Trends* report, the findings of which were similar to those of last year’s: NYISO has its hands full as state public policies drive rapid fossil plant retirements, while the interconnection of new clean resources is not keeping up. (See *NYISO 2022 Power Trends Report: Reliable Clean Energy Needed Quickly*.)

“We’re mindful that the number of interconnection requests has quadrupled, but this is a

priority for us, and we are doing everything we can to make sure this process is as efficient and effective as possible,” Dewey said.

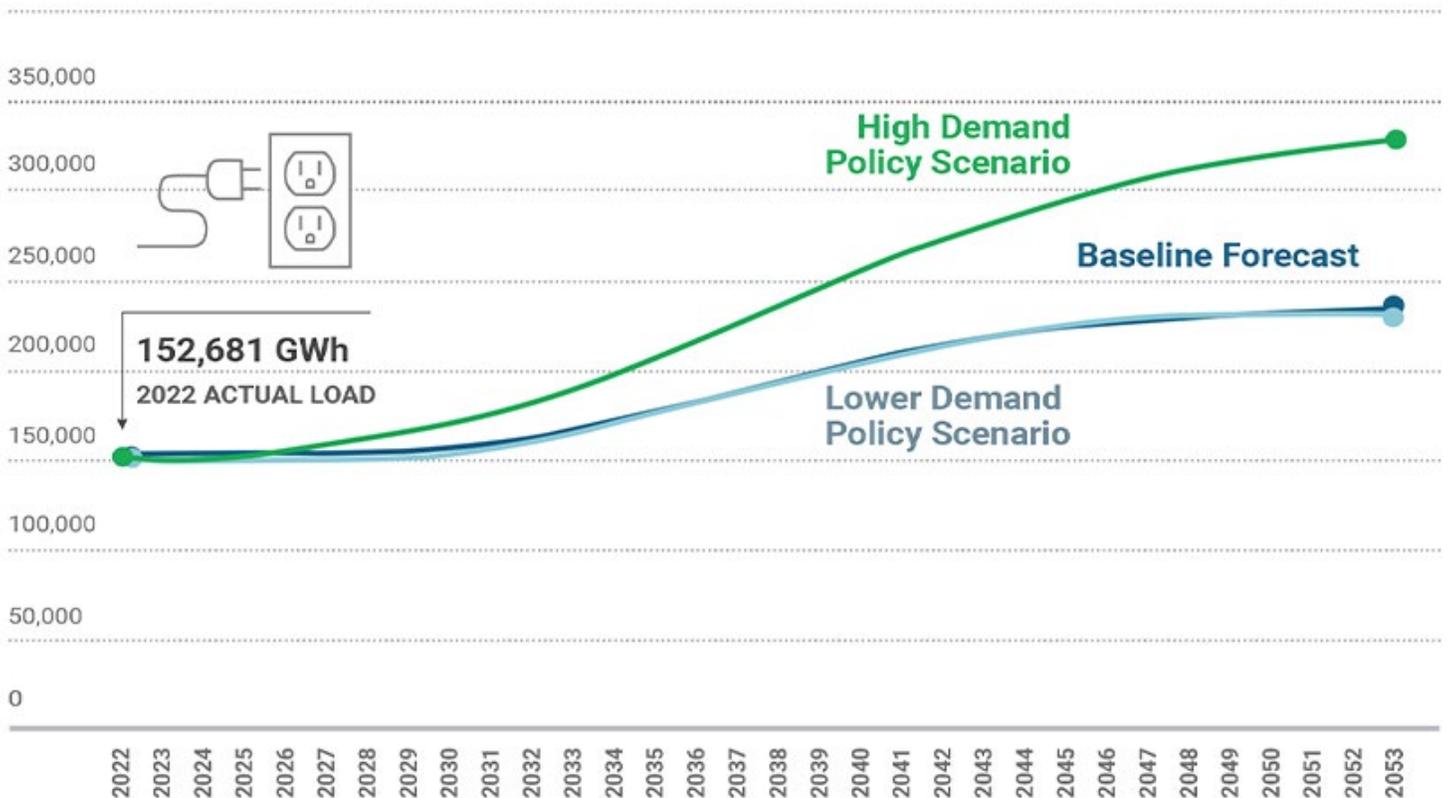
To meet the goals of New York’s Climate Leadership and Community Protection Act, which mandates 70% of the state’s energy come from renewables by 2030 and its grid be 100% net-zero by 2040, more must be invested in the research and development of emissions-free resources that will be needed to replace the capabilities of the retiring traditional plants, the report says.

Dewey last month told attendees at a conference hosted by NY-BEST, a battery storage consortium, that dispatchable emission-free resources must be quickly introduced onto the grid, and NYISO is committed to developing the right price signals that incentivize these technologies to enter New York’s markets. (See *New York Fine-Tuning its Market for Energy Storage*.)

NYISO has a “robust portfolio of new market enhancements that recognize the pricing signals that are necessary to attract the right resources to the right locations on the grid,” Dewey said Wednesday.

Other findings discussed during the conference also were familiar: a rise in carbon dioxide emissions partly attributed to the deactivation of the Indian Point nuclear power plant (21-01188); an acknowledgement that electrification will create higher demand and shift the grid to a winter-peaking system; and that unbottling intermittent resources via transmission upgrade investments can help bring upstate energy downstate to offset fossil fuel retirements.

“New York has enjoyed a surplus of energy supply over the last few decades, and that surplus has allowed us to manage the grid through contingencies and severe weather events,” Dewey said, “but as supply margins shrink, it has become more complicated and tighter



Actual and forecast load (GWh) from 2022 to 2053 | NYISO

# NYISO News

operationally to make sure we can maintain and balance reliability.”

“Given that the number of deactivations has outpaced the number of new additions, that balance has come into sharper focus, and as [NYISO] looks forward, we are mindful of assessing and evaluating planned deactivations to ensure we maintain the tight balance necessary to operate the power grid,” he added.

Multiple reporters asked NYISO about thinning reliability margins across the state and what is the level of concern.

Dewey conceded that NYISO expects to see available megawatts shrink as fossil fuel plants retire and that the ISO needs to better understand whether these plants may need to remain in operation.

“It seems likely that some component of those peakers that are targeted for retirement would need to stay on,” Dewey added, “because it seems unlikely that we’ll have enough market-based solutions to eliminate the need for some element of those peakers to be extended for some period of time.”

In response to a question about the Public Service Commission opening a review process

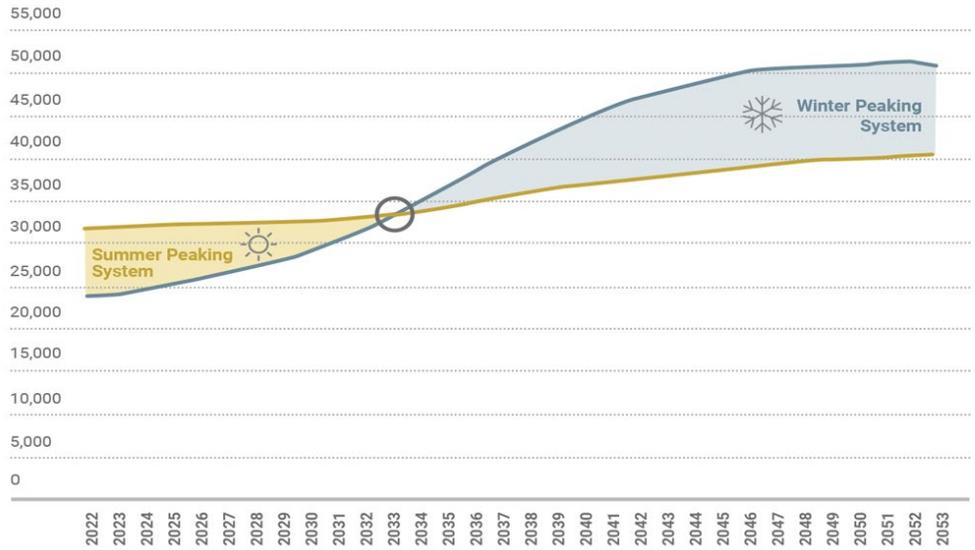
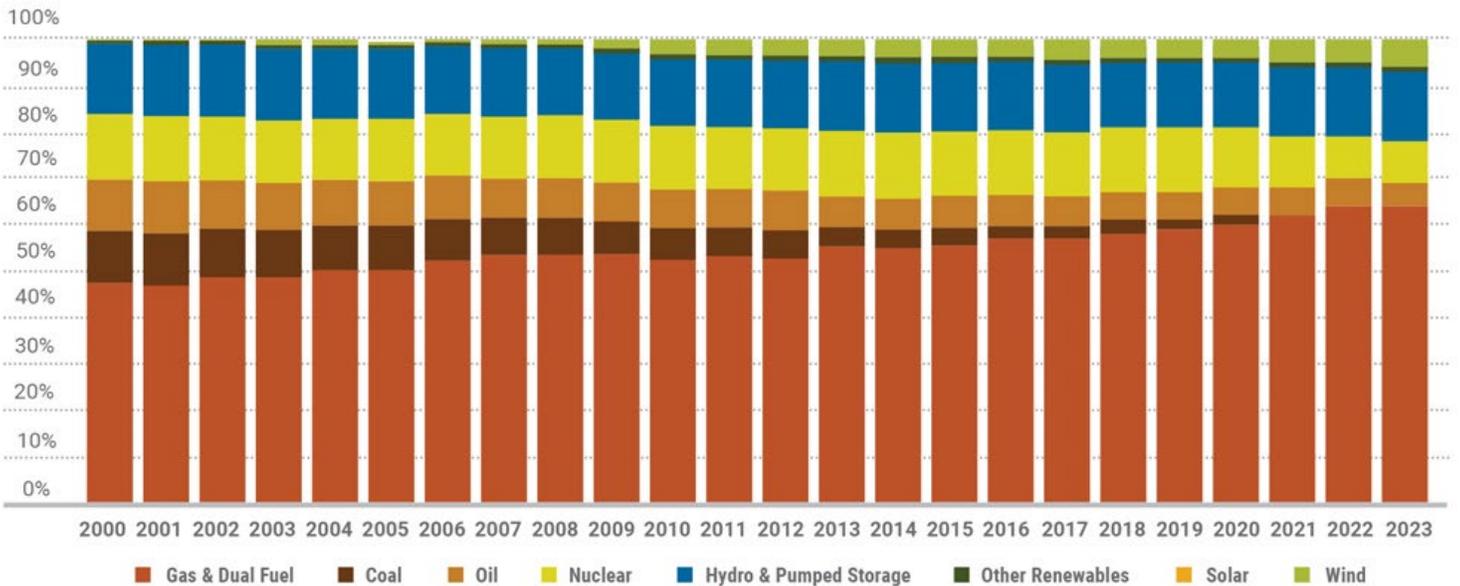


Figure showing transition to winter peaking system | NYISO

that could expand the role of nuclear and other technologies (15-E-0302), NYISO Executive Vice President Emilie Nelson said, “The incredible diversity [New York] has on supply-side technologies today is something that [NYISO] looks forward to seeing in the future years. We

need a combination of technologies that can operate on the grid to really continue providing reliability day-in and day-out, so we look forward to exploring all technologies.” (See [NY Renewable Portfolio May Come up Short on Getting to Net Zero.](#)) ■



Historical generating capacity for New York from 2000 to 2023 | NYISO

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## NYISO News



# NY State Reliability Council Executive Committee Briefs

## Emergency Operating Procedures

ALBANY, N.Y. — New York’s installed reserves margin (IRM) study may be overly optimistic in its emergency assistance assumptions, according to a [presentation](#) given to the New York State Reliability Council’s Executive Committee (NYSRC EC) on Friday.

NYSRC Installed Capacity Subcommittee members said preliminary discussions about a forthcoming white paper, which examines how emergency operating procedures are implemented and modeled, indicate that “conditions are tight” and that NYISO and neighboring systems are all counting on one another to provide resources in the same emergency situations.

The IRM study shows New York requiring substantial assistance in emergencies, mainly from IESO in Ontario and ISO-NE. But during tight real-time conditions, PJM typically supports New York, while IESO and ISO-NE rely on New York for export support, which could create supply problems across the Northeast during future emergencies.

ICS Chair Brian Shanahan shared how “other area’s resource adequacy models generally have lower emergency assistance assumptions, compared to what we use,” adding that “that’s putting pressure on system and resource adequacy conditions.”

Industry participants are concerned that win-

ter could emerge as a peak period, leading to increasingly tight conditions during the season, Shanahan said.

Some attendees at the EC meeting criticized the ICS’ characterization as being too unspecific.

One attendee said “generalizations are really fraught with danger, and so we need to look specifically at each area to understand what their circumstances are and what they model.”

Howard Kosel, manager of energy management resource analysis at Con Edison, said “the statement that we’re overly optimistic on what we’re relying on to get from our neighbors is a very broad statement.”

NYISO is developing ways to adjust its modeling to account for seasonal area-specific limits to minimize future interregional disruptions. It plans to present more details about the issue at the next ICS meeting.

## NYSRC Elections

The EC unanimously reelected Chris Wentlent and Mark Domino as chair and vice chair, respectively.

The NYSRC EC consists of 13 members: six representatives of current transmission owners, one wholesale seller representative, one representative of the large consumers sector, one representative of the municipals and electric cooperatives sector, and four members

unaffiliated with any market participant.

The four unaffiliated members also were reelected to serve another two-year term, and all other representatives — except for the wholesale seller representative — were approved.

Wholesaler sellers are still in the process of selecting their representative, and a vote remains pending.

## OSW Wind Petitions

Wentlent updated the EC about petitions submitted to the New York Public Service Commission by several renewable developers who asked for permission to amend their offshore wind renewable energy certificate (OREC) agreements due to recent inflationary pressures ([15-E-0302](#) and [18-E-0071](#)). (See [OSW Developers Seeking More Money from New York](#).)

ORECs are contracts in which the New York State Energy Research and Development Authority agrees to compensate developers for the environmental benefits stemming from the electricity generated by OSW projects.

Wentlent said the issue is important because it will affect how quickly New York can replace retiring resources with new, clean generation.

NYISO has repeatedly warned that retirements pose a threat to supply adequacy. (See [NYISO CEO Warns of Tightening Resource Adequacy](#).)

“The timing of when new resources show up and how we deal with decisions on existing resources becomes even more critical,” he said.

## Inverter-based Resources Standard

NYSRC’s Reliability Rules Subcommittee hopes to finalize a proposed rule establishing minimum requirements for inverter-based resources over 20 MW by September, according to a draft road map [shared](#) with the council.

The subcommittee will revise PRR-151 based on previous stakeholder comments and then consider reposting the draft rule for additional comments in early July. (See “Inverter-based Resources Standard,” [NY State Reliability Council Executive Committee Briefs: May 12, 2023](#).)

“This is a big deal and has got the attention of everybody across the industry,” subcommittee Chair Roger Clayton said.

“We’re in the vanguard in implementing this thing, and so we need to be comprehensive and take our time to get it right,” he added. ■

— John Norris



State Reliability Council meets at Wolfert’s Roost Country Club in Albany, N.Y. | © RTO Insider LLC

# NYISO News



## NY Legislature Passes Bill to ID Grid Upgrades Necessary for EVs *National Grid Study Suggested States Must Move Faster on EV Support*

By John Norris

ALBANY, N.Y. — The State Legislature on Friday passed a bill that would require state agencies and utilities to identify electric grid improvements necessary to implement an electric vehicle highway and depot charging network ([S4830C/A5052](#)).

The New York State Energy Research and Development Authority, Department of Transportation, Department of Motor Vehicles, New York State Thruway Authority, New York Power Authority, Long Island Power Authority, Department of Environmental Conservation, and electric distribution and transmission utilities would be required to evaluate what it would take to comply with the state's many clean transportation targets.

The bill would also seek to expedite transmission and distribution infrastructure and inter-connection upgrades at public sites controlled by the Thruway, as well as identify charging station sites that should be prioritized for early deployment to ensure they are upgraded quickly.

The agencies would be required to develop an evaluation within nine months of the effective date and conduct another one every three

years thereafter.

With bipartisan support, the bill passed easily: 59-3 in the State Senate and 140-5 in the State Assembly.

NYPA has been driving the state's EV buildout via the *EVolve NY* program, while NYSERDA has several other EV *programs*, but more rigorous goals in the Climate Leadership and Community Protection Act, *Advanced Clean Trucks* and *Advanced Clean Cars II* rules, and *Zero Emissions Vehicles* policy necessitate greater state action and coordination. NYSERDA also partners with Atlas Public Policy to analyze and track EVs' growth in the state via the *EvaluateNY* program.

Establishing an EV network in New York that can support an electrified transportation sector by 2050 is expected to increase demand for electricity, potentially in many areas not well connected to existing generation infrastructure. National Grid released a study in November suggesting that states, such as New York, must move faster to support the needs required to meet the explosive growth of EVs. (See *Study Projects Power Demands of Highway EV Charging Network*.)

The bill would “reduce the cost of inter-connection, electric distribution and local

transmission upgrades while serving projected vehicle traffic volumes” by seeking to “optimize fast-charger deployment among the highway charging hubs and charging development among the fleet charging zones.”

“If the upgrade process fails to outpace the time when electric vehicle adoption reaches scale, we will not have a reliable and adequate electric supply to power all the new electric vehicles on New York's roadways,” the bill says.

Advanced Energy United *applauded* the bill passing. “Analyses — and subsequent grid improvements — will ensure the grid is ready for the uptick in electricity demand that EVs will bring, and save money in the long run compared to the status quo of reactive and piecemeal grid upgrades.”

“New York's transition to EVs is a critical undertaking, but that transition will be slower and more expensive without proactive strengthening of the electricity grid,” said Karli to Almeda, AEU's New York lead. “The analysis this bill calls for is a critical first step toward making New York's electricity grid ready for the full transition to EVs, but we also need to ensure that utilities move ahead with implementing the grid improvements recommended in the analysis.” ■



New York City curbside charging station | NYC DOT

## PJM News



# FERC Approves PJM Capacity Auction Delay to 2024

## Auctions to be Held on Altered Schedule for Next 3 Years

By Michael Brooks

FERC on Friday approved PJM's request to delay its Base Residual Auction for the 2025/26 delivery year, directing the RTO to submit a compliance filing that sets a June 2024 date (ER23-1609).

The commission's ruling came just a day before its 60-day deadline to act; the RTO had said it would hold the auction as originally scheduled this Wednesday if the commission did not rule on its request. (See *PJM Capacity Auction Weeks away with No Answer on Delay*.)

PJM sought the delay to give itself more time to craft changes to its capacity market through its Critical Issue Fast Path process in reaction to the December 2022 winter storm. In its filing, it included a potential, "illustrative" schedule for the 2025/26 auction and three subsequent auctions, along with their respective Incremental Auctions, until it could resume its normal schedule beginning with the 2029/30 BRA in May 2026.

FERC approved the request, conditioned on PJM using that schedule.

"We find that the potential scope and magnitude of the capacity market-related reforms PJM is considering in its stakeholder process provide sufficient justification under [Federal Power Act] Section 205 to delay the auctions until after the commission has an opportunity to act on any proposals that PJM may file following that stakeholder process," FERC said. But "we agree with commenters that the proposed tariff revisions afford PJM with overly broad discretion to set the auction schedule and fail to provide market participants with sufficient certainty as to the auction start dates for the [2025/26 through 2028/29] delivery years. ... PJM must include the [illustrative] schedule in addition to PJM's proposed tariff language stating that it will post the revised auction schedule on its website."

The RTO's schedule is based on its filing revisions by Oct. 1 and winning FERC approval of them without material changes by Dec. 1.

FERC also granted PJM's request for 10 business days of leeway for specific pre-auction deadlines, agreeing that it would be administratively burdensome to file new tariff revisions for each one if there is a need for a change. "However, we recognize PJM's commitment to post the specific dates of pre-



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auction activities no later than eight months prior to the commencement of any associated BRA in order to ensure that all market participants are aware of the relevant deadlines," it said.

Commissioner James Danly concurred with the order, but he highlighted the move as an "extreme measure."

"I only support delay in this case because PJM's existing Reliability Pricing Model mechanism is manifestly unjust and unreasonable, and continuing to run auctions under the current rules will continue to produce unjust and unreasonable rates," Danly wrote. "My colleagues, however, have not to date supported my calls to issue a Federal Power Act Section 206 investigation into PJM's markets and its administration of them. Thus delaying the unjust and unreasonable auctions for PJM to develop market 'enhancements' is an appropriate exercise of our Section 205 authority and, given my colleagues' reticence to act, the best we can hope for at present."

Commissioner Allison Clements dissented, saying PJM failed to demonstrate its proposal to delay the auctions was just and reasonable. While she said she appreciated that the majority required "at least a minimal level of clarity" by directing the RTO to file the illustrative schedule, the order "sets a dangerous precedent that may essentially allow RTOs to schedule auctions according to their own whims, undermining certainty and stakeholder confidence in market rules and utility tariffs across the country."

"If the mere possibility of future market reforms constitutes grounds for delaying particular auctions, absent evidence that existing rules are in fact unjust and unreasonable, how can market participants have any confidence in auction schedules memorialized in their current tariffs?" Clements wrote in a lengthy dissent. "PJM's proposed delay is predicated on the need to wait until its current market rules are reformed, but PJM does not even specifically detail what those market reforms will be, let alone make out a legal case for why those reforms are necessary." ■

# PJM News



## FERC Sends Elliott Complaints Against PJM to Settlement Judge

By Devin Leith-Yessian

FERC last week authorized settlement judge procedures to resolve about a dozen complaints that generators filed against PJM’s assessment of penalties for underperformance during the December 2022 winter storm, also known as Elliott (*EL23-53, et al.*).

“Given PJM’s interest in finding a resolution to the issues raised in these proceedings — along with parties’ general collective willingness to engage in settlement procedures — we find that these procedures are a reasonable first step,” FERC said June 5. “The commission has previously found that providing parties the opportunity to enter into a mutually acceptable settlement of highly contested and complex issues is superior to years of ongoing litigation which, as PJM notes, could be disruptive to the market.”

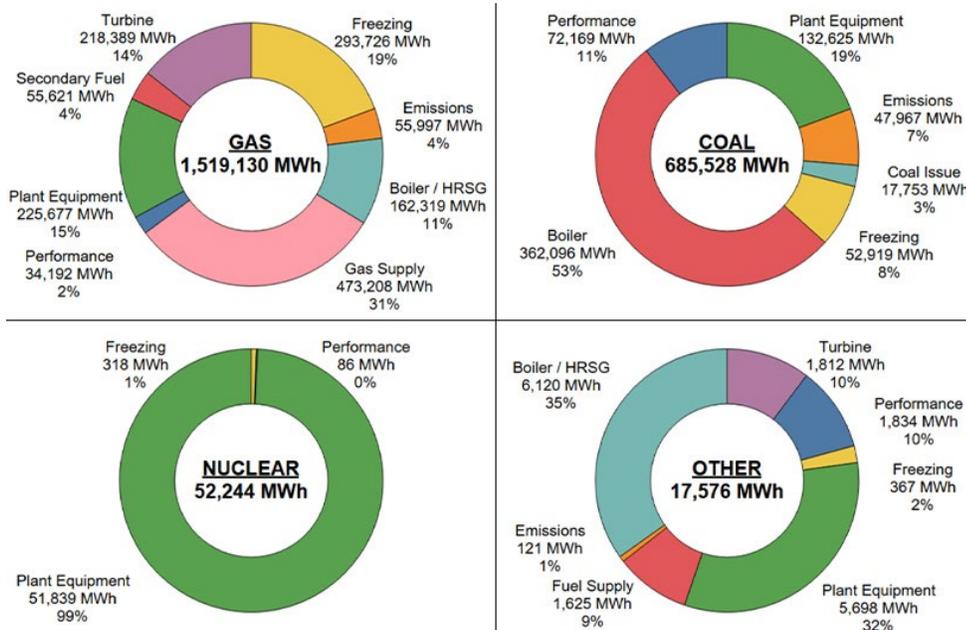
PJM requested settlement judge procedures in April, maintaining that it had properly followed its emergency procedures and that all penalties were valid. But the RTO also said there is value to seeking rapid resolution rather than engaging in years of litigation that could negatively impact market participants beyond the penalties themselves. (See *PJM Seeks Settlement over Elliott Nonperformance Penalties.*)

“The capacity market also is designed in large measure to signal the need for new capacity resource investment, and the expectations of the financial and investment community accordingly are an important backdrop to the operation of this market,” PJM said. “Timely, consensual resolution of these disputes thus could, potentially, help support the long-term health of the resource adequacy construct in the PJM region.”

By folding the protests under a global proceeding, PJM argued that it could promote consistency in settlement outcomes, if possible.

The RTO applauded the order for providing a possible pathway for resolving the complaints.

“PJM appreciates the commission’s order establishing global settlement judge procedures to pursue a potential resolution of disputed nonperformance charges and the related



A PJM graphic presented to the Operating Committee on March 9 shows the amount of capacity offline during the December 2022 winter storm broken down by outage cause. | PJM

complaints arising from Winter Storm Elliott,” PJM said June 6.

Separately in May, PJM urged the commission to reject the complaints, arguing that its Capacity Performance rules were clear and that the RTO followed its tariff. (See *PJM Urges FERC to Deny Winter Storm Complaints.*)

FERC left the scope of the settlement proceedings open to all issues that have been raised in the complaints, which include arguments that PJM was not permitted to fulfill non-firm exports during performance assessment intervals, generators not dispatched or scheduled were penalized, and PJM’s forecast was incorrect and played a role in the cause of the emergency.

The order provides 10 days for the chief judge to appoint a settlement judge for the proceeding, with parties able to submit recommendations in that time. If the settlement judge reports that progress is not being made toward an agreement after 60 days, the chief judge may refer the complaints back to FERC; if a resolution appears possible, an extension of

up to 30 days could be granted.

*Constellation* and *Vistra* had both filed protests to PJM’s request for the proceedings, arguing that the RTO’s filing was “premature and incomplete” and that each complaint should be decided on its own merits. If the commission granted PJM’s request, *Vistra* pushed for it to require that all interested parties be able to participate; specify that bonus payments remain due to generators that exceeded their obligations; and establish a legal framework regarding the filed-rate doctrine, PJM’s scheduling decisions, and the proper interpretations of PJM’s tariff and manuals.

“PJM’s motion for settlement judge procedures seeks to move resolution of the complaints in these proceedings behind closed doors and facilitate an opaque result that would most likely weaken the existing Capacity Performance framework. As noted, *Vistra* believes the best path forward is one that avoids settlement judge procedures altogether by the commission ruling on the merits of each complaint,” *Vistra* wrote. ■

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Va. Air Board Approves RGGI Withdrawal



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# PJM News



## NJ BPU Pulls Offshore Tx Project Mod from Agenda After Complaint Rate Counsel Not Notified of Cost Increase; Board Delays 3rd OSW Solicitation Deadline

By Hugh R. Morley

New Jersey's Board of Public Utilities (BPU) on Wednesday pulled an item from its meeting agenda that concerned modifying the scope of the state's \$1.1 billion offshore transmission project after the Division of Rate Counsel complained that it had not been properly advised of cost increases.

In a letter to the BPU on June 5, the Rate Counsel said it believed the cost of the project, which was approved in October, had already increased by \$127.3 million, or about 12%. But the counsel said it was unaware whether that was the modification sought by the BPU at the meeting because the board had not provided details of the change or advance warning, as is required by law.

The apparent increase is the first for a project that marks the first use of the FERC-authorized State Agreement Approach (SAA).

The cost increase comes as the state's ambitious plan to install 11 GW of offshore wind capacity by 2040 has come under increasing scrutiny from Republicans and business groups expressing concern that its cost to ratepayers is not clear.

At the same meeting, the board approved a five-week delay in the deadline for submissions in the state's third OSW solicitation, and BPU President Joseph Fiordaliso criticized the state's OSW developers for creating "intolerable" delays.

The BPU used the SAA process to solicit 80 proposals outlining ways to enhance and develop infrastructure that would enable OSW projects to tie into the state grid, and then picked one main project using pieces of two submissions and several smaller projects. (See [NJ BPU OKs \\$1.07B OSW Transmission Expansion.](#)) The state is now preparing to launch a second such transmission solicitation.

In his letter, Rate Counsel Brian O. Lipman said that as a legally recognized party to the process, his office should have been notified of any proposed budget changes and "provided a fair opportunity to be heard" because ratepayers will "pay 100% of the costs." He urged that the agenda item be "removed from consideration" because of the way it was handled.

"Rate Counsel did not learn of the matter until it was posted on the agenda," he said. As a re-

sult, he said, "it is not clear if the board will now ratify those changes, or if there are additional costs that will be passed to ratepayers."

Fiordaliso did not explain the removal when he announced it at the start of the meeting. The BPU did not immediately respond to a request for comment from *RTO Insider*.

Lipman told *RTO Insider* he first heard about the cost increases at the May 9 meeting of the PJM Transmission Expansion Advisory Committee. He provided a PJM presentation from the meeting that showed a cost increase of \$127 million, bringing the total to \$1.192 billion.

### 5-Week Delay

The board approved a five-week extension of the deadline for developers to make submissions under the state's third OSW solicitation process, which began in March.

Two new board members, Christine Guhl-Sadovy and Marian Abdou, did not vote on any items at the meeting. (See [NJ Senate Approves Two BPU Commissioners.](#))

The board agreed to shift the deadline from June 26 to Aug. 4. It also delayed by the same amount of time other deadlines by which certain tasks in the application must be completed, such as deposit payments and the board's response to clarifying questions.

The third solicitation could double the state's approved capacity of 3,758 MW and would allow the BPU to approve projects totaling between 1.2 and 4 GW, and perhaps more. A board award of 4 GW in the third solicitation would take the state to approved capacity of 7.58 GW. (See [NJ Opens Third OSW Solicitation Seeking 4 GW+.](#))

The *order* that was approved does not explain the change except to say it will "allow applicants more time to develop their applications."

"I think this is in the best interest of the ratepayers," Fiordaliso said. "I think it also gives the developers an opportunity to come up with the best possible proposal that they can."

Earlier in the meeting, however, Fiordaliso lashed out at the state's offshore developers for creating what he said were repeated delays. It was unclear, however, what issue he was referring to, or what prompted the statement.



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"We have had, almost since Day 1, delay after delay after delay," he said. "We have ... staff members who have busted their backs. And I'm looking at two of them right now on offshore wind. And all one developer in particular has done is delay this process for one reason or another."

He did not identify the developer, and he added that "climate change continues to progress at a rate that is dangerous."

"We cannot afford any more delays," he said. "So I'm issuing a recommendation to those developers: Put your nose to the grindstone, and let's get this going again. Because my patience is short, and your delays are intolerable. And if you can't do that, we have to have a very intense discussion."

Asked about Fiordaliso's comments, Madeline Urbish, head of government affairs and market strategy in New Jersey for Ørsted, said the company is "committed to delivering Ocean Wind 1," the state's first OSW project.

"Today's comments are unexpected, as we are working and have worked closely with the BPU, [the New Jersey Department of Environmental Protection] and federal agencies throughout the development process to ensure the project moves forward in a responsible and expedient way despite early delays in federal permitting under the previous administration," she said. ■

## PJM News

# PJM OC Briefs

## Stakeholders Approve Outage Coordination Proposal

VALLEY FORGE, Pa. — PJM's Operating Committee endorsed a joint *proposal* by PJM, Public Service Enterprise Group (NYSE:PEG) and DC Energy for the RTO, transmission owners and market participants to increase information sharing ahead of extended transmission outages.

The package received unanimous support Thursday, while a competing *proposal* from the Independent Market Monitor (IMM) received 17% support. (See "Discussion Continues on Transmission Outage Coordination Proposals," *PJM OC Briefs: May 11, 2023*.)

The joint proposal would add coordination between utilities and PJM to identify any required extended outages, evaluate the impact of those outages and expand outage information shared by the RTO.

Monitor Joseph Bowring said his proposal was designed to increase transparency about late outages and impacts on transmission congestion. He said the status quo rules have strong provisions around late outages that transmission owners (TOs) can bypass by instead reporting them as rescheduled projects.

"Our point is to increase clarity, transparency — particularly about late outages and congestion," he said.

The IMM proposal would label outages as rescheduled when the start date is moved, adding a third category to current "on time" and "late" labels. It would also recommend that PJM identify the "congestion analysis required for transmission outage requests and associated triggers, including both the extent of overloaded facilities and the level of economic congestion," the package's *matrix* entry says. Bowring modified the proposal during the meeting to incorporate stakeholder feedback about a desire for more clarity.

Exelon's Alex Stern argued that Bowring's proposal was out of the scope of the outage coordination *issue charge* and would be inconsistent with the Consolidated Transmission Owners Agreement, which doesn't give PJM the authority to place conditions on TO scheduling based on congestion analysis, associated triggers or whether an outage or rescheduled outage occurs before or after FTR auction bid opening dates. He cautioned against condi-

tioning any outage requests needed to address grid reliability on market criteria.

Bowring said his proposal was focused on reporting, not changing how projects are scheduled or any TO behavior.

After Bowring modified the language of his proposal, OC Chair Anita Patel ruled the change was within the scope of the discussion.

## PJM Plans to Open Stakeholder Process on RMR

PJM Senior Vice President of Operations Mike Bryson told the OC that RTO staff is working with the Monitor to draft a problem statement and issue charge to start a discussion on the reliability must-run (RMR) process, which allows PJM to contract with a deactivating generator to continue operations to maintain reliability.

During recent discussions on reliability and resource adequacy, PJM has warned of risk that deactivations will outpace new resource development, creating increased reliance on RMRs to maintain resource adequacy. (See "Panel Discusses Future Reliability Landscape," *PJM CEO, Panelists Address Reliability During Annual Meeting*.)

Bryson said PJM is considering the timing of when to bring the subject before stakeholders and which committee should take up the issue, adding that it would likely be the OC.

Stern advocated for having a working group or special sessions examine the issue more deeply and increase visibility for stakeholders.

## PJM Seeks Information on Expected Impact of EPA Rules

PJM's Gary Helm *presented* on recently proposed EPA rule changes, including the "good neighbor" plan to cut nitrogen oxide emissions. He recommended that market participants provide the RTO information on

how the regulations could impact their operations as it considers what comments to submit to the EPA. (See *EPA Good Neighbor Plan Expected to Accelerate Coal Plant Retirements*.)

The proposed rule changes include a stricter fine particulate standard, carbon capture and sequestration (CCS) for coal-fired resources and hydrogen fuel requirements for combustion turbines (CT) over the next decade. The EPA is also considering changes to the mercury and toxic air standards to more strictly target mercury emissions through electrostatic precipitators, Helm said.

The requirements for gas and coal units would have a sliding scale for when those units must either retire, install CCS to reduce CO<sub>2</sub> emissions by 90%, or — for CT units — blend an increasing amount of hydrogen into their fuel. Helm said there are currently no commercially operating generators blending hydrogen into their fuel at the minimum 30% standard the EPA plans to require for larger resources by 2032. That rule would affect most of the combined cycle generators in PJM's fleet.

Paul Sotkiewicz, president of E-Cubed Policy Associates, questioned whether the EPA is considering the infrastructure that would be required for generators to procure the amount of hydrogen required. Helm said at this point the EPA is focused on the viability of the technology.

"No one is doing that of their own volition, just running for the market with 30% hydrogen," Helm said. "What I would say when you talk about infrastructure [is] that's not addressed in the proposal because that's something the administration feels is being addressed through actions being taken by the Department of Energy, the [Inflation Reduction Act] and the [Infrastructure Investment and Jobs Act]."

America's Power CEO Michelle Bloodworth said generators will have to decide which avenue to pursue much sooner than laid out in the EPA's rules, because states will have two years to write their implementation plans and will likely require utilities to make a determination ahead of that timeline. She added that no commercially operating power plants have 90% carbon capture and she doesn't think the EPA has demonstrated that the technology is viable yet for coal-fired power plants or that the supporting infrastructure exists. ■



Mike Bryson, PJM |  
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Gary Helm, PJM |  
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## PJM News

# PJM MIC Briefs

## Stakeholders Reject Proposal to Expand Reactive Power Task Force Scope

VALLEY FORGE, Pa. — PJM's Market Implementation Committee voted against endorsing a *proposal* by the Consumer Advocates of PJM States (CAPS) to expand the scope of the Reactive Power Compensation Task Force to include discussion of existing service rates.

CAPS Executive Director Greg Poulos argued that FERC's January order eliminating the compensation for reactive power in MISO should force PJM to revisit the scope of the task force. That order found that generators participating in MISO's markets do not have to be compensated for providing reactive service because it is a condition of interconnection. (See *FERC Ends MISO Compensation for Reactive Power Supply*.)

The proposal would have modified the task force's *issue charge* to strike out a line in the "out-of-scope" section barring discussion of "any existing FERC-approved or pending reactive service rates."

Paul Sotkiewicz, president of E-Cubed Policy Associates, said the comparison to MISO doesn't hold up, as most of that region's load is served by vertically integrated utilities. He added that FEC has already approved reactive rates in PJM.

Constellation Energy's (NASDAQ:CEG) Adrien Ford said the change would have little impact on the task force's work, as existing reactive charges are FERC-approved and could not be changed by proposals it may produce.

Carl Johnson, representing the PJM Public Power Coalition, said his members and CAPS approach the issue from the same common belief: that there isn't a need to compensate generators operating within the common bandwidths for providing reactive power. However, he disagreed that the task force's scope should be modified when it's already far into its work.

## Discussion Continues on Capacity Offers for Generators with Co-located Load

Package sponsors continued to refine their *proposals* on how generators can represent co-located load in their capacity offers to reflect how configurations with service from the grid would be handled.

Past discussions largely focused on arrangements without grid service — whether load in those circumstances would be under FERC



Greg Poulos, Consumer Advocates of PJM States (CAPS) | © RTO Insider LLC

or state jurisdiction and whether generators should be able to offer the energy supplied to that load as capacity. (See "Stakeholders Continue Discussion on Co-located Load Packages," *PJM MIC Briefs: May 10, 2023*.)

PJM's proposal would retain its status quo provisions, reducing generators' capacity interconnection rights (CIRs) in line with the amount of co-located load, imposing transmission service payments to the load serving entity (LSE) and basing settlement on the net injection at the point of interconnection.

Proposals from the Independent Market Monitor (IMM), Exelon and Advanced Energy Management Alliance (AEMA) would all measure the generator and load separately to arrive at settlements for each. The IMM would follow the status quo for reducing CIRs and transmission service charges, while Exelon and the AEMA would not reduce generators' CIRs.

Exelon's proposal would classify the generator as an LSE for the co-located load and the AEMA package would require the generator to procure firm point-to-point transmission service with both injection and delivery set at the generator's point of interconnection.

Much of the discussion around defining co-located load as not receiving transmission service centered on whether such load would then fall under state jurisdiction.

PJM Senior Counsel Chen Lu said the RTO considers such arrangements to be a retail sale directly from the generator to the load.

Its proposal would define the load as being state jurisdictional but would pass charges for frequency regulation, reserves and black start service to the load through the generator.

Economist Roy Shanker said he doesn't believe it's appropriate to determine that load is state jurisdictional while still creating mechanisms to impose PJM charges on it through the generator.

Four proposals are on the table for co-located load without grid service — from PJM, the IMM, Exelon, and a joint package from Constellation Energy and Brookfield Renewable Partners.

MIC Chair Foluso Afelumo said a vote on the proposals is planned for next month, with separate votes for proposals addressing load with and without transmission service. The committee held a poll last November that found little support for either the Monitor or Constellation Energy/Brookfield Renewable Partners proposals. (See "Limited Support for Co-located Load Proposals," *PJM MIC Briefs: Dec. 7, 2022*.)

## PJM Presents Expected Impact of Creation of Fifth CONE Area

PJM's Gary Helm said analysis shows that creating a fifth cost of new entry (CONE) area for the Commonwealth Edison region would not have a significant impact on the price of resources in that area for the 2025/26 delivery year (DY), but prices could increase by 2028/29. (See "PJM Proposes Creation of Fifth CONE Area," *PJM MIC Briefs: May 10, 2023*.)

The ComEd locational deliverability area (LDA) is located in CONE area 3, which has a gross CONE of \$398/MW-day for the 2025/26 DY. If the ComEd region were carved out as its own area, PJM estimates that it would result in a \$401/MW-day gross CONE value, a 0.7% increase. By the 2028/29 delivery, the difference between the two is estimated to be around 6%. Helm said staff are still discussing whether PJM will seek to implement the prospective change for 2025/26.

During the May 10 MIC meeting, Helm said the proposal arose out of comments on PJM's quadrennial review FERC filing about the impact of the Illinois Climate and Equitable Jobs Act on net CONE.

Sotkiewicz said he plans to bring a second proposal before the committee during its July meeting. ■

# PJM News



## PJM PC/TEAC Briefs

### Planning Committee

#### Stakeholders Endorse Discussion on Deactivating Generators' CIRs

VALLEY FORGE, Pa. — The PJM Planning Committee on June 6 approved a *problem statement* and *issue charge* to explore possible improvements to the existing process of transferring capacity interconnection rights (CIRs) from a retiring generator to a replacement resource at the same interconnection point.

*Proposed* by East Kentucky Power Cooperative and Elevate Renewables, the problem statement says transfer requests currently have to go through the same backlogged interconnection study queue as new generators to determine if any grid upgrades are required, which can result in replacements for retired facilities taking years to begin construction.

The companies said the long turnaround increases the commercial risk for generation owners seeking replacements; incentivizes speculative projects being submitted in the queue in anticipation of retirements; and contributes to PJM's concerns about the balance between retiring resources and new entry over the next decade. The problem statement pointed to a February white paper PJM published finding that the pace of renewable development has been slower than anticipated while legislation and economics are leading to more deactivations.

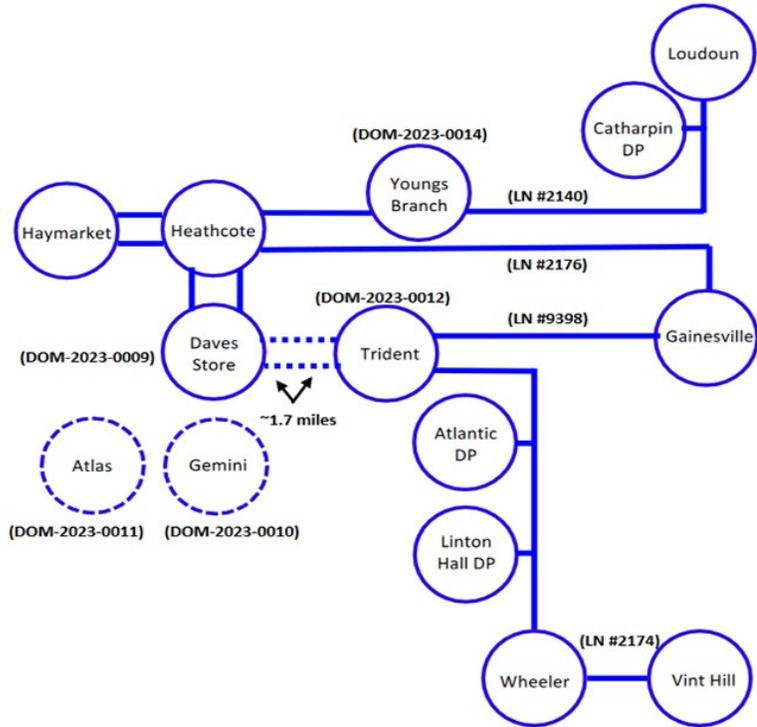
The scope of the issue charge includes only discussion of transfer requests for the same point of interconnection, which EKPC's Denise Foster Cronin said can often use existing infrastructure and should require no material transmission upgrades. The current process is envisioned to remain for transfers involving different

points of interconnection, as those are more likely to require transmission upgrades. The issue charge also aims to develop a solution that specifies that the CIR transfer process applies for all energy-injecting resources, including thermal, renewable and storage.

Responding to stakeholders questioning how a system that allows replacement resources to go through the interconnection process faster



Denise Foster Cronin, East Kentucky Power Cooperative | © RTO Insider LLC



A diagram Dominion presented to the PJM Transmission Expansion Advisory Committee showing several proposed substations throughout the Gainesville, Va. region. | Dominion Energy

would not be skipping other projects in the queue, Paul Sotkiewicz, president of E-Cubed Policy Associates, said the CIRs the replacing resource is seeking are held by the generation owner and are already being modeled as existing on the grid.

“Why can’t those projects be moved forward, because again they’re already being modeled; it doesn’t change anything for anyone else; ... it’s not jumping the queue for anyone else; those CIRs are being modeled for everyone else,” he said.

#### Other PC Business

Stakeholders endorsed PJM's plan for how it will conduct the 2023 reserve requirement study, the annual process for determining the forecast pool requirement and the installed reserve margin for the following three delivery years and establish the figures for the fourth year out. The study will also set the winter weekly reserve target for the 2023/24 delivery year. (See “Reliability Requirement Study to Use New Software,” *PJM PC/TEAC Briefs: May, 9, 2023.*)

PJM also provided a first read of the *manual changes* required to codify the overhaul of the interconnection study process FERC approved

in November 2022. (See *FERC Approves PJM Plan to Speed Interconnection Queue.*)

## Transmission Expansion Advisory Committee

### Brandon Shores Deactivation to Require \$786M in Grid Upgrades

The planned deactivation of the coal-fired Brandon Shores Generating Station, near Baltimore, will require an estimated \$786 million to resolve several voltage and thermal violations, PJM's Phil Yum *told* the Transmission Expansion Advisory Committee last week.

The violations would spread from the BGE zone to also impact PEPCO, Dominion, PECO, APS, PPL and Met-Ed. The work to the 500-kV grid is estimated at \$333 million and includes two new lines between the Peach Bottom and Graceton substations, as well as additional projects throughout the BGE, PECO and PEPCO zones. The 230- and 115-kV upgrades are estimated at \$453 million and include three new substations and additional work throughout the BGE and APS zones.

The deactivation is scheduled for June 1, 2025, but Yum said the work is unlikely to be

# PJM News



complete before that date. PJM Director of Operations Dave Souder said it will likely be necessary to seek to continue operating the generator under a reliability-must-run contract while the transmission work is ongoing.

“There’s a significant need to import to serve the load,” Souder said, adding that new high-voltage lines will be required into Baltimore to avoid voltage collapse under outage conditions.

## Dominion Proposes Substations and New Lines Throughout Northern Va.

Dominion Energy has *proposed* several line extensions and installations to serve new substations in Northern Virginia, in part fueled by data center growth.

Two new substations in Louisa County requested by Rappahannock Electric Cooperative would be served by a \$55 million project to extend the North Anna-Desper line.

Meanwhile, Northern Virginia Electric Cooperative requested a new substation to serve a new data center complex with more than 100 MW of load in Bristow. The 230-kV Gainesville-Wheeler line would be extended at a \$15.75 million cost.

Another substation in the area, Daves Store, would be served by extending a 230-kV line terminating at the existing Heathcote substation to the new facility at a \$40 million cost. The new lines would connect to a GIS 230-kV

four-breaker arrangement.

Dominion has also proposed a \$33.5 million project to address a 300-MW load drop violation related to the Daves Store, Youngs Branch and Catharpin substations. The work would extend a 1.7-mile, double-circuit 230-kV line from the new Trident substation to Daves Store and install associated 230-kV equipment at both. The bulk of the cost is to acquire rights of way for the new line at \$18.5 million.

Two additional substations, Gemini and Atlas, would be constructed in Gainesville to serve data center loads exceeding 100 MW. Dominion estimates each project would cost just over \$15 million to construct, including 230-kV lines to interconnect them.

## Other Supplemental Projects

Exelon *proposed* the replacement of a circuit breaker on its 500-kV Conastone line, northeast of Baltimore near the Maryland-Pennsylvania border, at a \$2.3 million cost. The company said the equipment was installed in 1992 and is now deteriorating, causing higher maintenance costs. The projected in-service date is Nov. 14, 2023.

Dominion provided an update on its proposed \$40 million project to install new equipment at its Goose Creek substation in Loudoun County, Va. Because of an inability to procure a 1,440-MVA transformer to address real-time constraints, it plans to instead install an 840-

MVA transformer and move up the in-service date from Dec. 15, 2026, to Dec. 15, 2023.

Dominion also proposed 230-kV projects to connect to its proposed Twin Creeks substation in Loudoun County, with a requested in-service date of Dec. 31, 2024. A line linking the new substation with the existing Pleasant View and Edwards Ferry stations comes with an estimated \$20 million cost, while two lines to the Sycolin Creek substation have an estimated \$28 million expense.

## PJM Proposes New Standard for RTEP Window Submissions

PJM *presented* a new format for how projects being submitted to address needs identified in its Regional Transmission Expansion Plan (RTEP) should be organized.

The RTO’s Sami Abdulsalam said the change will be required for future RTEP windows and is expected to simplify the process for both staff and stakeholders.

The change asks submissions to eliminate the inclusion of existing infrastructure that is not relevant to the project being submitted and identify facilities that will be removed when submitting single-line diagrams. It also creates a standard format for how contingency files should be named to streamline compiling all the files PJM receives. ■

— Devin Leith-Yessian

## Mid-Atlantic news from our other channels



[NJ Push for 100% Clean Electricity Meets Opposition](#)



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## SPP News

# FERC Accepts SPP's Planning Study Processes for TOs

## Commission Approves Storage-as-transmission-only Assets

By Tom Kleckner

FERC last month approved SPP's tariff revisions to its transmission planning process that establish new study processes for transmission-owning members ([ER23-567](#)).

The commission in its May 26 order found the changes to be just and reasonable and not unduly discriminatory or preferential. It accepted them effective Feb. 6, as SPP requested. It said SPP's proposal increases transparency into staff's review of transmission owner projects and helps ensure those projects receive the "appropriate cost allocation."

The grid operator's revisions allow it to evaluate TO projects' reliability impacts before their inclusion into the integrated transmission planning process and confirm that they are eligible for zonal cost allocation. Zonal reliability upgrades identified by a TO will only be eligible for zonal cost allocation if SPP can confirm they relieve a zonal planning criteria violation and conform to applicable facility design criteria.

If the projects don't meet the criteria, they will be designated as sponsored upgrades and their costs directly assigned to the sponsoring TO.

Commissioners Allison Clements and Mark Christie jointly concurred with the decision, writing that SPP's proposed revision is "consistent with existing precedent" and improves the status quo. However, they said the filing raised a much bigger concern about the need to ensure any future transmission development is cost effective, as expressed during a technical conference in October. (See [FERC Tech Conference Highlights Regulatory Gaps on Transmission Oversight](#).)

"It is our hope that the commission addresses these issues in that proceeding, and we additionally encourage SPP to make further improvements to its process," the commissioners said, noting that the RTO's planning process "appears to have significant room for further improvement."

### Storage as Tx

In a separate order issued May 26, FERC accepted SPP's proposal to treat electric storage resources as transmission assets ([ER22-2344](#)).

The commission said the grid operator's proposal to define storage as a transmission-only



Enel Green Energy

asset (SATO) and add language addressing cost allocation and recovery, transmission planning, interconnection, market participation and market monitoring issues is just and reasonable and not unduly discriminatory or preferential.

SPP's proposed framework results in the SATOs' selection only when they perform a transmission function. Under the RTO's definition, the asset must be under SPP's operational control and connected to the system as a transmission facility solely to support the system. It also must be identified or selected in planning processes as the preferred solution to resolve transmission issues.

SATOs' participation in the markets is limited to only charging from, and discharging to, the transmission system as necessary to provide the services for which it was issued a notification to construct. FERC said that under those circumstances, SATOs are properly characterized as transmission assets and the costs of a SATOA are appropriately recoverable through transmission rates.

"Because the operation of a SATOA would be limited to serving a transmission function, it is appropriate that a SATOA recover costs in the same manner as existing transmission facilities

in the same transmission project category," the commission wrote. "In addition, cost allocation for a SATOA is appropriately limited to the cost of the maximum capacity needed to address the identified transmission issue and is prorated on that basis if a SATOA of higher capacity is constructed."

The American Clean Power Association and the Advanced Power Alliance led clean energy entities in requesting that FERC require SPP to add a restriction in its tariff on the use of SATOs so they can be used only to address "non-routine" reliability transmission issues. They contended that the RTO's proposed tariff language could permit SATOs to be used for more routine transmission issues within each resource's voltage parameters.

The commission declined clean energy's request, noting that the proposal restricts a SATOA from resolving a transmission need for which a market solution exists. FERC said SPP will only evaluate a storage solution as a potential SATOA to address an identified transmission issue if it has unique characteristics or circumstances to meet transmission system performance requirements that are not available at comparable costs from other proposed solutions. ■

## Company Briefs

### Suede Kelly Named Chair of AEI Board of Directors

Advanced Energy Institute last week announced that Suede Kelly, a partner at Jenner & Block, is the new chair of the institute's board of directors.

Kelly has served as a board member since 2020. She also co-chairs Jenner & Block's energy practice.

Kelly served two terms on FERC under Presidents George W. Bush and Barack Obama, was chair and commissioner of the New Mexico Public Regulation Commission and served as regulatory counsel for CAISO.

More: [Advanced Energy United](#)

### Toyota's First EV Factory to be in Kentucky



Toyota last week announced plans to establish its first EV manufacturing facility in the United States at its

Georgetown plant in Kentucky.

The factory, which has manufactured cars since 1988, plans to retain nearly 9,000 employees to manufacture electric SUVs as a part of \$591 million in investments. It is the automaker's largest production facility in the world and will source car batteries from another Toyota plant in North Carolina.

More: [Kentucky Lantern](#)

### GM Owners to Use Tesla Superchargers



Owners of General Motors' electric vehicles will have access to Tesla's Supercharger network, the companies announced last week, two weeks after Tesla struck a similar deal with Ford.

Starting in early 2024, GM EV drivers will be able to recharge at the 12,000 Tesla Superchargers in North America by using an adapter.

More: [Axios](#)

## Federal Briefs

### US Sues Southern California Edison for Negligence in 2017 Creek Fire



The U.S. last week filed a lawsuit against Southern California Edison, seeking

more than \$40 million in damages from the 2017 Creek Fire that ravaged Los Angeles County.

The complaint accuses SCE of negligence, violations of the Health and Safety Code and Civil Code, violations of the Public Resources Code, trespass by fire, and claims strict liability and indemnity pursuant to the special use permit, as well as breach of the special use permit.

Signed by Assistant U.S. Attorney Paul Green, the lawsuit says the Creek Fire broke out because SCE's power lines and equipment ignited dry vegetation. The U.S. also said it is dropping its case against the Los Angeles Department of Water and Power in connection with the new lawsuit against SCE.

More: [Courthouse News Service](#)

### US Solar Installations Soar in Q1



U.S. solar energy installations soared 47% in the first quarter of this year, according

to Wood Mackenzie and the Solar Energy Industries Association.

The solar industry had its best first quarter ever by installing 6.1 GW. The sector also accounted for 54% of new U.S. generating capacity during the quarter, the report said.

More: [Reuters](#)

### CO2 Levels Near Record Surge

Carbon dioxide levels in May averaged 424.0 parts per million (ppm), the fourth-largest annual increase since measurements began 65 years ago, according to the Scripps Institution of Oceanography and the National Oceanic and Atmospheric Administration.

The highest monthly mean levels of CO<sub>2</sub> peaks occur in May for the Northern Hemisphere. May's monthly average this year sat at 423.78 ppm — a 3.0 ppm increase over last year's average. The current amount of carbon dioxide is also 50% higher than it was before the industrial era, the scientists said.

"[The findings are] disappointing, but not surprising. We're still seeing CO<sub>2</sub> rise at the same pace as it has for the last few decades," Geochemist Ralph Keeling said.

More: [The Washington Post](#)

### Study: US Owes \$80T in Climate Reparations

Countries like the U.S. and those in Europe

could be on the hook for \$170 trillion in climate reparations for their excessive carbon emissions, according to research from the University of Leeds.

Wealthier countries such as the U.S., U.K. and Germany are not only responsible for the largest share of current and historic emissions, but they are also on track to overshoot their existing carbon budgets, or the amount that the world can emit before exceeding the current global target of 1.5 degrees Celsius of warming. The study found that the U.S. would be responsible for the largest share (\$80 trillion), which would be paid out to low emitters such as India and China.

More: [Grist, The Guardian](#)

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# Company Briefs

## CALIFORNIA

### State Lands Commission Approves Diablo Canyon Lease Extension

The State Lands Commission last week approved the extension of Diablo Canyon's mean high-tide line lease.

Diablo provides as much as 8.6% of the state's electricity, but the current licenses for its two nuclear reactors terminate in 2024 and 2025.

The lease extension will run through October 2030.

More: *Santa Barbara Independent*

## COLORADO

### Reignited Burn, Xcel Energy Power Line Cause of Marshall Fire



Embers buried for six days on a residential

property reignited, and together with sparks from an unmoored Xcel Energy power line, started the 2021 Marshall fire in Boulder County, Boulder County Sheriff Curtis Johnson said last week.

A Dec. 24 residential fire to burn scrap wood and tree branches resurfaced due to high winds on Dec. 30, the sheriff said. A second fire was likely started an hour later by Xcel power lines and quickly spread. At some point the fires combined, though the investigation did not focus on what time or where they merged.

The district attorney's office determined there was "insufficient or no evidence of a crime" and no reason to file charges, Boulder County District Attorney Michael Dougherty said.

More: *The Colorado Sun*

## GEORGIA

### PSC Pulls Support to Burn Tires for Energy

The Public Service Commission last week voted unanimously to reverse its April decision that granted the biomass industry's request to use junked tires as a fuel source.

Environmental groups formally asked PSC to rethink its vote, which might have skirted open meeting requirements since the commission gave inadequate public notice. Chair

Tricia Pridemore was the only member to vote against the proposal.

The PSC's decision doesn't mean the industry campaign to burn old tires is over, as biomass representatives can petition the PSC to hold a public hearing in the hope of regaining support.

More: *Georgia Recorder*

## ILLINOIS

### State EPA to Build 350 EV Chargers via Volkswagen Settlement



The Illinois EPA last week announced that it expects to build nearly 350 new charging ports for light-duty vehicles through \$12.6 million in grants stemming from

the 2016 Volkswagen settlement.

None of the 87 planned charging sites will be in Chicago, where more than half of neighborhoods have no public EV chargers.

The state received about \$109 million from the settlement, of which more than half remains unspent.

More: *Chicago Sun-Times*

## KENTUCKY

### Kentucky Power to Ask for Rate Hike



An AEP Company

Kentucky Power told lawmakers last week that it plans to raise rates next year.

The utility claimed it is facing the economic headwinds of inflation, regional population decline, and a loss in major industrial customers. With that, the company plans to file a rate case with regulators later this summer for an increase starting next year.

More: *Louisville Public Media*

### State Pauses Incentives for Battery Maker

Kentucky officials last week said they won't start paying out \$21 million in economic incentives for a proposed EV battery facility until Microvast further explains why the DOE abruptly rejected a \$200 million loan for the project after some Republicans argued the firm has improper ties to China.

Yang Wu, Microvast's founder and CEO,

said the company was surprised by the DOE's decision against awarding the loan. The department did not offer a reason for cutting off talks.

More: *The Associated Press*

## MINNESOTA

### Minnesota Power Proposes Nearly \$1B in Upgrades



Minnesota Power last week filed a certificate of need and route permit

with the Public Utilities Commission to replace aging infrastructure and modernize the terminal stations of its 465-mile HVDC transmission line that delivers wind energy from its Bison Wind Energy Center in North Dakota.

The cost for the new system is estimated to be between \$800 million and \$900 million. The company is seeking federal and state funding to help mitigate rate impacts on customers.

Pending regulatory approvals, construction could begin in 2024 with an in-service date between 2028 and 2030.

More: *Business North*

## MONTANA

### Supreme Court Rejects AG's Last-minute Attempt to Stop Climate Trial

The state Supreme Court last week voted 6-1 to reject a last-minute attempt by Attorney General Austin Knudsen to stop a lawsuit from a group of youth plaintiffs who claim the state has failed to preserve a "clean and healthful" environment for future generations, as guaranteed by the Montana Constitution.

Knudsen's office submitted a brief to the high court, asking for a writ of supervisory control in which the appellate court takes control of the current case. It argued that recent changes to state law rendered the case moot by two specific measures that have been since signed by Gov. Greg Gianforte.

The Supreme Court rejected the appeal, saying they had not demonstrated how the recent laws had changed the state's constitutional guarantee.

More: *Daily Montanan*

## OREGON

### PUC Deems NW Natural Plan to Reduce Emissions Insufficient

The Public Utility Commission last week told NW Natural, the state's largest gas supplier, that its long-term plan to reduce greenhouse gas emissions is insufficient to meet state climate goals.

The PUC voted unanimously to acknowledge short-term plans with some tweaks but opted not to acknowledge the long-term plan. The commission also chastised NW Natural for having a long-term plan that relied on the state developing hydrogen-based fuels to replace methane gas.

NW Natural's next chance at approval will come with its 2024 integrated resource plan.

More: [Oregon Public Broadcasting](#)

## TENNESSEE

### AG Probes Asset Managers over Climate Change Policies

Attorney General Jonathan Skrmetti last week demanded that 10 major asset managers provide information on how they seek to tackle climate change as part of an investigation into potential breaches of consumer law.

Skrmetti sent his requests on May 19 in letters to firms. He is one of 21 Republican state attorneys general who wrote to asset managers in March suggesting they are breaching their fiduciary duties in their handling of environmental or social issues.

Skrmetti said he is investigating potential "unfair or deceptive acts or practices" that would arise from breaches of the state's consumer protection law. He did not provide more details on what these breaches would involve.

More: [Reuters](#)

### EV Battery Company Coming to Clarksville

Dongwha Electrolyte, an EV parts company, broke ground last week after announcing a \$70 million investment in Clarksville.



"Once established, our plant will produce 90,000 tons

of electrolytes, which is capable of supporting 1.5 million electric vehicles, which is approximately 10% of the annual car sales in the United States," Dongwha Group Vice Chairman Jisoo Seung said.

More: [WKRN](#)

## TEXAS

### State Leads Nation in Battery Storage Growth

Texas led the nation in battery storage growth for the first few months of 2023, adding 500 MW to the ERCOT grid, according to S&P Global.

The addition makes for 3,285 MW of storage in ERCOT.

Across the country, 710 MW of storage were added in the first three months for a total of nearly 10,800 MW.

More: [Houston Chronicle](#)

## WISCONSIN

### Legislature Moves to Protect Access to Gas-powered Vehicles

The Senate last week gave final approval to bills that would protect access to gas-powered vehicles, snow blowers, lawnmowers and other machines.

The bills seek to outlaw measures similar to a California statute passed last year that requires all new cars, trucks and SUVs sold in the state to run on electricity or hydrogen by 2035. The Senate also passed a bill that would prohibit state and local governments from restricting utility service based on the energy source.

The bills now head to Gov. Tony Evers.

More: [The Associated Press](#)

## National/Federal news from our other channels



[Report Documents Growing Local Restrictions on Renewable Energy](#)



[DOE Loans Chief: Industry Ambition 'Very Low' to Meet Climate Challenges](#)



[CALSTART Brings Electric Vehicles to Hazy Capitol Hill](#)



[LPO Announces \\$850M Conditional Loan for Ariz. Battery Plant](#)



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