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Counterflow

By Steve Huntoon

Hair (and Pants) on Fire

By Steve Huntoon

Washington Post headline: "Amid explosive demand, America is running out of power."¹

The long article cobbles together charts without context, cites states with relatively high electric demand and quotes from all manner of folks.



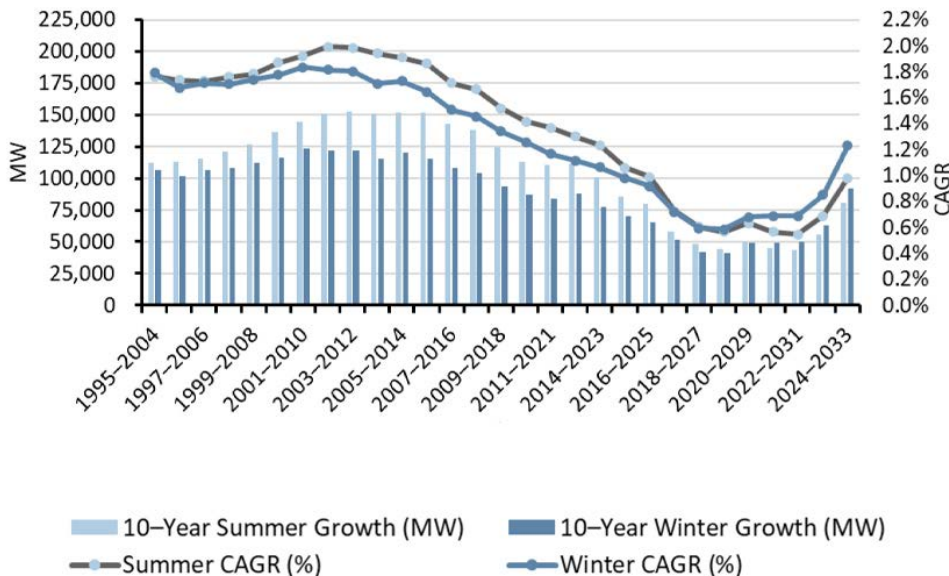
Steve Huntoon

Missing are the entities that actually know whether there is "explosive demand" and whether "America is running out of power."

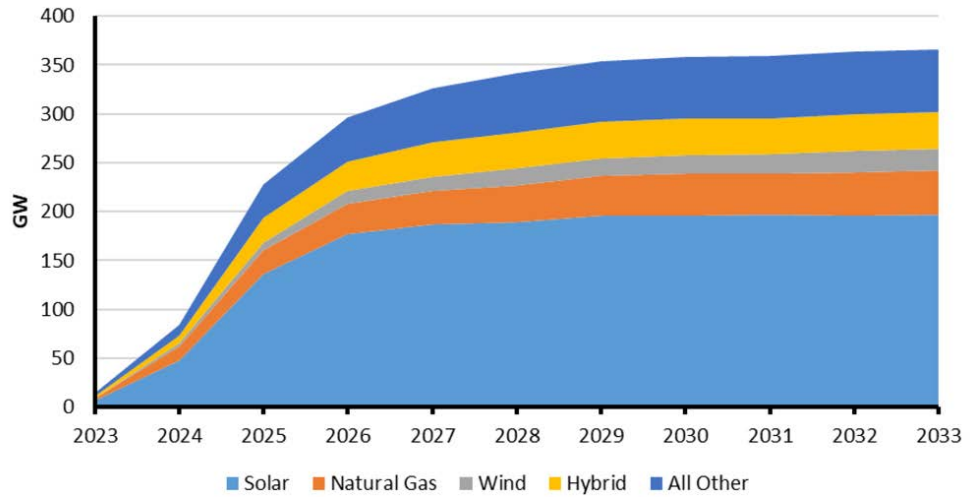
These entities are NERC and the RTOs like PJM that manage generation supply-demand and bulk transmission for most of the country.² But why ask the experts?

Explosive Demand?

Regarding "explosive demand," please look at this NERC graph that shows forecast summer and winter peak demand annual growth rates for the next 10 years.³ The lines show the compound annual growth rate (CAGR) values on the right-hand axis. Do you see the most recent 10-year growth rates of 1.0% summer and 1.2% winter? And do you see how much higher these growth rates were from 1995 to 2014? So yes, demand growth is increasing —



10-year summer and winter peak demand growth and rate trends | NERC



Tier 1 and 2 planned resources projected through 2033 | NERC

but at a relatively small rate in absolute and relative terms.

Running out of Power?

As for America "running out of power," here's another NERC chart showing projected new Tier 1 and 2 generation resources over the next 10 years.⁴ Around 370 GW by 2033. This is a staggering amount of new generation relative to existing generation resources of 1,300 GW.⁵

Will all of it get built? No. Will the renewable (intermittent) resources have the same reliability value and load factor as dispatchable (firm) resources? No — I've written about

their limits ad nauseum.⁶ Are there challenges that need to be worked through to ensure the energy transition does not degrade reliability? Yes. Crisis? No.

Georgia

Georgia is the poster child for the *Post* article, where the major utility there, Georgia Power, projects increased demand from various sources.⁷ But is there a crisis? No. Georgia Power identifies eight measures to address the increased demand, including power purchase agreements with generators in Mississippi and Florida, expanding battery storage, building additional simple-cycle combustion turbines, and expanding distributed energy resource and demand response programs.⁸ Where's the fire?

Distracting from the Real Work at Hand

Articles like the *Post's* distract from the real work at hand. Here are a few no-brainers I've flagged before:

- (1) Keeping existing nuclear plants open. Thank goodness Diablo Canyon was saved, as I pleaded for eight years ago;⁹
- (2) banning cryptocurrencies (especially "proof of work" crypto like Bitcoin), which have nothing but negative externalities like emissions, ransomware enabling, money laundering, drug smuggling and human trafficking;¹⁰
- (3) rational onshore wind instead of irrational offshore wind, which costs at least twice as much per MWh;¹¹
- (4) rational grid solar instead of irrational

Counterflow

By Steve Huntoon

rooftop solar, which costs five times as much per MWh;¹²

(5) high-voltage interconnections between Texas/ERCOT and the rest of the country;¹³

(6) unique emergency ratings for generation interconnection studies (and dispatch);¹⁴

(7) new (but known) technologies for increasing capacity of existing transmission lines;¹⁵

(8) not wasting money on green hydrogen electricity;¹⁶ and, dare we keep saying it,

(9) carbon pricing.¹⁷

The flip side of good public policies is bad public policies, such as premature closure of dispatchable resources (a threat that goes unaddressed in the *Post* article). Bad public policies can create a crisis that would be otherwise avoidable. But we shouldn't assume we'll foolishly create a self-inflicted crisis.

A Last Word

In my humble opinion, the damage from an article like the *Post*'s goes beyond distracting us from the real work at hand. It adds to the collective trauma from all the big things we already worry about, like climate change, artificial intelligence, politics and international crises.

We have plenty to worry about. Enough already. ■

¹ https://www.washingtonpost.com/business/2024/03/07/ai-data-centers-power/?utm_campaign=wp_news_alert_revere_trending_now&utm_medium=email&utm_source=alert&location=alert

² As an example the most recent PJM load (demand) forecast is here, <https://pjm.com/-/media/library/reports-notice/load-forecast/2024-load-report.ashx>. Load growth attributable to electric vehicles and data centers is accounted for.

³ https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_LTRA_2023.pdf, Figure 25.

⁴ NERC report, Figure 16.

⁵ https://www.publicpower.org/system/files/documents/Americas_Electricity_Generating_Capacity_2023_Update.pdf. This is U.S. generation capacity and does not include Canada.

⁶ <https://energy-counsel.com/wp-content/uploads/2022/11/More-Happy-Talk.pdf>; <http://energy-counsel.com/docs/No-Carb-California.pdf>; <http://energy-counsel.com/docs/German-La-La-Land.pdf>; <http://energy-counsel.com/docs/Cue-the-PixieDust.pdf>.

⁷ <https://www.georgiapower.com/content/dam/georgia-power/pdfs/company-pdfs/2023-irp-update-main-document.pdf>

⁸ IRP report, pages 2-3.

⁹ My column on the insanity of closing Diablo Canyon is here, <http://energy-counsel.com/docs/Helter-Skelter-September-Fortnightly.pdf>. No such luck with saving Indian Point which closure I showed would cost New Yorkers \$830 million/year, <http://energy-counsel.com/docs/New-Yorks-Surreal-New-Deal.pdf>

¹⁰ <https://energy-counsel.com/docs/The-New-Technoking-and-His-Bitcoin-Crown.pdf>; <https://energy-counsel.com/wp-content/uploads/2022/04/Stop-the-Insanity.pdf>.

¹¹ <https://www.energy-counsel.com/docs/we-see-through-a-glass-darkly.pdf>, item 3 and sources cited there.

¹² Same column, item 4 and sources cited there.

¹³ <https://www.energy-counsel.com/docs/a-modest-proposal.pdf>; <https://energythaas.wordpress.com/2022/01/31/the-most-obvious-way-to-avoid-another-texas-blackout>.

¹⁴ <https://energy-counsel.com/docs/waste-not-what-not.pdf>; Tangibl comments in the FERC rulemaking are here, <https://elibrary.ferc.gov/eLibrary/filedownload?file-id=15740097>.

¹⁵ <https://www.epri.com/research/products/000000003002023004>; <https://energy-counsel.com/wp-content/uploads/2022/06/Transmission-and-Technology.pdf> (penultimate paragraph).

¹⁶ <https://energy-counsel.com/wp-content/uploads/2023/12/Hydrogen-Reality.pdf>

¹⁷ "If we don't put that price of carbon on the system, I don't see how anything could work," Harvard economist William Hogan said in the last session of the daylong conference." <https://www.rtoinsider.com/articles/29867-epsa-members-renew-call-carbon-price>.

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Stakeholder Soapbox

PJM Moves to Wipe Out Energy Efficiency When It's Needed Most

By Bo Clayton



Bo Clayton | Bo Clayton

After nearly two decades of flat load growth, U.S. *electricity demand is rising*. Fast. The boost in domestic industry related to the growth of data centers and increased economy-wide electrification is driving operators

to revise load forecasts and scramble to flag concerns about future capacity insufficiency.

They are right to be concerned: This new load is coming onto the aging grid far faster than solutions to handle that demand. New generation takes *years* to get through the backlogged interconnection queue; new and expanded transmission capacity even longer. We need to be using every tool in our toolbox to help meet these challenges — and energy efficiency is critical to ensuring we can do this effectively and affordably.

For at least half a century — since the 1970s U.S. energy crisis — energy efficiency has been America's cheapest, most reliable source of energy. Even as modern, clean technologies like solar PV, wind energy and battery energy storage have tumbled down their cost curves, megawatts of efficiency remain a winning bet for states and their utilities.

A recent Lawrence Berkeley National Laboratory *study* confirms energy efficiency plays a significant role in many states. These energy efficiency programs range from major industrial-scale efforts to reduce consumption to hundreds of millions of residential customers around the country installing products and taking actions that, in aggregate, save a lot of energy and money.

Rather than identifying ways to promote further efficiency in its footprint, the nation's largest grid operator — PJM — inexplicably is taking the opposite approach. PJM is pursuing imminent changes that effectively will gut energy efficiency across its region, precisely at a time when those gigawatts of capacity are needed more than ever.

PJM is seeking to bypass its standard stakeholder process to make a “quick fix” to its rules governing energy efficiency. PJM's hasty *proposal*, which will be voted on at its Markets and Reliability Committee meeting March 20, essentially would invalidate a majority of states'



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energy-efficiency programs by establishing an arbitrary timeline for when PJM thinks states should update their own energy-efficiency guidelines. (See *PJM MIC Briefs: March 6, 2024*; and *PJM Seeking Expedited Approval of Energy Efficiency Changes*.)

PJM didn't bother to explain which state programs would be impacted or provide support for its concern about how states are running these programs. This is irresponsible at best and outright disrespectful of state programs and efficiency progress at worst.

In parallel, it effectively would eliminate the ability to aggregate energy efficiency through big box retailers, removing the primary means of energy efficiency participation in PJM to date. This could significantly hamper consumer adoption of energy efficiency solutions such as LED light bulbs and spray foam insulation.

Make no mistake: PJM should revisit its rules governing efficiency's participation in the capacity market. Much has changed in the 17 years since these rules first were adopted.

They are outdated and due for overhaul. But the process to do so must be transparent, inclusive and thoughtful.

PJM isn't even planning to allow its regulator — FERC — to have a say on the changes. That leaves it up to the PJM stakeholders to push back. If you are a stakeholder, I urge you to pursue the harder but better approach: Send the issue back to lower committees for thoughtful deliberation including PJM staff, states and others with a stake in the outcome. Anything less flies in the face of PJM's own commitment to consensus-based issue resolution, to the detriment of consumers and grid reliability. Moreover, PJM will be abdicating its place at the forefront of energy innovation.

This is not the time for PJM to erase decades of progress on energy efficiency by hastily implementing an ill-conceived rule change with far-reaching ramifications. ■

Bo Clayton is the CEO of American Efficient, a developer of energy efficiency resources with 10 years of operating history in PJM.

FERC/Federal News



WRI Webinar Examines How to Expand Grid-enhancing Technologies

By James Downing

With a major grid expansion on planning boards around the country, grid-enhancing technologies (GETs) will be key to getting the most out of current and future systems, experts said on a World Resources Institute webinar March 12.

“We are increasingly relying on the grid to enable power-sharing between neighboring regions, to ensure good reliability, generally, but also during extreme winter events and as well as extreme heat events,” said WRI Senior Manager for Clean Energy Jennifer Chen. “We need to deliver low-cost clean energy to customers and support growing electricity demand from electrification, manufacturing, data centers, artificial intelligence, crypto-mining, indoor agriculture and the list really goes on.”

GETs can get more power through existing transmission lines with operational tweaks or reconductor existing lines to greatly expand the number of electrons that flow through them.

FERC must consider more than decarbonization in grid expansion; as an economic regulator, it needs to ensure the bulk power system can support the wave of demand, Commissioner Allison Clements said.

“We need to figure out how to make easy, quick investments that can help us in the near term to modernize the grid, as well as working on medium-term and longer-term, more difficult investments, like the investment in new regional and interregional transmission,” Clements said. “I don’t think that any of the things you described are actually replacements for new transmission investment. But certainly, we have a toolbox of technologies and transmission options, cost options, market design options, and we should be trying to take advantage of all of them.”

GETs have been shown to produce major benefits, but they face economic, operational and regulatory barriers. The utility industry does not have good incentives to make smaller investments that avoid capital spending.

“Everyone knows that you should eat your broccoli, you don’t necessarily do it if there’s cake sitting there for you to enjoy,” Clements said.

Many grid operators are not familiar with GETs and thus are hesitant to risk reliability on less proven technologies, she said, adding that economic incentives and regulations need to be aligned so GETs are used more broadly than just as the subject of pilot programs.

Another major barrier to deploying GETs is information asymmetry between regulated

utilities and their regulators, said Connecticut Public Utility Regulatory Authority Chair Marissa Gillett. Like grid operators, regulators are wary of relying on new technologies.

“State regulators, or different regions, often want to pilot something, even if it has been proven in another area of the country,” Gillett said. “And I think that can be very frustrating, particularly for proponents of new technologies.”

Sometimes the desire to pilot makes sense, such as when a technology worked in a state with different regulations. But it also happens even when a technology has been proven to work in a state’s regulatory construct, she added.

The Idaho National Laboratory has found that 118,000 miles of transmission lines nationwide could benefit from reconductoring, said Gilbert Bindewald of DOE’s Office of Electricity.

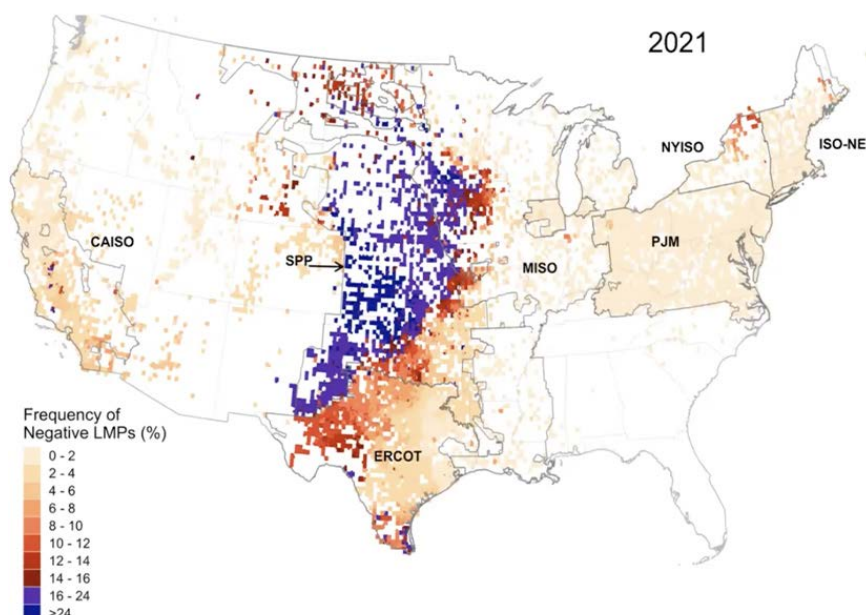
“One of the aspects that I’m continually hearing is not only the economics, but given that these are multidecadal investments, how will these technologies continue to perform 20 years from now, 30 years from now?” he added.

Multiple offices at DOE are working on research, development and deployment of GETs with the hope of showing the industry the technology’s reliability and resilience benefits, Bindewald said. That work includes testing different GETs by accelerating the aging process and using other tests to get a sense of their full lifetime of benefits, he added.

In the Energy Policy Act of 2005, FERC got the authority to offer performance-based incentives that could be applied to GETs, but so far it hasn’t been used much, Clements said. The WATT Coalition and others have asked FERC to include GETs in its regional transmission rule and advance a notice of inquiry it launched on dynamic line ratings.

“I think all three sitting commissioners currently have expressed a desire to revisit our transmission incentives policy,” Clements said. “I’m not sure all three of us have the same outlook for where that policy should go. From my perspective, we need to incent the hard stuff to build.”

That would include GETs and harder-to-build transmission lines such as interregional projects, she added. ■



A slide from World Resources Institute showing the prevalence of negative pricing, which could be relieved by using Grid Enhancing Technologies or other transmission infrastructure. | World Resources Institute

FERC/Federal News

FERC Releases Fiscal Year 2025 Budget Justification

By James Downing

FERC has released its fiscal year 2025 congressional justification, *which* would have the agency fund itself with \$532 million from fees and annual charges assessed to its regulated entities.

The request is up from \$508.4 million last year but is short of its requirement of \$565.4 million, though FERC can defer some of that with \$33.4 million that it brought in earlier and did not spend. The funding would support 1,576 full-time equivalent employees, 68 more than in 2023.

“The commission allocates 62% of its budget to directly cover personnel compensation costs of its employees on an annual basis,” said the request, released March 11. “The commission’s request reflects a personnel compensation increase of \$39.6 million, or 12.8%, above the FY 2023 enacted level to support an increase of 68 FTEs and accounts for an estimated 2% pay raise in January 2025.”

FERC is using money from the Inflation Reduction Act to speed its permitting efforts’ timelines and to increase its public outreach in communities with environmental justice concerns.

The request includes \$152.5 million to support information technology investments, an increase of \$36.9 million or 31.9% over 2023. The increase would fund improvements including a series of proofs of concept to harness the generative power of artificial intelligence.

“The utilization of AI promises to enhance efficiencies across various FERC program offices,



FERC headquarters in D.C. | © RTO Insider LLC

ultimately leading to substantial benefits in the execution of the commission’s mission,” the request said.

The funding request includes an \$8.9 million cut in rental costs as FERC has consolidated its employees in the D.C. area into its headquarters and has lowered the amount of space its operations require.

The electric industry is responsible for most of the funding, with FERC expecting to collect \$319 million across hydropower (\$124.8 million), natural gas (\$106.9 million) and the oil industry (\$13.8 million).

The document also includes brief descriptions of what FERC has been up to and its plans to move specific policies along. The paper

discussed its transmission NOPR, which has produced Order 2023 mandating changes to the commission’s pro forma interconnection rules.

“The commission will also consider requests for rehearing of Order No. 2023 and evaluate Order No. 2023 compliance filings with respect to changes to transmission providers’ generator interconnection procedures and agreements,” the document said.

The industry expects another final rule on transmission planning and cost allocation, and FERC said it would “continue to evaluate feedback from the public” on its NOPR to “help inform whether further commission action is appropriate.” ■



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FERC/Federal News



House Oversight Examines Grid Reliability and Resource Adequacy

By James Downing

Former FERC Commissioner James Danly told a House Oversight subcommittee March 12 that resource adequacy was being threatened by rapid generation retirements and demand growth.

The message, given to the House Oversight and Accountability Subcommittee on Economic Growth, Energy Policy and Regulatory Affairs, was not much different from what Danly, now a partner at law firm Skadden, told Congress last year when he was on the commission. (See *FERC's Danly, Christie Again Warn Congress of Looming Reliability Crisis*.)

“Every market is different, the tariffs are different region to region, but there have been problems in properly incentivizing the arrival of new generation to meet load growth,” Danly said. “This problem becomes all the more difficult when the markets have to operate and create those price signals upon which we rely to ensure resource adequacy, when they’re operating in the context of widespread and lucrative subsidies, which have the inevitable effect of warping price signals.”

Federal subsidies overvalue some resources, while undervaluing others, and because those others are getting less money overall, that means there are fewer of them, he added.

Subcommittee Chair Pat Fallon (R-Texas) asked Danly whether EPA’s latest proposal on greenhouse gas emissions from power plants would impact reliability. As commissioner, Danly had sent a letter to EPA because he was worried they were not taking its potential impact on reliability seriously enough.

The rule is going to increase the capital investments of some of the covered power plants, which will have to be reflected when they bid into markets, and that ultimately should lead to higher prices, Danly said.

“I think that the Clean Power Plan could potentially create extraordinarily expensive prices in the markets,” Danly said. “And what I’m really concerned about is not that, because that’s a public policy decision. What I’m concerned about is that it seems to be undertaken without full knowledge of the consequence.”

Another issue with cleaning up the grid is that the buildout of renewables favored by many will require a massive expansion of transmission.

“I’m skeptical that that buildout of transmission



Former FERC Commissioner James Danly (now a partner at Skadden) testifies before the subcommittee on March 12. | U.S. House Committee on Oversight and Accountability

is even feasible, given the cost. It’s an extremely capital-intensive proposition to build out that amount of transmission,” Danly said. “And given the regulatory risks that attend any large infrastructure project in the United States, it is very hard to site and construct long, linear infrastructure projects.”

The committee also heard from the libertarian Cato Institute through Director of Energy and Environmental Policy Studies Travis Fisher, who said the grid is becoming a liability due to multiple subsidies, mandates and regulations. The Inflation Reduction Act extended the production tax credit for renewables, and Fisher said they could cost taxpayers \$3 trillion through 2050.

“These tax credits reward electricity production from unreliable sources and distort the market signals that keep reliable power plants running,” Fisher said. “The result will be a weaker grid over time, not to mention a deepening fiscal crisis in the country.”

While Fisher and Danly blamed policy for the grid’s performance, the Democrats’ witness — Converge Strategies’ Jonathon Monken, who previously worked for PJM — blamed

increasing bouts of extreme weather caused by climate change. The grid is transitioning as clean energy becomes cheaper than traditional power plants like those that burn coal, Monken said.

“This transition is occurring at a time when the grid is under threat from climate-driven changes in severe weather patterns, as well as targeted attacks on grid infrastructure from homegrown violent extremists conducting physical attacks, and foreign adversaries utilizing cyber capabilities,” Monken said.

Recent winter reliability events have shown it’s risky to run the grid with a single fuel type and with limited geographies. Most outages in Winter Storms Elliot and Uri were because of issues around natural gas.

“More comprehensive evaluations of fuel security are needed to identify the optimal mixture generation types to reduce the risk of disruptions caused by fuel availability,” Monken said. “This should include transmission planning to prioritize connecting regions with a greater diversity of resources to those regions with a high dependency on single fuels that could suffer from these common mode failures.” ■

CAISO/West News



Pathways Initiative Discloses Funders, Reiterates Goals

West-wide RTO Group has So Far Attracted 24 Financial Backers

By Robert Mullin

The West-Wide Governance Pathways Initiative has secured financial commitments from 24 utilities and other electricity sector organizations and expects that list to grow, the group disclosed March 15 as it identified the contributors.

The disclosure seeks to address concerns raised by some skeptics of the Pathways Initiative about who is backing the effort and whether it is being dominated by specific interests.

Those concerns stem from the fact that the effort is at the heart of a contest between CAISO's Extended Day-Ahead Market (EDAM) and SPP's Markets+ day-ahead offering to attract participants.

Last year, energy officials from five Western

states launched the Pathways Initiative to build a governance framework that could oversee a regionwide market that pointedly includes California and builds on CAISO's Western Energy Imbalance Market (WEIM) and EDAM.

"The thing I did want to note on this is we have a fairly broad and diverse set of funding parties that have agreed to help us and also that there isn't any super large amount of money coming from any one entity that's trying to in any way dominate our funding," Jim Shetler, general manager of the Balancing Authority of Northern California (BANC), said during a March 15 update call hosted by the initiative's Launch Committee.

Shetler is co-chair of the committee's Priority Admin Work Group, and BANC last August became the second balancing authority to announce its intention to join the EDAM after

six-state utility PacifiCorp. (See *BANC Moving to Join CAISO's EDAM*.)

Shetler displayed a spreadsheet listing companies that have pledged donations and their approximate funding. The top-level funders (\$20,001-\$30,000) include the investor-owned utilities Avista, Pacific Gas and Electric, PacifiCorp, Portland General Electric, Public Service Company of New Mexico, Puget Sound Energy and Southern California Edison.

Others in that pledge category include BANC, California Community Choice Association (CalCCA), Northern California Power Agency, Oregon-based generation and transmission cooperative PNGC Power, Seattle City Light, and Western Power Trading Forum (on behalf of AES, Calpine, Constellation, Shell and Vistra).

The next level of funders (\$10,001-\$20,000) includes NextEra Energy, Northwest Energy

NOTE: This is a living document and updates will be posted periodically

Organization	\$ 1-5,000	\$5,001-10,000	\$10,001-20,000	\$20,001-30,000
Apex Clean Energy		x		
Avangrid	x			
Avista Corp.				x
Balancing Authority of Northern California				x
California Community Choice Association				x
EDP Renewables		x		
Invenergy	x			
NextEra Energy			x	
Northern California Power Agency				x
NW Energy Coalition			x	
Orsted Wind Power North America	x			
Pacific Gas & Electric				x
PacifiCorp				x
PNGC Power				x
Portland General Electric				x
Public Service Company of New Mexico				x
Puget Sound Energy				x
Seattle City Light				x
Southern California Edison				x
Turlock Irrigation District		x		
Union of Concerned Scientists	x			
Western Freedom			x	
Western Power Trading Forum (AES, Calpine, Constellation, Shell, Vistra)				x
NIPPC	x			

The West-Wide Governance Pathways Initiative has so far attracted about \$430,000 worth of pledges from 24 entities. | *West-Wide Governance Pathways Initiative*

CAISO/West News

Coalition and Western Freedom, which represents companies seeking to buy emissions-free energy.

The third level of donors (\$5,001-\$10,000) consists of Apex Clean Energy, EDP Renewables and Turlock (Calif.) Irrigation District, while the fourth level (\$1-\$5,000) includes Avangrid, Invenergy, Ørsted Wind Power North America, Northwest & Intermountain Power Producers Coalition and Union of Concerned Scientists.

“Invoices have been sent out, funds are flowing in, so we’re able to pay our bills. We greatly appreciate that,” Shetler said.

These financial commitments put the Pathways Initiative at about \$430,000 of an estimated \$570,000 budget needed to fund Phase 1 of the effort through April, with more pledges expected, Shetler said.

The group also expects to win the \$800,000 in U.S. Department of Energy grant funding it applied for in January, Shetler added. The first half of that money likely won’t arrive until June or July, potentially leaving a funding gap in late spring. Still, he said he thinks the initiative can run on its original budget until the end of June.

‘Quick Wins’

Opening the March 15 update, Launch Committee co-Chair Kathleen Staks, executive director of Western Freedom, emphasized the initiative is focused on its original mission of establishing an “independent entity” to oversee governance of a market building on CAISO’s WEIM and EDAM and containing the largest possible Western footprint.

Staks’ statements appeared to address a ques-

tion raised in a thread under a LinkedIn *post* she published March 11 in which a commenter said that, based on information shared at the committee’s previous update, they assumed Pathways was no longer pursuing creation of a “regional organization” because it would require a change in California law.

“We have been evaluating how we get there. What are the options for that end state?” Staks said. That “includes everything from interim steps that demonstrate progress and achieve some quick wins for market development in the West, as well as a potential legislative change in California.”

CalCCA General Counsel Evelyn Kahl, co-chair of the Launch Committee’s Functions and Scope Work Group, elaborated on that “stepwise” approach to governance, which was discussed during the committee’s February update. (See *Western RTO Effort Makes Gains on Funding, Legal Analysis.*)

Kahl said her group, which is working with the law firm retained to examine legal issues around transforming CAISO’s governance, has made progress on Step 1 of the process — namely, identifying changes that could be done to make the WEIM/EDAM governance framework more independent of Californian control without triggering legal action.

She said the “two key features” in Step 1 would be elevating the level of authority for the WEIM Governing Body and introducing a dual filing concept at FERC in cases of disagreements over tariff changes between that body and CAISO.

Kahl said the work group expects to deliver stakeholders a “straw design” and associated

paper by April 10.

“Step 2 is harder,” Kahl said. “It’s the next incremental step of augmenting market independence, and it’s going to require a lot more in-depth analysis and design. And it’s likely to require a change in law. So given the complexity of Step 2, it’s moved necessarily more slowly and deliberately.”

Kahl’s group is looking into the creation of a new regional body as a 501(c)(3) organization and in April expects to discuss with stakeholders a “narrowing” of the governance options the Launch Committee laid out in December. (See *Western RTO Initiative Outlines Governance Options.*)

“We’d like to emphasize that nothing you’re going to see on April 10 is going to be a final recommendation. What we plan to do is show you our work ... and get your feedback on our work before we go further,” Kahl said.

Mike Florio, a former California Public Utilities Commission member who now works as a consultant, asked if there’d be an effort to amend California law during the 2024 legislative session.

“We want to make sure that we are having a very thorough stakeholder engagement process and don’t want to cut that short — and we will need to do some engagement with legislators in California” Staks said. “Without committing fully one way or another, I think the likelihood of having legislation ready to present in the 2024 legislative session is probably unlikely.”

The Launch Committee will hold its next update call April 19. ■

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CAISO/West News

CAISO Wins FERC Approval for Subscriber-funded Tx Plan

New Model Allows Lines Outside Calif. to Join ISO While Avoiding Financial Risks

By Robert Mullin

FERC has approved a CAISO proposal allowing transmission lines outside California to join the ISO under a new subscriber-funded model that avoids allocating project costs to the ISO's load-serving entities (ER23-2917).

Under CAISO's "subscriber participating transmission owner" (PTO) program, the developer of a transmission project not chosen in CAISO's transmission planning process can solicit generation-owning customers to subscribe to service on a line designed to deliver energy into California. The project owner then can turn operational authority of the line over to the ISO, joining the balancing authority areas as a "subscriber PTO," a category of owner ineligible to recover costs through the ISO's transmission access charge (TAC) — the mechanism CAISO uses to bill load-serving entities for their transmission use.

The plan, which CAISO's Board of Governors approved in July 2023, is designed to help California draw on clean energy resources outside the state to meet its ambitious greenhouse gas reduction goals while alleviating financial risks associated with building new merchant transmission. (See [CAISO Board OKs Plan to Admit Subscriber-funded Transmission Lines](#).)

"The commission has long required a merchant transmission facility's owner and its willing customers to assume the full market risk for the cost of constructing the facility and ensure that no captive customers are required to pay for the cost of the facility," FERC wrote in the March 12 order. "Here, subscribers of the capacity on the subscriber PTO's transmission facilities will be responsible for paying the entire cost of constructing those transmission facilities, and no transmission revenue requirement for the subscriber PTO transmission facilities will be included in the TAC.

"Therefore, we find CAISO's proposal to be consistent with the commission's policy regarding cost recovery for merchant transmission facilities."

The subscriber PTO program will require applicants to obtain approval from CAISO's board to join the balancing area, execute a transmission control agreement, place transmission assets and associated entitlements under the ISO's operational control, and satisfy the requirements applicable to other PTOs.

In exchange for funding the project, subscribers will receive scheduling priority on the associated transmission paths. Initial subscriber-owned generation interconnecting with CAISO through the subscriber PTO's transmission will be studied through the PTO's transmission interconnection process, rather than the ISO's generator interconnection process.

The program is open to existing transmission lines and those being planned or developed.

Nonsubscriber Charges Prompt Protest

Protests filed with FERC against the subscriber PTO model focused on how those PTOs will be compensated when nonsubscribers use their lines.

The proposal calls for CAISO to assess the TAC rate for nonsubscriber imports using the scheduling points associated with a subscriber PTO's transmission facilities, while assessing the ISO's wheeling access charge (WAC) rate for nonsubscriber exports and "wheeling-through" transactions at those points.

At the same time, each subscriber PTO can develop a nonsubscriber \$/MWh usage charge that cannot exceed the application TAC rate at the time the PTO files its charge for FERC approval.

"Thus, while nonsubscribers will pay CAISO the current TAC or WAC, the subscriber PTO would receive an amount no greater than the TAC rate via the nonsubscriber usage rate accepted by the commission," FERC noted in the order. "CAISO explains that, if the total TAC and WAC revenue contributed by transactions on the subscriber PTO's facilities exceeds the total calculated nonsubscriber usage payment then the excess amount will be added back to the regional access charge for allocation to the other participating TOs besides the subscriber PTO."

When WAC revenue is insufficient to cover nonsubscriber charges, CAISO will draw on nonsubscriber TAC revenues to cover the balance before distributing those revenues to other CAISO PTOs.

In a jointly filed protest, Pacific Gas and Electric and Southern California Edison complained that subscriber PTOs should not be compensated for nonsubscriber use of their transmission lines because those lines will be fully paid for by the subscribers.

"As an initial matter, and contrary to protestors' arguments, the commission has not held that a facility's costs can be allocated to customers only following a determination that the facility is necessary for reliability, economic, policy or other reasons through the CAISO transmission planning process," the commission wrote. "In any case, we disagree with protestors that compensation for nonsubscriber use of a subscriber PTO's transmission facilities conflicts with the commission's longstanding policy that a merchant transmission facility's owner and its willing customers must assume the full market risk for the cost of constructing the merchant transmission facility, and that no captive customers are required to pay for the cost of the facility."

The commission declined to address the protestors' concerns about how the nonsubscriber usage rate will be formulated, saying the issue was outside the scope of the current proceeding and best addressed in future proceedings dealing with rates proposed by subscriber PTOs. FERC also dismissed a request to sever the nonsubscriber rate provisions from the proposal and reject them.

"Regarding protestors' concerns that the TAC could increase as a result of the nonsubscriber usage rate, we find, based on the record before us, that the subscriber PTO model is unlikely to result in an increase in the TAC, and, should an increase occur, any such increase would not be due to the subscriber PTO recovering any of the costs for constructing the subscriber PTO's initial transmission facilities through the TAC," the commission found. It also noted that CAISO's response to a FERC deficiency letter in January clarified that the nonsubscriber usage rate would be required to decline in line with any future reduction of the TAC.

TransWest Request Denied

FERC rejected a request by TransWest Express for guidance on "a potential framework to determine the nonsubscriber usage rate," saying the subject was outside the scope of the proceeding and reiterating that the issue would be addressed in future rate filings.

The proposed TransWest Express project, a 700-mile line designed to carry 3,000 MW of wind energy from Wyoming to a CAISO interconnection point in Nevada, likely will become the first transmission facility to join the ISO under the subscriber PTO program. ■

CAISO/West News

CAISO, Stakeholders Consider 2 GHG Mechanisms for EDAM

Emissions Tracking and Accounting Complicated by Variations in State Programs

By Ayla Burnett

CAISO stakeholders and staff could soon be weighing two options for how the Extended Day-Ahead Market (EDAM) would track and account for greenhouse gases in a way that accommodates the patchwork of different carbon pricing programs across Western states.

Speaking at a March 14 meeting of the ISO's Greenhouse Gas Coordination Working Group, Doug Howe, GHG policy consultant with the Western Climate MOU Group, delved into how the different carbon reduction programs among Western states complicate accounting for GHGs in EDAM. Some states — such as California and Washington — price emissions through cap-and-trade systems while many others seek to limit with “non-priced” GHG programs such as targets for declining emissions for utilities.

“For a standalone utility not in a day-ahead market, compliance would be a relatively straightforward procurement issue,” said Howe, a former member of the Western Energy Imbalance Market's Governing Body. “In a day-ahead market, compliance would certainly still require the utility to procure the needed resources, but the added complexity is that of imports and exports through the market — specifically, how to account for imports and exports to report on compliance.

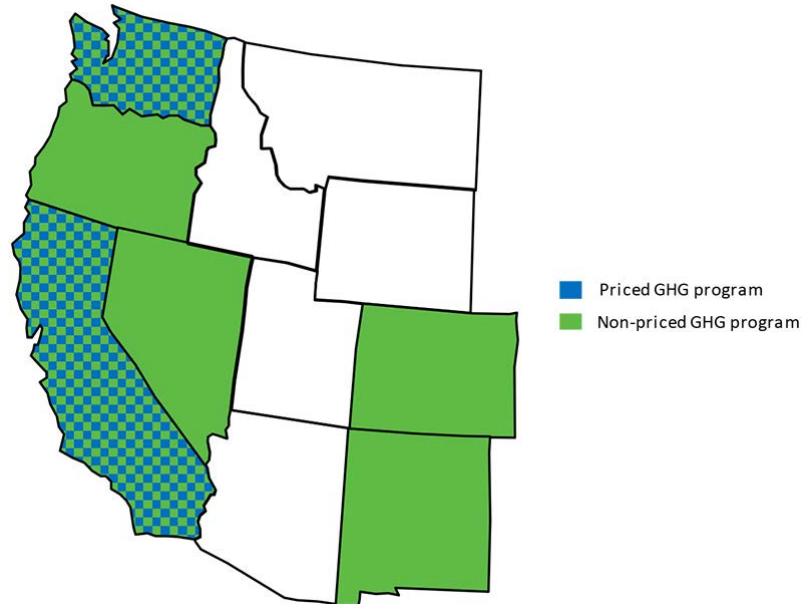
“At a minimum, a thorough tracking and accounting system would be required that provides emissions attribution to all market transfers to avoid over- or undercounting.”

In contrast to priced programs that place responsibility for compliance on the emitting resource, non-priced programs regulate the load-serving entity and require compliance across a longer time frame, often a year or more. When referring to non-priced programs, Howe excluded renewable portfolio standard programs, which exist in some form in every state in the Western Interconnection except for Wyoming and Idaho.

Non-priced Challenges

The variety of GHG programs across the Western Interconnection means some states will require utilities to make aggressive emissions reductions as early as 2030 while others face no obligation to reduce.

One of the main components needed to ensure



CAISO stakeholders presented two different approaches to accounting for greenhouse gases in the Extended Day-Ahead Market. | CAISO

GHG compliance within EDAM is “control” — or the ability of a market participant subject to a GHG program to have a say in what is imported into and exported out of its area, Howe said. That goes for utilities subject to non-priced programs as well as those operating underpriced programs.

The variations in average emissions rates among Western states presents a key challenge for designing GHG market mechanisms that satisfy the needs of states with non-priced programs, Howe explained. While the relatively low emissions rates in the Pacific Northwest could help utilities there become compliant with their non-priced GHG mandates, the higher rates in Rocky Mountain and Desert Southwest regions indicate utilities in those regions might struggle to comply with 2030 mandates.

Pointing to patterns already seen in CAISO's Western Energy Imbalance Market (WEIM), Howe said he expects “GHG competition will emerge” in EDAM, with the priced programs in California and Washington drawing in the lowest-emission resources first.

“This means higher-emitting resources will comprise the bulk of market imports and exports between utilities subject to non-priced GHG programs,” he said.

“Given how we see the landscape emerging, we

took on the exercise of thinking through other options that might allow the utility to garner economic benefits of being in the market without having to self-schedule significant parts of its portfolio, but at the same time have some control of the carbon content of its market imports and exports to ensure compliance,” Howe said.

Howe presented two mechanisms to address the problem: the emissions constraint method and an import constraint method.

In the emissions constraint method, a non-priced GHG zone establishes a maximum emissions rate for the dispatch interval and the market optimization chooses which resources' energy and emissions will be attributed to priced zones.

“It's important for me to say that this method does not attribute only resources that can meet the specific emission rate. Rather, it selects resources that, as a pool of resources, can meet the maximum emission rate and energy requirements of the non-priced GHG zone,” Howe said. “A higher-emitting resource could be dispatched, be assigned to the non-priced GHG zone and be offset by a lower-emitting resource.”

A non-priced GHG zone would operate under a must-offer obligation, meaning it's obligated to offer a portfolio of generation that meets

CAISO/West News

its load and the maximum emission rate set for the interval. Whenever the emission constraint is enabled, the must-offer obligation must be met.

This method produces both an energy marginal cost and a GHG marginal cost, with resources attributed to the non-priced zone would be receiving payment from load for both costs, raising what Howe identified as a central policy question: whether the GHG marginal cost should be paid to generators.

To address that question, Howe presented the second mechanism: the import constraint method.

“Are there some ways that we can maybe avoid that kind of GHG marginal cost policy question of, ‘Should it be paid or should it not be paid?’ Because it’s a very thorny question,” he said.

The import constraint method has many similarities to the other method, including allowing the utility to specify the maximum emissions target with a must-offer obligation and not requiring the constraint in every interval. The difference, though, is that external resources would not be attributed to non-priced GHG zones, which “effectively moots” the question of whether attribution should be voluntary. Instead, emissions attributed to non-priced zones would be computed as emissions from internal generation and market imports, minus emissions from exports.

“In this case, the optimization will choose the internal generation and the amount imported and exported to minimize the total system costs while still meeting the maximum emission rate,” Howe said. “But to do this, we have to establish an imported emissions rate and an exported emissions rate, very much like the residual emissions rate” the Western Power Trading Forum (WPTF) discussed in another presentation.

Residual Emissions Rate

“We really believe that we should have a long-term goal of developing a better tracking and accounting system for the market to accurately account for energy and to accurately account for emissions,” Clare Breidenich, assistant executive director at WPTF, said in presenting another approach for GHG accounting.

Central to Breidenich’s proposal was use of residual market supply — energy not committed to market participants or attributed to GHG regulation areas. It determines the residual emission rate, a dispatch-weighted average emission rate of the market supply.

If the market can ensure that entities are able to claim and procure their own resources to meet load, Breidenich said, then what is left is a relatively small increment of energy, which is the residual market supply.

“If we can do a better job accounting for that increment of energy, as well as do a better job of accounting for the emission rate of that increment, it’s not clear to us that there really is a need for a dispatch mechanism,” Breidenich said.

Power producers first need to agree on a set of accounting rules and an emission rate that determines what is in the residual supply, then determine how to match resource claims to dispatched energy and associated emissions and place them into entity accounts for correct attribution. Lastly, a reporting and publication system would be needed for producers and regulators.

Under this framework, leftover energy in the market would go into the residual supply, and the emissions rate would be the average of the residual mix.

The benefit of this approach, Breidenich said, is that it ensures all entities subject to GHG regulations can account for energy and emissions

without imposing requirements or costs on LSEs and energy users in non-GHG areas.

Regardless, she said, CAISO staff and stakeholders need to have a unifying assumption for how to treat attribution of energy and emissions throughout the states.

“I appreciate the point about ensuring that we’re able to capture the generation associated with those non-price-based states that don’t have a clean energy policy in place,” said Anja Gilbert, lead policy developer at CAISO. “This is a recommendation put forth, but the states are going to have to opine in terms of, does this meet their requirements? And so, I’m really seeing this as [a situation in which] there could be multiple approaches just based on what different states choose to adopt.”

But Mary Wiencke, executive director of Public Generating Pool, questioned whether the accounting framework could be applied consistently across states.

“Within this framework, there may be areas of users’ choice that we can identify and then work within that framework with states to work toward consistency,” Wiencke said. “I also think there may be areas that just can’t be reconciled between different state policies.”

Despite unresolved questions, stakeholders concluded on a positive note.

“I know there’s a lot here, and this does imply a lot of work ... but now is the time to start getting the accounting system right,” Breidenich said.

“I think it’s a step beyond a lot of what we’ve been thinking about in terms of leveraging averages and data to really support some of the transfer attribution that we see through the market,” said Pamela Sporborg, director of transmission and market services at Portland General Electric. “I actually have hope for maybe the first time ever.” ■

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CAISO/West News

FERC Rejects Tri-State Rates for Failing to Unbundle Ancillary Services

By James Downing

FERC on March 15 rejected Tri-State Generation and Transmission Association's proposed rates, ruling that the cooperative failed to unbundle ancillary services, which has been required for jurisdictional utilities since Order 888 was issued in 1996 (ER23-2171-002).

Tri-State's 42 utility members have contracts through 2050 and are spread among Colorado, New Mexico, Wyoming and Nebraska — in both the Eastern and Western interconnections. The co-op uses 5,849 miles of high-voltage transmission lines, mostly in the Western Interconnection, and 4,400 MW of generation. It has only been a FERC-jurisdictional utility since September 2019, and its initial rate filings have been going through commission proceedings since then.

The co-op proposed unbundling generation and transmission but made no proposal to unbundle ancillary services under the formula rate it filed in June. It claimed it could not unbundle ancillary services because it does business in five different balancing authorities and does not control its own.

Except for Schedules 1 (Scheduling and Dispatch) and 2 (Reactive Supply and Voltage Control), Tri-State purchases ancillary services from the balancing areas it operates in and passes those charges through its rates without regard to geographic areas. The co-op said it would be impossible to accurately determine exactly which services purchased from the BAs are used by its specific members.

"Tri-State asserts that separately stating the



Tri-State's headquarters in Westminster, Colo. | © RTO Insider LLC

prices for just the ancillary services under Schedules 1 and 2 aligns with the spirit of Order No. 888, which Tri-State notes aimed to ensure that utilities provide non-discriminatory service," FERC said. "Tri-State argues that, for the remaining ancillary services, it does not self-supply all of those services itself and does not sell those ancillary services to third parties."

But FERC found that in order to comply with Order 888, Tri-State must separately state prices for its wholesale service components. When it was considering unbundling in the leadup to 888, the commission heard similar complaints about the difficulty of figuring out the costs and beneficiaries of specific ancillary services, but none of those reasons proved compelling, it noted.

Unbundling makes a more equitable distribution of costs possible because customers that take similar amounts of transmission service

may require different amounts of some ancillary services, FERC said. Bundling would result in some customers having to subsidize others.

"We are unpersuaded that Tri-State cannot meet, and should therefore be relieved from, Order No. 888's requirements," the commission said. "Although it may be more difficult for Tri-State to track costs for other ancillary services, further efforts could be made to comply with the requirements of Order No. 888 to separately state prices for certain ancillary services."

FERC also rejected Tri-State's proposal for rolled-in rate treatment, which would allow it to recover through the transmission rate all the costs of its non-networked transmission facilities and third-party transmission arrangements used to provide wholesale power service to utility members. But FERC said that the co-op could come back with additional support for a rolled-in rate treatment.

"We find that, for the most part, Tri-State's proposed rolled-in rate treatment appears to be consistent with the cost-causation principle, as the benefits accruing to Tri-State's utility members appear to be at least roughly commensurate with the costs they bear," the commission said.

Some protesters argued that Tri-State's arguments about its integrated planning process are repackaged versions of its "cooperative model" that it used to argue against unbundling all ancillary services. But FERC said that Tri-State has shown its integrated planning provides benefits to all utility members, which supports its proposed cost allocation. ■

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ERCOT News



Solar Growth has ERCOT Looking at Ride-through Rules

By Tom Kleckner

An expected tsunami of solar resources setting up shop in Texas has led to an immediate need for ERCOT to understand and set ride-through requirements for inverter-based resources (IBRs), according to a Texas energy expert.

The Texas grid operator had more than 22 GW of solar capacity operational when 2024 began and expects that to exceed 30 GW by year's end, with more to follow. ERCOT has set numerous records for solar production this year, the most recent coming Feb. 19 at 17.2 GW.

Two IBR-related voltage disturbances in West Texas in 2021 and 2022, dubbed the Odessa Disturbances I and II, have led to ERCOT working with stakeholders on a nodal operating guide revision request (NOGRR245) to improve the clarity and specificity of IBRs' voltage ride-through requirements. The change would align the ISO's rules with NERC reliability guidelines and the most relevant parts of the Institute of Electrical and Electronics Engineers *standard* for IBRs interconnecting with the grid.

"One of the things that really added a sense of urgency to this issue was the fact that the projection for growth of solar in ERCOT was very significant," Jewell and Associates principal Michael Jewell said during a Talk with Texas RE event March 12. "We've seen that kind of growth already happening since the Odessa events, and that growth is continuing. The need to address this issue has remained very high."

The guide change is tabled at the stakeholder-led Technical Advisory Committee meeting to allow for additional negotiations between ERCOT staff and clean energy developers. The NOGRR is expected to be taken up again during TAC's March 27 meeting. (See "Stakeholders Continue Discussion of IBR Reliability Requirements," *Technical Advisory Committee Briefs*: Jan. 24, 2024.)

Under the rule's initial requirements, all IBRs with a standard generation interconnection agreement executed on or after Jan. 1, 2023, would have to comply. All other IBRs would have to comply within 12 months of the NOGRR's approval, with an extension of up to 12 months.

"SCADA [supervisory control and data acquisition] data was not necessarily detailed enough to be able to catch what was going on," Jewell



Energy consultant Michael Jewell says accurate IBR data is necessary for ERCOT. | © RTO Insider LLC

said. "High-resolution data really became a focal point ... and a real strong need for accurate inverter settings."

Stakeholders have pushed back against the timeline. They also have been concerned with issues regarding existing exemptions for ride-through requirements already in place and whether they will be repealed.

"Stakeholders continued to point out that there have been multiple examples of grandfathering existing resources from new requirements that this was something that really should be considered," Jewell said.

Original equipment manufacturers (OEMs) of IBRs have said a limited pool of resources to retrofit existing IBRs could delay the time it will take to make the upgrades. Staff and

stakeholders also are looking at alternative solutions for mandating testing requirements that have not yet been developed.

"To say that there have been a lot of comments that have been filed with regard to 245 would be an understatement," Jewell said, referring to the nearly five dozen comments submitted. "It's a significant amount of data that's been provided, and ERCOT has been wrestling with those and making some changes."

Jewell told his audience progress has been made to address issues at the facilities affected by the Odessa disturbances with software and firmware changes. ERCOT is expected to file another set of comments, after which the clean energy stakeholders will file their responses before the TAC meeting. ■

ERCOT News



CPS Energy Plans to Retire 859 MW of Gas Resources

CPS Energy has notified ERCOT it plans to “indefinitely suspend operations” at three aging gas-fired units in 2025, further reducing the Texas grid’s thermal capacity.

The San Antonio municipality filed a notification of the suspension with the Texas grid operator March 13. The three steam turbines at the V.H. Braunig facility have a combined summer seasonal net maximum sustainable rating of 859 MW.

CPS Energy says the units are nearing the end of their operational lives. The first unit came online in 1966, and the other two followed in 1968 and 1970. Four smaller gas turbines at the site each have a nameplate capacity of 61 MW.

The municipality has made a concerted effort in recent years to meet the city’s *climate goals* and maintain reliability with a fuel mix that relies on clean energy, storage and gas resources. Its Board of Trustees approved a *generation plan* last year that shifts the utility away from coal power by retiring one unit at its J.K. Spruce plant by the end of 2028 and converting another to run on natural gas.

CPS Energy decommissioned two coal-fired units at its J.T. Deely plant in 2018.



CPS Energy plans to close the three gas units at its Braunig facility next year. | CPS Energy

ERCOT is accepting comments through April 3 as it conducts a study to determine whether the closure will lead to reliability issues.

The grid operator began the year with 15.5 GW of interconnection requests from gas resources. Most of those are for quick-starting combustion turbine or combined cycle units.

Texas voters in November approved a proposition that creates the Texas Energy Fund, a \$7.2 billion low-interest loan program intended to develop up to 10 GW of natural gas plants. (See [2023 Elections Bring Billions for Texas Gas, Dem Wins in Virginia, NJ.](#)) ■

— Tom Kleckner

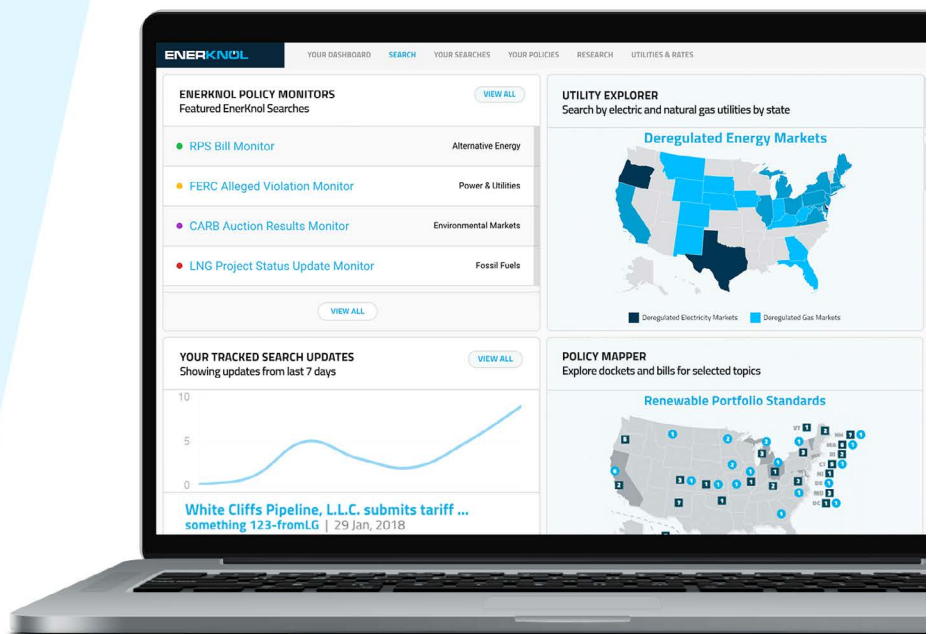
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ISO-NE News

NEPOOL MC Backs Further Forward Capacity Auction Delay

By Jon Lamson

The NEPOOL Markets Committee (MC) voted March 12 to approve an additional two-year delay of ISO-NE's Forward Capacity Auction (FCA) 19 to develop and implement a new prompt and seasonal capacity auction. FCA 19 applies to the 2028/29 capacity commitment period (CCP).

ISO-NE has *proposed* to shift its forward capacity market, which is held about three-and-a-half years prior to the CCP, to a "prompt/seasonal" market held several months before the CCP, while procuring capacity separately for different seasonal periods. (See *ISO-NE Moving Forward with Prompt, Seasonal Capacity Market Design.*)

The specifics of an eventual prompt and seasonal market have yet to be determined. The approved proposal would establish a backstop interim schedule that "shifts all FCA 19 activities back by another two years (three

years total)," while implementing "a 10-month schedule over many auction cycles to return to three-year forward schedule," said Chris Geissler of ISO-NE.

ISO-NE intends for the backstop provisions to be ultimately overwritten by the final market design, which will be developed during the delay.

Also during the delay, ISO-NE will prioritize developing a "market constraint approach" to accrediting gas resources once the two-year delay is approved by FERC, Geissler said. The RTO previously indicated this is its preferred gas accreditation approach but said it would not have time to develop this approach for FCA 19 with just a one-year delay. (See *NEPOOL Markets Committee Briefs: Feb. 6, 2024.*)

If FERC accepts the additional delay, ISO-NE is planning to pause stakeholder discussions on its ongoing Resource Capacity Accreditation

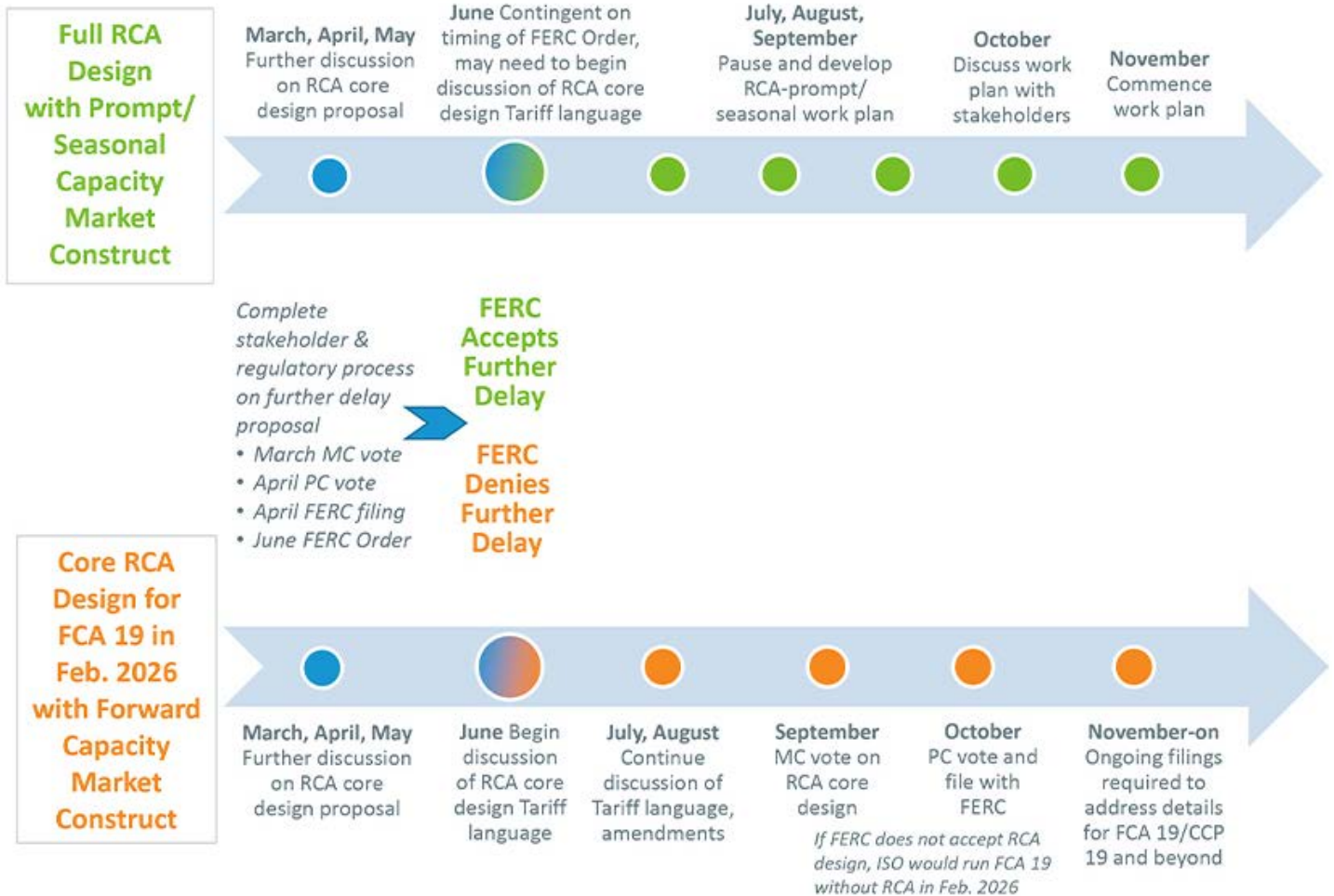
(RCA) project "and develop a work plan for a combined accreditation design with a prompt/seasonal capacity market to implement for CCP 19."

If the proposal is rejected by FERC, ISO-NE will proceed with the RCA project and target a filing in the fourth quarter of 2024. ISO-NE has not decided whether to pursue expedited treatment from FERC on the filing.

Internal, External Monitors Offer Support

David Naughton, executive director of the RTO's Internal Market Monitor (IMM), expressed support for the proposal, calling it a "a more cost-effective and efficient means of procuring capacity compared to the current forward market framework."

Naughton said a prompt and seasonal market would help reduce uncertainty related to projecting supply and demand about four years into the future, especially amid signifi-



Possible timelines for ISO-NE capacity market reform | ISO-NE

ISO-NE News

cant changes associated with the clean energy transition.

Stakeholders have expressed concerns that the changes could reduce the forward notice of resource retirements, which are currently tied to the FCA process. ISO-NE has said the retirement process could be separated from the capacity auction to preserve this advanced retirement signal in a prompt format.

“Under a prompt procurement time frame, the solution space for addressing reliability issues becomes constrained; there may be limited time and scope for transmission solutions or a market response to capacity exits,” Naughton wrote in a *memo*.

“Therefore, it is likely beneficial for the retirement process to commence well in advance of the prompt time frame, with details to be developed regarding notification timing, irrevocability of the notification, market power assessments and auction treatment,” Naughton said.

Potomac Economics, ISO-NE’s External Market Monitor, also *expressed support* for the move to a prompt and seasonal capacity market, as well as the additional two-year delay to achieve this design.

Pallas LeeVanSchaick of Potomac Economics noted that the current FCM was initially designed to provide enough advance warning to enable investments in new gas capacity if the projected power supply did not match demand.

However, the FCA has failed to incentivize these new investments “because developers receive only one year of guaranteed revenue for resources with much longer economic lives and it can create inefficient risk for developers related to the required in-service date,” LeeVanSchaick said.

LeeVanSchaick added that recent out-of-market reliability mechanisms like the Mystic Cost-of-Service Agreement and the Inventoried Energy Program indicate that the current FCM is not adequately ensuring winter reliability.

“The most common reason resources are retained out-of-market is that the market does not fully reflect the reliability need the resource is satisfying,” LeeVanSchaick said. He downplayed concerns raised by some stakeholders that a prompt market would increase risk of out-of-market retentions by reducing the advanced notice of resource retirements.

“When a capacity market (regardless of wheth-

er it is a prompt or forward market) is designed to set prices efficiently at each location and all reliability needs are reflected in its requirements and resource accreditation, the need to retain resources out-of-market will be very limited,” LeeVanSchaick said.

“If the capacity market compensates resources efficiently, retirement-driven reliability needs are usually so localized that a transmission solution can be completed in time to allow the generator to retire rather than be retained out-of-market or to be retained for a relatively short duration,” he added.

LeeVanSchaick also disagreed with some concerns raised by stakeholders that a prompt market could increase capacity market volatility, arguing that a prompt market would instead lead to more stable prices by providing more flexibility to suppliers and eliminating the “phantom new entry” of delayed generation projects with capacity commitments, “which has led to significant price suppression in some FCAs.”

The proposal now heads to a Participants Committee vote in early April. ■



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ISO-NE News

NEPOOL Markets Committee Briefs

ISO-NE on March 13 *presented* the NEPOOL Markets Committee with additional results of the impact analysis for the RTO's resource capacity accreditation (RCA) project, which looked at how changes to the resource mix would affect the seasonal distribution of shortfall risks.

The RCA project is being developing in conjunction with structural changes to the timescale of the Forward Capacity Auction (FCA). The RTO has proposed a three-year delay of FCA 19 to develop and implement the changes. (See related story, *NEPOOL MC Backs Further Forward Capacity Auction Delay.*)

In the initial impact analysis "base case," ISO-NE estimated that loss-of-load risk is distributed 80% in the winter and 20% in the summer. (See *NEPOOL Markets Committee Briefs: Feb. 6, 2024.*)

The sensitivity analyses presented to the MC included three scenarios:

- the addition of wind, solar and battery resources without corresponding resource retirements;
- the addition of the renewable resources accompanied by the retirement of oil-only capacity; and
- the addition of renewables accompanied by the retirement of coal capacity.

The addition of renewables without retirements would be more likely to reduce the number of days with loss-of-load events in the winter than in the summer but would provide greater reductions in the duration of the events in the summer than in the winter, ISO-NE found.

When coal capacity was retired, ISO-NE found increased risk of multiday loss-of-load events in the winter, shifting the region's risk profile towards the winter, said Dane Schiro, the RTO's principal analyst.

Compared to the retirement of coal, retiring oil capacity "can be thought of as retiring proportionally more summer capacity than winter capacity" because of the model's winter fuel constraints for oil resources, Schiro said. Therefore, the retirement of oil capacity shifted the overall risk profile toward the summer relative to the coal-retirement scenario.

"The seasonal output characteristics of retiring and new resources are important to the seasonal risk split," Schiro said, adding that the findings were in line with expectations.

ISO-NE will present additional sensitivity results to the MC in April.

Regional Differences in Gas Accreditation

Ben Griffiths, vice president of wholesale

market policy at LS Power, *made the case* for the RCA updates to incorporate regional differences in pipeline gas availability in the winter.

ISO-NE is planning to treat access to nonfirm gas as the same across the region, despite LS Power *data* showing that gas access varies significantly based on where generators are located on the pipeline system, Griffiths said.

"Observational data, economic modeling and physical analysis all indicate that gas availability is location and fact specific," Griffiths said. "A failure to reflect locational attributes will lead to inaccurate pricing for gas generators, worse reliability [and] potential premature retirement."

Gas units in Connecticut run "at a higher level than we would expect across a range of temperatures, and there is no appreciable temperature-dependent output deviation," Griffiths said. "This suggests that the gas system is not constrained in Connecticut at any observed temperature."

In contrast, generation for some units in Maine and Massachusetts historically has been highly temperature-dependent, although this temperature correlation can vary significantly unit to unit, Griffiths added.

The accreditation of gas resources has been a major topic of the RCA project. ISO-NE has advocated for a "market constraint approach," in which the RTO would limit the amount of nonfirm gas capacity it procures based on the region's gas constraints while having gas-fired resources compete for capacity obligations.

ISO-NE initially indicated that it would not be able to design and implement this approach for FCA 19, but it said March 13 that if the proposal for an additional two-year delay of the auction is approved by FERC, it will prioritize implementing a market constraint approach in time for it. (See *NEPOOL Markets Committee Briefs: Jan. 11, 2024.*)

Regardless of the approach ISO-NE takes, it must account for local differences, Griffiths said.

Under the market-constraint approach, ISO-NE could create "a nested zone for Connecticut which has higher levels of fuel availability and is, in effect, unconstrained," Griffiths said. LS Power's proposal would not affect the total amount of accredited gas capacity and would simply change how the overall capacity of the fleet is distributed, he added. ■

LOLH Distribution

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
1	0.01%	<0.005%	-	-	-	-	-	-	-	-	-	-	0.01%
2	<0.005%	-	-	-	-	-	-	-	-	-	-	-	<0.005%
3	<0.005%	-	-	-	-	-	-	-	-	-	-	-	<0.005%
4	<0.005%	-	-	-	-	-	-	-	-	-	-	-	<0.005%
5	<0.005%	-	-	-	-	-	-	-	-	-	-	-	<0.005%
6	<0.005%	-	-	-	-	-	-	-	-	-	-	-	<0.005%
7	0.01%	<0.005%	-	-	-	-	-	-	-	-	-	-	0.01%
8	0.09%	<0.005%	-	-	-	-	-	-	-	-	-	<0.005%	0.09%
9	0.16%	<0.005%	-	-	-	-	-	-	-	-	-	<0.005%	0.16%
10	0.21%	<0.005%	-	-	-	-	-	-	-	-	-	0.01%	0.21%
11	0.18%	<0.005%	-	-	-	-	-	-	-	-	-	0.01%	0.20%
12	0.16%	-	-	-	-	0.01%	-	<0.005%	-	-	-	0.02%	0.19%
13	0.11%	-	-	-	-	0.16%	<0.005%	<0.005%	-	-	-	0.03%	0.30%
14	0.12%	-	-	-	-	0.91%	<0.005%	0.07%	-	-	-	0.05%	1.16%
15	0.14%	-	-	-	-	2.09%	<0.005%	0.67%	-	-	-	0.10%	3.00%
16	0.17%	-	-	-	-	3.25%	0.02%	2.08%	-	-	-	0.24%	5.76%
17	0.26%	-	-	-	-	4.72%	0.06%	4.44%	<0.005%	-	-	0.75%	10.24%
18	1.14%	<0.005%	-	-	-	7.19%	0.17%	8.65%	<0.005%	-	-	2.39%	19.54%
19	1.07%	<0.005%	-	-	-	7.67%	0.17%	8.48%	<0.005%	-	-	2.42%	19.81%
20	1.51%	<0.005%	-	-	-	7.18%	0.08%	8.27%	<0.005%	-	-	2.77%	19.82%
21	1.13%	<0.005%	-	-	-	5.14%	0.02%	4.78%	<0.005%	-	-	2.03%	13.09%
22	0.65%	<0.005%	-	-	-	2.46%	<0.005%	1.16%	-	-	-	1.43%	5.70%
23	0.27%	<0.005%	-	-	-	0.01%	-	<0.005%	-	-	-	0.31%	0.59%
24	0.11%	<0.005%	-	-	-	-	-	<0.005%	-	-	-	0.01%	0.11%
Monthly	7.49%	<0.005%	-	-	-	40.79%	0.53%	38.60%	0.01%	-	-	12.58%	100.00%

Distribution of loss-of-load hours in the impact analysis base case | ISO-NE

— Jon Lamson

MISO News

MISO Outlines Benefits of New LRTP Investments

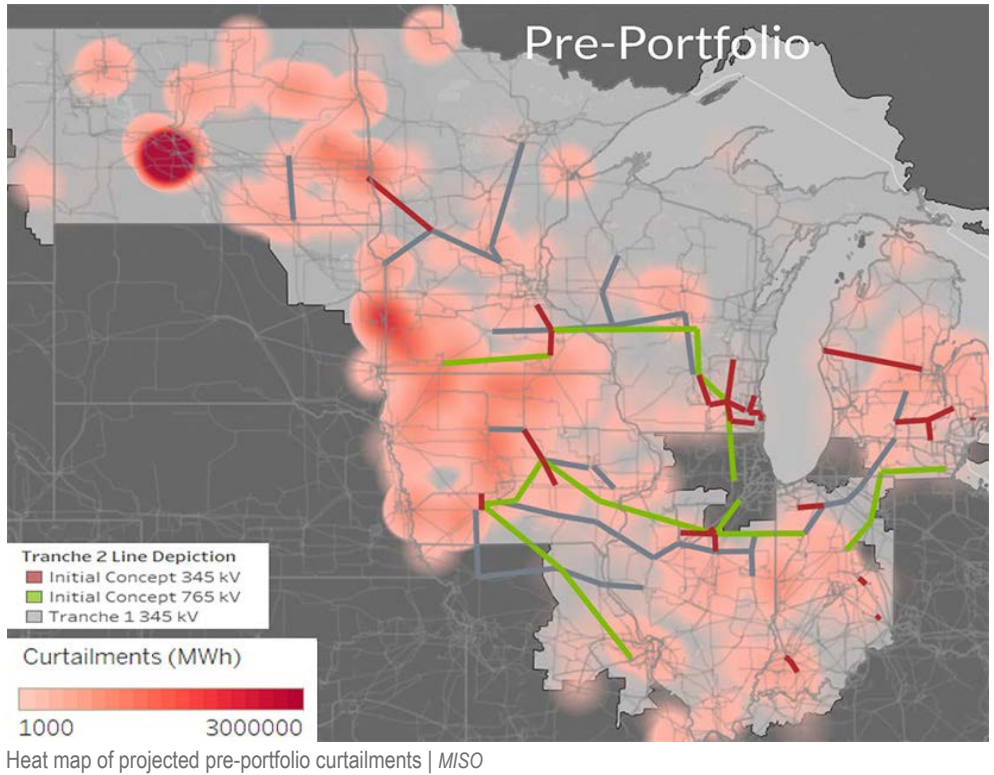
By Jon Lamson

MISO discussed the second part of its long-range transmission planning (LRTP) project at a stakeholder workshop March 15, detailing how the project would help meet Midwestern transmission needs.

Tranche 2, the proposed transmission portfolio, includes a series of 765-kV lines intended to “enable a reliable and efficient transmission system while minimizing land use” as the region copes with increasing electricity demand and a changing resource mix. The project is projected to cost between \$17 billion and \$23 billion. (See *MISO Says 2nd LRTP Portfolio Should Run About \$20B, Rate Mostly 765 kV.*)

“This anticipated portfolio builds on both the investment made in Tranche 1 and our existing system,” said Laura Rauch, executive director of transmission planning at MISO. Rauch added the proposal is intended to be a “least-regrets and robust step” to start solving anticipated transmission constraint issues and enable increased regional power flows.

MISO’s initial analyses indicate the transmis-



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MISO News

sion investments would significantly reduce thermal transmission constraints and the severity of overloads across the Midwest. The portfolio would also reduce resource curtailments throughout the region and decrease price differences between regions, MISO said.

The grid operator outlined its plans to quantify the portfolio's potential savings from reduced losses, avoided capacity costs and decreased transmission outages, and asked for stakeholder feedback on the [proposed methodology](#).

Tranche 2 is not intended to address all the potential regional transmission constraints, and "there is a need for additional transmission after this Tranche 2 portfolio," Rauch said. She declined to specify the timing or targeted areas of this additional transmission.

Rauch stressed that the first phase of Tranche 2 proposal must be "independently valuable regardless of what next steps we might have."

MISO expects the portfolio to "continue to be refined," Rauch said. The RTO will continue to consider alternative solutions that could affect

the outlined routes.

Chris Plante of WEC Energy Group asked MISO about how its proposal relates to the Grain Belt Express project, a proposed 5-GW merchant transmission project that would deliver power from Kansas to the Midwest. (See [Grain Belt Express Gets Partial Approval for Negotiated Rate Authority from FERC](#).)

"We will make sure that we are not proposing a line that will not be valuable because of something that will be in service," responded Rauch.

"There are legitimate questions about Grain Belt Express," Rauch said, but added that MISO will address whether the merchant transmission project is likely to address issues similar to those met by Tranche 2 and adjust accordingly.

Some stakeholders expressed concern the portfolio is not based on the [planning scenario](#) that assumes the highest level of load growth and renewable energy penetration. MISO responded that running an additional analysis based on the more aggressive scenario would add six to nine months to the overall process,

while the proposed portfolio would likely remain a good first step.

"We can't continue to kick this can down the road; we need to start moving forward," said Bob McKee of American Transmission.

McKee added his support for the consideration of 765-kV lines, saying stakeholders "should not be surprised that 765 is showing up on this map ... it's been two years that we've been talking about the possibility of 765."

While MISO determined 765-kV lines make the most sense for Tranche 2, the RTO said it will continue to consider HVDC solutions in future proposals.

Asked whether grid-enhancing technologies (GETs) are part of the solution to the transmission constraints, Rauch said GETs are unlikely to supplant the needs of the proposed Tranche 2 lines but could complement the upgrades and help the grid operator get the most out of the infrastructure.

MISO will hold another LRTP workshop [April 26](#). ■



OMS Seeks a New Executive Director Organization of MISO States

Position Overview

Madison, WI – The OMS is now soliciting applicants for a new Executive Director. The ideal candidate will have extensive understanding of federal and state energy industry regulatory matters and experience leading teams with diverse perspectives. The Executive Director will serve as the chief executive of the organization, implementing strategy and direction from the OMS Board of Directors. We're looking for someone who is driven, dynamic and skilled at achieving consensus outcomes. Experience with organization administration and Boards of Directors a plus.

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by Friday, March 29, 2024. Find out more about OMS on our web site at www.misostates.org.

OMS is the regional state committee for the Midcontinent Independent System Operator (MISO) region representing regulatory entities in 15 states and Manitoba, Canada. The purpose of the OMS is to coordinate regulatory oversight among its members, to make recommendations to MISO, the MISO Board of Directors, the Federal Energy Regulatory Commission, and other relevant government entities and state commissions as appropriate to express the positions of the OMS member agencies.



NYISO News

NYISO Recounts Mild Winter

Bear Ridge Solar Interconnection Denied by FERC

By John Norris

The 2023/24 winter season was one of NYISO's most humdrum winters, characterized by high temperatures, low gas prices and below-average loads, according to a [presentation](#) shared with the Operating Committee on March 15.

Aaron Markham, NYISO vice president of operations, told the OC that “moderate temperatures led to moderate fuel prices for much of the season,” and the few “short-duration cold snaps” were not “super impactful.”

He added, however, that those cold snaps meant NYISO needed to burn “a fair amount of stored fuel” and saw “some gas system constraints,” but the ISO would “continue to monitor [fuel] replenishment” and study how to ensure fuel could be delivered more effectively for future peak days.

The season's coldest period occurred around the Martin Luther King Jr. Day weekend, when load peaked at 22,754 MW on Jan. 17. It was still one of the ISO's lowest winter peaks over the past 15 years and represents only one of three times during the month when load went above 22,000 MW, which usually occurs an average of 11 times during January.

During the Jan. 17 peak hour, New York's load was served by an estimated supply mix of 26%

natural gas, 14% oil, 17% hydropower, 20% imports from neighboring regions, 14% nuclear, 8% wind and 1% from other renewables.

Markham said one of the highlights for the winter season was the generation fleet's “very good” performance, especially during the season's peak load hour, when there was only about “150 MW of unavailable capacity from the day-ahead to real-time.” Additionally, intermittent production during peak days, although “still relatively low compared to the total demand,” continued to “see more contribution to meet demand.”

Markham also delivered the February operations [report](#) to the OC, saying the month “continued the trend of mild weather and no real strenuous operating conditions,” with a peak load of 20,981 MW recorded on Feb. 14.

He also mentioned that NYISO expects to “be able to manage” the April 8 solar eclipse and has asked its solar forecast vendor to ensure the eclipse's impact on solar production is included in the next forecast delivered to the ISO. (See “NYISO Updates,” [NY State Reliability Council Executive Committee Briefs: March 8, 2024.](#))

NYISO added 45 MW of behind-the-meter solar since its last monthly operations report. (See “January Operations,” [NYISO Operating Committee Briefs: Feb. 15, 2024.](#))

Bear Ridge Solar Waiver Denial

FERC on March 14 denied Bear Ridge Solar's waiver request for remedial relief from certain NYISO interconnection tariff requirements, effectively removing the project from the ISO's queue ([ER22-2085](#)).

Bear Ridge aimed to develop a 100-MW solar farm in Niagara County and requested an exemption from two of NYISO's tariff requirements because of “unforeseen events” that were “beyond its control” and led it to “substantial difficulty” in adhering to state siting processes and critical regulatory deadlines.

As a result of its “failure to comply with the regulatory milestone requirements,” Bear Ridge's project faced withdrawal from the interconnection queue and risked the loss of a \$657,000 cash security deposit necessary to cover its share of the costs for transmission upgrades determined by NYISO to be required for the project's interconnection.

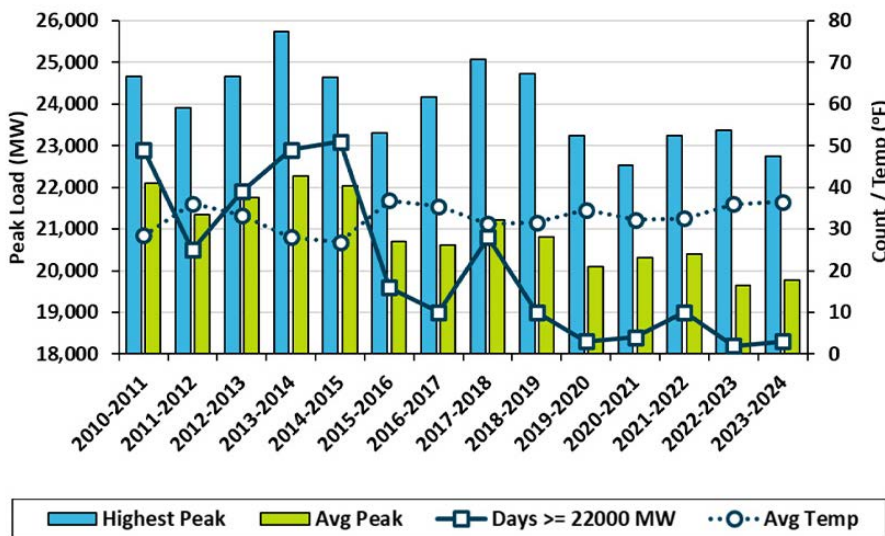
Although sympathetic to Bear Ridge's situation, FERC said that granting the waiver would be “retroactive in nature and is prohibited by the filed-rate doctrine” in the Federal Power Act.

In a joint concurrence, Chair Willie Phillips and Commissioner Allison Clements said that although they were bound by the filed-rate doctrine, “the outcome here is neither equitable nor commercially reasonable” and is “emblematic of other waiver proceedings in which an applicant did not foresee that it would miss a deadline before it occurred.”

They acknowledged that FERC's procedures are rigid and prevent it from granting even a modest milestone extension, which would “avoid sending the project back to the starting gate,” even though Bear Ridge satisfied the regulatory milestone at issue two months after submitting its waiver request unopposed by NYISO.

The commissioners called on transmission providers to revise their tariffs to permit FERC to waive such deadlines to allow the commission “greater flexibility in addressing sympathetic cases such as this one,” recognizing that the outcome “does not advance the goal of getting new resources online as quickly and reliably as possible” and “causes needless inefficiencies and deprives NYISO's customers of the benefits that such a project provides.” ■

Winter Seasonal and Daily Average Peak Load Trends (December through February)



New York's winter season daily average peak load trends (December through February) | NYISO

NYISO News

NYISO Business Issues Committee Briefs

Co-located Storage Resources

The NYISO Business Issues Committee on March 13 approved [proposed](#) tariff changes to allow energy storage resources (ESRs) co-located with a dispatchable generator behind a single point of interjection to participate in the markets.

The revisions would expand the list of resources eligible to be included in the ISO's co-located storage resource (CSR) models. The proposal is part of the wider ongoing hybrid storage resource (HSR) effort, which was approved by stakeholders in 2022 with the aim of incentivizing developers to couple generators with ESRs and integrating aggregated HSRs into NYISO's markets. (See "Hybrid Storage Resources," *NYISO Management Committee Briefs: Dec. 21, 2022*.)

Each unit within the expanded CSR model

will have a distinct single point identifier, bid, schedule, settlement and its own participation model. The ISO has already updated the CSR model to include additional use cases, such as limited run-of-river hydro and landfill gas, but these changes will require further modifications and an additional compliance filing to align with FERC Order 2023.

NYISO has been developing changes to its energy market products, including a hybrid pricing scheme for CSRs and a ramping product, to account for the capabilities of fossil fuel peakers slated for retirement in 2025. Recently, it announced plans to study how hydrogen could fit in its marketplace as an emissions-free generator co-located with a load resource and whether this could be facilitated through new or modified participation models. (See *Hydrogen Getting Resource-specific Rules in NYISO Markets*.)

NYISO will seek approval from the Manage-

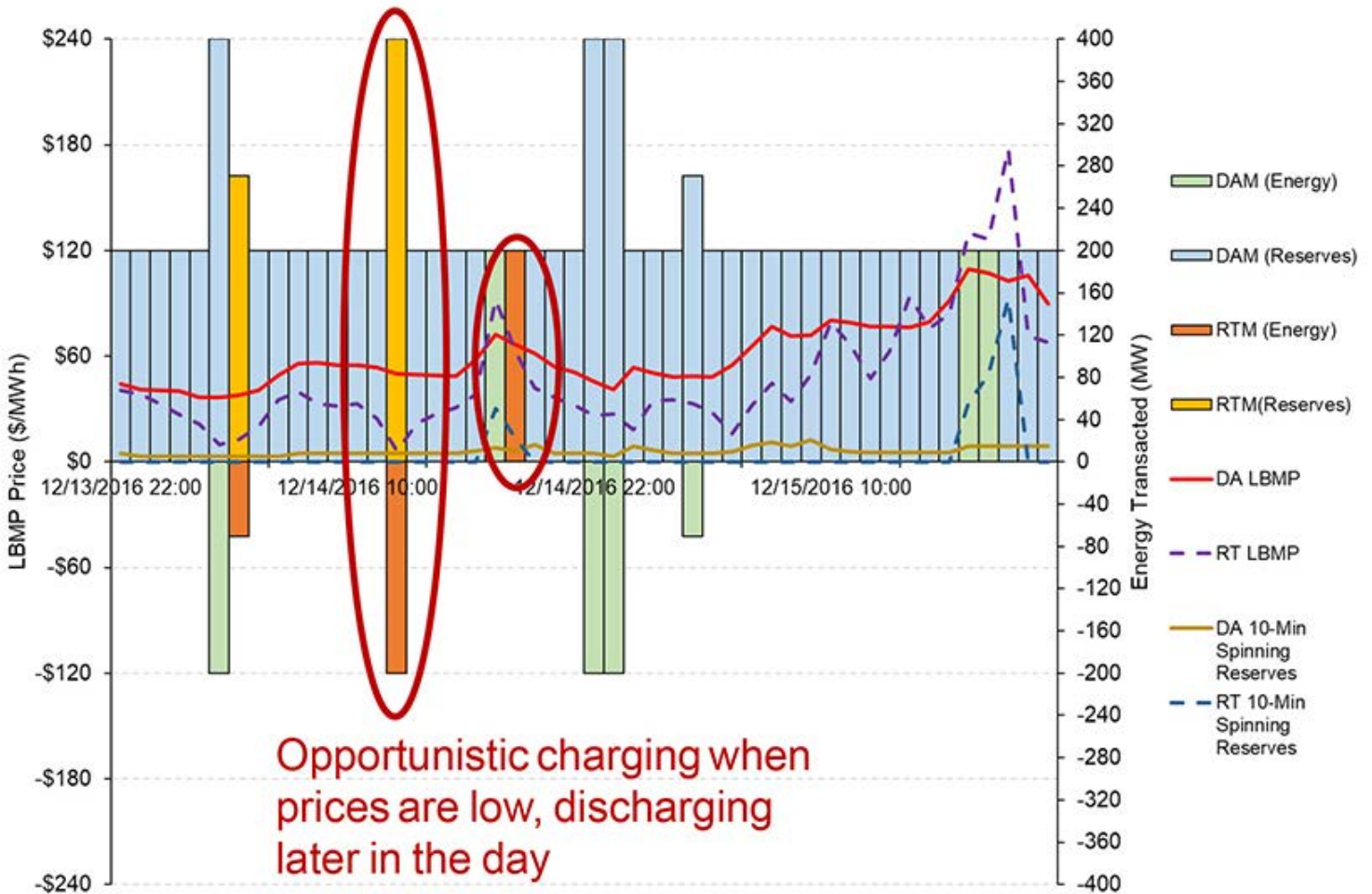
ment Committee of its proposals at the March 27 meeting and plans to file them in the second quarter of this year.

PSEG Power's Howard Fromer sought clarification on the timeline, asking if the changes approved in 2022 had already been presented to the ISO's Board of Directors.

Katherine Zoellmer, a market design specialist with NYISO, responded that the board has not yet reviewed the previously approved changes but will do so once the CSR proposal is approved.

February Market Operations

NYISO Senior Vice President Rana Mukerji [presented](#) the February market operations report to the committee, noting that the month's average locational-based marginal price (LBMP) of \$31.33/MWh was lower than January's \$65.76/MWh and the \$55.47/MWh observed



Current model used for evaluating real-time and day-ahead pricing for energy storage resource charging and discharging | Analysis Group

NYISO News

in February of the previous year. He attributed these declines to the higher temperatures experienced throughout this year's milder winter conditions.

February's average energy cost was 0.6% higher than the previous year, increasing from \$52.36/MWh to \$52.70/MWh.

Mukerji also noted the continued decline in natural gas prices. The natural gas index price at Transco Z6 NY was \$1.71/MMBtu in February, down from \$6.37/MMBtu in January, with year-over-year gas prices declining by 73.2%.

Vote on Net EAS Revenue Proposal Postponed After Stakeholder Protests

The BIC was slated to vote on NYISO's proposals to use five-minute real-time LBMPs for estimating the net energy and ancillary services (EAS) revenue earnings of peaking plants as part of the capacity market demand curves reset determination, but it was postponed after stakeholders expressed multiple concerns.

NYISO's proposal would allow the use of a five-minute real-time dispatch (RTD) in the net EAS model and expand the existing allowable adders for net ancillary services revenue not determined by the model to include potential net real-time energy revenues.

The ISO argued that the operating characteristics of certain technologies as they evolve may warrant the consideration of using five-minute real-time prices instead of hourly prices for estimating net EAS revenue. This adjustment would provide NYISO with the flexibility to modify how these technologies are treated in each reset.

The reset is a quadrennial process for

reviewing and adjusting the demand curves in NYISO's capacity market to ensure they accurately reflect current costs and market conditions in New York.

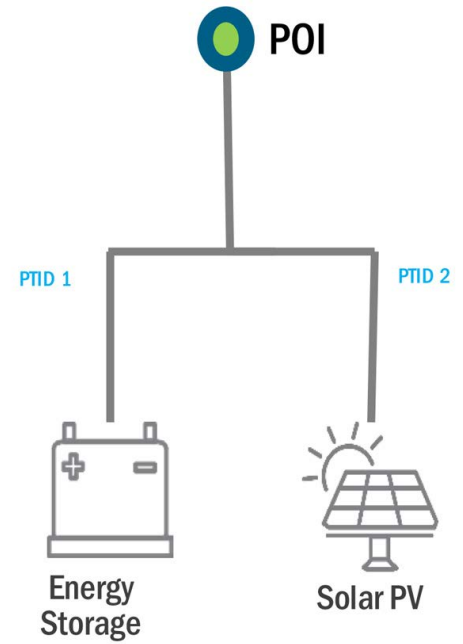
According to a stakeholder who agreed to speak with *RTO Insider* on the condition of anonymity, NYISO decided not to proceed with a vote on the proposal because of concerns it would be rejected, after it received many emails from stakeholders complaining about the rapid pace of the proposal process — two weeks from proposal to stakeholder approval — and a lack of analysis on the potential market impacts of the proposed tariff changes.

Stakeholders had requested an evaluation of the proposals' impacts by NYISO's Market Monitoring Unit (MMU) at previous meetings, but the ISO proceeded with the expectation a vote would occur at the morning's BIC meeting.

At the Installed Capacity Working Group's meeting later that afternoon, the MMU *presented* its preliminary assessment and methodology for examining the ISO's proposal to use five-minute real-time prices in the net EAS revenue model for energy storage and assessing the potential to develop an alternative solution for considering the potential impact of five-minute real-time prices if the model continues to use only hourly prices.

Mark Younger, president of Hudson Energy Economics, captured the confusion and reluctance expressed by many stakeholders, saying, "The concern I have, at the moment, is that we don't know enough about what you're proposing to do, nor all of the [proposal's] details, to go ahead and bless putting it into the tariff."

Doreen Saia, an attorney with Greenberg



Graphic representation of energy storage resource co-located with an intermittent power resource | NYISO

Traurig, echoed that sentiment, saying, "I just don't get it" and "to me, it seems inherently flawed."

NYISO intends to maintain the schedule for the 2025/29 DCR and initiate the reset no later than this month. It will seek stakeholder approval of the proposed concepts at the BIC's March 19 and MC's March 27 meetings, but the MMU indicated that its final analysis of the proposals would not be completed and presented until April. ■

— John Norris

March 22, 2024
9:00 - 12:30

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NYISO News

NY State Reliability Council Executive Committee Briefs

Proposed Transmission Criteria for Gas Contingencies

ALBANY, N.Y. — The New York State Reliability Council Executive Committee on March 8 approved for industry review two new proposed reliability rules, *153a* and *154a*, aimed at revising NYISO's transmission planning requirements to account for a loss of the gas delivery system and fuel shortages at power plants, respectively.

Roger Clayton, chair of the council's Reliability Rules Subcommittee, said the group's goal is to "basically convert what are currently considered extreme contingencies and extreme system conditions into design conditions."

While the failure of the gas delivery system to multiple plants is already included as an extreme contingency in the council's design criteria, PRR-153a would add the loss of fuel to a single plant as another contingency. Both would be clarified to apply specifically to fossil-based plants.

"This recognizes the increasing importance of gas going forward amid the increasing development of renewable resources, and the need to have reliable backup base reserves by incorporating a design contingency for the sudden loss of gas fuel," Clayton said.

PRR-154a aims to better align the council's requirements with expected gas plant availability under winter peak conditions. It would add the unavailability of nonfirm gas service during the winter peak to the "credible combinations" of conditions under which the grid would be strained, and it would clarify that extreme conditions include the loss of all gas generation, regardless of supply firmness.

"As New York becomes a winter-peaking system, the gas supply to electric generation plants is expected to be strained," the proposal says. "To maintain reliability in the future, New York's grid should be designed to withstand gas shortages during forecasted winter peak conditions."

Zach Smith, vice president of system and resource planning at NYISO, commended the committee for developing proposed rules that respond to evolving market conditions.

Smith said the ISO's only concern with the proposals was related to timing, as it would like to incorporate them into its annual Reliability Needs Assessment because it might "identify reliability needs in the wintertime" that it might



The NYSRC Executive Committee meets at Wolfert's Roost Country Club in Albany, N.Y. | © RTO Insider LLC

have previously overlooked. Smith added that, if the timing aligns as intended, the rules would also be integrated into NYISO's first newly revamped interconnection cluster study, but not its transitional cluster study.

The proposed rules will be posted online for a 45-day review period.

NYISO Updates

Aaron Markham, NYISO vice president of operations, briefed the committee on how the ISO is preparing for the April 8 solar eclipse, predicting it could reduce the afternoon's solar production by "upwards of 3,400 MW if it is a clear sky day."

Markham added that if the eclipse occurs on a cloudy day, NYISO would not conduct a post-event review of its impact on solar production, as the previous cloudy day eclipse event had only minor impacts on solar production. (See "October Operations," *NYISO Braces for the Coming Winter*.)

NYISO staff also addressed Advanced Energy United's recently released scorecard on ISO/RTO generator interconnection processes. The ISO received a C-, better than only PJM and ISO-NE, though no grid operator scored higher than a B. (See *AEU Grades ISO/RTO Queues as Order 2023 is Implemented*.)

COO Emilie Nelson said the study relied on a small sample of interconnection queue data-points for each ISO/RTO. "Nevertheless, we're working really hard with our stakeholders to improve the interconnection process, and we take that objective very seriously, so I think that the results of that effort will come to bear in the next few years."

Smith followed up, saying, "We've reached out

to the authors to try to understand what went into their [methodology]. ... But what they were intending was to create a reference point, because all of [the ISO/RTOs] are entirely changing their interconnection processes, and we are completely overhauling our current processes.

"So, in talking to them, and trying to understand their objective, their objective is to put out another report in the future to demonstrate that 'this is where we were, and where are we in the future?'"

Gioia, Burman Honored

The committee opened its meeting by dedicating a plaque in honor of former New York Public Service Commission Chair *Paul L. Gioia*, who helped establish NYISO.

Gioia, 81, died last month. He was appointed chair by Gov. Hugh Carey in 1981 and served for five years until he was fired by Gov. Mario Cuomo. He then joined law firm Dewey & LeBoeuf, where he became lead counsel for the New York Power Pool and helped oversee its transition into the ISO in the late '90s.

The council "recognizes Paul's outstanding public service and contributions to the health and safety of New Yorkers today, and in the future, by assuring the reliability of the electric power system in New York state," Clayton said.

PSC Commissioner Diane Burman also paid tribute, highlighting Gioia's impact as a mentor and how much his "personal and professional friendship" meant to her. She *shared* a personal tribute on LinkedIn.

The committee recognized Burman for her service at the meeting's conclusion. She *announced* last month that she would not seek reappointment after a decade on the commission. Her term ended Feb. 1.

"I've been a public servant for 20 years; five of that was as a staffer for the commission, and over 10 years has been as a commissioner," she said. "Leaving is really bittersweet to me, but it is time for me to pass the baton."

"I really wanted to come here today to thank the Reliability Council as a whole, but more importantly, each of you individually for your continued service. Thank you for making me a better, more well-rounded regulator, and I am truly going to greatly miss being a part of all this with all of you." ■

— John Norris

PJM News



3rd Circuit Rejects PJM's Post-auction Change as Retroactive Ratemaking

Court Vacates FERC Approval of Change to DPL South Zone to Avoid High Capacity Prices

By Devin Leith-Yessian

The 3rd U.S. Circuit Court of Appeals on March 12 *vacated* FERC's order allowing PJM to revise a capacity market parameter for the DPL South zone after the 2024/25 Base Residual Auction had been conducted but before the publication of its results, ruling that it constituted retroactive ratemaking, a violation of the Federal Power Act's filed-rate doctrine.

PJM sought the authority to revise the locational deliverability area (LDA) reliability requirement for the zone, which covers the Delmarva Peninsula, after preliminary analysis of the BRA showed a nearly fivefold increase in capacity prices. (See *P3 Challenges FERC Ruling on PJM Changes to 2024/25 BRA at 3rd Circuit.*)

The RTO attributed the increase to its practice of increasing the reliability requirement for small LDAs when it's expected that solar resources or large generators could create an elevated need for imports to cover any outages of those resources. PJM had anticipated those circumstances to be present in DPL South, but the expected resources ultimately did not enter into the market, potentially leaving consumers with a sharp jump in capacity prices.

PJM said the DPL South clearing price would have been about \$393/MW-day under the status quo rules, while under the revised reliability requirement the zone cleared at \$90.64/MW-day, an increase over the \$69.95/MW-day price in the 2023/24 auction.

The court ruled PJM's tariff mandates that auction parameters, including LDA reliability requirements, be posted prior to the auction being conducted. Pointing to precedent set in *Oklahoma Gas & Electric Company v. FERC*, the court wrote that a change is retroactive when it affects a past action that resulted in a legal outcome.

"The relevant inquiry is simply whether the tariff amendment alters the legal consequences attached to past actions," the court said. "The tariff is clear that PJM's calculation and posting of the LDA reliability requirement carried a legal consequence. ... That simple instruction means what it says: The calculated and posted LDA reliability requirement cannot be altered outside of the limited circumstances enumerated in the tariff. Adjusting for certain resources' lack of participation was not one of them."



Stu Bresler, PJM | © RTO Insider LLC

To change the DPL figure, FERC had approved PJM revising its tariff to exclude planned generation capacity resources from the calculation of an LDA's reliability requirement if the addition of such resources increases the requirement by more than 1% and the resources do not enter a sell offer into the auction. The court limited its ruling to vacating FERC's order as to the 2024/25 BRA, leaving the changes in place for future auctions.

FERC argued in its order and before the court that because no capacity obligations had been assigned nor clearing prices determined, revising the parameter would not change any standing rates. Commissioner James Danly dissented from the 3-1 order, arguing that the order was a retroactive rate change that would cause market dysfunction by undermining investor confidence in the predictability of the rules by which PJM runs its markets and how the commission regulates them. He predicted the order would be challenged and ultimately vacated by the courts (*ER23-729*).

The commission also argued that PJM tariff language allowing it to conduct the auction while "minimizing the costs of satisfying the reliability requirements" justified the change. But the court said that would hold the broad goal of minimizing costs over the specific requirements detailed in the tariff's ordering of

the steps in administering the auction.

While there are circumstances under which the tariff permits PJM to revise the reliability requirement after the auction has closed, the court ruled those are limited and specifically enumerated exceptions. Applying tariff provisions allowing for correcting errors in the auction results would render specific provisions moot in favor of broad language, it said.

The Electric Power Supply Association (EPSA) applauded the court's decision, saying it preserves certainty in PJM's markets.

"EPSA is pleased that the court so quickly and definitively resolved the questions raised here: that the filed-rate doctrine bars FERC from changing auction rules after the fact. The importance of certainty cannot be overcome based on an arbitrary decision to change the outcome of an auction," EPSA CEO Todd Snitchler said. "Looking ahead, market operators would be well served to operate consistent with the tariff. If changes are needed, market operators should apply them prospectively as has been the practice for decades and as the filed-rate doctrine requires. Doing so will only help to ensure participants' confidence in the market's operation."

A PJM spokesperson said the RTO is reviewing the decision and would not comment. ■

PJM News



PJM MRC/MC Preview

Below is a summary of the agenda items scheduled to be brought to a vote at the PJM Markets and Reliability Committee and Members Committee meetings March 20. Each item is listed by agenda number, description and projected time of discussion, followed by a summary of the issue and links to prior coverage in *RTO Insider*.

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

Markets and Reliability Committee

Consent Agenda (9:05-9:10)

As part of its consent agenda, the MRC will be asked to endorse:

B. proposed *revisions* to Manual 11: Energy and Ancillary Services Market Operations to conduct more regular reviews of interface pricing points. The changes would add a definition of interface pricing points, which group buses together when calculating LMPs for energy transfers between external areas and establish an annual review of power flow impacts on each interface. (See "Other Committee Business," *PJM MIC Briefs: March 6, 2024*.)

Issue Tracking: [Interface Pricing Points Review](#)

C. proposed *revisions* to Manual 12: Balancing Operations identified through the document's periodic review. The new language would seek to align with real-time market operations detailed in Manual 11 and add detail to hybrid resource market parameters. (See "Periodic Review Manual Revisions Endorsed," *PJM OC Briefs: March 7, 2024*.)

D. proposed *revisions* to Manual 37: Reliability Coordination including administrative changes identified through periodic review and reflecting changes to NERC standards FAC-011 and FAC-014. (See "Periodic Review Manual Revisions Endorsed," *PJM OC Briefs: March 7, 2024*.)

Endorsements (9:10-11:35)

1. Governing Document Clarifying Revisions (9:10-9:30)

PJM's Michele Greening will present proposed *revisions* to PJM's governing documents endorsed by the Governing Documents Enhancements and Clarifications Subcommittee (GDECS) last month. Greening told the committee in February that most of the revisions are clarifications and corrections, though some stakeholders have argued that several changes are more significant than are typically

made through the GDECS. (See "Other MRC Business," *PJM MRC/MC Briefs: Feb. 22, 2024*.)

The committee will be asked to endorse the revisions to the tariff, Reliability Assurance Agreement and Operating Agreement.

2. Demand Response Window (9:30-9:55)

Bruce Campbell, principal of Campbell Energy Advisors representing demand response providers, will present a quick-fix *proposal* to extend the availability window for DR resources by two hours during the winter to reflect expanded ability for load to respond in the evening hours and to align with changes made to PJM's market structure following the Critical Issue Fast Path (CIFP) process. (See "Demand Response Providers Seek Expanded Availability," *PJM MRC/MC Briefs: Feb. 22, 2024*.)

The committee will be asked to approve the proposed *issue charge* and endorse the proposed solution to key work activity 2 using the quick-fix process outlined in Manual 34, which allows an issue charge and proposed solution to be voted on concurrently.

3. Manual 18B: Energy Efficiency Measurement and Verification (9:55-10:45)

The committee will be asked to endorse one of the following proposed packages of revisions to Manual 18B: Energy Efficiency Measurement and Verification.

A. PJM's Pete Langbein will *present* the main motion to revise how the RTO measures and verifies the capacity offered by energy efficiency resources. Prior to endorsement from the Market Implementation Committee on March 6, Langbein told stakeholders the manual revisions would clarify which base-point EE providers should use to measure the energy savings associated with a resource and require that they possess exclusive rights to offer those savings into the capacity market and that they can demonstrate installation of more efficient equipment was completed. (See *PJM MIC Briefs: March 6, 2024*.)

B. CPower's Ken Schisler will *present* an alternative motion offering a proposal seeking to resolve several concerns that EE providers laid out during the March MIC meeting, including the requirement that an EE installation be causally linked to the capacity market and a three-year limit on the eligibility for technical reference manuals be used to compare the energy use of new technologies against.

C. Affirmed Energy's Luke Fishback will *present* an alternative motion that seeks to resolve issues with the PJM proposal, which Fishback

told the MIC could result in large amounts of EE being unable to offer into future auctions.

Issue Tracking: [Evaluation of Energy Efficiency Resources](#)

4. Capacity Obligations for Forecasted Large Load Adjustments Issue Charge (10:45-11:10)

Old Dominion Electric Cooperative's Michael Cocco will *present* revisions to the issue charge framing an ongoing stakeholder discussion on how capacity obligations arising from forecasted large load adjustments should be assigned to electric distribution companies. The proposal would add language to the in-scope section of the issue charge to include changes to Manual 19 to add details on how load-serving entities forecast large load additions and how those are then incorporated into PJM's load forecasted. (See "1st Read of Proposal on Capacity Obligations Resulting from Large Load Additions," *PJM MIC Briefs: March 6, 2024*.)

The committee will be asked to approve the amendments to the issue charge on first read.

Issue Tracking: [Capacity Obligations for Forecasted Large Load Adjustments](#)

5. Forecast Pool Requirement and Installed Reserve Margin (11:10-11:35)

PJM's Patricio Rocha Garrido will *present* revised installed reserve margin (IRM) and forecast pool requirement (FPR) values for the 2025/26 delivery year to reflect changes to the RTO's risk modeling and generation accreditation processes following FERC approval of market changes in docket ER24-99 resulting from the CIFP process. The recommended IRM is 17.8% — up from the 17.7% IRM the MRC endorsed in October — and the recommended FPR value is 0.9387, down from 1.1170. (See "Recommended Values for 2023 Reserve Requirement Study," *PJM MRC Briefs: Oct. 25, 2023*.)

The committee will be asked to endorse the results upon first read. Same-day endorsement may be sought at the MC.

Members Committee

Endorsements (2:10-2:25)

1. Forecast Pool Requirement and Installed Reserve Margin (2:10-2:25)

PJM's Patricio Rocha Garrido will *present* the updated FPR and IRM figures for the 2025/26 delivery year discussed at the MRC. The MC may be asked to endorse the results upon first read. ■

— Devin Leith-Yessian

PJM News



Shapiro Plan Proposes Cap-and-trade, More Renewables for Pa.

By James Downing

Pennsylvania Gov. Josh Shapiro (D) on March 13 announced a new state energy plan he says will ramp up renewable production and save ratepayers \$252 million while generating \$5.1 billion in clean energy investments.

The Keystone State is home to the nation's first oil well and civilian nuclear reactor, but Shapiro's office said it's now falling behind other states in diversifying energy sources.

Shapiro's legislative plan aims to change that by establishing an emissions reduction program that will create a resilient electricity grid by 2035, attract more federal dollars, and support clean nuclear and low-carbon natural gas-fired generators.

"From the very beginning, I have made clear that any energy policy supported by my administration must meet the three-part test of protecting and creating energy jobs, taking real action to address climate change pollution and ensuring reliable, affordable power for consumers in the long term," Shapiro said in a statement. "My energy plan is built to do all three, making sure the first dollar goes to Pennsylvania ratepayers and ensuring Pennsylvania will continue to be a leader on energy for decades to come."

The governor is proposing the Pennsylvania Climate Emissions Reduction Act (PACER) to set up a cap-and-invest program that would take the commonwealth out of the Regional Greenhouse Gas Initiative and allow it to set its own cap on emissions.

Seventy percent of PACER's benefits would be returned to end-use customers as rebates on their electric bill — a higher percentage than any cap-and-trade program in the country. PACER would also support projects that cut air pollution, further reduce customer energy bills and invest in new job-creating clean energy projects, including carbon capture and storage, geothermal, and clean hydrogen.

Shapiro also proposed a new renewable portfolio standard under legislation called the Pennsylvania Reliable Energy Sustainability Standard (PRESS), which builds on the state's existing Alternative Energy Portfolio Standards (AEPS). It adds nuclear power and next-generation technologies like fusion and clean-burning forms of natural gas.

PRESS would require Pennsylvania to get 50% of its electricity from a diverse range of

resources by 2035, including 35% from clean resources such as solar, wind, small modular reactors and fusion; 10% from sustainable sources like hydropower and battery storage; and 5% from "ultra-low emission" forms of natural gas and other traditional fuels.

PACER and PRESS are meant to work together to deliver the governor's goals of protecting and creating energy jobs, cutting costs, and ensuring energy independence. Shapiro also wants legislators to create legal and regulatory frameworks around carbon capture and storage.

Democratic Support, Republican Opposition

Shapiro's office released a supporting statement from leaders in the state's Democrat-controlled House of Representatives.

"House Democrats are committed to reducing harmful greenhouse gas emissions while strengthening our economy and energy infrastructure, investing in our communities, and cutting costs for families," their statement said. "Governor Shapiro has brought together many different sectors to explore how Pennsylvania can be a clean energy leader, and today's announcement represents a step forward toward that goal."

While Democratic leaders in the Republican-run Senate also voiced support for the legislation, the body's majority leader, Sen. Joe

Pittman (R), came out against a cap-and-trade program. The senator has opposed the state's membership in RGGI, the subject of a state court case.

"It now appears the governor agrees with the Commonwealth Court's ruling asserting a cap-and-trade program for electric generation is a tax on electricity and would require legislative approval," Pittman said. "The governor correctly points out it is time we stop losing to Ohio, however, any cap-and-trade program applying solely to electric generation in Pennsylvania and not our competitors, does not fit the bill."

He added that any energy policy changes in Pennsylvania must prioritize generation, grid reliability and consumer affordability.

Pennsylvania Public Utility Commission Chair Stephen DeFrank expressed support for the plan.

"The PUC stands ready to work with Gov. Shapiro's administration and the General Assembly to implement a comprehensive energy policy," DeFrank said in a statement. "We are at a very critical point in energy transition for our state, our nation and globally and it's incumbent upon all parties to work together to develop new solutions. The commission has implemented provisions of the AEPS Act for two decades, and we understand it is time to take the next positive and important step for this commonwealth, while giving our consumers a voice in the process." ■



Pennsylvania Gov. Josh Shapiro | Shutterstock

PJM News



NJ Legislators Consider \$300M Grid Upgrade Bill

Committees Seek to Put Governor's Clean Energy Goals into Law

By Hugh R. Morley

New Jersey legislators are examining the potential effect of two bills designed to strengthen the state's clean energy future: one that would allocate \$300 million to upgrade the grid and another that would put into law Gov. Phil Murphy's (D) executive order that all electricity purchased in the state be clean energy by 2035.

The grid upgrade bill, [S258](#), would require the state's four electric utilities to develop and implement a plan to modernize their electric transmission and distribution systems and provide a timeline for doing so. The plans could include energy storage, the interconnection of distributed energy sources and other projects to help the state reach its emissions goals.

The utilities would have a year after enactment of the bill to craft the plan. Once approved by the New Jersey Board of Public Utilities (BPU), the utility would have 90 days to start implementing the plan. The \$300 million would award grants to electric public utilities to offset electricity rate increases caused by implementation of the plan.

In a joint hearing March 12, the Senate Environment and Energy Committee and Assembly Telecommunications and Utilities Committee took four hours of testimony from more than two dozen speakers on the two bills but did not vote, reflecting the committee chair's intent to take stakeholder input and reshape the bills if necessary.

"We are moving towards 100% renewable generation," said Assemblyman Wayne DeAngelo (D), chair of the Assembly committee, at the start of the hearing. "Part of this hearing is to make sure that our infrastructure can handle that, to make sure that we have that generating capability, and that we're not just putting out potential hopes, we're not kicking



| Shutterstock

the can down the road."

Grid Inadequacy

The hearing marked Committee Chair Bob Smith's (D) second effort to get Gov. Murphy's [Executive Order 315](#) into law. The Senate committee in June took testimony on a similar bill and revised it substantially in the fall to incorporate stakeholder feedback. But the legislation could not get enough support before the previous legislative session ended in January. (See [NJ Push for 100% Clean Electricity Meets Opposition](#).)

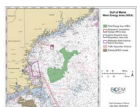
The latest version of the bill, [S237](#), which Smith co-sponsored, would revise the state's renewable energy portfolio standards. It would require each electric power supplier and basic

generation service provider to sell a certain percentage of electricity from renewable energy sources yearly. Smith said that unless Murphy's target of 100% clean energy by 2035 is put into law, it could be changed by the next governor, who may be less committed to clean energy than the incumbent.

The grid upgrade initiative is an effort to get moving on an issue widely considered essential, he said at the hearing.

"How do we get to the point where we have a grid that works, or will work better, when there's really so many more thousands of megawatts coming from renewable sources?" he said. "There are some who would argue to you, and I'm actually in that camp, that our grid

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PJM News



really is inadequate, really inadequate. I mean, if we're ever going to get to 100% renewable, you have to get that renewable energy to the people who are going to need it."

Jesse Jenkins, an assistant professor for the Center for Policy Research on Energy and the Environment at Princeton University, said his research team last year modeled New Jersey's energy system and concluded the state's 2035 goal is reachable. But, he added, "New Jersey will not reach this goal unless the Assembly and the Senate move soon to pass legislation to codify that target in state law and ensure that we have mechanisms to ensure we reach that goal."

Jenkins encouraged legislators to revise the bill in a way similar to Smith's previous bill. That legislation would have built a policy based on using the state's existing solar, nuclear and wind clean energy strategies accompanied by a "trailblazing requirement that 100% of the state's reliability needs are met by clean resources by 2045," such as storage, nuclear power or green hydrogen, to step in when weather conditions don't permit solar or wind energy generation.

Jenkins encouraged the Legislature to adopt a clean energy standard, saying it would protect the state's nuclear power and permit "existing natural gas plants to operate when necessary to meet reliability needs."

Advance Planning

Abraham Silverman, former general counsel of the BPU and now director of the Non-Technical Barriers to the Clean Energy Transition initiative at Columbia University, said the key to grid modernization is addressing the problem early.

Tackling the issue upfront, he said, "allows the utilities to make larger upgrades and avoid a bunch of very small upgrades. Doing it that way in a coordinated fashion is faster and significantly less expensive."

"When you allocate and build and plan your distribution or transmission grid up front, costs go down," he said. "Further, getting the grid ready in advance results in the faster deployment of electrification and distributed energy resources. It really enhances the ability of corporations to attract low-cost capital to deploy in New Jersey."

Silverman said an effective grid modernization program would focus on three issues, including upgrading and adding infrastructure as well as deployment of advanced technologies on the distribution system to reduce the need for "poles and wires."

"The third [element] is innovative market signals, and regulatory frameworks that incentivize utilities and customers to make investments that defer additional grid upgrades or make the distribution grid stronger, more efficient," he said.

Silverman offered three elements he believes are key to grid modernization, including using new reconductors, the wires that hang between poles, to "substantially increase the throughput across those wires without redoing a lot of the sort of the pylons or the telephone poles and the other infrastructure."

He also suggested the state install grid-enhancing technologies, known as GETs, and use "non-wire alternatives," such as "energy storage, demand response, energy efficiency or distributed energy resources, put in the right places on the grid to alleviate the need

for more physical hardening of or expansion of the poles and wires."

Natural Gas Replacement

The utilities that would be central players in the two bills' plans took no position on them. Representatives of Jersey Central Power and Light, Atlantic City Electric and PSE&G spoke of their own clean energy projects but did not weigh in much, even when prodded by Smith and DeAngelo.

Representatives of the gas sector, however, argued vigorously that the state was far from ready to provide all its energy needs with electricity, and doing so would throw away an extensive gas distribution system.

Larry Barth, director of corporate strategy for NJR Clean Energy Ventures, said S237 would require New Jersey to purchase energy out of state because it does not produce enough clean energy, and likely would not help achieve the state's clean energy goals.

"We remain concerned that this bill is going to have the potential to export billions of dollars from New Jersey ratepayers to subsidize out-of-state jobs without any real reductions in emissions," he said.

Bob Kettig, a former staffer of the New Jersey Department of Environmental Protection, now manager of corporate strategy for New Jersey Resources, said most of New Jersey's out-of-state clean energy would come from wind farms in Illinois, Indiana, Ohio and Pennsylvania that were built 10 years ago.

"These are not new projects, and therefore they are not creating incremental emissions reductions," he said. ■

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SPP News



‘Sprint’ Over, Markets+ Regulators Eye Next Phase

By Tom Kleckner

Program management “sprints” within the high-tech sector have little on SPP Markets+ stakeholders’ work developing a market tariff, says Oregon Oregon Public Utility Commissioner Letha Tawney.

High-tech sprints normally last four weeks, the Markets+ State Committee’s (MSC) vice chair said during a March 15 conference call with other Western regulators.

“What we’ve had here is a 10- or 11-month sprint,” Tawney said. “It’s been really challenging for the SPP staff. Very challenging for them, but also it really asked a lot of the state agen-

cies in a way that we’ve not tried to engage in the West before. We’ve not tried to tackle a whole tariff all at once in this way.”

Tawney is hopeful the process will get smoother “more like our other engagements with regional organizations in the West, where we can go a little deeper, be a little more methodical.”

No worries there. With the tariff approved by Markets+ stakeholders and going before SPP’s Board of Directors next week for final consideration before a FERC filing, stakeholders will focus on the more technical work of drafting protocols and rules.

Reflecting on Tawney’s comments, Gia Anguiano, the Western Interstate Energy Board’s

government relations specialist and the MSC’s staff secretary, said the next phase of Markets+ will be anything but a sprint.

“We’ve been very deep in the tariff development process, but this protocols phase is the next level down. It’s going to be a bit more technical and in the weeds,” she said.

SPP’s timeline would have that work completed by year’s end, along with expected FERC approval of the tariff early in the fourth quarter.

The MSC staff will prepare potential comments from the regulators on the FERC filing. The committee plans to begin a conversation on the comments rather than wait for the tariff to be filed. ■



Markets + Phase One

- American Clean Power Association
- Arizona Electric Power Cooperative, Inc.
- Arizona Public Service
- Black Hills Colorado Electric, LLC
- Black Hills Power, Inc.
- Bonneville Power Administration
- Chelan County Public Utility District
- Cheyenne Light, Fuel and Power Company
- Clean Energy Buyers Association
- Grant County Public Utility District
- Interwest Energy Alliance
- Liberty Utilities (CalPeco Electric), LLC
- Municipal Energy Agency of Nebraska
- Northwest & Intermountain Power Producers Coalition
- NV Energy, Inc.
- Pattern Energy
- Powerex Corp.
- Public Generating Pool
- Public Power Council
- Puget Sound Energy
- Renewable Northwest Project
- Salt River Project
- Snohomish County Public Utility District
- Tacoma Power
- The Energy Authority
- Tri-State Generation and Transmission Association
- Tucson Electric Power Company
- Western Energy Freedom Action
- Western Power Trading Forum
- Western Resource Advocates
- Xcel Energy-Colorado

Markets+ participants committed to the regional market’s development. | SPP

Company Briefs

Mountain Valley Pipeline Lead Partner Announces Merger



Equitrans Midstream, which owns the largest single stake in the Mountain Valley Pipeline joint venture, announced March 11 it will rejoin its former owner, EQT.

EQT will acquire Equitrans in an all-stock transaction, with each share of Equitrans common stock exchanged for 0.3504 shares of EQT common stock.

The deal is expected to close during the fourth quarter.

More: [Cardinal News](#)

Amazon Acquires Sustainable Storage Hub in Pa.



Amazon Web Services (AWS) on March 11 announced it acquired a nuclear-powered data center campus from Talen Energy for \$650 million.

The acquisition encompasses the 1,200-acre Cumulus data center campus adjacent to the Susquehanna Steam Electric Station in Berwick. AWS plans to boost the campus's capacity to 960 MW, powered by Talen under a ten-year power purchase agreement.

The campus features a 48-MW, 300,000-square-foot facility that benefits

from the adjacent nuclear power station's 2.5-GW carbon-free energy output — one of the largest in the U.S.

More: [Environment+Energy Leader](#)

Hooper Named President of We Energies, Wisconsin Public Service



WEC Energy Group on March 12 announced that Michael Hooper, president and COO of NIPSCO, has been named president of We Energies and Wisconsin Public Service, effective April 1.

Prior to his current positions at NIPSCO, Hooper served as senior vice president of regulatory and legislative affairs and strategy.

More: [WEC Energy Group](#)

Federal Briefs

Court Temporarily Halts SEC's New Climate Rules

The U.S. Court of Appeals for the Fifth Circuit on March 15 temporarily halted new rules from the Securities Exchange Commission that require public companies to disclose business risks they face from climate change.

The Chamber of Commerce filed a suit last week to stop the rules and called them unconstitutional. Ten Republican-led states also sued.

The rules, approved earlier this month, require some publicly traded companies to disclose their climate risks and how much greenhouse gas emissions they produce. However, companies said the rules would cost them "irreparable injury in the form of unrecoverable compliance costs."

More: [The New York Times](#)

Interior Department Announces \$120M for Tribal Climate Resilience



The Interior Department on March 14 announced \$120 million for 146 tribal climate resilience projects.

The funds include \$71 million in Inflation Reduction Act funds,

\$26 million in Bipartisan Infrastructure Law funds and \$23 million from annual appropriations for fiscal year 2023. They can be used for mitigation and resilience projects ranging from relocation efforts to coastal management and habitat restoration.

The award is part of \$440 million in funds allocated to climate resilience in tribal communities.

More: [The Hill](#)

IEA: Methane Emissions to Decline by 2030

Fossil fuel emissions from methane are projected to decline after increasing last year, according to a March 13 International Energy Agency (IEA) report.

Last year saw about 120 million metric tons in global methane emissions, up slightly from 2022. However, at the 2023 COP28 summit in Dubai, participating nations agreed on commitments that, if implemented, would cut overall methane emissions by nearly 25 metric tons by the end of the decade.

The IEA projects that methane emissions must be reduced by at least 75% to avert 1.5 degrees Celsius of warming.

More: [The Hill](#)

Congress Inserts Conditions for Lava Ridge Wind Farm in Spending Bill



The Interior Department's March 15 appropriations bill includes a section about the Lava Ridge Wind Project, proposed on public lands in Idaho's Magic Valley.

The bill says no funds in the package can be used for "granting, issuing or renewing a right-of-way" for Lava Ridge until the Bureau of Land Management and local officials have analyzed alternative turbine designs to reduce impacts on wildlife, cultural resources and more. Additionally, Secretary of the Interior Deb Haaland would need to report back to Congress on those consultations' progress.

A final environmental impact report on the project was expected last month but was postponed until spring.

More: [Boise State Public Radio](#)

State Briefs

ARKANSAS

Federal Ruling Favors PSC Over Entergy



U.S. District Court Judge Brian S. Miller on March 7 ruled against Entergy

Arkansas in a case where the utility was seeking to charge ratepayers to help recoup a \$135 million debt that FERC ordered it to pay to sister utilities in Louisiana, Mississippi and Texas.

The decision came after Entergy sued the Public Service Commission for denying the planned surcharge. The \$135 million debt to other Entergy entities was caused by improper accounting of excess energy sales in a regulatory case dating back to 2018. Miller also held Entergy accountable for refunding \$13.7 million to customers in payments related to third-party energy sales.

Entergy said it intends to appeal the ruling.

More: [Arkansas Business](#)

BAJA CALIFORNIA

CFE to Build New Power Plants, Connecting Baja Calif. to National Grid

Mexico's Federal Electricity Commission on March 14 announced that it will invest \$1.3 billion to build five power plants in the state of Baja California.

CFE Director Manuel Bartlett said three of the plants will be combined-cycle operations, one will be an aero-derivative gas turbine and the fifth will be an internal combustion plant.

The project will connect the state to the national power grid.

More: [Mexico News Daily](#)

INDIANA

AES to Convert Last Two Coal Units



AES Indiana on March 12 announced its next step to transition its two remaining coal-burning units to natural gas.

If approved by the Utility Regulatory Commission, the units near the White River in Pike County will be converted. In its short-term project action plan, AES expects

the natural gas to account for about 70% of its resource mix upon completion. In place of the coal units will be 25 to 30 GW of solar, wind and energy storage. Across its portion of the grid, AES plans to add up to 1,300 MW of renewables by 2027. The project is expected to be completed in 2026.

AES plans to stop using coal by 2026 and triple its renewables portfolio by 2027.

More: [Indiana Capital Chronicle](#)

KENTUCKY

Senate Passes Bill to Create New Fossil Fuel Retirement Commission

The Senate on March 12 voted 28-9 along party lines to create a new review commission that utilities would have to notify before filing requests with the Public Service Commission to retire a fossil fuel power plant.

This proposed 18-member Energy Planning and Inventory Commission would be charged with creating a report for each retirement request analyzing the impacts of and alternatives to the request, including how it would impact supply and whether the retirement would create a "loss of revenue" for local and state governments.

The bill now heads to the House.

More: [Kentucky Lantern](#)

NEBRASKA

Climate Action Plan Prioritizes Solar, Weatherization

Nebraska on March 1 released its "Priority Climate Action Plan" to reduce greenhouse gases.

The plan focuses on, among other things: energy efficiency and electrification upgrades for nonresidential facilities, incentives for home efficiency upgrades, residential pre-weatherization programs, incentives for microsolar arrays for critical infrastructure, and funding for solar projects on unused/contaminated land and agricultural and industrial facilities.

The plan was devised through webinars and online and in-person meetings with citizens and working groups.

More: [Nebraska Examiner](#)

NEW MEXICO

PRC Denies Application for Rio Rancho LNG Facility



The Public Regulation Commission

on March 14 unanimously rejected a permit for New Mexico Gas Co.'s proposed liquefied natural gas storage facility in Rio Rancho.

The PRC said the projected \$180 million price tag outweighed potential benefits.

Company spokesperson Tim Korte said no decision has been made regarding an appeal.

More: [Source NM](#)

Supreme Court Upholds Community Solar Program Rules

The state Supreme Court on March 11 affirmed rules the Public Regulation Commission set in place for community solar in 2022 despite efforts from utilities.

In June 2022, Southwestern Public Service filed an appeal of the PRC's community solar decisions with the court, with Public Service Company of New Mexico and El Paso Electric later joining the case. The utilities found issue with a PRC rule that wouldn't allow the companies to deduct transmission costs from solar bill credits residents would receive. The Supreme Court's decision reaffirmed that rule.

More: [Albuquerque Journal](#)

NEW YORK

Department of Buildings Doubles Staff

The New York City Department of Buildings on March 11 said it has doubled its staff to help enforce the city's emissions law.

The department's previous staff of 11 was not enough to ensure that the 50,000 buildings covered by Local Law 97 reduce their greenhouse gas emissions to meet the law's yearly targets, advocates said.

The increase in staff was brought about by "a combination of both staffing up and reorganization efforts," within the agency's Sustainability Bureau.

More: [City Limits](#)

OREGON

PUC Rejects Gas Companies GHG Reduction Plans

The Public Utilities Commission on March 14 said it could “not acknowledge” the state’s natural gas utilities’ plans to meet the state’s emissions targets by 2050.

The PUC said Cascade Natural Gas, Avista and NW Natural were “unreasonably optimistic” about future demand in a world of growing electrification and low prices. They said the companies are also relying too heavily on the rapid growth of less emissions-intensive fuels such as “renewable natural gas” and “synthetic natural gas.” These fuels are not widely produced and are still far too expensive, commissioners said.

More: [Oregon Capital Chronicle](#)

SOUTH CAROLINA

PSC Member Resigns over Bill

Tom Ervin, a Public Service Commission member, announced his resignation because of concerns that a bill moving through the Legislature could lead to a repeat of the failed V.C. Summer nuclear project.

Ervin, a former state judge, said in a letter to the Legislature he was leaving the commission, effective March 31, but has since revised that to “effective immediately.”

Ervin said the proposal for a natural gas plant parallels a bill approved about 15 years ago that allowed SCE&G and Santee Cooper to begin expanding the nuclear plant. The bill gave the utilities substantial concessions to begin constructing two nuclear reactors to complement the existing reactor before they walked away from the project amid delays and cost overruns. When they quit the project in summer 2017, the utilities had spent \$9 billion and raised customer rates. Now, Santee Cooper and Dominion want to jointly build the large natural gas plant, estimated at \$1 billion.

More: [The State](#)

TEXAS

Legislative Committee to Investigate Cause of Panhandle Wildfires

House Speaker Dade Phelan (R) on March 12 said the state is creating a legislative committee to investigate the Panhandle wildfires to prepare for future disasters.

The Investigative Committee on the Panhandle Wildfires will have five members,

including Republican state Reps. *Ken King* of Canadian, *Dustin Burrows* of Lubbock and *Todd Hunter* of Corpus Christi. Jason Abraham and Ashley Cash also are listed as public members of the committee. The panel will investigate causes of the wildfires, response resource allocation, and wildfire disaster preparedness. It will also investigate coordination between local, state and federal government agencies.

The committee is expected to issue a report by May 1.

More: [The Texas Tribune](#)

Report: State Had the Most Power Outages in US the Last 5 Years

There have been 263 power outages across Texas since 2019, more than any other state, each lasting an average of 160 minutes and impacting an average of 172,000 residents, according to an analysis by Payless Power.

More than a third of those outages occurred in 2021, when a Valentine’s Day freeze led to 47 outages in February alone. The state finished with 91 that year.

More: [Houston Chronicle](#)

UTAH

Legislature Passes Pro-coal Bills



Two pro-coal bills passed both chambers of the Legislature and await Gov. **Spencer Cox’s** (R) signature.

Both bills deliver specific instructions to the Public Service Commission.

HB191 instructs the PSC to follow the state’s energy policy, while SB224 tells the PSC it must let Rocky Mountain pass along the costs of keeping its coal plants running to its customers while the utility does not have to prove the coal plants are the lowest-cost, lowest-risk option for customers.

SB224 also creates a self-insurance fund in which customers will contribute to a Rocky Mountain account that can be used for wildfire payouts.

More: [The Salt Lake Tribune](#)

VIRGINIA

Gov. Youngkin Vetoes Bill Mandating Enviro Justice Council be Filled

Gov. Glenn Youngkin (R) on March 14 vetoed a bill that would have required

long-running vacancies on the Council on Environmental Justice to be filled.

The bill would have required vacancies on the council to be filled by no later than Aug. 31. It also would have added language to state law allowing the council to travel to learn about and document environmental justice issues across the commonwealth.

The bill was introduced after several members left or became inactive because their mileage requests were not reimbursed. Council members said they hadn’t heard back from the governor’s administration when seeking help on its inability to have a quorum.

More: [Virginia Mercury](#)

Patrick County Approves First Solar Farm

Patrick County supervisors voted 3-2 March 11 to approve the county’s first utility-scale solar farm.

The 12-MW Fairy Stone Solar project would sit on 211 acres.

The supervisors’ approval followed the county planning commission’s favorable recommendation in August.

More: [Cardinal News](#)

WISCONSIN

Evers Appoints Hawkins to PSC

Gov. Tony Evers (D) on March 14 announced the appointment of Marcus Hawkins to the Public Service Commission. Hawkins’ appointment is effective April 8. He will serve for the rest of the term ending March 1, 2027.

Hawkins is the executive director of the Organization of MISO States and has been with the organization since 2016.

More: [WMSN](#)

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