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YOUR EYES AND EARS ON THE ORGANIZED ELECTRIC MARKETS

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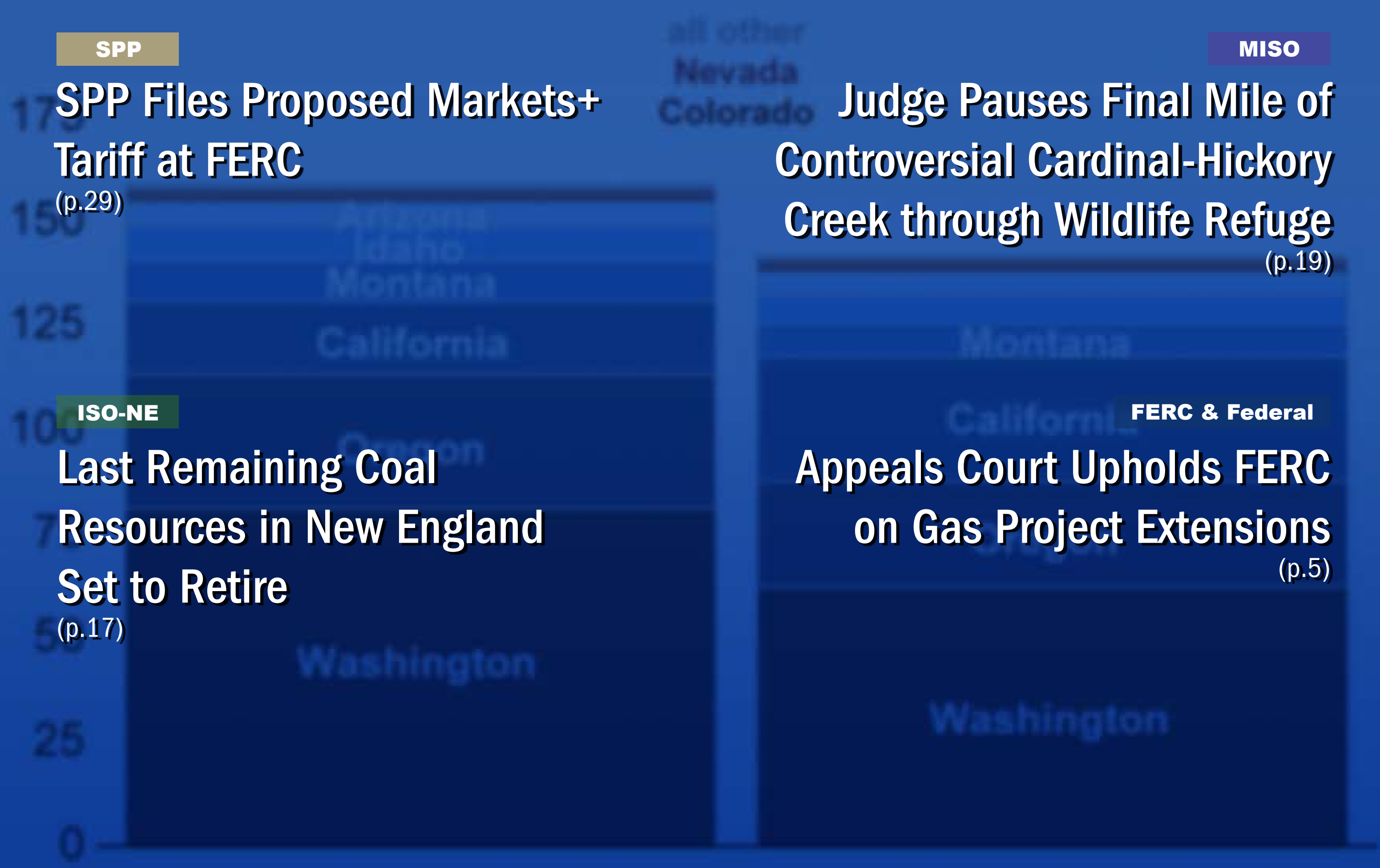

COVER: Western U.S. hydropower output by state over the last two water years. Washington and Oregon saw sharp declines last year, while output in California increased significantly | *EIA*

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There and Back Again: The D.C. Circuit Again Considers NYISO's Approach to Zero-Emission Mandate

By Jennifer Fischell and Jackson Myers

Jennifer Fischell | *MoloLamken*

Dozens of states have adopted emission-reduction targets aimed at fighting climate change. But how should RTOs account for those initiatives when their effects are delayed, uncertain, expensive for consumers or all of the above?

Jackson Myers | *MoloLamken*

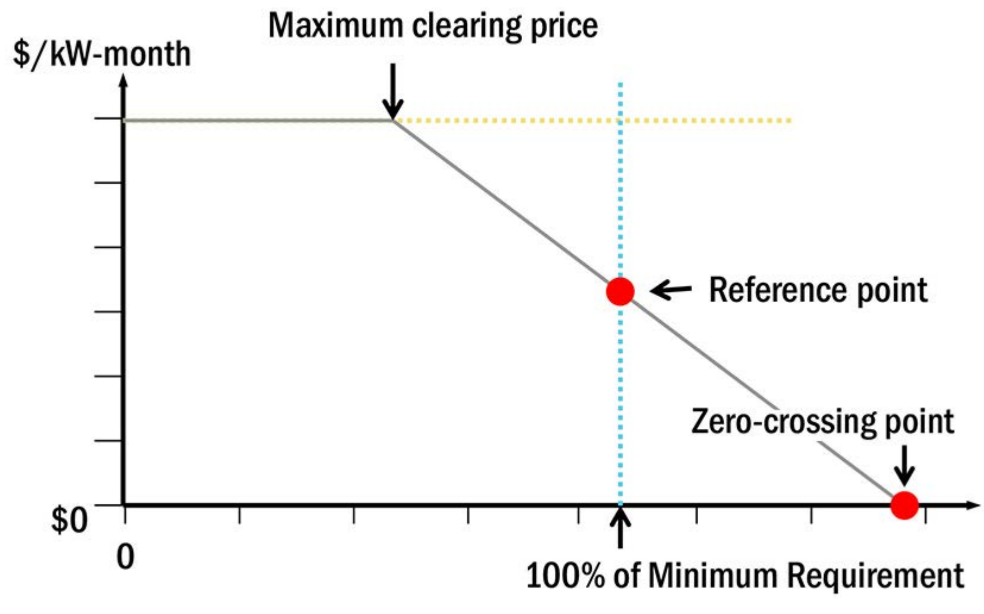
In *New York State Public Service Commission v. FERC* (No. 23-1192), the D.C. Circuit is poised to address that question — with potentially significant implications for climate-change laws, energy markets, and the approval process for RTO and ISO tariff amendments going forward.

New York's Climate Act Spurs NYISO Action

In 2019, New York's Climate Leadership and Community Protection Act (Climate Act) set a target date of 2040 to eliminate all greenhouse-gas emissions from the state's energy grid. The act ordered the New York Public Service Commission (NYPSC) to promulgate regulations implementing that target date, but it also authorized NYPSC to create exceptions if necessary for reliability. To date, NYPSC has not promulgated any implementing regulations.

In response to the new law, NYISO proposed a revision to the Net Cost of New Entry ("Net CONE") figure used in its capacity market. Net CONE is an annualized estimate of new-entry costs, calculated by dividing a hypothetical new gas-fired power plant's lifetime expenses by an "amortization period," i.e., the number of years in the plant's viable economic life. NYISO historically has used a 20-year amortization period, but given uncertainty that gas-fired plants would be viable after 2040, NYISO proposed shortening the amortization period to 17 years.

That proposal comes with a cost. To incentivize market entry in the event of a supply shortfall, NYISO factors Net CONE into its capacity demand curve. Shortening the amortization period (and thereby increasing Net CONE) also would thus increase capacity clearing prices, to the tune of more than $100 million annually.



ICAP demand curve slope | *NYISO*

FERC Approves NYISO's Proposal — on Take Three

For nearly four years, NYISO's proposal has been tied up in proceedings before FERC and the D.C. Circuit, generating multiple FERC orders and a D.C. Circuit opinion in between. In FERC's most recent, third order (the one now before the D.C. Circuit), FERC approved the amendment.

Opponents of the proposal, including NYPSC itself, have made two main arguments. First, they have argued that NYISO made an impermissibly speculative assumption that gas-fired plants ***must*** close by 2040 when it relied on the Climate Act's target date to justify its proposal. They have contended that NYPSC can create exceptions to the act, or new retrofitting technology might enable plants to operate past 2040. Second, opponents have argued the nine-figure spike in capacity costs (and, ultimately, an increase in consumer prices) means the amendment is not just and reasonable.

Although FERC initially adopted those arguments, the D.C. Circuit expressed skepticism in the case's first trip to the appellate court. See *Independent Power Producers of New York, Inc. v. FERC*, No. 21-1166, 2022 WL 3210362 (*D.C. Cir. Aug. 9, 2022*). On remand, FERC now has fully rejected the challenges to NYISO's proposal. *N.Y. Independent System Operator, Inc.*, *185 FERC ¶ 61,010* (Oct. 4, 2023). The amendment, FERC found in its most recent order, is a reasonable response to the Climate Act and is not impermissibly speculative, since the only law on the books all but requires zero emissions after 2040. The proposal's opponents, in FERC's view, are speculating about yet-unknown regulatory and technological developments.

FERC also found the increase in capacity prices effectively irrelevant. The amendment was limited to changing the Net CONE amortization period (which FERC found reasonable); it did not change the broader capacity-auction structure that incorporated Net CONE into capacity prices (which FERC previously approved as reasonable). Prices resulting from a reasonable rate design using reasonable components, FERC concluded, are necessarily reasonable too.

The D.C. Circuit Petition for Review Raises Issues of Nationwide Significance

FERC's order now is before the D.C. Circuit

Stakeholder Soapbox

on NYPSC's petition for review. Chief Judge Srinivasan and Judges Randolph and Childs heard argument Feb. 20, 2024 — and the judges' questioning suggests a pro-FERC majority. Srinivasan and Randolph signaled strong agreement with FERC's view that relying on the Climate Act's target is not speculative, while Childs seemed more skeptical, pressing FERC's counsel to defend the agency's treatment of the proposal's effect on prices. If oral argument is a guide, the court could be poised to deny the petition and approve FERC's reasoning.

Whatever the outcome, the ruling could have nationwide consequences. New York is not the only state with an emissions mandate, and NYISO is not the only RTO trying to account for those laws. And even beyond the climate-change context, the court's ruling on the "speculation" question will send a signal to FERC and to transmission organizations about how to deal with regulatory uncertainty more broadly.

How the D.C. Circuit treats FERC's dismissal of NYPSC's cost concerns could be even more significant. FERC has argued that price increases caused by a proposed amendment's interaction with a broader, FERC-approved rate design need not be considered in the just-and-reasonable inquiry. Instead, in FERC's view, challenges based on resulting price changes must be made using Section 206 of the Federal Power Act. If the court agrees, Section 206 complaints could become routine when stakeholders oppose a tariff amendment because they contend its relationship with existing tariff elements could lead to unjust and unreasonable prices. If the court disagrees, the case likely will return, once again, to FERC. And from there, it might come back again. ■

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FERC/Federal News

Appeals Court Upholds FERC on Gas Project Extension

By James Downing

FERC on March 29 came out on top of litigation over its granting previously approved natural gas projects' requests for an extension of their deadlines to bring the facilities online (*22-1233*).

The Sierra Club challenged two such orders before a three-judge panel of the D.C. Circuit Court of Appeals: National Fuel Gas Supply's Northern Access Pipeline in Pennsylvania, and New York and Cheniere's plan to expand its Corpus Christi Liquefaction LNG facility in Texas. Public Citizen joined Sierra in opposing the extension for the LNG facility.

The New York State Department of Environmental Conservation denied National Fuel's request for a permit, which set off years of litigation in federal court and caused it to seek two extensions from FERC. The firm won the case and filed its second request with the commission in 2022, which was granted.

Cheniere's LNG facility ran into delays because of the economic impacts of the COVID-19 pandemic and filed with FERC to extend its in-service date from later this year to 2027. FERC granted that, agreeing that the firm could not foresee the pandemic's impacts on the global economy when its initial plans were made.

FERC has broad discretion to grant the extensions, which is only limited by the "arbitrary and capricious" standard of the Administrative Procedure Act. It does not have to come to the best decision in such cases, with the court's review limited to whether the commission examined the relevant considerations and articulated a satisfactory explanation for its action that includes a rational connection between the facts and its ruling.

"In considering the requests for extensions, FERC found that the project sponsors had demonstrated diligence in the continued pursuit of their projects," the court said.

The litigation with New York and the pandemic's impact on supply chains and the economy gave good cause for the extensions, the court said. FERC's reasoning in both cases was consistent with its earlier decisions granting extensions.

"FERC has found a wide range of circumstances to support good cause, including legal or litigation-related barriers, as well as impacts from the COVID-19 pandemic," the court said.

Cheniere's Corpus Christi Liquefaction LNG facility | *Bechtel*

Sierra Club and Public Citizen argued that FERC's inquiry was too lax, saying the agency rubber-stamps requests for extensions.

"Although it is true that FERC has denied very few extension requests, that is not surprising," the court said. "Project sponsors invest significant time and resources to secure approval of their pipelines and related facilities, and they generally have economic incentives to promptly complete construction."

Project sponsors can meet the good-cause standard by demonstrating their diligence and citing factors beyond their control that have slowed their progress, the court said. Developers who would abandon a project likely would never ask for an extension.

Sierra Club also argued that FERC should have to re-evaluate the findings underlying its original certificate order any time it considers an extension request, but the court disagreed. FERC has broad authority to take whatever actions it finds necessary to amend a certificate.

While the commission has to account for substantial or significant changes that impact a project's approval under the National Environmental Policy Act, it is entitled to substantial deference because that call necessarily relies on FERC's technical expertise, the court said.

New York passed its Climate Leadership and Community Protection Act while the Northern Access project was being developed; Sierra Club argued that constituted a major change. But FERC found that the law did not impact demand for the pipeline's gas, which is largely going to serve customers in Canada, where that law has no impact. The court again sided with the commission. ■

FERC/Federal News

Energy Trade Groups Warn FERC Against Ratcheting up Affiliate Rules

Ratepayer Advocates and Conservatives Ask for Change

By James Downing

Industry trade groups warned FERC this week against passing more stringent restrictions on investment funds' shares in the power industry, but consumer advocates and Republican state attorneys general urged it to move forward with rule changes (AD24-6).

FERC launched a Notice of Inquiry at its December open meeting after consumer advocates had argued that large asset managers such as BlackRock and the Vanguard Group — both of which urged FERC this week to keep its current rules in place — could have market power in the industry. (See *FERC Reconsidering Blanket Authorizations for Investment Companies*.)

The commission's current policy allows investors to acquire up to 10% of public utilities' shares and up to 20% if they are truly passive, as Vanguard and BlackRock told the commission they were. The commission usually grants companies three-year blanket authorizations to do so.

The American Council on Renewable Energy warned FERC against changing its rules, arguing the NOI lacks any concrete evidence that they are falling short.

"The opposite is true, as altering this policy creates a risk of impeding financial investment in much-needed energy infrastructure," ACORE said. "Moreover, much of the rationale for this notice appears to be based only on speculative concerns that are outside the scope of the public interest consideration."

Many financial institutions pursue investments in renewable energy for myriad reasons, including their declining costs and their lower risks and higher returns compared to other technologies, ACORE said.

The Edison Electric Institute also argued against any changes, saying they could threaten investments at a time the industry needs to be making them because of growing demand and the ongoing turnover in the generation fleet.

"Given the capital investments required to expand and upgrade existing infrastructure, facilitate a lower-carbon future, reliably serve growing demand and withstand extreme weather, any action by the commission that creates new regulatory friction for those investments or discourages capital investments would not be helpful for the economy, utilities charged with providing reliable service and their customers," EEI said.

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

EEI appreciates that FERC is collecting information at this stage, but it said there is no compelling reason to revisit its blanket authorization policy at this time.

"It is not clear from the NOI that the growth in index funds the commission highlights is concentrated in investments in public utilities," EEI said. "In other words, it is not clear that the growth is completely attributable to the U.S. utility industry; quite to the contrary, the electric industry is competing with all publicly traded companies for investment by investment companies."

Consumer Advocates

The D.C. Office of the People's Counsel, Maryland Office of People's Counsel and New Jersey Division of Rate Counsel encouraged FERC to expand the reach of its regulations so they can adequately protect ratepayers against the abuse of market power.

"Change is needed because the world of diffuse ownership of utility and utility-holding company stock no longer exists," they said. "Academic analyses confirm the extent of the shift: '[By] 2017, institutional investors held 80% of the stock in S&P 500 firms and cast 93% of the votes at [such] firms.' The aggregation by institutional investors of vast holdings in the nation's utilities necessarily implies an ability to influence, if not control, utility behavior."

The agencies suggested cutting the thresholds in half to 5% for most investors, and in case-specific instances, investment companies could own under 10% in aggregate and under 5% for each individual fund controlled by the recipient. Even at just 5% of a firm, that could total hundreds of millions, if not billions, which would give investors significant influence on a public utility, they argued.

Any firm that wants to get up to 10% should be required to effectively "put its stock in a drawer" and not engage in communications with the firm or vote in shareholder meetings, they said.

The trend in utility investments is mirrored in the stock market generally. The "Big Three" index funds — BlackRock, Vanguard and State Street — collectively at the end of 2021 held a median stake of 21.9% in all S&P 500 companies, representing about 25% of votes cast in those companies' annual general meetings.

FERC/Federal News

They are often the largest shareholder in a company, which conveys considerable influence over corporate boards and managers, the consumer advocates said.

"Because the interactions between institutional investors and the firms they own often take place behind closed doors, there is limited public information on how these investors wield their influence," they added. "But ample empirical research and public statements by institutional investors themselves confirm the obvious — that they can and regularly do influence corporate behavior."

Horizontal ownership of ostensibly competing companies can generate powerful anticompetitive incentives because the owners no longer want to maximize the profits of just one company, but multiple or every competitor in a market, the advocates said.

"The investor is incentivized to avoid actions that may reduce profits industrywide, even if those actions may be competition-enhancing and economically rational from the perspective of the individual firm," they added.

Conservative Arguments

While the ratepayer advocates were focused on anticompetitive behavior ultimately leading to higher rates for consumers, most of those urging updates from FERC were focused on the Big Three's environmental, social and governance (ESG) policies, which they said could threaten electric reliability.

A group of 20 Republican state attorneys general, led by those of Utah and Indiana, argued FERC should update its rules to require that asset managers get approved as "holding companies."

They also argued that the 20% cap on ownership should also be applied to associations such as the *Net Zero Managers Initiative*, which more than 300 asset management companies have signed onto, according to its website.

"Key components of the financial system have been used to impose activist policy preferences on companies that are not required by applicable law and thus have not been approved by the democratic process," the attorneys general said. "Specifically, activists enlisted asset managers to use their assets under management (AUM) to force utilities to set early targets to decommission fossil fuel-based generating assets and replace them with wind and solar on a scale that has never before been seen and is not technologically feasible."

The attorneys general argued that pressure from BlackRock and the California Public Employees Retirement System pushed PacifiCorp to retire some coal plants early, even though a shareholder motion they backed failed.

"PacifiCorp may have multiple reasons for the closures, but responding to coordinated pressure by asset managers and other owners is not a legitimate one," they added. "Consumers will be harmed if their costs go up or reliability decreases because of early closures based on activist pressure campaigns." ■

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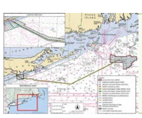
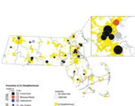


BOEM Approves NY's Sunrise Wind OSW Project NetZero Insider



Report Shows Uneven Burdens of Power Infrastructure in Mass. NetZero Insider

Mass. Commission Issues Recs on Energy Project Siting, Permitting NetZero Insider

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FERC/Federal News

Bumps on the Road to Net Zero Highlighted at EPSA Summit

By James Downing

From left: ERCOT CEO Pablo Vegas, NYISO CEO Rich Dewey and ISO-NE CEO Gordon van Welie at EPSA's Competitive Power Summit in D.C. | *© RTO Insider LLC*

WASHINGTON — While their net-zero emission targets might not kick in until the 2030s, the power industry already is dealing with the issues they create, panelists said at the Electric Power Supply Association's Competitive Power Summit on March 26.

New York has seen the Indian Point Nuclear Plant, its coal fleet and a number of peaking plants around New York City shut down in recent years, cutting a once-thick reserve margin to near the required target, NYISO CEO Rich Dewey said. With other thermal generation retirements expected in the rest of this decade, new supply is going to need to come online to replace them.

"I have grave concerns about the winters of 2030, 2031, 2032; that's when we're going to need to see some of that new supply to come online," Dewey said.

NYISO already has seen improvements in the speed of its interconnection queue, Dewey said, having embarked on changes before Order 2023 was issued last July. While that is less of a barrier, new development faces other issues.

"So, we'll solve the interconnection problem, but I'm not sure that there aren't other problems right behind that," Dewey said.

For example, the state has made a big bet on offshore wind, but it faces higher interest rates and supply chain constraints, which are affecting projects all along the East Coast, he added.

"Everybody kind of giggled when Rich said, 'My concern is eight years away,'" said Competitive Power Ventures Senior Vice President Tom Rumsey. "If I started tomorrow, I couldn't build him a combined cycle in that time frame. Right? You can't. And that's why he's worried. I think people sort of think that it's a three- to four-year process. It isn't."

Construction takes about that long, but from conception through the regulatory process to actual construction makes the total time to build a new gas plant longer than eight years, he added.

That ignores the politics around natural gas, as NYISO is looking for "dispatchable emissions-free resources," for which it has coined the widely adopted acronym "DERF."

NERC has placed policy as one issue that threatens reliability. CEO Jim Robb said at the conference that has started to change minds.

"I think I *read* that New York has now either approved, or is considering approving, adding compression to some of the pipelines serving the state there," Robb said. "So again, kind of counter to the *political winds*. So that's great news, right? That we're getting a little bit more acceptance of the importance of gas in the in the mix."

That comes after the "politically courageous" decision in California to extend the life of the Diablo Canyon Nuclear Plant after it started running into resource adequacy issues during heat waves, and the deal to keep the Everett Marine Terminal open, which is a vital source of LNG imports for New England in the winter, Robb said. (See *Constellation Reaches Agreement to Keep Everett LNG Terminal Open*.)

ISO-NE dealt with energy issues in the winter for 20 years; it was 2004 when it had "8 GW of natural gas generators call in sick one Monday and say, 'We don't have any fuel,'" CEO Gordon van Welie said. While the issue is longstanding, van Welie said some notable changes have occurred in the past couple of years.

ISO-NE has developed a "probabilistic energy adequacy tool" to assess adequacy, van Welie said. "And that has given us a much better analytical framework for assessing these risks, both of the near term and the long term."

That has led to conversations in New England about adding an "energy adequacy standard" to the common resource adequacy standard, he added. ISO-NE also has been working on capacity accreditation. That's been happening around the country as other regions deal with similar issues, if not the same acute winter reliability threats.

New England has moved forward on gas-electric coordination, but it still faces issues there, as fuel will continue to be important, though used much differently than today, van Welie said. Electrification is going to mean higher demand as other resources retire.

"The balancing energy source is going to be natural gas," van Welie said. "And all the studies we've done, [and] studies I've looked at, show that the dynamic is [that] the average demand for gas is going to drop because of all the renewables on the system, but the peak demand is going to spike up."

That raises the question of how the market can solve that issue: If natural gas plants run rarely, it will be even less economic for them to

FERC/Federal News

get firm service from pipelines, van Welie said. To find the answer, he said the industry needs analytics to gauge how to use natural gas to balance a higher share of renewables.

Texas is ahead of New England when it comes to renewables, though as the country's largest producer of natural gas, it doesn't have the same issues, ERCOT CEO Pablo Vegas noted. He said he has seen some of the same studies as van Welie, and he expects gas plants will run less overall but have much higher peak demands.

The growth of solar in Texas has made it easier to meet those high peak demands in the summer, but ERCOT still can face tight conditions in the winter when that resource is far from peak production, Vegas said.

While the state benefits from plentiful energy supplies, Texas' role as an energy capital is contributing to large demand growth, as the oil and gas sector continues to electrify its operations.

"In the Permian area of Texas, we saw ... a new set of load expectations that were far above what our historical plants anticipated for that area," Vegas said. "And to put [that] into context, just in the next five, six years in the Permian area, we saw new load forecasts upwards of 25 GW."

That's the equivalent of adding another entire Dallas-Fort Worth area to the Texas grid in the next half a decade, he added. About half of the demand is expected to come from the oil and gas industry, with other sources of demand from new hydrogen production, manufacturing and crypto mining.

While EPSA effectively was set up for firms that build natural gas plants, some of its members also are in the renewable development business, American Clean Power Association CEO Jason Grumet said. He noted that two-thirds of the renewables deployed last year were from firms that also own fossil and nuclear assets.


NERC CEO Jim Robb (left) and EPSA President Todd Snitchler | © *RTO Insider LLC*

ACP pushes for the transition to clean energy, but Grumet said the No. 1 priority for anyone who works in the energy industry is reliability.

"If we have interruptions of power supply, that ... interrupts the trajectory of our energy policy goals, right?" Grumet said. "So, it is obviously not in the interest of the individual, nor is it in the interest of the policy debate."

ACP shares the same goals as much of the rest of the energy industry around changing the rules for permitting because, Grumet said, it's needed for the U.S. to meet its net-zero goals. Permitting reform for "linear infrastructure" can help get renewables built and ensure they have the gas needed to balance them.

"If you have any affinity to engineering or math, you'd say that we are not on target to achieve a zero-carbon grid in 11 years," Grumet said. "I think people get confused when you tell the truth; they think you're either being courageous, or you're suggesting complacency. It's just the truth." ■

FERC Directs Additional Compliance for Tri-State on Exit Fees

By James Downing

FERC ordered Tri-State Generation and Transmission Association to rework two filings involving departing members in orders issued March 29.

One order was a specific agreement on United Power's departure from the wholesale member-owned cooperative (*ER24-1145*), while the other regarded what costs future departing members would have to cover (*ER21-2818*).

Tri-State provides wholesale power and transmission service to 42 members in Colorado, Nebraska, New Mexico and Wyoming. United is a Colorado co-op that has taken service from Tri-State under a wholesale electric service contract (WESC), but it gave official notice that it wanted to leave in April 2022, to be effective May 1, 2024.

The broader departure fee case dates back to September 2021, when Tri-State first filed revisions, which were set for hearings and led to another order in December 2023. (See *FERC Picks 'Balance Sheet Approach' Exit Fee for Tri-State Members*.) The order issued last week directs another compliance filing to fix some aspects of the proposed exit fee.

United told FERC that the latest withdrawal proposal from Tri-State would charge it $627.7 million, while it calculated a fee of $464.5 million. The largest reason for the $163 million gap is the $148 million United said Tri-State failed to account for in the co-op purchase of non-networked transmission and distribution facilities.

FERC found the arguments in the case from both United and Tri-State would be better addressed in the broader compliance case but accepted the withdrawal agreement subject to some additional issues being resolved.

The $627.7 million fee is based on a contract termination penalty of $709.5 million, minus $81.9 million in patronage capital that United had put up but will no longer be used now that it is leaving. Tri-State will have to file an updated amount with the right patronage capital amount and regulatory liabilities credit, which are being developed in the ongoing ER21-2818 docket.

The commission accepted the withdrawal agreement, subject to a compliance filing due in 14 days, which will allow United to leave Tri-State's service.

Tri-State will also have to make a compliance filing on the broader contract termination payment (CTP) rules within 14 days, but those rules will only apply in total to firms that leave the co-op's service after 2025. FERC also set up hearing and settlement procedures for some aspects of the rule.

FERC accepted Tri-State's proposal to provide each member with a potential CTP every year that reflects their *pro rata* allocation of power purchase agreements in addition to their *pro rata* share of its debt. Tri-State also won approval for its proposal to enter into withdrawal negotiations within 180 days of getting a request, but the association will have to make clear that none of those procedures are required by entities leaving this year or next, who have already started to withdraw.

The commission found that Tri-State partly complied with its requirements to pay back departing members' patronage capital, either as a discounted lump sum or over time as it is retired in the normal course of business. But its proposal failed to account for any accrual or retirement of patronage capital that occurs between when a member signals a notice to leave and actually leaves service.

Tri-State has members in both the Eastern and Western interconnections, and while those out West likely face higher CTPs than patronage capital amounts, that is not the case in the East. Tri-State proposed never having to pay a departing member if its patronage capital were higher than its CTP, but FERC ordered it on compliance to pay out a lump sum should such firms request it.

Tri-State was also required to change its transmission crediting mechanism for departing members, basing it on their *pro rata* share of the full amount of its transmission debt and paying them back with full interest.

The compliance filing will also have to change how PPAs are treated, as Tri-State will have to show departing members their *pro rata* share of system capacity and associated energy when it proposes their buyout amount. That will be earlier than Tri-State initially proposed, which FERC said would help departing members make their decision.

Tri-State will also have to update its proposed CTP to properly reflect costs of serving customers in the Western Interconnection to reflect the impact of any members who are departing before another, so that a departing member does not have to pay for debt that Tri-State collected in an earlier CTP. ■

| *Tri-State G&T*

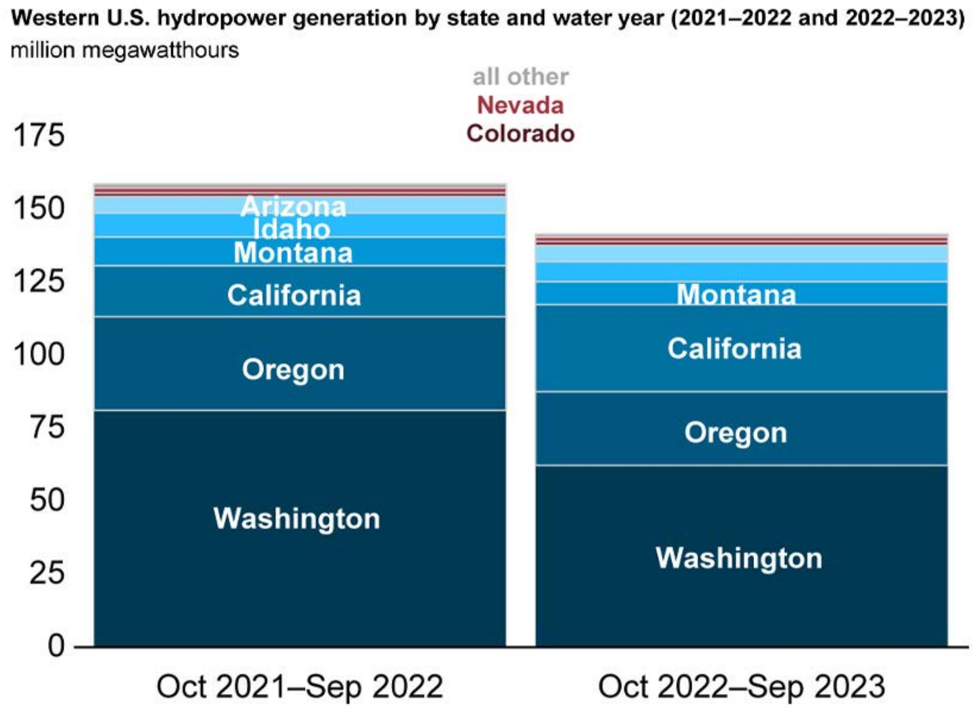
CAISO/West News

EIA: Western Hydro Output Hit 22-year Low Last Year

Declines in Washington, Oregon Outweigh Gains in California

By Elaine Goodman

Despite record winter precipitation in California, hydroelectric generation in the Western U.S. fell to a 22-year low in the 2022/23 water year, largely due to droughts in Washington and Oregon, a new analysis found.



Western U.S. hydropower output by state over the last two water years. Washington and Oregon saw sharp declines last year, while output in California increased significantly | *EIA*

Since the 2016/17 water year, Western hydropower generation has been diminishing except for a 13% uptick in 2021/22, according to a March 26 *report* from the U.S. Energy Information Administration (EIA). A water year runs from Oct. 1 to Sept. 30.

The 2022/23 water year resumed the downward trend, with an 11% drop compared to the previous year. The 141.6 million MWh of Western hydropower generation in 2022/23 was the lowest since 2001.

Previously, the record low was in the 2020/21 water year.

The EIA attributed last year's drop to drought conditions leading to "historically low" hydropower generation in the Pacific Northwest. Annual hydropower fell by 23% and 20% in Washington and Oregon, respectively.

The 2022/23 water year for the region started with near-normal to below-normal precipitation, EIA noted. But in May 2023, a heat wave in the Pacific Northwest caused temperatures to spike as much as 30 degrees above normal, rapidly melting the snowpack.

"Water flows in May were high, but much of the water supply needed for generation during the summer months melted during the May heat wave," EIA said. Water supply in the PNW then stayed below average for the rest of the water year, reducing hydropower generation. Tight supply conditions became evident during a five-day cold snap in January when the region was forced to import large volumes of power to meet near-record demand and avert rolling blackouts. (See *NW Freeze Response Shows WEIM Value, CAISO Report Says* and *Powerex Report Expands NW Cold Snap Debate*.)

California weather in 2022/23 was dramatically different than in the Northwest. A series of atmospheric river storms dropped record rain and snow on the state from December 2022 to March 2023.

The wild winter left California with its largest snowpack since records began in the mid-1980s. Drought-depleted reservoirs were replenished, and hydropower generation for 2022/23 reached 30.0 million MWh, nearly twice that of the previous year.

The 11 states in the Western region produced about 60% of the nation's hydropower last year, roughly the same as in the 2021/22 water year.

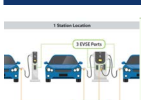
Washington, Oregon and California produced the most hydropower in the region; Washington and Oregon combined contributed 37% of the U.S. total. The other Western states are Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah and Wyoming.

Elsewhere in the region, Southwestern states had above-normal precipitation in 2022/23. Hydropower generation at Glen Canyon Dam was up 27%. But output was down 11% at Hoover Dam due to water conservation, EIA said.

California's snowpack appeared to be in good shape March 26, at 102% of the state's April 1 average, according to the California Department of Water Resources.

Still, EIA is forecasting a 12% drop in hydropower production this water year in the Western market region of California. Similar decreases are expected in the Northwest and Southwest, according to EIA's short-term energy outlook. ■

West news from our other channels



CEC, Caltrans Solicit Feedback on New Program for EV Charger Repair

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CAISO Can Close 2024 Interconnection Window, FERC Rules

Approval Means ISO Can Deal with Clogged Queue Before Taking More Requests

By Ayla Burnett

FERC on March 29 approved CAISO's request to forgo this year's process for taking interconnection applications, giving the ISO more time to study last year's record-breaking number of requests (*ER24-1213*).

FERC's order became effective March 31, just ahead of the April 1 deadline CAISO is required to meet each year to open a new interconnection window, which kicks off a two-year cluster study process.

CAISO sought the tariff change to extend study deadlines for cluster 14 and pause cluster 15 because of the "unprecedented increase" in new interconnection requests received for those clusters combined with a lower percentage of interconnection customers withdrawing after phase one of the process. (See *CAISO Seeks FERC's OK to Shut 2024 Interconnection Window*.)

The rule revision will help CAISO "avoid compliance issues, the need for waiver or exacerbating the queue's challenges before CAISO can comply with Order No. 2023 and implement needed reforms," the order states. "Further, CAISO contends that forgoing the 2024 interconnection request window will allow sufficient time to study existing interconnection requests."

Stakeholder Concerns

In comments submitted to FERC, several stakeholders said closing the 2024 interconnection window would impact much-needed resource procurement and fail to address the root causes of the clogged queues.

While the Northern California Power Agency did not oppose the move, it did note that the backlog is particularly problematic for load-serving entities that will struggle to acquire the clean resources needed to meet procurement mandates without sufficient projects coming online in a timely manner.

The Six Cities group of Southern California municipal utilities opposed the move, saying that while CAISO remains engaged in the Interconnection Process Enhancements stakeholder initiative, delaying the request window will cause a gap in implementing necessary reforms.

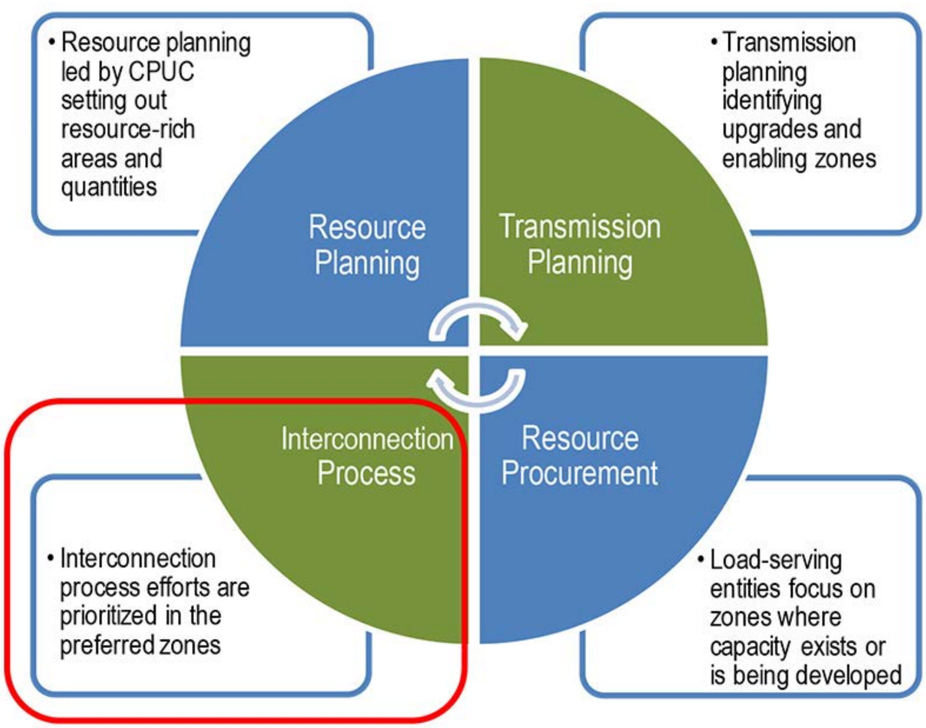
"Six Cities contend that the elimination of the 2024 interconnection request window should not be permitted to prolong the gap in making these necessary changes to the process," the order noted.

Six Cities also acknowledged the challenge of bringing new resources online amid the delay. FERC noted the utilities said "they have experienced considerable challenges in procuring capacity to meet reliability requirements during the past two years."

CAISO asked the commission to disregard those concerns due to "meaningful progress" made in its stakeholder initiative and highlighted that it will propose significant reforms to the process when the ISO submits its compliance filing for Order 2023, expected April 3.

FERC agreed with CAISO, saying the stakeholder comments fell "outside of the scope" of the proceeding.

"We agree with CAISO that its proposed revision will enable CAISO to work with stakeholders to develop and implement meaningful reforms for processing cluster 15 and will avoid exacerbating the queue's challenges," FERC said. "Further, we find that forgoing the 2024 interconnection request window is a just and reasonable solution to prioritize the significant volume of existing interconnection requests in a timely manner." ■



In its Interconnection Process Enhancements stakeholder initiative, CAISO is proposing "transformative change" to address clogged interconnection queues. | *CAISO*

CAISO/West News

FERC Waives Nearly $2M in CAISO Data Reporting Penalties

Utilities Assessed Major Penalties for Minor Errors, Commission Rules

By Ayla Burnett

FERC on March 27 granted complaints by five utilities against CAISO, nullifying nearly $2 million in penalties for incorrect meter data reporting.

Idaho Power (*EL23-94*), Tucson Electric Power (TEP) (*EL24-15*), Direct Energy Business (*EL24-11*), Tacoma Power (*EL23-103*) and the city of Corona, Calif. (*EL23-99*), all submitted complaints last year challenging the application of CAISO tariff section 37, which spells out the ISO's rules of conduct.

Under the section, if a scheduling coordinator fails to submit meter data 52 days after the trading date, the submission is considered late. Failure to submit revised meter data 214 days after the trading day for the resettlement statement that CAISO issues is considered an inaccurate submission. Either violation subjects a scheduling coordinator to a $1,000 penalty for each trading day after deadlines are missed.

Each of the complainants told FERC that CAISO was applying the provision too strictly for "minor, inadvertent" errors and that the errors had practically no effect on the markets, making the penalties unjust and unreasonable.

The commission agreed "that the penalties assessed are not commensurate with any potential damage caused by the inadvertent errors, which were properly reported upon discovery, promptly fixed and had a *de minimis* effect" on the markets.

The ISO also supported all the complaints, saying that until the rule is changed, it "supports relief for parties that receive excessive penalties under the existing tariff rules." In May 2023, it opened the Rules of Conduct Enhancements stakeholder initiative to address issues including the potential for excessive penalties in certain circumstances.

Several of the complaints noted that the tariff provision does not allow CAISO discretion in waiving or reducing penalties.

Idaho Power had appealed $639,000 in penalties for incorrect data associated with the Arrowrock Hydroelectric Project. In July 2022, the utility discovered that transmission line losses were being double counted in the meter data being provided to CAISO, leading to under-reporting of energy produced by Arrowrock. Idaho Power argued that because the quantity did not affect LMPs or market runs in the Western Energy Imbalance Market (WEIM), the penalties should be waived.

Tacoma's reporting errors stemmed from setting its transmission system loss factor of 1.87%, which resulted in it under-reporting load by an hourly average of the same amount. It said the error occurred because of a misunderstanding in the treatment of line losses that occurred when it joined the WEIM. Upon noticing the error, it immediately reported it to CAISO and corrected it the next day.

Both Corona and Direct Energy challenged their respective $342,000 and $825,000 penalties for errors resulting from Southern California Edison changing its billing system, saying it acted in good faith by notifying CAISO of the error upon discovery.

Like Tacoma, TEP appealed penalties related to an inadvertent miscalculation during its integration into the WEIM. However, the utility did not submit settlement statements with its complaint; rather, it submitted nine CAISO notices of review, issued over the course of 2023, for periods of trading days in 2022.

FERC agreed to only waive the penalties — $191,000 — described in the last notice, issued Oct. 31, 2023; TEP filed its complaint in November. The other eight "do not provide sufficient information for us to determine whether the instant complaint was filed with the commission within 22 business days from the date of issuance of any of the corresponding settlement statements," as required by the tariff, the commission said. It set the other penalties for paper hearing, ordering TEP to file evidence that it submitted its complaint in a timely manner. ■

CAISO headquarters in Folsom, Calif. | © *RTO Insider LLC*

CAISO/West News

CAISO Transmission Plan Emphasizes Offshore Wind, Reliability

2023/24 Draft Transmission Plan Identifies 26 Projects at $6.1B

By Ayla Burnett

CAISO released a draft transmission plan April 1 identifying 26 new transmission projects aimed at accelerating California's ability to meet its ambitious clean energy goals and costing an estimated $6.1 billion.

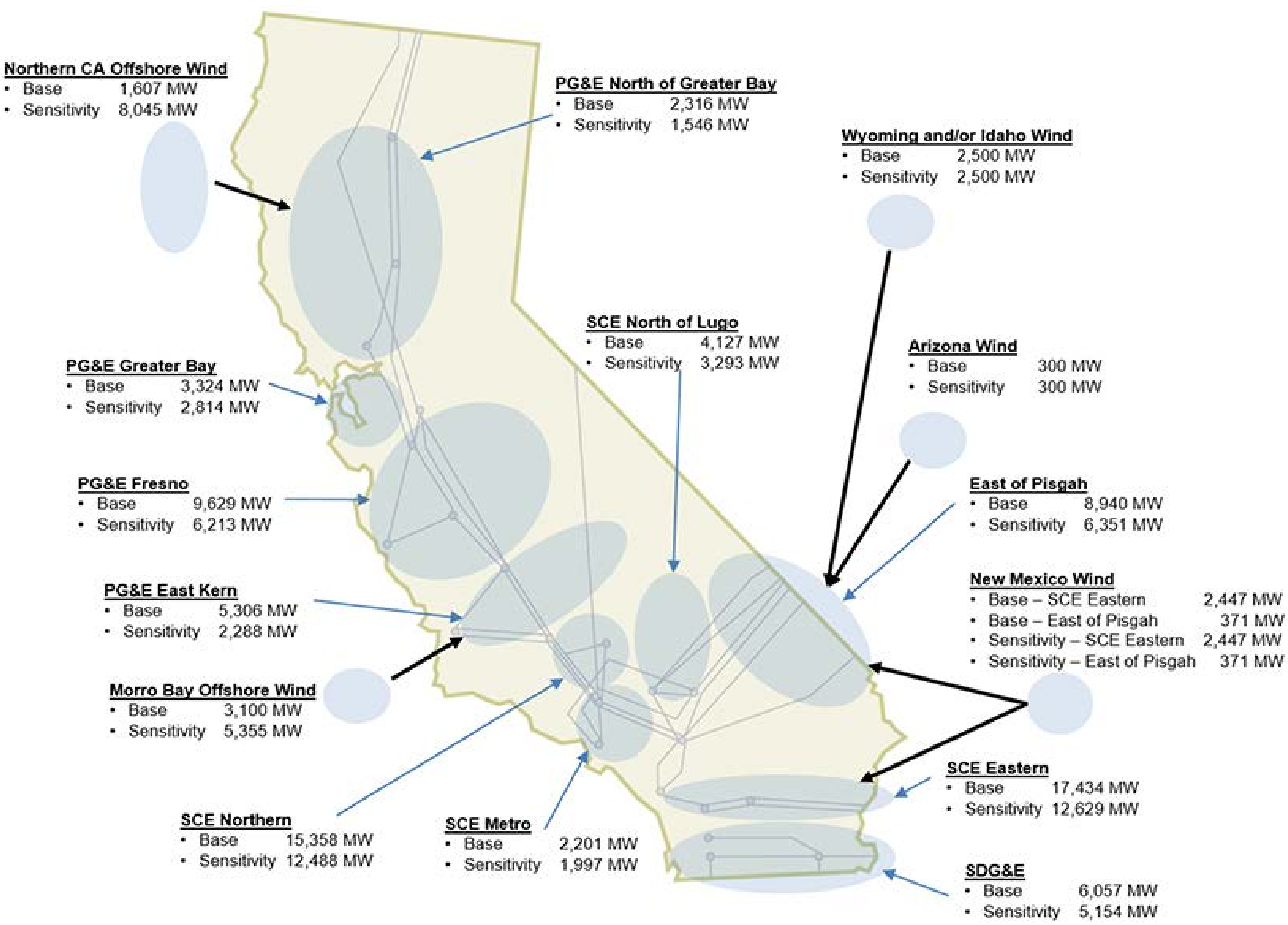
The *2023-2024 Draft Transmission Plan* is based on projections that the state needs to add more than 85 GW of capacity by 2035, a "significant increase" from the base portfolio amounts used in last year's plan, reflecting the rapidly escalating need for new generation.

"The ISO's 2023-2024 draft Transmission Plan identifies the next installment of critical infrastructure development that will be needed to bring historic amounts of new clean energy onto the grid, including the first projects to deliver offshore wind from California's North Coast," CAISO spokesperson Anne Gonzales told ***RTO Insider*** in an email.

As with last year's plan, the ISO coordinated with the California Public Utilities Commission and the California Energy Commission to implement the blueprint outlined in the joint memorandum of understanding signed by the three agencies in December 2022.

The MOU "tightens the linkages" between resource and transmission planning, interconnection processes, and resource procurement to meet reliability needs and clean energy policy objectives set in Senate Bill 100, which requires the state's electricity system be emissions-free by 2045.

"To help ensure we have the transmission in place to achieve this transition reliably and cost-effectively, the ISO's 2023-2024 Transmission Plan builds on the much more strategic and proactive approach adopted in last year's 2022-2023 Transmission Plan to better synchronize power and transmission planning,



Map shows expected resource additions in each CAISO interconnection zone, with estimates for both a base case and a "sensitivity" analysis that factors in a large amount of offshore wind off the coast of Northern California. | *CAISO*

CAISO/West News

interconnection queuing and resource procurement," the plan reads.

Emphasis on Renewables

The plan outlines the resource development needed to meet emissions reductions targets, including:

- over 38 GW of solar generation in regions that include the Westlands area in the Central Valley, Tehachapi, the Kramer area in San Bernardino County, Riverside County, southern Nevada and western Arizona.
- over 3 GW of in-state wind generation in existing wind development regions, including Tehachapi.
- over 21 GW of geothermal development, mainly in the Imperial Valley and southern Nevada.
- access for battery storage projects co-located across the state with renewable generation project and standalone storage located closer to major load centers in the Los Angeles Basin, greater Bay Area and San Diego.
- the import of over 5.6 GW of out-of-state wind generation from Idaho, Wyoming and New Mexico.
- over 4.7 GW of offshore wind, with 3.1 GW in the Central Coast (Morro Bay call area) and 1.6 GW in the North Coast area (Humboldt call area).

This year's plan places a greater emphasis on the development of floating offshore wind off California's North Coast. Major projects include a new Humboldt 500-kV substation, a 260-mile HVDC line interconnecting the Humboldt substation to the Collinsville substation, a 140-mile 500-kV AC line connecting Humboldt to the Fern Road substation and a 115-kV line from the new Humboldt station to the existing Humboldt station.

"The infrastructure investments also have tremendous reliability and economic benefits for California and its dynamic economy and in this year's plan, significant amounts of new offshore wind generating capacity and the associated transmission upgrades are required to cost-effectively bring reliable decarbonized power to California consumers and industry across all seasons of the year," the plan says.

Out of the 26 newly identified projects, 19 are reliability-driven, representing $1.54 billion of the total cost. Examples of reliability-driven projects that CAISO recommended for approval include PG&E's Martin-Millbrae 60-kV area reinforcement in the greater Bay Area, the Eldorado 230-kV short circuit duty mitigation project led by Southern California Edison and San Diego Gas & Electric's Valley Center System Improvements.

CAISO also identified seven policy-driven projects, those needed to meet renewable generation requirements established by the CPUC, representing $4.59 billion. Projects include PG&E's new Humboldt substation and the new line connecting to Fern Road.

The ISO also conducted studies aimed at identifying economics-driven projects, those that could reduce ratepayer costs, but no such projects were recommended.

CAISO scheduled a stakeholder meeting April 9 to discuss the plan and expects to seek approval from its Board of Governors on May 23 ■.

ERCOT News

GCPA Tabs Clemenhagen as New Executive Director

By Tom Kleckner


The GCPA has selected Barbara Clemenhagen as its next executive director. | *© RTO Insider LLC*

The nonprofit Gulf Coast Power Association has selected Barbara Clemenhagen as its next executive director.

Clemenhagen, vice president of market intelligence at Customized Energy Solutions (CES) and a member of the GCPA Board of Directors, will succeed Kim Casey, who is retiring in June.

Board President Beth Garza said March 28 the board conducted a "thorough search process" to replace Casey, who announced her retirement last year. She and Clemenhagen will work together during a short transition.

Clemenhagen has more than 30 years of executive experience in the U.S. and Canadian utility industries. She joined CES from Topaz Power, where she was vice president of commercial and external relations, and previously was a regulatory commissioner at the British Columbia Utilities Commission.

She has served on ERCOT's board, the ISO's Technical Advisory Committee and as chair of the Wholesale Market Subcommittee. Clemenhagen was president of the Texas Competitive Power Advocates trade organization from 2009 to 2013.

Clemenhagen said she is honored to serve as the GCPA's next executive director and plans to guide the organization to its 50th anniversary in 2036.

"GCPA is a leader in providing best-in-class networking and education conferences in the ERCOT, MISO and SPP footprints, and I look forward to continuing to provide excellent programming and advancing the GCPA to new heights," she said.

Garza said the GCPA is "thrilled" to have Clemenhagen on board. "She has a distinguished career in the electric power business and has been involved with GCPA for a number of years," Garza said.

Clemenhagen will be the GCPA's fifth executive director since the organization was created in 1986, following David Olver (1989-2003), John Stauffacher (2004-2012), Tom Foreman (2013-2018) and Casey (2018-24). ■

Last Remaining Coal Resources in New England Set to Retire

By Jon Lamson

Granite Shore Power has reached an agreement with EPA, the Sierra Club and the Conservation Law Foundation to retire New England's last coal plant by 2028, the company announced March 27.

Along with the 482-MW Merrimack Station, the company agreed to retire Schiller Station, a 155-MW unit that can burn coal, by 2025. Both generators are in southern New Hampshire.

"This historic victory is a testament to the strength and resolve of those who never wavered in the fight for their communities and future," said Ben Jealous, Sierra Club executive director.

Jealous applauded both the climate and public health benefits of retiring coal resources, noting that air pollution from coal significantly increases risks of asthma and *heart disease* in nearby communities.

Granite Shore plans to replace both power plants with clean energy resources, including a large battery at the Schiller station site and co-located solar and storage at the Merrimack site.

"The New Hampshire Seacoast is an area of high energy demand and through the repowering of Schiller Station, we will provide carbon-neutral power to support the businesses and families of New Hampshire," said Granite Shore CEO Jim Andrews. "Our facilities are ideally situated near the infrastructure necessary to transition the region to the next generation of energy resources."

Climate and environmental organizations in the region have long advocated for closing New England's remaining coal plants. Coal generation in the region has fallen dramatically over the past two decades. According to ISO-NE, coal accounted for just 0.5% of the region's generation in 2023, compared to about 40% in 2000. The decline has coincided with a substantial increase in natural gas generation.

"The transition that Granite Shore Power has announced is a testament to the continued commitment to invest and support the many needs of electricity consumers both today and in the years to come," said Dan Dolan, president of the New England Power Generators Association.

"As some older, less-efficient power generation gives way to newer sources, it is incumbent on industry and policymakers to continue the hard work to enhance the electricity market to get reliability, affordability and a clean energy future right," Dolan added.

The Merrimack Station in New Hampshire, the last coal-fired power plant in New England | *SayCheeeeeese, CC0 1.0 Public Domain, via Wikipedia*

In recent years, the writing has appeared on the wall for the region's remaining coal plants. Schiller Station has not operated since summer 2020 but has not officially retired. Merrimack Station remains in operation but failed to win capacity supply obligations in the forward capacity auctions for the 2026-27 and 2027-28 procurement periods. (See *FCA 17 Shows Clean Energy Boost, Endgame for Coal in New England*.)

Merrimack also *exceeded* federal emissions limits in a February 2023 stack test and has had to abort multiple attempts to retake the test over the past year. The New Hampshire Department of Environmental Services has *said* the plant is not in compliance with federal standards, which could make the facility subject to fines.

"It was clear that this day was coming," said Nathan Phillips, a member of the No Coal No Gas campaign and a professor of ecology at Boston University. "But yet, when you see them say it themselves, it's still monumental … it's a shock but not a surprise."

Phillips added that the announcement is "a shot in the arm to all of us to escalate our campaign to every other dirty peaker plant going forward."

The Sierra Club and the Conservation Law Foundation also emphasized their aim to retire all remaining fossil fuel generators in New England.

"Now we must vigorously push for the phase-out of other polluting fuels like oil and gas," said Tom Irwin, vice president of the Conservation Law Foundation in New Hampshire. "New England is positioned to be a leader in building a future where our energy comes from 100% clean sources, and fossil fuels no longer pollute the climate and threaten the health of our communities."

Along with the Merrimack and Schiller Stations, the Mystic Generation Station, a 1,413-MW combined-cycle plant, is set to retire in May. While the New England states have ambitious clean power goals for the coming decades, some energy officials have expressed concern about retirements outpacing deployment.

"We cannot remove conventional generation before we stand up its replacement," said Charles Dickerson, CEO of the Northeast Power Coordinating Council, at an event March 22. "We need to have renewable resources that we can control." ■

ISO-NE News

NEPOOL TC Approves Process for States' Transmission Needs

By Jon Lamson


| © RTO Insider LLC

The NEPOOL Transmission Committee voted on March 27 to create a planning process for long-term transmission needs identified by states to meet their clean energy goals.

The new process — Extended-term/Longer-term Transmission Planning Phase 2 — was developed by ISO-NE and the New England States Committee on Electricity (NESCOE) in response to concerns from the states about transmission needs that extend beyond the typical planning horizon.

The proposal builds on the first phase of the transmission planning project — which created a process to study long-term transmission needs and was approved by FERC in 2022 — by creating a process for states to act on needs identified in those studies.

"This effort, Phase 2, establishes the rules that enable the states to achieve their policies through the development of transmission to address anticipated system concerns and the associated cost allocation method," said Brent Oberlin, ISO-NE director of transmission planning.

In the new process, states can direct ISO-NE to issue a request for proposals for projects addressing long-term transmission needs. After soliciting bids from transmission developers, the RTO will quantify projected costs and benefits for each bid, with the benefits required to outweigh the costs to be eligible to be selected. ISO-NE will then select a preferred solution, with NESCOE then given the option to proceed or cancel the project.

By default, the costs associated with these projects will be regionalized, although NESCOE can also submit an alternative cost allocation method for any project.

The TC approved a *supplemental process* for when no projects pass the cost-benefit threshold. The costs commensurate with the benefits would be regionalized, while individual states can voluntarily cover any remaining costs in order to proceed with a project.

The committee also approved an amendment to the proposal introduced by Avangrid that directs ISO-NE to conduct an independent cost assessment of bids submitted by transmission developers.

Alan Trotta of Avangrid said different bidders may have different methodologies for calculating their project costs and that "a consistent cost estimating methodology by one entity will put bids on a level playing field."

Ensuring an independent assessment, either by ISO-NE or a third party commissioned by the RTO, would prevent aggressive cost estimations or differences in project scope from unfairly influencing the results of the project selection process, Trotta said.

ISO-NE indicated that it will incorporate this amendment into the proposal it brings to a vote at the NEPOOL Participants Committee in April. ■

MISO News

Judge Pauses Final Mile of Controversial Cardinal-Hickory Creek through Wildlife Refuge

By Amanda Durish Cook

In what's beginning to feel like déjà vu, Cardinal-Hickory Creek's last unconstructed mile again is subject to a preliminary injunction.

Last week, U.S. District Judge William Conley granted conservation groups' *preliminary injunction request*, preventing American Transmission Co., ITC Midwest and Dairyland Power Cooperative from finishing the 102-mile, 345-kV line's final stretch through a wildlife refuge.

The injunction halts the land exchange of more than *35 acres* in Grant County to add to the Upper Mississippi River National Wildlife and Fish Refuge for almost 20 acres of the existing refuge in Clayton County, Iowa, to be cleared for the line.

The Driftless Area Land Conservancy, Wisconsin Wildlife Federation and National Wildlife Refuge Association filed the latest lawsuit on the controversial line earlier this month, charging that the U.S. Fish and Wildlife Service, U.S. Rural Utilities Service and U.S. Army Corps of Engineers violated three federal laws when they approved permits and greenlit the land exchange to assemble the final mile-long stretch of the 102-mile, $650 million transmission line through the Upper Mississippi River National Wildlife and Fish Refuge. (See *Conservation Groups File Another Lawsuit to Stop Cardinal-Hickory Creek's Last Mile*.)

The parcel swap was OK'd by the U.S. Fish and Wildlife Service (FWS) and set to occur March 22, with ITC and Dairyland positioning construction equipment near the refuge's edges.

Conley said he would like to see documents that give more insight into the lead-up to the land deal's approval. The conservation groups said Conley implemented a "stopgap measure to prevent irreversible destructive activity in the refuge while he awaits an administrative record." Attorneys for both sides will have 30 days to submit briefs.

In a statement, Driftless Area Land Conservancy (DALC) Executive Director Jennifer Filipiak said her organization is thankful for the judge hitting "the pause button."

"DALC has consistently maintained that it is inappropriate to cross a National Wildlife and Fish Refuge with this massive transmission line. The transmission companies did not evaluate alternative crossings outside of the refuge in their environmental impact statement, and we should not set a precedent that a simple land swap is all it takes to plow through a national treasure," Filipiak said.

Environmental Law and Policy Center Executive Director Howard Learner, representing the conservation groups, said he's confident the groups will prevail. In a statement, Learner said FWS shouldn't be free to "create statutory loopholes with a land exchange." He warned of a "dangerous precedent for running more massive high-voltage powerlines through other protected National Wildlife Refuges."

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

Learner argued in front of Conley last week that FWS didn't offer the public the opportunity to comment on its February finding that the land exchange wouldn't significantly affect the refuge.

However, Reade Wilson, a U.S. Department of Justice attorney representing FWS, responded that the agency wasn't obligated to solicit public opinion on the no-impact decision.

ITC Midwest and Dairyland Power Cooperative criticized the injunction and said Cardinal-Hickory Creek is "a backbone project for the Midwest's regional power grid that is necessary to improve grid reliability, lower consumer electricity costs and enable renewable energy to be brought to market, resulting in a significant reduction in carbon emissions."

American Transmission Co. has built and *energized* its eastern portion of the line.

The two developers also repeated their assertion the wild refuge will be better off — and larger — because of their land offer of prime habitat.

"This latest lawsuit, which is misguided at best, only serves to delay completion of this important energy infrastructure and further increase costs to customers. The plaintiffs have raised meritless arguments in multiple cases, all of which have been rejected. This is just another attempt by plaintiffs to sideline this critical 345-kV tie between Iowa and Wisconsin," ITC Midwest President Dusky Terry said in a statement.

ITC and Dairyland pointed out that the Cardinal-Hickory Creek project has survived multiple lawsuits in state and federal court from the same conservation groups seeking to stop construction.

"The co-owner utilities have successfully navigated no less than three separate injunctions, won appeals before the Wisconsin Supreme Court and received three different favorable opinions from the U.S. Court of Appeals for the Seventh Circuit," ITC and Dairyland wrote in a statement. ■

MISO News

MISO Sets Sights on 2025 Completion for New Market Platform

By Amanda Durish Cook

MISO reported it's making steady progress on installing a new market platform by the end of next year and will debut a new day-ahead market clearing engine this spring.

The RTO said it likely will begin using its new, day-ahead market clearing engine exclusively sometime in May.

At a March 27 customer readiness symposium meant to prepare members for MISO's technological advances, MISO's Arijit Bhowmik said the RTO is nearing the completion of parallel operations of the day-ahead clearing engine. MISO has said once it has its new clearing engine up and running smoothly, it can retire the legacy clearing engine from parallel operations.

The grid operator was forced to push back the launch of the day-ahead market clearing engine to early 2024 instead of late 2023 due to delays. (See "Market Platform Replacement to Spill over into 2025," *MISO Board Week Briefs: Dec. 6-8, 2022*.)

MISO control room | *MISO*

MISO is slated to finish its market platform replacement completely by the end of 2025. It previously had ambitions to wrap up the project by the end of 2024, though it frequently cautioned the timeline could run longer. The RTO began the process of swapping out its outdated market platform for a new, modular platform in 2017.

In late 2025, MISO will replace its real-time market clearing engine, which the grid operator uses every five minutes to send dispatch instructions. It also will go live in early 2025 with a new look-ahead commitment tool for generators.

MISO completed factory acceptance testing and took delivery of its new real-time engine in 2023.

Bhowmik said he hopes the introduction of the more nimble, modular platform can allow MISO to scale back the support hours it spends with members on the vintage platform.

MISO has said it expects to spend $152 million on the market platform replacement, including about $14 million this year. It estimated program benefits remain steady at about $430 million. The grid operator began the market platform project with a $130 million budget and a $30 million contingency.

Last year, MISO Director Theresa Wise said though the project now is "at the edge of" MISO's budget plus contingencies, MISO expects the new platform to save at least a few hundred million dollars. ■

MISO News

LPO Announces $1.52B Loan to Restart Palisades Nuclear Plant

Reopening Palisades May be a One-off Project, Will Require New Regulatory Process

By K Kaufmann

Michigan's 800-MW Palisades nuclear power plant, which was decommissioned in 2022, could become the first nuclear plant in the U.S. to be restarted, helped by a $1.52 billion loan from the federal Department of Energy's Loan Programs Office (LPO).

The agency's conditional commitment for the loan to Florida-based Holtec International would also be the first offered under the *Energy Infrastructure Reinvestment* program, which is funded by the Inflation Reduction Act, according to the March 27 *announcement*. The program aims to "finance projects that retool, repower, repurpose or replace energy infrastructure that has ceased operation," LPO said.

Once restarted, the plant would protect "600 good-paying, high-skill jobs and clean, reliable power for 800,000 homes," Michigan Gov. Gretchen Whitmer said in a *statement*. "Palisades will be the first successfully restarted nuclear power plant in American history, driving $363 million of regional economic impact and helping Michigan lead the future of clean energy."

Whitmer has been pushing for the Palisades restart, and the Michigan Legislature last year provided $150 million in state funding for the project.

Holtec also intends to build two small modular reactors on the site, according to LPO.

Holtec CEO Kris Singh called the loan "a triumph for the United States in our collective pursuit of a clean and dependable energy future. … The repowering of Palisades will restore safe, around-the-clock generation to hundreds of thousands of households, businesses and manufacturers."

LPO expects the project to avoid close to 4.5 million tons of carbon dioxide emissions per year and 111 million tons of CO2 in 25 years of operation — the equivalent of taking 970,000 gasoline-powered cars off the road per year.

Holtec has signed two long-term power purchase agreements with two electric cooperatives for the plant's output. Wolverine Power Cooperative provides electricity for five co-ops in Michigan, and Hoosier Energy, an alliance of 18 co-ops, serves customers in Indiana and Illinois.

Palisades nuclear plant in Michigan | *Holtec International*

Speaking at an *industry conference* last year, Wolverine COO Zach Anderson said the Palisades PPA met all the co-op's top priorities for new power. "It's a long-term, stable, 100% carbon-free, 24/7 power supply, so it's decarbonized and reliable," as well as cost competitive, Anderson said.

Reactions

Doug True, senior vice president and chief nuclear officer at the Nuclear Energy Institute, said the loan signals the Biden administration's "willingness to explore opportunities to preserve our existing nuclear fleet," as well as support for "the pivotal role nuclear energy plays in our nation's clean energy future."

Patrick White, research director at the Nuclear Innovation Alliance, sees the loan as an indication of LPO's willingness to fund more nuclear projects going forward. The office previously helped fund the long-delayed and costly Vogtle Units 3 and 4 in Georgia with $12 billion in loans.

But White cautioned that the restart likely will be a one-off project, rather than the first of many. Repowering Palisades is not "something that's generally applicable to plants that have been decommissioned," White said in an interview with *RTO Insider*.

"I believe when Palisades was being kind of shut down and moving from its previous life in operation into decommissioning, there was an idea that the plant [might] be restarted," he said. "So, the owner took a lot of steps to make sure the plant was kept in essentially ready-to-go condition."

In a statement *provided* by the American Nuclear Society, Keith Drudy, a Michigan native and nuclear engineer who worked on Vogtle 3 and 4, said, "Restarting Palisades from its current state is really no more complicated than returning from a significant maintenance outage — something that nuclear plants do every 18 to 24 months. The nuclear industry knows how to do maintenance, implement upgrades and enhancements, and ... keep these plants running for 60 years and beyond.

"The unique challenge here is that, until now, there has been no regulatory process or precedent for declaring that a licensee intends to cease operations of a plant and then return that plant back to operating status from a regulatory perspective," Drudy said. "That process is now being developed, and I have no doubt

MISO News

that the [Nuclear Regulatory Commission] and other impacted regulatory agencies can and will ensure the restart of these units meets all standards and requirements."

Holtec began the relicensing process for Palisades with the NRC in October 2023 and is targeting a final decision by the end of 2025, according to Patrick O'Brien, the company's director of government affairs and communication.

Anderson said Wolverine expects to start receiving power from the plant by 2027.

Holtec's History

Located on the southeast shore of Lake Michigan, the Palisades nuclear plant began operation in 1971. It was originally owned by CMS Energy and its primary utility, Consumers Energy, and was acquired by Entergy in 2007.

Consumers continued to buy power from the plant, but changing market conditions led to Entergy's decision to close Palisades in 2022, citing the availability of cheaper power from renewables and natural gas. Power from the plant could cost 57% more than other generation, according to a *report* by Bridge Michigan.

Even before the plant ceased operation in May 2022 and was sold to Holtec for decommissioning, Michigan officials began looking at options for restarting it. Holtec made an unsuccessful application for funding from DOE's *Civil Nuclear Credit Program*, which received $6 billion in funding from the Infrastructure Investment and Jobs Act to help plants at risk of closure.

The company began its application process with LPO in 2023. The announcement of the conditional commitment begins a negotiation process under which Holtec will have to reach specific technical and financial milestones before the loan is finalized.

But the decision could prove controversial for a number of reasons, first and foremost the company's history of financial missteps. In January, Holtec agreed to a *$5 million settlement* with New Jersey to avoid criminal prosecution over allegations that it provided inaccurate information to obtain $1 million in state tax credits in 2018. While accepting the settlement, the company denied any wrongdoing. Holtec has a large campus in Camden. As part of the settlement, it agreed to hire a state-approved independent reviewer to monitor any future applications it makes for New Jersey state benefits.

The company was also barred from doing business with the Tennessee Valley Authority for 60 days in 2010, after it was implicated in a scandal involving kickbacks to a TVA official from a Holtec contractor, according to a *report* from InsiderNJ.

Another concern is that Holtec's business is focused on decommissioning nuclear plants; it has never actually operated one.

O'Brien acknowledged that the company's lack of operational experience is "generally true. … But with the decommissioning, we retained qualified staff, including operators, maintenance, radiation protection and other craft [workers] that have years of experience in plant operations. The Palisades team is comprised of a hard-working team that safely operated the facility for over 50 years. In addition, we will be partnering with a licensed operator for restart." ■

MISO News

MISO, PJM Stakeholders Call for Interregional Transmission Overhaul

By Amanda Durish Cook

MISO and PJM are deliberating whether to embark on an interregional transmission study this year as they field more calls from stakeholders to revamp their joint planning framework.

Last month, state regulators and several environmental and consumer advocacy groups called on the RTOs to improve their cross-border transmission planning so it considers reliability, economics and public policy over a longer horizon. (See *OMS, OPSI Urge MISO, PJM to Invigorate Interregional Planning* and *Enviros, Consumer Advocates Join Regulators Urging PJM-MISO Interregional Planning*.)

"Certainly, all the feedback we get is considered," Jarred Miland, MISO senior manager of system planning coordination, said during a meeting of the RTOs' Interregional Planning Stakeholder Advisory Committee (IPSAC) on March 25. "Interregional planning is important to MISO and PJM. … MISO and PJM have been in joint, active discussions regarding the feedback."

Miland promised "more to come" on the interregional planning front.

The RTOs have 45 days following the IPSAC meeting to determine the need for a Coordinated System Plan study, which may produce interregional projects. The Joint Planning Committee, composed of MISO and PJM staff, makes the final call on whether an interregional study is warranted.

MISO and PJM delayed their March IPSAC teleconference by about a month after the calls for more thorough and proactive interregional planning.

Iowa Utilities Board Member and newly minted Organization of MISO States (OMS) President Josh Byrnes has characterized the joint letter from OMS and the Organization of PJM States Inc. (OPSI) as a "polite nudge" to get the ball rolling on substantial interregional planning.

PJM's Jeff Goldberg said the RTOs are currently reviewing interregional congestion issues that could be the focus of either a targeted market efficiency project study or a more intensive interregional market efficiency project study.

Planners opened the IPSAC meeting by emphasizing their separate, ongoing regional planning efforts. Representatives of both RTOs spoke about their respective plan for long-range regional planning.

Miland said MISO is coordinating with PJM on some of its recently unveiled second portfolio of long-range transmission plan (LRTP) projects, some of which cut across PJM's ComEd territory. Miland said that although some lines will cross into the PJM system, the LRTP lines will be considered regional.

However, multiple stakeholders continued to press for better interregional solutions at the seams.

Michigan Public Service Commission Chair Dan Scripps reminded the RTOs that regulators, who review projects for affordability on cost containment on behalf of customers, are asking for new infrastructure.

"'Our regional grids are undergoing significant changes that merit consideration of joint planning activities,'" Scripps said, quoting a letter from OMS and OPSI sent in February.

| Indiana Michigan Power

Scripps said national studies and increasingly severe weather show "major opportunities for interregional progress." He said MISO and PJM can use their existing long-term transmission planning processes to holistically plan interregional facilities.

WEC Energy Group's Chris Plante said he worried that MISO and PJM may miss an opportunity to show they are taking FERC's potential rule on minimum interregional transfer capability seriously.

MISO Director of Economic and Policy Planning Christina Drake assured stakeholders that the RTOs "are taking this very seriously." However, she said the two "don't have anything concrete to release" in terms of a timeline for responding to calls for a reworked interregional process.

RMI's Claire Wayner said MISO and PJM could have a more comprehensive planning process that considers reliability, public policy and congestion-relieving benefits. She said it is unsurprising that the RTOs' process, with its limitations on who can propose a project when and for what purpose, hasn't produced needed transmission projects.

"As a former state regulator, I feel like we are witnessing a remarkable moment, where you're seeing a confluence of forces who want … MISO-PJM interregional lines," the Sustainable FERC Project's Lauren Azar said. She advised MISO and PJM to get a jump on interregional planning so that by the time more severe weather strikes the regions, they are not perceived as inattentive.

Grid Strategies Vice President Michael Goggin appeared before the IPSAC to reiterate the value of more interregional capacity. He used his 2023 report showing that expanded interregional transmission between the RTOs could offer more than $1 billion in annual energy market savings, as they often experience peak demand at different times. MISO and PJM experienced $1.7 billion in congestion in 2021-2022, he said. (See *New Report Finds MISO, PJM Could Save Billions Through Interregional Tx Expansion*.)

"These are sizable quantities of market congestions that are causing real costs to customers," he said. "As a nation, we are failing at building interregional transmission."

Goggin called for "proactive, multivalue" interregional transmission planning. For that to happen, PJM must move on from its siloed transmission planning that considers benefits individually, he said. ■

MISO News

FERC Allows MISO Plan to Align Generator Replacement and Suspension Processes

By Amanda Durish Cook

With FERC's blessing, MISO will synchronize its generator replacement process with its generation suspension and retirement process to give interconnection customers more flexibility when they decide to replace, retire or suspend a generating unit.

MISO received a favorable decision on a tariff change from FERC on March 29 and now will allow owners hoping to replace their generation with the option to simultaneously request to be evaluated for retirement or suspension if their plans for a replacement facility don't pan out (*ER24-1055*).

MISO's current generator replacement process requires an interconnection customer seeking to replace its generating facility with a new facility to submit a request for replacement at least a year before the existing facility halts commercial operations. MISO completes a replacement impact study on the new generation to figure out whether its addition will adversely impact the system and completes a reliability study to see if the system will suffer violations without the existing generation while the replacement generation is being built. If the project can proceed, MISO drafts a replacement generation interconnection agreement (GIA).

However, that roughly yearlong process bumps up against MISO's generation suspension and retirement requirements, which expect generation owners to make a request to retire or suspend more than a year before the generating unit idles.

MISO said its generation owners often begin the process unsure of whether a replacement, suspension or retirement is the best decision for their generation and have only the results of MISO's reliability and impact studies for replacement once the notification deadline to retire or suspend the unit has passed. That leaves owners who find that their replacement plan is not viable in a bind, MISO said, and beholden to a process "entirely driven by procedural timing requirements rather than engineering or economic considerations."

Now generation owners will be able to request a suspension/retirement equivalency study alongside their option for MISO to perform generation replacement studies. If owners elect the equivalency study at the time of their replacement request, MISO will waive the yearlong lead time for suspensions and retirement requests and require only 30 days' notice to begin suspension/retirement studies.

MISO said the rule change will allow generation owners whose replacement plans fall through and have elected the equivalency study to seamlessly transfer units to suspension status, "which will allow the interconnection customer to make the proper plans for the future of its unit."

FERC said the change should allow MISO to process suspension, retirement and replacement requests more efficiently and give interconnection customers better data to make informed business decisions.

"We find that MISO's proposal will integrate and harmonize its retirement and suspension processes with its generator replacement process by aligning the timeline for an interconnection customer with an existing generating facility to be considered for a suspension and/or retirement request with a replacement generating facility request," the commission wrote.

FERC said the revisions will allow owners more freedom to pursue suspension and retirement decisions if their replacement facility requests are denied by MISO and lessen the risk that they miss deadlines to cease operations.

MISO also said it will apply its new process to partial replacement of generation facilities, where some interconnection rights are left over after a replacement facility is planned. In those cases, interconnection customers can make additional replacement generating facility requests for the remaining capacity of an existing generating facility up until the first GIAs are struck for some of the interconnection rights.

The Mississippi and Arkansas public service commissions, Entergy and WEC Utilities protested the filing, arguing that MISO's plan would deprive generator owners of their residual interconnection capability by prohibiting additional interconnection requests of already-paid-for interconnection rights after the first GIA is signed.

FERC brushed those concerns aside, saying interconnection customers still have the opportunity to replace an existing generating facility up to the same level of interconnection service. ■

Consumers Energy plans to retire its coal-fired J.H. Campbell power plant in Michigan in 2025 | *Consumers Energy*

NYISO News

NYISO Management Committee Briefs

Survey: Customer Satisfaction down, but Still 'Very Good'

The NYISO Management Committee was informed March 27 that the ISO received a total satisfaction and performance score of 84.7, according to the eighth annual *assessment* by the Siena College Research Institute.

Siena, a New York-based pollster, independently evaluated two aspects of NYISO's operations: customer satisfaction, which gauges the quality of consumer interactions and engagement; and assessment of performance, which determines if the ISO is "realizing [its] mission through [its] performance."

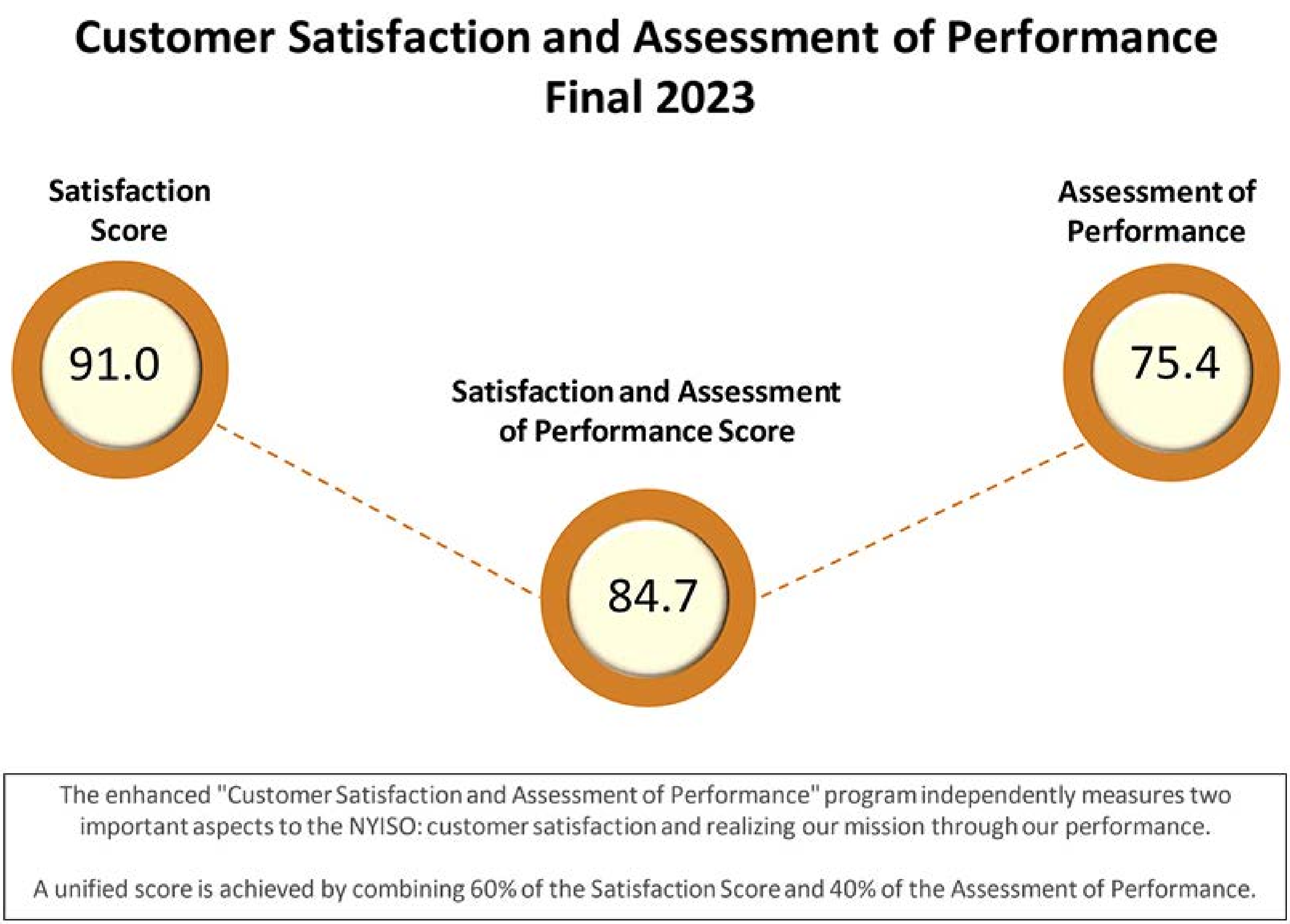
NYISO scored 91 in satisfaction and 75.4 in performance; the final score, 1.7 points lower than last year's, is weighted 60% on satisfaction and 40% on performance.

Siena Director Don Levy explained that the survey involves asking both market participants and senior executives throughout the year to "assess the degree to which NYISO is enacting its mission, including things like reliably operating the grid, administering open and competitive markets, and providing factual information."

NYISO achieved its highest scores the previous year, with 92.3 in satisfaction and 77.6 in performance. "That score was a historic high and was bound to decline, so now the ISO has just regressed back to where it was in previous years," Levy said. (See *NYISO Receives 'Exceptional' Customer Survey Scores*.)

The ISO "deserves a pat on the back" for consistently scoring high in customer satisfaction, Levy said, but he noted that it should strive to enhance its performance assessment by market participants, which declined about 5 points from last year and is "lower than it has been over the past four previous years."

Specifically, NYISO should focus on improving its perceived underperformance in reliably operating New York's grid, Levy said. That metric dropped 6.8 points from last year. However, he



NYISO customer satisfaction and assessment of performance scores | *Siena College*

NYISO News

also acknowledged that NYISO's professionalism consistently scores above 90 points, with respondents frequently writing how the ISO is "excellent, excellent, excellent at handling all interactions."

Levy urged NYISO to redouble its efforts to improve communication channels and engage more directly with market participants, emphasizing that the results are not "a call to jump off a cliff" but a reminder that the ISO has merely "dropped from exceptional to just very good" and has room for improvement.

Co-located Storage Resource Participation

The MC approved *proposed* tariff changes allowing energy storage resources (ESRs) co-located with a dispatchable generator behind a single point of interjection to participate in the ISO's energy markets.

The revisions, approved by the Business Issues Committee on March 13, broaden the list of resources that can be included in the ISO's co-located storage resource (CSR) models and are part of the wider hybrid storage resource (HSR) effort to couple generators with ESRs and further integrate them into New York's energy markets. (See "Co-located Storage Resources," *NYISO Business Issues Committee Briefs: March 13, 2024*.)

NYISO aims to file the proposed HSR model and the approved CSR updates in the second quarter and implement the CSR updates by year-end. However, the changes will necessitate additional modifications to comply with FERC Order 2023 that will not be developed until the ISO submits its final compliance filing.

Capacity Accreditation

The MC also *approved* proposed tariff revisions intended to enhance the ISO's capacity accreditation modeling by more accurately reflecting factors such as natural gas constraints and correlated derates essential for calculating capacity accreditation factors (CAFs) and capacity accreditation resource classes (CARCs).

Approved by the BIC last year, the revisions would ensure capacity resources receive compensation that aligns with their performance, availability and marginal contribution to reliability needs. They came after resource adequacy analyses indicated capacity accreditation models were producing inaccurate CAFs and CARCs for some resources and failing to account for metrics not represented in installed reserve margins and locational capacity requirements.

The CAFs and CARCs for the 2024/25 capability year were respectively published Feb. 26 and Nov. 30. (See "Capacity Accreditation," *Hydrogen Getting Resource-specific Rules in NYISO Markets*.)

The revisions would also update the installed capacity (ICAP) supplier bidding requirements. Suppliers, unless exempted, must now either schedule a bilateral transaction or bid energy in the day-ahead market (DAM) with a normal upper operating limit (UOLe) at or above their ICAP equivalent of unforced capacity or notify the ISO of any outages. This would address a loophole in which existing market rules did not explicitly prevent ICAP suppliers from meeting their availability obligations by offering only a portion of their capacity in the DAM at an UOLe.

Order 2023 Update

NYISO CEO Rich Dewey informed the MC that amendments FERC made to Order 2023 necessitate delaying the ISO's final compliance filing beyond the originally scheduled April 3 deadline.

Dewey said the exact submission date remains uncertain as staff "are still reviewing the details," but a *presentation* scheduled for the Transmission Planning Advisory Subcommittee's (TPAS) meeting April 1 suggests the ISO plans to submit its filing by May 1.

FERC on March 21 modified and clarified its new generator interconnection rule and extended the compliance deadline, after rejecting multiple challenges that sought rehearing. (See *FERC Upholds, Clarifies Generator Interconnection Rule*.)

Dewey assured the MC that more information about NYISO's Order 2023 filing will be shared at the TPAS meeting, with stakeholders commenting on further revisions at the Interconnection Issues Task Force's meeting April 15.

Board Compensation

Dewey also reported to the MC that the ISO's Board of Directors approved a $3,500 increase in the annual retainer for directors, to $80,000.

The board adjusted its retainer about a year ago, raising it by $5,000 to $76,500, and will reassess the need for additional compensation changes annually instead of every three years, as had been the practice. (See "Board Compensation," *NYISO Receives 'Exceptional' Customer Survey Scores*.)

Dewey mentioned that the board continues to interview potential members but has not yet met to formalize any decisions, though it hopes to do so in April.

NYPSC Confirmations

Uchenna Bright | *E2*

The New York State Senate *confirmed* Uchenna Bright and Denise Sheehan as the new commissioners at the state's Public Service Commission on March 27.

Denise Sheehan | *NYLCV*

Gov. Kathy Hochul (D), who nominated both in late February, praised the confirmation, saying in a *statement* that the new "commissioners will bring unique and invaluable expertise to the PSC at a pivotal time for New York's energy future." These are Hochul's first nominations to the seven-member PSC, with each commissioner serving a six-year term.

Bright, a longtime environmental advocate, was Northeast lead for *E2*, a nonprofit group of business leaders that lobbies for green policies and partners with the Natural Resources Defense Council. Sheehan, a former New York Department of Environmental Conservation commissioner, was an executive vice president at Capitol Hill Management Services, an Albany-based association management company. She has also served as a senior adviser to the New York Battery and Energy Storage Technology Consortium. Their confirmation *hearing* was March 26.

Gavin Donohue, president of the Independent Power Producers of New York, said in a *statement* that Sheehan "brings a balanced point of view between safe, reliable and affordable service, and her decorated career within government and the industry speaks for itself." Bright "will provide expertise on environmental policies with economic costs and benefits at the front of mind in a way that balances a good economy and environment," he said.

The New York League of Conservation Voters *praised* Hochul's nominations, saying their expertise and environmental advocacy make them "welcomed additions to the PSC." ■

— John Norris

NYISO News

NYISO to Request May 2 Effective Date for FERC Order 2023 Compliance

RTOs Given Extra Time to Comply After Order 2023-A

By John Norris

NYISO on April 1 *informed* the Transmission Planning Advisory Subcommittee (TPAS) and Electric System Planning Working Group (ESPWG) it intends to seek a May 2 effective date for Order 2023.

The ISO plans to submit its full compliance filing May 1, about a month after FERC's original April 3 deadline. The commission last month issued Order 2023-A, with minor modifications and clarifications of the new generator interconnection rules, and rejected multiple requests for rehearing. (See *FERC Upholds, Clarifies Generator Interconnection Rule*.)

The commission extended the compliance deadline 30 days after Order 2023-A's publication in the *Federal Register*; as of press time, the revised order has not been published.

Due to the filing delay, NYISO rescheduled the start of the pre-application process to May 2 and shifted the opening of the transition cluster application window to Aug. 1, shortening the window from 105 calendar days to 75. Additionally, NYISO's proposed pause on accepting new interconnection requests will now commence June 15. (See *NYISO to Pause New Interconnection Requests for 3 Months in Order 2023 Transition*.)

Although NYISO's timeline for the transition cluster and subsequent interconnection processes remains largely unchanged, potential adjustments may occur if FERC does not approve the requested effective date or if stakeholder motions prompt the commission to delay its ruling on the compliance filing, the ISO said.

FERC recently approved NYISO's proposed tariff adjustments designed to improve the coordination between its interconnection and transmission planning processes. The revisions, formulated prior Order 2023's issuance, were recognized by the commission as part of the permissible independent entity variations transmission providers can incorporate into their compliance. (See *FERC Accepts NYISO Proposal to Coordinate Queue, Transmission Processes*.)

Dave Andrus, an executive consultant with Power Consulting Services, asked if NYISO has a better sense of whether FERC was more amenable to such variations after issuing the revised order.

Sara Keegan, NYISO's assistant general counsel, said FERC's stance on variations is unchanged and firmly established, but she added that "when you read this order, compared to the original order, it does provide additional areas in which the commission opens the door for independent entity variations, such as study timelines."

Glenn Haake, vice president of regulatory affairs at Invenergy, asked about the perceived discrepancy between FERC's and NYISO's treatments of inverter-based resources (IBRs), suggesting that the commission's approach is more lenient than the ISO's, which based its approach to IBRs on rules recently approved by the New York State Reliability Council (NYSRC). (See *New York Approves Final Rule on Inverter-based Resources*.)

"As is often the case with the NYSRC, their rules tend to be more stringent than say NERC or even the NPCC [Northeast Power Coordinating Council], and that is the justification for our own compliance filing being more stringent than what was in the commission's order," Keegan responded.

NYISO said it will present a detailed overview of its Order 2023 compliance filing updates at the next Interconnection Issues Task Force meeting April 15.

NYISO senior manager of interconnection projects Thinh Nguyen requested stakeholders direct any feedback regarding NYISO's Order 2023 compliance filing to *stakeholder_services@nyiso.com*.

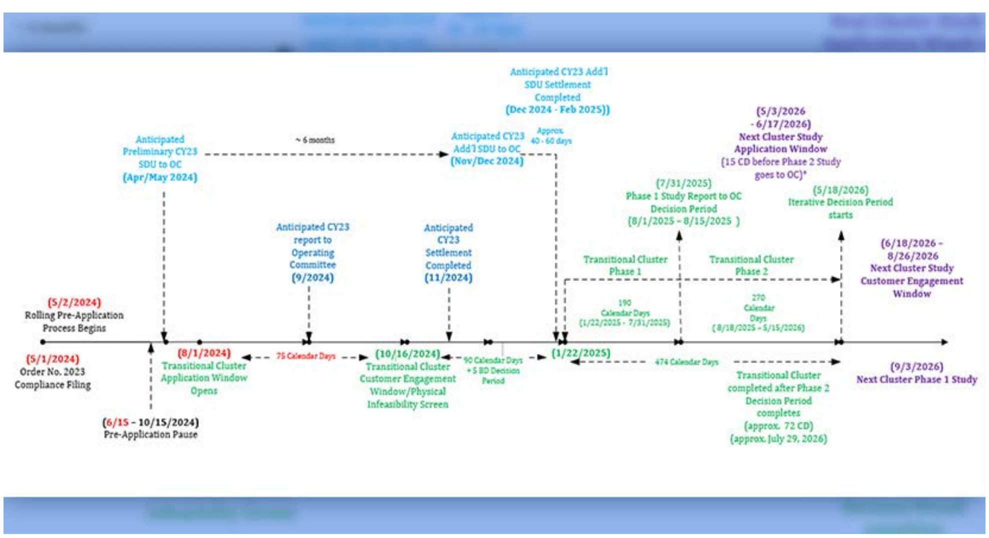
Class Year, Expedited Deliverability Study Updates

NYISO also told the ESPWG and TPAS it *initiated* the 2024 Expedited Deliverability Study (EDS 2024-01) on March 28, with a total of 20 projects requesting participation.

ISO staff are evaluating each project's eligibility for EDS 2024-01 inclusion and plans to issue agreements to eligible project developers. The goal is for developers to finalize their EDS agreements in time for NYISO to present a finalized list of EDS 2024-01 projects to stakeholders in May, though this list may not include all 20 projects. The EDS process is designed to streamline integration of projects seeking capacity resource interconnection service (CRIS) rights by determining if a project can be delivered as proposed without requiring system deliverability upgrades. In February, NYISO's Operating Committee approved the results from the previous EDS study, EDS 2023-01, which evaluated 16 projects, of which 14 were deemed deliverable. (See *NYISO Operating Committee Briefs: Feb. 15, 2024*.)

NYISO also informed stakeholders of the completion of validations for all 83 projects in Class Year 2023, down one from the previous total after a CRIS-only project in Zone C, Q1059 Jaton Solar, withdrew from the study queue. A list of CY23 participants is available *online*.

The CY23 draft report is expected to be finished and submitted to the OC for approval by September. ■



NYISO's proposed interconnection transition process timeline as of April 1, 2024 | *NYISO*

PJM News

Retirements and New Faces on PJM Executive Team

By Devin Leith-Yessian

PJM Vice President of Planning Ken Seiler completed a nearly 23-year career with the RTO on March 29 before retiring and handing leadership of the Planning Division to Paul McGlynn, previously the executive director of system operations.

Seiler was joined by colleagues at PJM and across its membership for a going-away celebration following the March 20 Members Committee meeting, where McGlynn said he has benefited from the work Seiler has put into transforming the RTO's interconnection process to run more smoothly and generally putting the planning division in a strong position. (See *PJM Initiates Transitional Interconnection Queue*.)

PJM Executive Vice President of Market Services and Strategy Stu Bresler also praised Seiler's leadership.

"You're leaving this organization better than you found it — you made it a better place," Bresler said.

Seiler will continue to be the RTO representative on the ReliabilityFirst Board of Directors through 2024. He also served on the board of PJM Environmental Information Services (EIS) through Jan. 1, when Vice President of Market Design and Economics Adam Keech assumed his position.

Prior to heading the Planning Division, Seiler worked in the information technology and operations departments at PJM and was integral in the development of its backup control center.

McGlynn was named Seiler's successor in November, shifting him over from the Operations Division, where he oversaw real-time dispatch operations, near-term reliability studies, load forecasting, and the coordination of generation and transmission outages. (See *PJM Restructuring Executive Team.*)

This won't be McGlynn's first time in the Planning Division. Before his time heading operations, he was the RTO's senior director of system planning, a role involving administering the development of the Regional Transmission Expansion Plan (RTEP).

McGlynn earned his bachelor's degree in electrical engineering from Pennsylvania State University and a master's in electrical engineering from Drexel University. Prior to his time at PJM, he worked for Exelon in its engineering and operations departments.

PJM Vice President of Planning Kenneth Seiler | *© RTO Insider LLC*

Paul McGlynn, PJM | *© RTO Insider LLC*

Aftab Khan Fills New VP Position

PJM has filled its newly created position of executive vice president of operations, planning and security with the appointment of Aftab Khan, former senior vice president of engineering at Eversource Energy. He began in March after his hiring in February.

"I am eager to help PJM take on the many challenges presented by the energy transition. PJM's creation of this new role shows the company's commitment to seeking comprehensive solutions that emphasize reliability and security as the system evolves," Khan said in a February *announcement* of his appointment.

Khan's role was created in November to "have overall responsibility for grid operations, transmission planning, cybersecurity and physical security, and business continuity."

Khan holds a bachelor's degree in electrical engineering from the University of Alaska, an MBA in operations and finance from Carnegie Mellon University and a master's degree in electric power engineering from Rensselaer Polytechnic Institute, the announcement says.

He spent 24 years working at ABB, including as president of the Power Systems Division, Saudi Arabia; senior vice president of power transformers, North America; and senior vice president of grid systems, North America.

"We welcome the experience, expertise and leadership Aftab brings to this important new role, which was created to support grid reliability during this increasingly complex energy transition," PJM CEO Manu Asthana said in the announcement of Khan's appointment. ■

SPP News

SPP Files Proposed Markets+ Tariff at FERC

By Tom Kleckner

SPP filed its Markets+ tariff at FERC on March 29, the culmination of a more-than-yearlong collaboration with potential participants and stakeholders to draft rules and protocols for the grid operator's day-ahead market offering in the Western Interconnection.

The tariff was formally approved by the SPP Board of Directors last week. The language previously was endorsed by Markets+ stakeholders and a panel of independent SPP directors. (See *SPP Board Approves Markets+ Phase 1 Tariff*.)

"SPP's mission and success [depend] on working together effectively, and it's been a privilege to work alongside our new western stakeholders to craft market policy that will create a brighter, more resilient energy future in the West," CEO Barbara Sugg said in a statement.

Sugg added she's looking forward to "bringing Markets+ to life."

SPP requested that the commission issue an order by July 31. It also asked for an extended 31-day public comment period, and it committed to specifying a precise effective date before implementation, currently targeted for the second quarter of 2027 (*ER24-1658*).

As SPP doesn't yet have an effective date, it followed FERC precedent in setting a date of 12/31/9998 for tariff records submitted in the filing.

The RTO's staff worked with staff from 38 western entities that executed agreements to participate in the first phase of Markets+'s development.

"It's been critical to us that the development of Markets+ be driven by western stakeholders," said Antoine Lucas, SPP's vice president of markets and sponsor of the Markets+ program. He said SPP's approach has resulted in a market design that would improve the grid's reliability and affordability, enable participants to meet clean energy mandates and goals and to do so in a way that "ensures equity for every market participant."

SPP is competing with CAISO's Extended Day-ahead Market (EDAM) in attracting western entities to Markets+. FERC has already approved the bulk of EDAM's tariff, and Portland General Electric and Idaho Power recently signaled their intent to join the CAISO market.

SPP's current Markets+ footprint. | *SPP*

That increases EDAM participants to five members. (See *CAISO Wins (Nearly) Sweeping FERC Approval for EDAM* and *CAISO's EDAM Scores Key Wins in Contested Northwest*.)

In a *news release*, SPP provided positive statements from several western stakeholders, perhaps none more important than that of the Bonneville Power Administration (BPA). The federal agency operates more than 15,000 miles of transmission and nearly 17,500 MW of generating capacity in the Northwest, lending significant weight to its decision on joining a day-ahead market.

Rachel Dibble, BPA's vice president of bulk marketing and a member of the Markets+ Participants Executive Committee (MPEC), told SPP she appreciated the grid operator's "collaborative and transparent stakeholder-driven governance model" used to develop the tariff language.

"The result is an end product that recognizes the needs and perspectives of all participants and accounts for BPA's legal obligations," Dibble said.

Arizona Public Service's Brian Cole, vice president of resource management, noted his customers' energy needs will increase dramatically over the next few years. He said the utility is "thoughtfully exploring market options."

"SPP's Markets+ provides a promising framework to serve the West with dependable, diverse and cost-competitive power supplies," Cole said.

Northwest & Intermountain Power Producers Coalition Executive Director Spencer Gray, a prominent voice for the independent sector, applauded the commitment and work by Markets+ participants, stakeholders and SPP staff for "improving wholesale energy markets in the West." (See "Independents Sector Changes," *SPP Markets+ Participants Executive Committee Briefs: Jan. 23-24, 2024*.)

SPP and western stakeholders will continue their work to define protocols for the market's administration while awaiting FERC's approval of the draft tariff. ■

SPP News

FERC Accepts, Sets Hearing on ND Co-op's Tariff Rates

By Tom Kleckner

FERC on March 26 accepted SPP's proposed tariff revisions modifying Central Power Electric Cooperative's formula rate template but suspended them for a nominal period subject to refund and established hearing and settlement procedures (*ER24-254*).

The commission found the proposed revisions raised issues of material fact that are more appropriately addressed in an administrative hearing. FERC encouraged the proceeding's parties to reach a settlement before the hearing begins.

The tariff revisions are suspended for a nominal period, effective Jan. 1, subject to refund.

SPP filed Central Power's requested formula rate template with FERC last year. The cooperative asked for a base return on equity of 10.29% and a 50-basis-point adder for its SPP membership. It said incorporating the adder for its initial and continuing RTO membership, previously approved by the commission, resulted in a total ROE of 10.79%.

The commission said the adder continues to be appropriate given Central Power's continued SPP membership. However, it found that the ROE, inclusive of the adder, must remain within the zone of reasonableness as determined by hearing and settlement judge proceedings.

FERC rejected protests by the Western Area Power Administration and Missouri River Energy Services that Central Power should revise the template and the formula rate protocols governing the template's updates and how the resulting rates will be implemented each year. It said the utilities did not demonstrate how the cooperative's unchanged template and protocols are "integral to the revisions proposed by Central Power."

"We also find that nothing in the interaction between Central Power's proposed revisions" and the template's and protocols' elements "discussed by Missouri River and [WAPA] create an unjust and unreasonable result," the commission wrote.

Central Power, headquartered in North Dakota, is a wholesale generation and transmission cooperative interconnected with SPP members WAPA, Basin Electric Power Cooperative and several other utilities.

While Central Power, a borrower from the Rural Utilities Service, is not a "public utility" under the Federal Power Act, FERC cited precedent and a federal appeals court ruling to find it appropriate to apply the act's just-and-reasonable standard to the cooperative's proposed formula rate revisions, which are a component of SPP's jurisdictional rates. ■

| *Central Power Electric Cooperative*

Company Briefs

Ford to Cut Hourly Workforce at F-150 Lightning Plant in Mich.

Ford on March 27 said it will cut roughly 1,400 workers at its Rouge Electric Vehicle Center in Dearborn, Mich., by April 1.

A crew of 700 will be transferred to the Michigan Assembly Plant in Wayne to build the Bronco and Ranger, while the remaining 700 will either take a $50,000 retirement package or accept reassignment in southeast Michigan.

The adjustments come as Ford slashes production targets of its all-electric pickup.

More: *Detroit Free Press*

Shell to Divest From Gas Stations as it Expands EV Charging Network

Shell plans to divest roughly 1,000 company-owned gas stations over the next two years as it expands its EV charging network.

The cuts will affect about 8% of Shell's gas stations. Shell did not specify where the divestments would be.

The company aims to increase its number of public chargers to 200,000 globally by 2030, according to its energy transition strategy report, and will focus on markets with fast-growing EV demand such as China and Europe.

More: *Houston Chronicle*

Schlumberger to Invest $400M in Carbon-capture Venture

Schlumberger on March 27 announced it will pay almost $400 million to acquire 80% of carbon-capture company Aker Carbon Capture, creating a combined carbon-capture-focused venture.

Schlumberger said it would pay 4.12 billion Norwegian krone ($381.5 million) for the stake and would contribute its own carbon-capture business to the combined venture. ACC would own 20% of the combined venture after the deal closes, which is expected in the second quarter of 2024.

More: *Wall Street Journal*

Federal Briefs

Court Strikes down Rule Requiring States, Cities to Limit Transit Emissions

Judge **James Hendrix** on March 27 struck down a Biden administration rule requiring states and cities to set climate targets for transportation.

Hendrix agreed with the Republican-led states that sued over the rule that the administration could not require them to set the targets and argued it was not authorized under law to include environmental benchmarks in states' assessment of highway "performance."

The Federal Highway Administration rule required state and local transit authorities to set targets for decreasing greenhouse emissions and report on their progress. It also set up a national framework for measuring and reporting transportation-related emissions.

More: *The Hill*

Biden Admin Hopes to Provide $4B in Clean Tax Credits

DOE and the Treasury Department on March 29 announced their aim to provide $4 billion in tax credits for more than 100 projects in 35 states to boost manufacturing of clean energy equipment and for other uses.

These 48C tax credit selections span hydrogen-related equipment like electrolyzers, grid and offshore wind components, battery equipment, and more, according to DOE. Other uses include critical materials-related projects and industrial decarbonization.

More: *Axios*

Study: Dumps Are a Big Driver of Global Warming

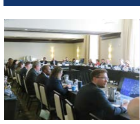
According to a study published March 28 in the journal Science, landfills on average release methane at almost three times the rate reported to federal regulators.

EPA estimates that landfills are the third-largest source of human-caused methane emissions in the U.S., emitting as much greenhouse gas as 23 million gasoline cars driven for a year. However, those estimates have been largely based on computer modeling rather than direct measurements.

For the study, scientists gathered data from airplane flyovers using imaging spectrometers designed to measure concentrations of methane in the air. Between 2018 and 2022, planes flew over 250 sites across 18 states. At more than half the landfills surveyed, researchers detected sizable methane plumes lasting months or years.

More: *The New York Times*

National/Federal news from our other channels



SERC Board of Directors/Members Meeting Briefs: March 27, 2024

ERO Insider

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

State Briefs

COLORADO

La Plata Electric Votes to Withdraw from Tri-State Contract

The La Plata Electric Association (LPEA) Board of Directors on March 25 voted 9-3 to withdraw from its contract with Tri-State Generation and Transmission Association.

Under terms of the contract, LPEA is obligated to purchase at least 95% of its power from Tri-State through 2050. LPEA has objected to that limit, saying local demand to produce solar energy exceeds the 5% cap.

LPEA will now enter a two-year exit period, part of an agreement among FERC, Tri-State and LPEA if one party wanted to part ways.

More: *The Durango Herald*

GEORGIA

Plaintiffs Appeal PSC Election Case to US Supreme Court

Black voters who sued over Georgia's elections for key utility regulators are appealing their case to the U.S. Supreme Court.

State Public Service Commissioners must live in specific districts, but they are elected by voters statewide. A group of Black voters in Atlanta argued in a lawsuit that this violates Section 2 of the Voting Rights Act because it dilutes their votes, preventing them from sending the candidate of their choice to the commission. A federal judge agreed in 2022 and suspended PSC elections until the state Legislature could devise a new system. However, in November, the 11th U.S. Circuit Court of Appeals reversed that decision.

The plaintiffs are asking the court to overturn the appeals court decision, though there's no guarantee it will take up the case.

More: *WABE*

IDAHO

Bannock County Votes to Ban Large-scale Solar, Wind Projects

The Bannock County Commission on March 26 voted 2-1 in favor of banning large-scale solar and wind projects.

While the commission voted to ban the projects, it made comments that seemed to leave the door open to future projects if it has more time to draft an ordinance it is more confident in. The commission was up against a moratorium deadline on large-scale solar projects it put in place in September.

More: *East Idaho News*

LOUISIANA

Entergy Proposes Floating Power Plant to Bolster Oil, Gas Industry

Entergy is seeking to build a floating, $441 million, 112-MW natural gas power plant at the mouth of Bayou Lafourche to increase the state's oil and gas infrastructure's weather resilience.

The utility filed for consideration of the Bayou Power Station with the Public Service Commission on March 5.

"This project will directly address critical oil and gas customers in the system at Port Fourchon," Entergy wrote in the filing. "The interconnection of the project will add a resilient power source to the [Entergy Louisiana] grid and enable storm restoration options, following a significant weather event, owing to the inherent black-start capability of the project."

Entergy made similar claims about black-start capability and storm readiness when it constructed its gas-fired New Orleans Power Station, which ultimately didn't appear to help New Orleans recover any faster from a three-day blackout in 2021 following Hurricane Ida. (See *Entergy Touts Restoration; NOLA Leaders Question Lack of Blackstart Service*.)

More: *Louisiana PSC*

MAINE

Utilities Forbidden from Cutting Off Power During Extreme Weather

Gov. **Janet Mills** (D) on March 19 signed into law a bill preventing utilities from cutting off power to customers during severe heat and other extreme weather events.

State utilities are already prohibited from disconnecting a meter due to unpaid bills between mid-November and mid-April. The new law requires the Public Utilities Commission to create rules prohibiting electric or gas disconnections during any "extreme weather or temperature conditions, including extreme heat or humidity," during other times of the year.

More: *Maine Public Radio*

MICHIGAN

DTE Energy Seeks Another Rate Increase

DTE Energy on March 28 filed an electric rate increase request with the Public Service Commission for $456 million.

If approved, the average monthly residential bill would increase by $11.

The utility said the funds would increase reliability, reduce power outages by 30% and halve outage time over the next five years.

More: *Detroit Free Press*

MONTANA

PSC: NorthWestern 'Undermining' Regulators

The Public Service Commission and its president, James Brown, on March 26 accused NorthWestern Energy of undermining the PSC's obligation to investigate the monopoly's ability to provide power to customers by withholding information from the commission.

Last week's meeting was to consider NorthWestern's long-term plan for supplying energy to customers. However, the staff memo and an agency rate analyst said the law requires the plan to "fully explain, justify and document data, assumptions, methodologies (and) models," and the company omitted information in its submitted plan. The company also didn't respond to a request about its energy capacity.

The commission still voted 4-1 to approve a review of NorthWestern's long-term energy plan.

More: *Daily Montanan*

NEW JERSEY

DEP, BPU Announce Funding for OSW Wind Research

The Department of Environmental Protection and the Board of Public Utilities on March 25 announced nearly $3.7 million in funding for research projects to "ensure the ecologically responsible development of offshore wind energy."

Projects funded through the state's ongoing Research and Monitoring Initiative include an aerial survey of whales, a whale satellite-tagging study, a study of seasonal water-mixing dynamics, the expansion of a tracking system for birds and bats, and a study focused on sea turtle behavior and health.

More: *New Jersey DEP*

Murphy Signs EV Fee into Law

Gov. **Phil Murphy** (D) on March 25 signed a reauthorization of the state's transportation trust fund that will bump up the state's gas tax and levy a new registration fee on EVs.

The legislation creates an annual registration fee for EVs starting at $250 on July 1 and rising by $10 annually before capping out at $290 in July 2028. The fee is a bid to have EV owners pay into the transportation trust fund, which pays for statewide road, rail and bridge work.

The Office of Legislative Services estimates the fee would bring in roughly $61.3 million in the fiscal year beginning July 1, rising to $207.4 million by fiscal year 2029.

More: *New Jersey Monitor*

NEW YORK

NYISO Sets Records for Wind, Solar Generation

NYISO announced March 25 that it set records for wind and solar generation between March 9 and 12.

On March 9, between 1 p.m. and 2 p.m., the state's wind farms generated 2,176 MW, serving 12% of the state's total electrical load. The previous wind record, set in December, was 2,134 MW.

The solar hourly record was set on March 12 between noon and 1 p.m. with 3,832 MW, serving 21% of the load. The previous record was 3,744 MW, set late last month.

More: *Times Union*

Rhodes Tapped as Acting Chief of LIPA

The Long Island Power Authority on March 28 appointed John Rhodes as the company's acting CEO, effective immediately.

Rhodes previously served as chair of the Public Service Commission and president and CEO of the New York State Energy Research and Development Authority.

Rhodes takes over for Tom Falcone, who announced his May 31 resignation March 18.

More: *Long Island Business News*

OHIO

Householder Indicted on 10 New State Charges

According to Attorney General Dave Yost, the state has indicted former House Speaker **Larry Householder** on 10 more felony charges.

The new charges are five counts of tampering with records, two counts of aggravated theft, one count of theft in office, one count of telecommunications fraud and one count of money laundering.

Yost said that the state charges were due to an investigation by a task force from the state attorney general's Ohio Organized Crime Investigations Commission, requested by the Summit County prosecutor.

More: *Dayton Daily News*

RHODE ISLAND

PUC Approves Rhode Island Energy's Proposed Summer Rates

The Public Utilities Commission on March 26 approved rate and fee changes that will affect Rhode Island Energy customers' gas and electric bills starting April 1.

Electricity prices will decrease by 43% over the summer compared to winter prices, or about $40 a month. However, annual gas prices will rise by $77 based on the company's $191 million gas, safety and infrastructure reliability plan for fiscal 2025, along with a separate $12 million budget for road repaving projects.

More: *Rhode Island Current*

SOUTH CAROLINA

Duke Energy Progress Seeks PSC Approval to Build Solar Facility

Duke Energy Progress is seeking approval from the Public Service Commission to build and own a 76-MW utility-scale solar power facility.

If approved, construction would begin in 2026 and be completed by 2027.

More: *Daily Energy Insider*

House Advances Legislation for Natural Gas Plant

The House of Representatives on March 27 voted 88-21 to advance a proposal allowing Dominion Energy and Santee Cooper to partner on a possible 2,000-MW natural gas plant.

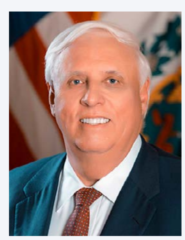
The plant would be built on the site of a former coal-fired power plant along the Edisto River in Colleton County. The legislation also speeds up the permitting process for infrastructure falling within "energy corridors" and allows Santee Cooper to buy up natural gas contracts on a new pipeline.

The bill now heads to the Senate.

More: *South Carolina Daily Gazette*

WEST VIRGINIA

Justice Vetoes Bill to Draw Solar Industry to State



Gov. **Jim Justice** (R) on March 26 vetoed a bill aimed at drawing business and industry to the state, claiming the bill could harm the state's coal industry.

The state allows Mon Power and AEP to build or buy and then own and operate solar plants that are up to 50 MW and total 200 MW per utility to draw companies that want a solar element in their energy portfolio to the state. The vetoed bill increased potential plant size to 100 MW.

Justice said in his veto message that while West Virginia is an all-of-the-above energy state, "it is very important we are careful not to cripple our great coal-fired energy industry in the process."

More: *The Dominion Post*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