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RTO Insider

YOUR EYES AND EARS ON THE ORGANIZED ELECTRIC MARKETS

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COVER: President Donald Trump delivers his inaugural address in the Capitol rotunda on Jan. 20. (*Page 4*) | *C-SPAN*

RTO Insider
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In this week's issue

Counterflow

By Steve Huntoon

A Climate 'Game of Chicken'

By Steve Huntoon

Steve Huntoon

It has become increasingly clear that environmentalists are engaged in a game of chicken, with Earth in the balance.

The environmental community by and large will not tolerate any consideration of Plan B, solar geoengineering (such as sand or salt in the stratosphere), which I've discussed before, contending this would discourage measures necessary to get to net zero *(Plan A)*.

Gale Force Headwinds for Plan A

Meanwhile, the world isn't adopting the requisite Plan A measures for a slew of reasons, such as the reality that renewable resources are expensive, especially when they have to be firmed up by storage *to cover* renewable *droughts*. And we need to remember that higher electric rates are themselves *deadly*.

Carbon dioxide is the ultimate negative externality, meaning that any given reduction by any individual, state or even country provides no particular benefit to whoever makes the reduction. And that's assuming that carbon reduction measures actually work — a Herculean assumption given *actual results* over the past 20 years.

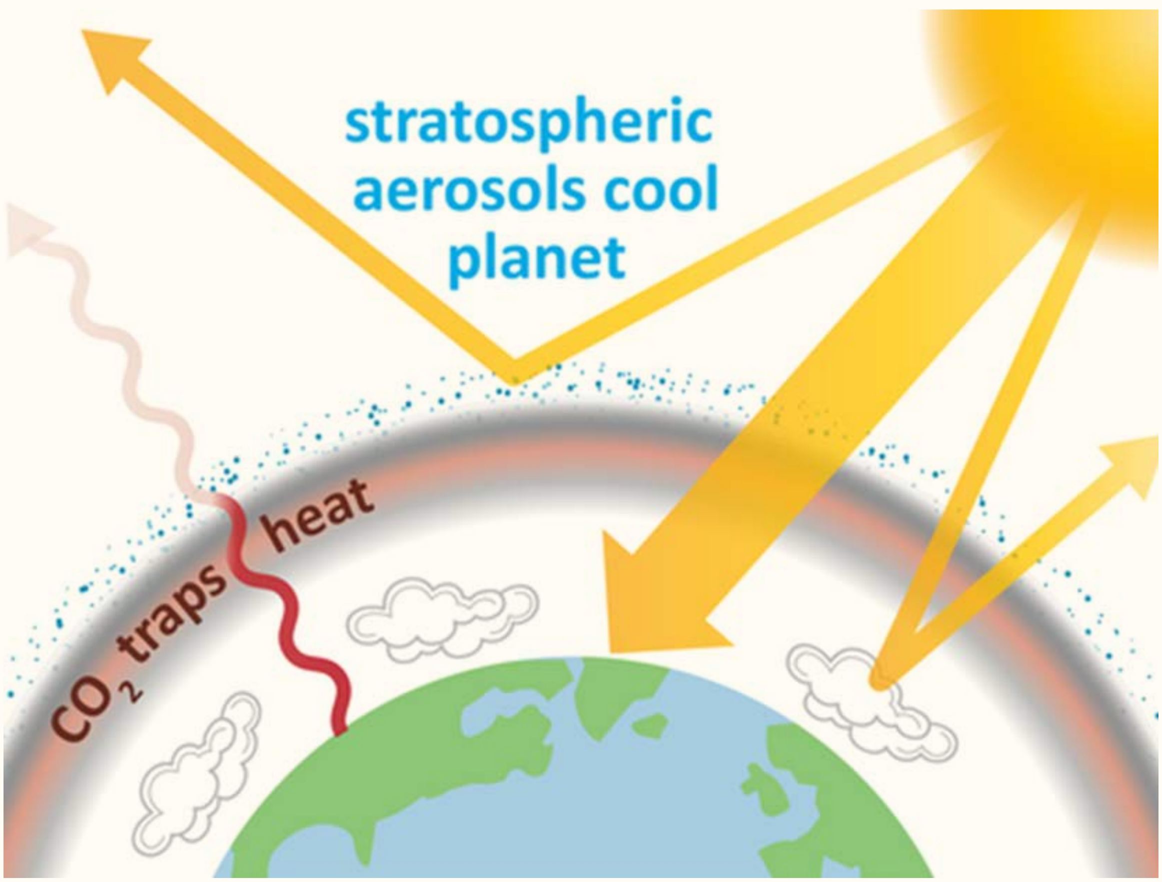
And it won't be enough to reverse the annual increase in the world's carbon emissions (whenever that might happen). As *The Economist* points out, "what matters to the climate is not the rate of emissions, but the cumulative total. Until that stabilizes, all other things being equal, temperatures will continue to increase."

Please note that Plan B need not last long if the environmental community is right that renewable energy actually is cheaper than fossil fuel energy or will become so. But so far that's not what the world is experiencing, as I've discussed and as a recent *Wall Street Journal* op-ed piece reinforced.

The Fear Factor

Let me address one other objection to solar geoengineering — that it might do scary things (just plug it into Google and you'll get a parade of horribles). This objection ignores that we have been putting toxic aerosols like sulfur dioxide into the atmosphere for a couple of hundred years. As I discussed before, these toxic aerosols have greatly reduced global warming from what it otherwise would be, and the recent reduction in toxic aerosols due to regulation is greatly adding to global warming from what it otherwise would be. Yes, it's ironic.

The key takeaway is that solar geoengineering could replace the toxic aerosols of the past with non-toxic aerosols like sand or salt. Not very scary.



| David Keith's Research Group

Wrapping up

Where does that leave us? Because the environmental community cannot change the economic fundamentals driving decisions by most of the world, it should reconsider its demand that the world suffer the consequences of these decisions. The environmental community should constructively engage on Plan B.

The impossible dream should not be the enemy of the possible good. ■

P.S. For something completely different: If you're a fan of classic rock,** I've compiled, **dare I say it, "iconic" videos from that bygone era. And best wishes for the new year!

FERC/Federal News

Trump to Declare 'National Energy Emergency' to Ramp up Oil, Gas Production

US to Withdraw from Paris Agreement Again, End Leasing for Wind Energy on Federal Land

By K Kaufmann

President Donald Trump delivers his inaugural address in the Capitol rotunda on Jan. 20. | *C-SPAN*

Minutes after he was sworn in as 47th president of the United States, Donald Trump pledged to bring down energy prices by immediately declaring a "National Energy Emergency" and signaled his intention to rapidly increase production of oil and gas to underpin both economic growth and national security.

"We will drill baby, drill," Trump said in his 30-minute inaugural address. "America will be a manufacturing nation once again, and we have something that no other manufacturing nation will ever have: the largest amount of oil and gas of any country on Earth. And we are going to use it. … We will bring prices down, fill our strategic reserves up again, right to the top, and export American energy all over the world. We will be a rich nation again, and it is that liquid gold under our feet that will help to do it."

Trump also pledged to end the "Green New Deal" and "electric vehicle mandate," terms which he and Republican lawmakers have used as negative labels for former President Joe Biden's clean energy policies and the EV tax credits and other incentives in the Inflation Reduction Act.

Following the inauguration, the White House provided an *outline* of the energy emergency declaration and other expected executive actions on energy policy.

The apparent intent of the emergency declaration would be to "use all necessary resources to build critical infrastructure." Other actions would be focused on streamlining permitting and reviewing for potential rollback all regulations resulting in "undue burdens" on energy production and use, as well as on mining for "non-fuel" minerals.

The White House did not specifically state whether the declaration would lift any of the Biden administration's restrictions on LNG export facilities or oil and gas leasing on federal lands, or whether Trump's definition of critical infrastructure will include high-voltage interregional transmission.

EPA's finalized limits on power plant and vehicle tailpipe emissions will likely fall into the regulations considered undue burdens.

As expected, Trump will also once again withdraw the U.S. from the 2015 U.N. Paris Agreement on climate change, aimed at limiting the increase in global average temperature to 1.5 degrees Celsius by 2050. (See *Trump Pulling U.S. Out of Paris Climate Accord*.)

A long-time opponent of wind power, he also intends to end leasing for wind farms on federal land, which could include both on- and offshore leasing.

Finally, the president will "empower consumer choice" in EVs and a range of household appliances, including washing machines, dishwashers, showerheads and toilets, likely through potential rollbacks of federal energy-efficiency standards.

The White House had yet to announce the signing of any executive orders as of press time.

Appointments

The White House did announce a series of presidential appointments and nominations for acting leaders and subcabinet positions, respectively.

At DOE, Ingrid Kolb will be acting secretary of energy, pending confirmation of Trump's nominee, Chris Wright, CEO of Liberty Energy. A career administrator, Kolb has directed DOE's Office of Management since 2005.

Another career administrator, Walter Cruickshank, will become acting secretary of the interior, pending the confirmation of former North Dakota Gov. Doug Burgum. Cruickshank is currently deputy director of the Bureau of Ocean Energy Management.

Preston Wells Griffith, who served as a special

What's Next?

Trump should be signing a series of executive orders in the coming days aimed at turning the U.S. away from clean energy to fossil fuels. But the details of these orders remain vague, and their impact could be uncertain as IRA funds continue to support clean technologies and transmission buildout and could be hard to claw back.

adviser on energy and acting assistant secretary of energy during the first Trump administration, has been nominated to be DOE's undersecretary for infrastructure, replacing David Crane.

And Dario Gil, senior vice president and director of research at IBM, has been tapped as DOE's undersecretary for science, replacing Geraldine Richmond.

LPO's Last Hurrah

Trump may have limited ability to claw back IRA tax credits and incentives. According to a final "Investing in America" report from the Biden administration, about $100 billion, or 90%, of IRA funding available through the end of 2024 has been "obligated" with signed contracts, which will make any claw back attempts difficult.

The report also noted that EPA had obligated all of the $27 billion it received for the Greenhouse Gas Reduction Fund, with $20 billion going to a national clean energy funding network of community development banks and $7 billion going to the Solar for All program, aimed at funding solar projects for low-income communities.

DOE's Loan Programs Office pushed through a final surge of deals, announcing three loans with final contracts totaling more than $16.5 billion on Jan. 17, including:

- $15 billion to Pacific Gas and Electric for its Project Polaris, which will upgrade transmission with grid-enhancing technologies, increase hydropower and energy storage, and deploy virtual power plants;
- $996 million to Ioneer to develop its Rhyolite Ridge project in Nevada, which will produce lithium carbonate to be used in EV batteries; and
- $584.5 million to Convergent Energy and Power for utility-scale solar and storage projects to improve grid resilience in Puerto Rico.

In one of his final reports as LPO director, Jigar Shah said the office has a pipeline of more than 160 applications seeking more than $200 billion in loan guarantees for a range of projects.

Reactions

New York Gov. Kathy Hochul (D) and New Mexico Gov. Michelle Lujan Grisham (D), co-chairs of the U.S. Climate Alliance, stated that "we will continue America's work to achieve the goals of the Paris Agreement and slash climate pollution."

Formed after the first withdrawal in 2017, the Climate Alliance is a bipartisan organization of U.S. governors from states that have committed to reducing emissions in line with the agreement.

"Our states and territories continue to have broad authority under the U.S. Constitution to protect our progress and advance the climate solutions we need. This does not change with a shift in federal administration," Hochul and Grisham wrote in a Jan. 20 letter to the U.N. Framework Convention on Climate Change.

Andrew deLaski, executive director of the Appliance Standards Awareness Project, said Trump's plans to roll back appliance efficiency standards "would not help families and would only raise their total costs."

"Test after test has found that efficient new dishwashers, washing machines and showerheads perform far better than old models," deLaski said.

Heather O'Neill, CEO of Advanced Energy United, called on Trump to recognize that his "promise to achieve greater energy abundance in America must include leveraging the incredible, proven power of advanced energy technologies."

"Our power grid faces real challenges, and at a moment when wildfires and extreme temperatures threaten lives across the country, it's clearer than ever that we need to deepen our investments in advanced energy solutions that increase resilience and lower costs," O'Neill said. "We urge the administration to embrace the market forces and tax cuts that are empowering states to meet their energy needs and goals." ■

FERC/Federal News

President Trump Names Mark Christie as FERC Chair

By James Downing

President Donald Trump named Mark Christie as FERC chair, hours after he was sworn in during a ceremony in the U.S. Capitol Rotunda.

"I am honored to be appointed FERC chairman by President Trump," Christie wrote on X. "For four years I have emphasized protecting consumers from excessive power bills, meeting the reliability crisis driven by losses of dispatchable generation and failure to build new generation, in the face of rising demand."

Meeting those priorities will be his first priority, and Christie added he believes states should be "full partners with FERC" in protecting consumers and ensuring reliability.

The President can pick the FERC chair from among sitting commissioners. The move means former Chair Willie Phillips will become just another commissioner, if he decides to stay. In his last press conference at the helm of the agency Jan. 16, Phillips declined to publicly discuss his plans.

"I told you all from the beginning: Reliability is job No. 1 of the commission," Phillips said. "I am very proud of the work we've done to protect the reliability of our system for our nation."

Phillips' term runs through June 2026. If he stays on, Christie will work with a 3-2 Democratic majority for the first year and a half. Christie was appointed by Trump in July 2020, and his term expires this June, though he could be renominated. Even if he is not, he can stay until the end of the year when Congress adjourns absent a replacement being confirmed.

Christie said in an interview that the new job is "an awesome responsibility" and though he was chair of the Virginia State Corporation Commission, FERC is at a bigger scale.

Why This Matters

A few hours after taking office, President Trump answered a question that had been hanging over FERC since November: Who will chair the commission. It's unclear whether now-former Chair Willie Phillips will remain on the commission?

"And the biggest thing you know at my age is you realize how many — literally millions of people — are going to be affected by what you do," he said. "I mean, what we do affects their monthly power bills, and that is a tremendously daunting challenge. We've got to make sure that we do everything we can to minimize the impact on the people's monthly power bills."

Reliability will continue to be a big focus under Christie, as demand is growing while power plants continue to retire. He has talked about a reliability crisis in public remarks for several years.

"It is absolutely deteriorating, and that's not my opinion," Christie said. "We see that in the reports from NERC. You see it in the reports from the RTOs, like PJM. We continue to lose the very resources we need to keep the lights on and the heat pumps going."

With a cold front hitting the East Coast this week, PJM could break its all-time winter demand record and has fewer resources than it did last year, he added.

FERC has no control over why demand is going up, which largely is due to the expansion of data centers in the development of artificial intelligence.

"We have to accept that we have to serve load, and that's going to mean keeping the generating resources that we need and stopping the retirements and building the new resources," Christie said. "Those are big issues, and we have to address them. It really is supply and demand. It's no more complicated than that."

Tightening supply and expanding demand generally means higher prices, so Christie will look for ways to control those. One position he's made clear in numerous dissents is that transmission incentives should be reined in. He also said he wants to address local transmission projects, which in PJM are 80% of the recent construction and often are lightly regulated. (See *How FERC Under Trump Might Advance Energy Affordability in 2025*.)

"As a utility regulator, I know that you're always faced with the challenge of balancing the need for utility assets like transmission and generation with the need to keep costs down for customers," Christie said. "And it's a tough balance ... but it's what utility regulators do."

One issue that roiled the FERC world after Trump's election was his campaign promise to remake how the federal workforce is overseen. What that means for an independent regulatory agency like the commission remains to be seen. (See *Chatterjee Post Leads to Worries About FERC's Independence, Staff Exodus*.)

FERC Commissioner Mark Christie | *© RTO Insider LLC*

Without any formal guidance from the White House on the federal workforce front, Christie declined to comment.

While the administration and Senate have changed parties and that will have an effect on FERC, by design it will not have as big an impact as on other executive agencies.

"Things don't change overnight at FERC, because obviously we're a multi-member commission, and you have to have a majority to do anything," Christie said. "But I think there's a lot of agreement among my colleagues on the need to address these issues."

Trump Also Elevates Wright to NRC Chair

Christie is not the only former state regulator to get a promotion on a federal regulatory agency. Trump tapped David Wright to be chair of the Nuclear Regulatory Commission in the same *announcement*. Wright has been on the NRC since 2018 and was on the Public Service Commission of South Carolina from 2004 to 2013, which included a stint as chair. ■

FERC/Federal News

Biden Wants Data Centers, Clean Energy on Federal Land by 2027

Aggressive Timeline Calls for Projects to be Sited and Permitted by End of 2025

By K Kaufmann

With days left in his administration, former President Joe Biden issued an executive order Jan. 14, aimed at siting and permitting cutting-edge artificial intelligence data centers on federal land by 2027, along with the clean energy and transmission needed to power them.

These "frontier AI" facilities — providing AI capabilities and services beyond the current state of the industry — would be financed by the companies that build them without raising consumers' electricity bills. Strong labor and environmental standards and community engagement also would be required, according to the comprehensive and extensively detailed order.

In a statement released with the order, Biden cited national security and economic competitiveness as key drivers for U.S. leadership in AI. "We will not let America be out-built when it comes to the technology that will define the future," he said.

"This executive order will direct the Department of Defense and the Department of Energy to lease federal sites where the private sector can build frontier AI infrastructure at speed and scale," Biden said. "These efforts are designed to accelerate the clean energy transition in a way that is responsible and respectful to local communities, and in a way that does not impose any new costs on American families."

Biden envisions an aggressive timeline for designating sites for data center development and permitting the facilities, along with associated clean energy and transmission.

In less than two months — by Feb. 28 — the Defense and Energy departments would be required to identify at least three sites each on federal land that would be suitable for these projects and could be fully permitted and approved to begin construction by the end of the year.

High-priority sites would include those with access and proximity to "high-capacity transmission infrastructure with unused capacity," existing fossil fuel plants that could be "repowered" with clean energy and "communities seeking to host AI infrastructure."

At the same time, by March 15, the Bureau of Land Management would be required to identify sites on federal land under its jurisdiction that would be suitable for developing the clean energy projects to be built as part of the new data centers. The potential sites would have to be on federal land that has been designated as appropriate for utility-scale solar development.

Why This Matters

Former President Biden's executive order focuses on promoting American made and built data centers, powered by clean energy sited on federal land. In contrast, President Trump appears to be touting foreign investment in data center development, and he supports increased fossil fuel production.

The order defines clean energy as any generation producing few or no carbon dioxide emissions. Beyond solar, wind and storage, the order lists geothermal, nuclear fission and fusion, hydropower, hydrokinetic power — such as wave energy — and carbon capture, utilization and storage.

"Priority geothermal zones" would be identified by BLM, again by March 15, "based on their potential for geothermal power generation resources, including hydrothermal and next generation geothermal power and thermal storage."

DOE and DOD then would launch competitive solicitations on March 31 for "non-federal entities" to lease federal land for data centers, to be followed by announcements of any winning proposals by June 30. The order calls for a framework to be developed, also by June 30, so winning proposals would be cleared to lease federal land designated for clean energy development for their data centers.

Other provisions in the order seek to accelerate interconnection of the projects, with DOE identifying "underutilized points of interconnection ... that demonstrate the highest potential for uses associated with AI infrastructure." Transmission developers and operators with lines near the projects would be required to "identify any grid upgrades," including advanced conductors and other grid-enhancing technologies, that could expand capacity for

The Citadel data center located in Tahoe Reno, Nev. | *Switch*

FERC/Federal News

interconnection.

To streamline permitting, the order calls for the major permitting agencies — DOD, DOE and the Agriculture, Commerce and Interior departments — to perform a "programmatic environmental review" of the environmental impacts of data center construction and operation, and potential options for mitigation. The programmatic review and other "categorical exclusions" could be used to accelerate environmental reviews.

Under the *National Environmental Policy Act*, categorical exclusions apply to actions or projects the government finds will not have significant environmental impacts and therefore do not require further NEPA review.

What Will Trump Do?

The Biden order represents an attempt by the outgoing president to respond to electricity demand growth from AI data centers with clean energy as opposed to the new natural gas plants some utilities plan to build.

Just how much power will be needed remains a moving target. A much-cited figure, traceable to a *May 2024 analysis* from Goldman Sachs, is that a ChatGPT query can consume nearly 10 times as much electricity as a standard Google search. Also released in May, a *report* from the Electric Power Research Institute estimated data centers would consume 9% of U.S. power by 2030. (See *Data Centers and Demand Growth Top 2025 Agenda*.)

More *recent figures* from the Lawrence Berkeley National Laboratory show that data centers, which accounted for 76 TWh, or 1.9%, of U.S. energy demand in 2018, hit 176 TWh, or 4.4%, in 2023. LBNL predicts future growth ranging from 325 to 580 TWh by 2028, or 6.7 to 12% of total U.S. energy demand.

At the same time, a new *analysis* from the National Renewable Energy Laboratory finds that "between 51 to 84 GW of renewable energy could be deployed on federal lands by 2035, requiring only around half of 1% of total federal land area in the contiguous U.S." Federal lands technically could support up to 7,700 GW of renewable development, according to NREL.

Responding to Biden's order, data center trade groups focused on the positive impacts for U.S. AI leadership, while skirting issues of permitting and transmission development.

Josh Levi, president of the Data Center Coalition, said the order "recognizes the essential role of the data center industry in advancing America's national security and global economic competitiveness and promotes the rapid development of additional data center and energy capacity to support the nation's leadership in AI."

"U.S. AI leadership depends on a sustained and robust commitment to the technology's development and deployment, including the essential infrastructure that supports its growth," said Gordon Bitko, executive vice president of public sector policy for the Information Technology Industry Council. "Fostering the U.S. tech industry's ability to work with the government and other partners to solve existing challenges such as permitting and electricity transmission will enable the U.S. to construct state-of-the art data centers powered by a resilient and diversified infrastructure.

"We urge the incoming Trump administration to continue to work with industry to build the capacity the U.S. needs to advance this economic and security imperative," Bitko said.

DCC and ITI both include major hyperscale developers in their memberships, such as Amazon, Microsoft and Google.

Neither clean energy industry groups nor environmental advocates had released statements on the order as of publication deadline.

However, given the size of hyperscale AI data centers, and the clean energy projects needed to power them, fast environmental permitting for projects on federal land may be difficult. One of the largest data centers in the U.S., the Citadel in Nevada, covers an estimated 7.2 million square feet, or about 165 acres.

Another key question is whether President Donald Trump will consider moving ahead with the planned development of AI data centers on federal land or simply scrap it.

Trump and Republicans have advocated for economic development on federal lands, although their plans for energy development center on fossil fuel drilling and production, along with critical mineral mining.

At a Jan. 14 press conference, Trump heralded a $20 billion investment for data center development in the U.S., announced by EDGNEX Data Centers, a data center developer from the United Arab Emirates. The company is owned by DAMAC, a luxury real estate firm.

According to a Jan. 8 *press release*, EDGNEX plans a major move into the U.S. market and says it could double its investment in coming years. ■

FERC/Federal News

Burgum Criticizes ‘FERC Queues’ for Too Many Renewables

Trump Nominee for Interior: ‘Baseload’ Power Essential for US to Win ‘AI Arms Race’

By K Kaufmann

Why This Matters

Former North Dakota Gov. Doug Burgum argued that fossil fuel-fired, “baseload” power plants are essential to meeting growing demand from data centers and that interconnection queues made up mostly of renewables jeopardize reliability.

The 2,600 GW of wind, solar and storage sitting in RTO/ISO interconnection queues across the U.S. represent a major imbalance in energy resources that could lead to brownouts or blackouts, former North Dakota Gov. Doug Burgum (R) said during his Senate confirmation hearing Jan. 16 to be President Donald Trump’s secretary of the interior.

“We are in an energy crisis in our country,” Burgum said in response to a question on permitting from Sen. Jim Justice (R-W.Va.), member of the Senate Energy and Natural Resources Committee. “Electricity is at the brink. Our grid is at a point where it could go completely unstable. We could be just months away from having skyrocketing prices for Americans.”

Burgum argued for an infusion of “baseload” power from fossil fuel generation to ensure grid stability, affordability and sufficient electricity to power the data centers the U.S. needs to win the “AI arms race” against global competitors.

“Right now, in some queues in FERC, it’s 95% intermittent resources and only 5% baseload,” Burgum said. “We need baseload to be able to allow renewables on the system. … We’ve stacked the deck where we are creating roadblocks for people who do baseload, and we’ve got massive tax incentives for people that want to do intermittent and unreliable. … The balance is out of whack, and we’ve got to bring it back in line.”

Burgum was apparently under the assumption that FERC manages generator interconnection queues. In response to another senator’s question, he said, “You take a look at a FERC queue that’s got 95% intermittent and unreliable, that probably tells us we’re a little bit out of balance, and we’ve just got to bring it back and then keep moving forward.”

Electricity and the grid were among several of the high-priority issues both Republicans and Democrats raised during Burgum’s three-and-a-half-hour confirmation hearing. Both Sen. Mike Lee (R-Utah), the committee’s chair, and Sen. Catherine Cortez Masto (D-Nev.) spoke of the challenges of living in states where two-thirds or more of the land is federally owned and quizzed Burgum on his views on residential development on federal property.

One solution could be public-private land swaps, Burgum said, pointing to trades of state and private land in North Dakota “to provide better outcomes for both of those pieces of land.”

Other concerns raised included local consultation in the designation of national monuments, protecting hunting and fishing rights on public lands, improving relations with tribal nations, and addressing the maintenance backlog at national parks, all of which he said he would support if confirmed.

On another energy-related issue, Burgum gave assurances to Republican lawmakers that he would increase auctions for oil and gas drilling

Former North Dakota Gov. Doug Burgum, nominee for interior secretary, is sworn in at his confirmation hearing before the Senate Energy and Natural Resources Committee on Jan. 16. | *Senate Energy and Natural Resources Committee* on public lands, both on and offshore, noting that as governor of North Dakota, he repeatedly fought Bureau of Land Management efforts to restrict drilling on federal land.

Public lands should be viewed as national assets, Burgum said. "The Department of the Interior has got close to 500 million acres of surface [land], 700 million acres of subsurface and over 2 billion acres of offshore. … That's the balance sheet of America.

"If we were a company, they would look at us and say, 'Wow! You are really restricting your balance sheet.' … It's our responsibility to get a return for the American people."

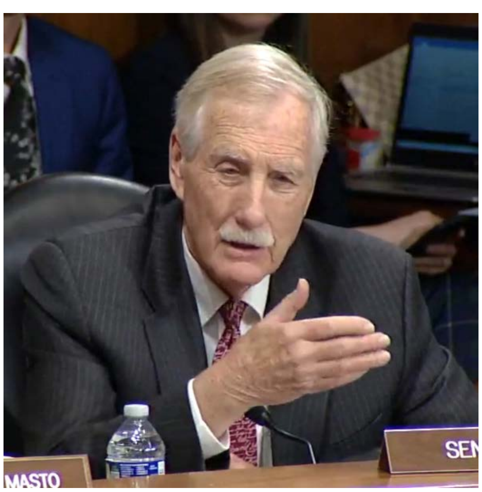
The 'Clean Coal' Argument

With an MBA from Stanford, Burgum started out as a computer entrepreneur, growing a local company, Great Plains Software, from an accounting software startup to a publicly traded firm with 2,200 employees across the state. Microsoft acquired the company in 2001.

Before winning his first election as governor in 2016, Burgum worked for Microsoft for several years and then started a real estate development company and a venture capital firm.

Re-elected in 2020, Burgum had supported an all-of-the-above approach to energy, prioritizing innovation over regulation. North Dakota is the third-largest producer of crude oil in the U.S. but gets close to 40% of its power from wind.

In 2021, hours before Energy Secretary Jennifer Granholm landed for a state visit, Burgum issued a challenge for North Dakota to become carbon-neutral by 2030, primarily through carbon capture and sequestration. A press release from the governor's office at the time



Sen. Angus King (I-Maine) | *Senate Energy and Natural Resources Committee*

stated that North Dakota has "252 billion tons of underground storage capacity — enough to store 4,400 years' worth of the state's carbon output or 50 years' worth of the nation's energy-related carbon output."

With CCS, North Dakota is now producing "clean coal," Burgum said at the hearing.

But he downplayed wind's role in the state's energy mix in an exchange with Sen. Angus King (I-Maine), who asked for assurances that existing leases for offshore wind projects in the Gulf of Maine would be allowed to continue. Trump has repeatedly railed against wind energy, and offshore wind in particular.

Those projects "will produce enough energy for all the homes in Maine, New Hampshire and Vermont. … The capacity factor of offshore wind is significantly higher than terrestrial wind," King said. "I hope you can talk to [Trump] about the fact that wind has its virtues and can contribute significantly, because we are … facing a huge energy challenge over the next 15 to 20 years."

Burgum's response was to again call for "balance" between intermittent and baseload resources. Most of North Dakota's wind power is exported, he said. "We need more, and the thing we're short of most right now is baseload."

Democrats Push Back

In addition to interior secretary, Burgum has also been tapped by Trump to lead a still-to-be-formed National Energy Council, where he could have more authority to implement Trump's agenda and his own views on the need for balance, more baseload power and the national security impacts of energy policy.

Burgum said the council will be formed under an executive order he expects Trump to issue soon after his inauguration.

"Today, America produces energy cleaner, smarter and safer than anywhere in the world, and when energy production is restricted in America, it doesn't reduce demand," Burgum said in his opening remarks. "It just shifts production to countries like Russia and Iran, whose autocratic leaders not only don't care at all about the environment, but they use their revenues from energy sales to fund wars against us and our allies."

Producing enough oil and gas to sell to U.S. allies means "they don't have to buy it from our adversaries. That's how we reduce tensions in the world," he said.

With overwhelming support from Republi-

Sen. Catherine Cortez Masto (D-Nev.) | *Senate Energy and Natural Resources Committee*

cans, Burgum seems headed for approval by the committee and the Senate, but he did get pushback from some Democratic senators on some of his statements.

Cortez Masto challenged his definition of baseload energy, noting that solar is a major source of power in Nevada, "and that's why battery storage is important. So, let me ask you this … isn't the combination of renewables plus battery storage baseload?"

When Burgum suggested that "storage is still a few years out," Cortez Masto quickly countered that "it's happening in Nevada right now. I've been to facilities. If we don't have those incentives, then we're never going to get there."

Cortez Masto was referring to the incentives for storage and clean energy in the Inflation Reduction Act, which Trump and Republicans could target for rollbacks. Sen. Ron Wyden (D-Ore.) also raised concerns about IRA tax credits, and in particular, Burgum's level of support for the technology-neutral tax credits for emerging clean energy technologies that he wrote into the law.

"Nobody knows what the big carbon reducers are going to be 30 years from now, and so the reason I insisted on that provision is it creates what I call an innovation lane," Wyden said. "It's an opportunity to send a message to people … that you're going to have a chance, if you innovate, to be part of a very bright future."

While agreeing with Wyden in principle, Burgum again argued that "these things have been so successful as it relates to the electric grid that we have got now a significant imbalance in the amount of projects that are intermittent." ■

FERC/Federal News

LPO Offers Eight Utilities $22.9B in Loan Guarantees

Lower-cost Financing Would Help Pay for Generation, Transmission Projects

By John Cropley

The U.S. Department of Energy has made conditional loan commitments totaling $22.9 billion to utilities for transmission, pipeline and clean power investments.

An estimated 14.8 million customers in 12 states stand to benefit from the lower-cost debt issued through DOE's Loan Programs Office.

The LPO said Jan. 16 that the projects planned will add much-needed transmission capacity; provide new wind, solar and hydropower generation on the gigawatt scale; and replace more than 3,000 miles of leaky gas mains and distribution lines that pose a threat to public safety and to the climate.

LPO listed the following details about the guarantees:

AEP — $1.6 billion to benefit 3.8 million customers in Indiana, Michigan, Ohio, Oklahoma and West Virginia by reconductoring or rebuilding almost 5,000 miles of transmission lines, increasing transmission capacity by 70% and creating a more reliable and efficient system better able to meet growing energy demands.

Consumers Energy — $5.23 billion to benefit 3.1 million customers in Michigan through the CE Clean Energy project, a wide-ranging plan that includes more than 1.8 GW of new solar and wind capacity; battery storage; virtual power plants; and replacement of legacy gas pipelines.

DTE Electric — $7.17 billion to benefit 2.3 million customers in Michigan by building thousands of megawatts of generation and battery storage capacity that will be cleaner than existing generation.

DTE Gas — $1.64 billion to benefit 1.3 million customers in Michigan by updating older gas mains and lines and moving metering infrastructure outdoors.

Why This Matters

The low-cost debt, if finalized, would make the highly expensive projects more bearable for ratepayers.

A DTE crew performs grid stability work in Wayne, Mich., in December. The Michigan utility is in line for billions in federal loan guarantees. | *DTE*

Interstate Power and Light — $1.43 billion to benefit 500,000 customers in Iowa; parent company Alliant Energy retired a major coal-fired facility in Iowa in 2023 and plans to add approximately 2 GW of wind power and battery storage capacity in Iowa and Wisconsin.

Jersey Central Power & Light — $716 million to benefit 1.2 million customers through the New Jersey Clean Energy Corridor, a package of substation expansions and 40 miles of transmission upgrades that will increase capacity by nearly 4.9 GW and 20 MMWh.

PacifiCorp — $3.52 billion to benefit 2.1 million customers in California, Idaho, Oregon and Utah through Project WIRE, which is intended to augment system capacity and reduce curtailment of existing wind plants by building and reconductoring transmission lines to support existing and future power generation.

Wisconsin Power and Light — $1.62 billion to benefit 500,000 customers in Wisconsin; parent company Alliant Energy plans to stop burning coal at a Wisconsin plant before 2030 and plans to add approximately 2 GW of wind power and battery storage capacity in Wisconsin and Iowa.

The conditional loan commitments announced Jan. 16 are through the LPO's Title 17 Energy Infrastructure Reinvestment Program, created by the Inflation Reduction Act of 2022.

DOE and the recipients must satisfy technical, legal, environmental and financial conditions before DOE finalizes and funds the loan guarantees.

AEP said in a *news release* that it expects to close on the loan this quarter.

President Bill Fehrman said: "AEP is investing $54 billion in transmission, distribution and generation projects over the next 5 years. Funds from this program will support these investments and save our customers money while we work to improve reliability and bring economic growth to our states. The funds we are able to save through this program enable us to make additional investments to enhance service for our customers." ■

FERC/Federal News

ACEG: More Community Trust, Faster Transmission Development

By James Downing

A new report by Americans for a Clean Energy Grid (ACEG) makes the case that the speed of transmission development is often commensurate with the level of trust that has been built with communities affected by the project.

Released Jan. 15, "*The PACE of Trust*" lays out a framework for engaging communities during the development of transmission lines in order to ensure the industry can expand the infrastructure on time. The "PACE" framework organizes best practices to four core topics:

- Participation and engagement of communities;
- Accountability and good governance;
- Communication, transparency and trust; and
- Economic and noneconomic benefits.

The report was prepared alongside DNV, which convened a roundtable with ACEG and representatives from agriculture, environmental advocacy, labor, indigenous communities and transmission developers, among others. Through group meetings, surveys and individual interviews, DNV gathered and refined best practices based on the consensus of the roundtable.

"The PACE framework serves as a guide for developers, policymakers and communities to work together in advancing transmission projects," ACEG Executive Director Christina Hayes said in a statement. "By adopting these best practices and recommendations, transmission planners can support earlier and more effective community engagement, resulting in an energy grid that meets the needs of our communities."

The first group of recommendations, participation and engagement of communities, involves utilities doing early, ongoing and consistent engagement and fostering representation of broader community interests in decision-making.

Accountability and good governance involves creating a safe forum for gaining representative knowledge and feedback, along with supporting mutual understanding in community benefit plans and agreements. The best practices include streamlined negotiations and enabling local communities to engage in the transmission planning process early.

The third bucket includes providing all parties with accurate and timely information, empowering communities to provide informed feedback, enabling developers to anticipate community needs, addressing feedback and allowing open communication.

The last topic involves community benefit plans and agreements; providing equitable and responsive financial and resource support; and local workforce development.

The report follows a similar one released by ACEG in September that focused on the best practices for state policymakers. (See *ACEG Report Lays out Best Practices for States to Build Transmission*.)

Local Workforce Development Tricky

The roundtable participants did not come to a consensus on everything, however; they deferred on three areas: pathways to enable workforce development, balancing local and union hiring and training, and forging bipartisan partnerships. Local workforce development is a key priority for affected communities, but it is hard for developers to make that happen given the specialized labor required to build transmission lines, the report says.

The report includes some more specific policy recommendations, such as setting up offices of public participation (like the one at FERC) for all of the regional planning entities. The industry should also facilitate a national roundtable to explore challenges of targeted hiring and local workforce development, it says.

The public should get notice when regional planners are working on large projects, especially when that involves a portfolio of projects, the report recommends. The planning process should include working groups that include representatives from local communities, and it should consider a program that funds local workforce development.

On transmission routing, planning processes should identify route-specific environmental mitigation measures, and routing should start at least a year before a formal siting process — possibly even more for the most complex projects.

"Expanding and modernizing the transmission grid is essential to achieve climate goals and mitigate the effects of climate change," Richard Barnes, DNV region president for energy systems in North America, said in a statement. DNV "forecasts an almost fully decarbonized electricity grid by 2050, but this will not be possible without transmission infrastructure that can manage the influx of renewable energy. Community support for transmission projects is essential, and the best practices outlined in this report will enable the necessary project development now and in the future." ■

| ACEG

Trump DOE Nominee Wright Seeks to Assuage Senate Democrats

By K Kaufmann

Chris Wright, nominee for energy secretary, is sworn in at his confirmation hearing before the Senate Energy and Natural Resources Committee on Jan. 15. | *Senate Energy and Natural Resources Committee*

Chris Wright, President Donald Trump's nominee to head the Department of Energy, positioned himself as a supporter of an all-of-the-above approach to developing generation and transmission before the Senate Energy and Natural Resources Committee on Jan. 15.

In doing so during his three-hour confirmation hearing, Wright — the CEO of Liberty Energy, a natural gas fracking company — frequently acknowledged climate change was real and sought to allay Democratic concerns that the department would favor fossil fuels, though he declined to make specific commitments.

In a typical exchange, Sen. Martin Heinrich (D-N.M.), ranking member of the committee, asked Wright for an assurance that the work of the department's Grid Deployment Office would be continued "to support the kind of transmission projects that increase reliability and save consumers money."

Heinrich referred specifically to the Heritage Foundation's *Project 2025* and its recommendation for eliminating the GDO, which has overseen transmission upgrade and expansion initiatives such as the *Grid Resilience and Innovation Partnerships* program, funded with $10.5 billion from the Infrastructure Investment and Jobs Act.

Without mentioning GDO, Wright said he was "aligned" with Heinrich and, if confirmed, "will seek to find the best ways to improve our transmission grid, including expansion and new lines."

On the Republican side, Wright provided a nuanced answer to a question from Sen. John Hoeven (R-N.D.) on how to overcome skepticism to increasing fossil fuel production in the U.S. and globally.

Why This Matters

Chris Wright was mostly successful in navigating a middle line between Republicans and Democrats on the Senate Energy and Natural Resources Committee during his confirmation hearing to be secretary of energy.

"You have to understand that there isn't dirty energy and clean energy," Wright said. "All energies are different, and they all have different tradeoffs. Different geographies or locations have climates more favorable to this energy versus that energy. So, it's a complicated dialogue, which means it's not easy to get people to share this broader perspective on it."

Sen. Mike Lee (R-Utah) | *Senate Energy and Natural Resources Committee*

Without the growth of new energy technologies, "we wouldn't have as much energy as we have today," he said, but "it's proven very hard to displace hydrocarbons in the global energy system."

He also told Sen. Dave McCormick (R-Pa.) that he would support new research on fossil fuel innovation.

"Fossil fuels, again, have powered the world throughout my lifetime and will continue to do so," Wright said. "Even though it's a critical technology for us, there's been less interest in it; less interest to talk about it. I don't share those aversions. I am all about new technology to improve energy sources across the board ... including hydrocarbon energy sources."

Trump's nomination of Wright as secretary of energy Nov. 16 was met with mixed reactions, praise from Republicans and cautious optimism from some Democrats who noted his education at the Massachusetts Institute of Technology and University of California, Berkeley and a resume that includes stints in nuclear, wind and solar energy.

He started Liberty in 2011 and has built the company into a major player in the natural gas

FERC/Federal News

industry by developing highly energy-efficient fracking equipment. Liberty has also invested in sodium-ion energy storage and next-generation geothermal, and Wright sits on the board of Oklo, a developer of small modular reactors.

A Colorado native, Wright was introduced at the hearing by Sen. John Hickenlooper (D-Colo.), who readily admitted to a long history of disagreeing with the nominee on many energy issues.

"He is indeed an unrestrained enthusiast for fossil fuels in almost every regard," Hickenlooper said, but "he is a scientist who is open to discussion, and he is, again, a scientist who is a successful entrepreneur and has that ability to assess what is possible and what isn't."

'The Hype over Wildfires'

But Wright's nomination has been opposed by some who have pointed to his record of past social media and video pronouncements downplaying the impacts of climate change and denying the existence of an energy transition. Such statements, and his financial support for Trump's campaign, drew some of the sharpest questions at the Senate hearing.

Sen. Alex Padilla (D-Calif.) cited a social media post in which Wright wrote, "The hype over wildfires is just hype to justify more impoverishment from bad government policies."

Sen. John Hickenlooper (D-Colo.) | *Senate Energy and Natural Resources Committee*

When Padilla pushed him on the statement — asking if "given the devastation that we're currently experiencing in Los Angeles, do you still believe that wildfires are just hype?" — Wright answered, "I stand by my past comment."

Padilla also asked the nominee if he would stand up to Trump or other administration officials if they pressured him to withhold or suppress research from DOE or the National Laboratories.

"I would follow the scientific method," Wright said. "I will be honest in integrity and follow the laws and statutes of our country."

Sen. Mazie Hirono (D-Hawaii) brought up the April 2024 fundraising dinner Trump held at Mar-a-Lago for oil and gas executives, during which he *asked for $1 billion* in campaign donations and pledged to roll back Biden administration environmental rules.

Responding to Hirono, Wright said he was at the dinner but denied that Trump made a pitch for donations or promised regulatory rollbacks.

GOP Back in the Chair

The hearing was also the first session of committee under its new Republican chair, Sen. Mike Lee (R-Utah), who set the tone for the session with a blistering critique of Former President Joe Biden's energy policies.

"Over the past four years, the [Biden] administration has dismantled domestic energy production, canceled leases, and weaponized regulations to discourage investment in pipelines and critical energy infrastructure," Lee said. "Instead of unleashing American energy, this administration has instead decided to reduce our access to energy, and they've reduced many of these tools within the Department of Energy to political tools for advancing extreme climate policies that prioritize ideology over innovations, security and affordability. These failures have caused devastating harm."

He called on Wright to "ensure that the Department of Energy returns to its founding and all-important purpose," which he sees as "producing more energy here at home."

Similarly, Sen. Jim Justice (R-W.Va.), one of the committee's new members, made a pitch for

Sen. Alex Padilla (D-Calif.) | *Senate Energy and Natural Resources Committee*

the centrality of fossil fuels in U.S. energy policy and its economy. "The moment in time when you absolutely believe that we can do without fossil fuels in this world today, you're living in a cave," he said.

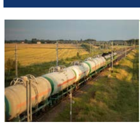
According to the U.S. Energy Information Administration, U.S. crude oil production hit a record 13.2 million barrels/day in 2024, and the U.S. remains a major natural gas exporter.

Despite some hard questions from Democrats, Wright appeared to have enough bipartisan support to win committee approval and have his nomination voted on by the full Senate.

In his opening statement, Wright echoed Trump's energy policies aimed at increasing "baseload" resources and rolling back regulations. If confirmed, Wright said his immediate priorities at DOE will be to restore U.S. energy dominance by unleashing American energy at home and abroad; protecting and accelerating the work of the National Labs to promote innovation and U.S. competitiveness; and removing barriers to building new energy projects.

"Energy has been a lifelong passion of mine, and I've never been shy about that," he said. "President Trump shares my passion for energy, and if confirmed, I will work tirelessly to implement his bold agenda as an unabashed steward for all sources of affordable, reliable and secure American energy." ■

National/Federal news from our other channels



DC Circuit Vacates LNG Rail Safety Rule from First Trump Administration

NetZero Insider

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CAISO/West News

CEC Workshop to Focus on Impact of Pathways Initiative

Indicates Calif. Officials are Preparing for CAISO Governance Changes Ahead of Legislation

By Robert Mullin

The California Energy Commission will hold a workshop Jan. 24 to discuss the West-Wide Governance Pathways Initiative, signaling that the state is gearing up to consider a proposal to alter CAISO's governance structure to accommodate broader Western concerns about the ISO's lack of independence from California politics.

The meeting will be the first Pathways-related public event since the group's Launch Committee voted in November 2024 to approve the "Step 2" proposal to create a new "regional organization" (RO) to provide independent oversight for CAISO's Western Energy Imbalance Market (WEIM) and Extended Day-Ahead Market (EDAM). (See *Pathways Initiative Approves 'Step 2' Plan, Wins $1M in Federal Funding*.)

It also comes three weeks after the start of the 2025 California legislative session, which will see the state's key Pathways backers — likely to include labor and public power utility representatives — submit a bill to implement the Step 2 plan. Feb. 22 is the deadline for submitting legislation.

"The goal in holding this workshop is to build a factual record capturing how current stakeholder groups and interested members of the public view regional electric grid cooperation through the Pathways Initiative," the CEC said in its Jan. 14 meeting notice. "Additionally, the CEC hopes to foster a public dialogue around the benefits to Californians from Step 2 of the Pathways Initiative."

The workshop will include representatives from "key stakeholder groups including regulators, market participants, labor and environmental advocates" and feature discussion about the "potential economic and reliability impacts" of Pathways, according to the notice. The commission won't take any votes on the matter, and the public is invited to make comments.

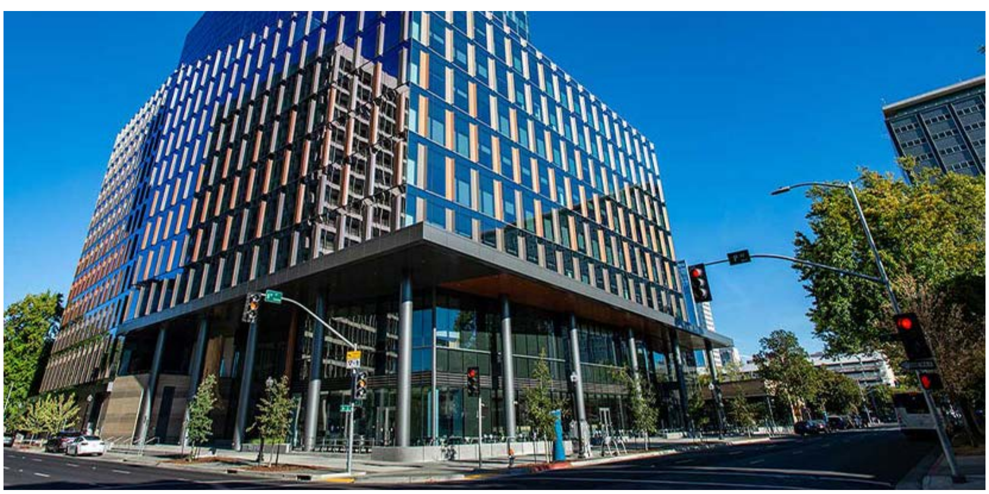
"The current integration landscape before Western electricity system leaders looks quite different than just a few years ago," the CEC said. "The carbon reduction goals, policy directives and economics driving the transition to clean energy systems continue to reshape the Western resource mix, prospective regional markets and the transmission planning needed to support these changes."

Pathways "is an ongoing topic of interest that pertains to evolving regional energy markets," it noted.

The CEC is holding the workshop as part of its 2024 Integrated Energy Policy Report Update proceeding, overseen by Chair David Hochschild and Co-Chair Siva Gunda. Industry stakeholders and members of the public can participate in person at the California Natural Resources Agency's headquarters in Sacramento or call in online or by telephone (see notice for details).

Pathways Updates

The Pathways Initiative is embarking on key transitions this year after the group's Launch Committee concluded its key task in 2024 with the approval of the Step 2 proposal. Those include appointment of the RO's seven-member board and the start of work by the newly established Formation Committee charged with guiding the development of the new entity.



The CEC's Jan. 24 workshop to discuss the Pathways Initiative will be held at the California Natural Resources Agency headquarters building in Sacramento. | *California Natural Resources Agency*

Why This Matters

Pathways Initiative backers face a full workload this year in establishing the new 'regional organization,' but the most visible effort will be seeking passage of a California bill to allow them to implement their plan to alter CAISO's governance.

The new committee will include familiar faces from the older one, including Kathleen Staks of Western Freedom as chair, Evie Kahl of CalCCA, Jim Shetler of the Balancing Authority of Northern California, Scott Ranzal of Pacific Gas and Electric, Alaine Ginnochio of the Western Interstate Energy Board, Lisa Tormoen Hickey of Interwest Energy Alliance and Michele Beck of the Utah Office of Consumer Services.

Three members of the Western Energy Markets Body of State Regulators will also participate: Darcie Houck of the California Public Utilities Commission, Milt Doumit of the Washington Utilities and Transportation Commission and John Hammond of the Idaho Public Utilities Commission.

"So far, the Formation Committee has been working on mostly logistical items — meeting cadence for us, the [Launch Committee], and public stakeholder meetings, as well as a work plan that we will ultimately share with the public that will have more information about public engagement opportunities over the course of the next year," Staks told RTO Insider in an email.

Staks clarified once again that neither committee will be engaging with the California legislature as formal entities.

"Those who engage in legislative efforts are doing so in their individual or organizational capacity, not on behalf of the [Launch Committee]," she said. ■

CAISO/West News

BPA Not Currently Planning Major Resource Acquisitions

Agency Presents 2024 Resource Program Analyzing System Needs

By Henrik Nilsson

Why This Matters

BPA says the 2024 Resource Program provides information on the potential resource types the agency could pursue to serve its obligation after signing a new round of contracts.

The Bonneville Power Administration is not planning to acquire any major energy resources but is taking steps to ensure it's ready in case those predictions change, BPA staff said during a presentation of the agency's 2024 Resource Program on Jan. 14.

"Until we have a little more certainty about what the load obligations will be placed on us under our new long-term power sales contracts that are under development, at this juncture, we're not planning to acquire any major resources," Suzanne Cooper, BPA senior vice president of power services, said during a webinar hosted by the Northwest Power and Conservation Council.

"But we're taking steps to prepare in the event that we do need to acquire resources and augment the system," Cooper added.

The comments came as BPA staff *presented the agency's 2024 Resource Program*, which analyzes potential system needs and available resources. The biennial program study examines uncertainty in loads, water supply, natural gas prices and electricity market prices to develop least-cost portfolios to help meet BPA's obligations.

For the 2024 program, BPA ran various sensitivities, including adding limits on access to the power market, to assess needs and potential solutions.

"Not surprisingly, we continue to rely heavily on energy efficiency, demand response and market purchases to meet BPA needs throughout all of the sensitivities," said Allie Mace, manager of market analysis and policy.

Ryan Egerdahl, manager of long-term power planning, said BPA plans to publish the 2024 Resource Program document later this month and will start work on the 2026 program "basically immediately," with an expected publish date in September 2026.

Additionally, based on comments from stakeholders during the development of the 2024 program, BPA will work on improving modeling capabilities in the next resource program by including additional assumptions, Egerdahl said.

Potential enhancements include assessing the capacity metric under extreme weather and low water to account for longer-duration extreme weather events than BPA has usually accounted for.

Extreme weather events are "lasting longer than three days, which has been our age-old assumption," Egerdahl said.

"So, we're considering having a longer-duration extreme weather event, and maybe looking at different water conditions like happened a year ago in January 2024 where the event was like five plus days and we had really low water," he added.

Other enhancements include:

- reintroducing the balancing reserves study to Needs Assessment;
- connecting resource solutions to the Western Resource Adequacy Program forward showing position;
- including additional candidate resource options;
- refining and refreshing characteristics for candidate resources, including performance of renewables; and
- enhancing linkages between resource solutions, market assessment and needs assessment modeling. ■

Spillway at BPA's Bonneville Dam | © *RTO Insider LLC*

CAISO/West News

SCE Faces Scrutiny and Risks Amid LA Wildfires

No Evidence Utility's Equipment Sparked Highly Destructive Eaton Fire

By Henrik Nilsson

Though no utilities have been blamed for the deadly wildfires in Los Angeles so far, stakeholders have cautioned that companies like Southern California Edison are not completely out of the woods and still face financial and legal risk.

Commenting on the wildfires in a Jan. 16 newsletter, investment bank Jefferies noted that electrical monitoring company Whisker Labs did not find evidence of a major transmission line fault before the Eaton Fire erupted. The blaze burned more than 14,000 acres, causing damage to thousands of structures and at least 17 fatalities, according to officials.

However, Whisker Labs found there were energized distribution lines west of Eaton Canyon despite warnings about high winds prior to the fire's start, the newsletter stated.

Whisker Labs cannot point to a specific source for any fault event, but "based off of multiple faults detected in the lead up to the fire's reported start time, the team confirmed with certainty there were energized distribution lines west of the fire," according to Jefferies.

SCE, one of the area's largest utilities, told *RTO Insider* on Jan. 13 that no fire agency has suggested its *facilities were involved* in igniting the Eaton Fire.

Local utility Pasadena Water and Power also operates in the region.

Still, if SCE's equipment is found to be at fault down the line, the utility's credit rating could take a hit, Moody's Ratings *cautioned in a report* Jan. 16, per Reuters. The report also said the company could see financial damage if the California Wildfire Fund runs out of money. Utilities pay into the fund to receive reimbursements for some wildfire claims.

Additionally, legal challenges are already starting to trickle in. Some affected by the Eaton Fire filed lawsuits against SCE last week, alleging the blaze began under one of the company's transmission towers. SCE has also received preservation notices from counsel representing insurance companies.

Another issue is whether SCE took adequate measures to mitigate risks under its California Public Utilities Commission-approved Wildfire Mitigation Plan, Jefferies contended.

What's Next?

California fire agencies will be better positioned to investigate the cause of the Los Angeles fires once they are more fully contained.

"To date, we have not seen evidence supporting 'serious doubt' of prudency, but we will be closely looking to see whether EIX followed its preemptive safety power shutoffs to the letter," Jefferies stated.

Fire agencies are investigating whether SCE equipment was involved in the smaller Hurst Fire, the utility announced Jan. 12.

SCE said the Hurst Fire was reported at approximately 10:10 p.m. and that a 220-kV circuit experienced a relay at 10:11 p.m. A downed power line was discovered at a tower associated with the circuit, and "SCE does not know whether the damage observed occurred before or after the start of the fire," the utility added. ■

The Eaton Fire has burned over 14,000 acres and destroyed thousands of homes. | *Shutterstock*

ISO-NE News

ISO-NE Introduces Proposed Resource Retirement Changes

By Jon Lamson

ISO-NE is planning to decouple resource retirements from the capacity auction process and adopt a two-year notification timeline for retiring generators, the RTO told stakeholders at the NEPOOL Markets Committee meeting Jan. 14.

The proposal is one component of ISO-NE's wide-ranging capacity auction reform project, which aims to transition the region to a "prompt" capacity market held just months before each capacity commitment period (CCP), instead of the current time frame of over three years. (See *ISO-NE in 2025: Capacity Reforms, Tx Solicitation and FERC Orders*.)

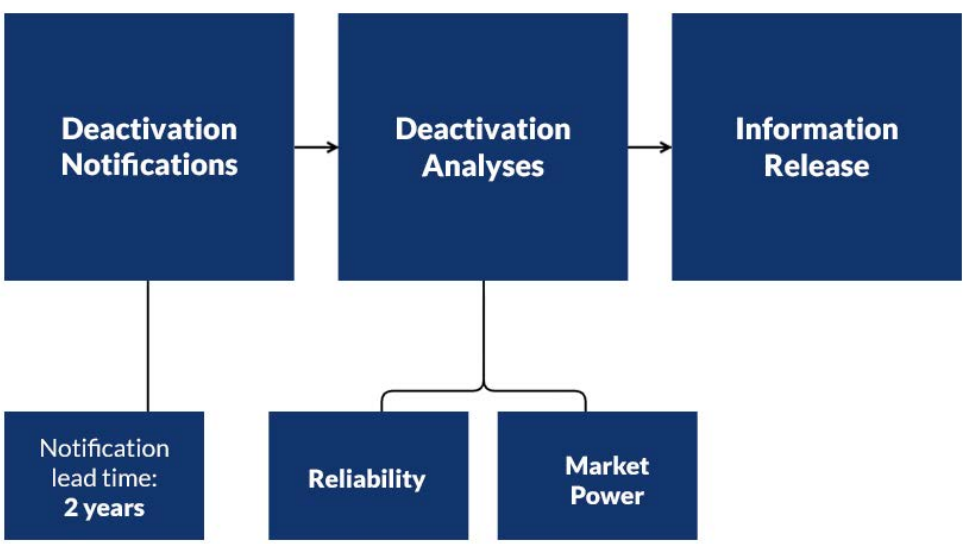
While retiring resources are currently required to submit de-list bids through the forward capacity auction process over the four years prior to the relevant CCP, "the move to a prompt capacity auction necessitates a new mechanism to collect resource retirements," said Kevin Coopey of ISO-NE.

Coopey added that the new process "will be the mechanism to reduce or eliminate interconnection service" for both capacity interconnection rights and energy-only interconnection rights. ISO-NE plans to use the term "deactivation" for resources that are permanently exiting both the capacity and energy markets, and "capacity market deactivation" for resources strictly exiting the capacity market.

Coopey said there are "natural tensions" between adopting a shorter versus a longer retirement notification timeline.

"A shorter timeline allows participants to improve the efficiency of deactivation decisions by having better market information," he said, while "a longer timeline allows the market, including entrants and the ISO, to better respond to deactivations."

ISO-NE also emphasized the importance of simplicity in the new retirement design to prevent confusion and allow participants "to access market information in a timely manner that enhances efficient decision-making."



Flow chart for ISO-NE's proposed resource deactivation process | *ISO-NE*

What's Next?

ISO-NE will continue to refine its proposal with stakeholders at the NEPOOL Markets Committee in the coming months.

Zeky Murra Anton of ISO-NE noted that the RTO "evaluated timelines ranging from four years to six months" before landing on the two-year timeline. Relative to the current timeline, a two-year notification period would give generators more up-to-date information to enable more efficient retirement decisions while still providing time for the RTO and other participants to respond to issues created by retirements, he said.

ISO-NE is planning to review deactivation notifications for reliability and market power issues before publishing the information prior to each capacity auction.

Murra Anton acknowledged that the shorter retirement notification timeline could present challenges if transmission issues are identified.

"Experience with transmission construction shows the time from needs identification to completion is frequently longer than two years," he said.

If solutions are not feasible within the two-year time frame, ISO-NE's tariff authorizes reliability must-run agreements to retain resources for local transmission reliability issues.

ISO-NE will continue to work with stakeholders on the proposal at the MC in February. It is planning to file with FERC the resource retirement and prompt auction reforms by the end of 2025, followed by a second filing in 2026 focused on resource accreditation and dividing CCPs into seasonal periods. The changes are intended to take effect for the 2028-29 CCP. ■

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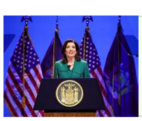

NY Defers Action on Controversial Cap-and-invest — NetZero Insider

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NECA Conference Previews the Future of Markets in the Northeast

By Jon Lamson

Why This Matters

Changes to ISO-NE's capacity market, along with new market mechanisms on the horizon, could significantly affect the revenues available for new and existing resources.

BOSTON — Managing the often-at-odds priorities of affordability, reliability and decarbonization will require a delicate balance of innovation, market reforms and stability, industry experts told attendees of the Northeast Energy and Commerce Association's Power Markets Conference on Jan. 16.

Speakers discussed some of the major changes on the horizon for the region's wholesale markets as grid operators prepare for significant load growth and an increasingly distributed and intermittent resource mix.

ISO-NE is undergoing a major effort to reform its capacity markets, which includes resource accreditation updates and changes to the timing and format of capacity auctions. FERC accepted similar accreditation changes for NYISO in July, which will take effect in 2026. (See *FERC Accepts NYISO Capacity Accreditation Changes, with 1-Year Delay*.)

Chris Geissler, director of economic analysis at ISO-NE, said the RTO is trying to design the accreditation methodology so "everyone is essentially selling the same product."

The proposed accreditation framework is intended to quantify how a resource would perform during the periods with the greatest reliability risks, meaning that assumptions related to the resource mix, outages and demand profile could have major effects on how different resources are valued.

For example, adding wind capacity would improve grid reliability during the periods with high wind, reducing the reliability value of subsequent additions of wind resources, Geissler said.

Meanwhile, energy storage likely will be complementary to weather dependent resources. Increasing the amount of solar or wind power on the system could improve the reliability contributions of energy storage, Geissler noted.

Michael Borgatti, senior vice president of RTO services and regulatory affairs at consulting firm Gabel Associates, said the nearly 10-fold increase in prices in PJM's most recent capacity auction should serve as "a cautionary story for all other RTOs across the country, including NYISO and ISO-NE." (See *PJM Capacity Prices Spike 10-fold in 2025/26 Auction*.)

Capacity prices are "a symptom of how you set the underlying supply and demand fundamentals," Borgatti said, adding that PJM determined its capacity need on an unprecedented extreme scenario.

"PJM built its capacity model on the backs of Winter Storm Elliott," Borgatti said. "They wanted to make sure their model reflected the possibility of these big dangerous storms matching up with the highest load."

Despite the high prices in PJM, uncertainty regarding potential changes to PJM's capacity market makes it hard for developers to invest in new resources that could help address the lack of capacity, Borgatti said.

New Market Mechanisms

While ISO-NE's capacity accreditation reforms likely will increase compensation for dispatchable resources that provide winter reliability benefits, ISO-NE has indicated new market mechanisms may be needed to support resources that are called upon only in extreme situations. (See *ISO-NE: New Mechanisms May be Needed to Ensure Future Grid Reliability*.)

The RTO's Economic Planning for the Clean Energy Transition (EPCET) study, published in October, found a major need for dispatchable resources to meet a higher and increasingly variable winter peak. The resources, ISO-NE noted, "may only run once every few years." (See *ISO-NE Study Lays Out Challenges of Deep Decarbonization*.)

The *EPCET study* also found ISO-NE's energy market likely will decrease in value as renewables supported by power purchase agreements come online, with the capacity market and PPAs increasing in importance. The RTO also outlined concerns that the current PPA model will struggle to support new resources starting in the mid-2030s.

"We're going to need steel in the ground," said Jeff Turcotte, assistant vice president of government affairs at the Electric Power Supply Association. "Markets are going to have to

From left: Rosendo Garza, Day Pitney; Matthew Picardi, Shell; Noha Sidhom, Viribus Fund; Jeff Turcotte, EPSA, and Ashley Gagnon, Massachusetts EEA | © *RTO Insider LLC*

ISO-NE News

continue to signal that investment."

"If we are thinking about big ideas and big investments … some of those answers are already out there," Turcotte said, pointing to the *Pathways Study*, which Analysis Group conducted for ISO-NE in 2022.

The Pathways Study considered several strategies for decarbonizing the grid to meet state goals and ultimately concluded that net carbon pricing would be the most cost-effective way to reduce power sector emissions in the region. (See *Draft Study Weighs Tradeoffs of CO2 Pricing, FCEM for ISO-NE*.)

However, adopting net carbon pricing would require buy-in from all six New England states, which so far has prevented further development of this proposal.

"ISO-NE has made it very clear that it thinks net carbon pricing is the most efficient way to decarbonize the grid," said Ashley Gagnon, senior director of Massachusetts' office of Federal and Regional Energy Affairs. "From Massachusetts' perspective, we're always interested in having conversations about new market mechanisms to in connection with the future grid."

Cutler Cleveland, associate director of the Institute for Global Sustainability at Boston University, emphasized the importance of rapid decarbonization.

"It's quite clear that we're not moving quite as fast as we need to avoid the wheels coming off the bus," Cleveland said, outlining the wide range of severe consequences climate change is projected to have on human mortality, disease vectors, air and water quality, and labor productivity.

"Business as usual with decisions driven only

Cutler Cleveland, professor at Boston University | © RTO Insider LLC

by market forces will not work," he said, adding opposition from politicians and the public to climate policies — including carbon pricing — "is a real problem."

Demand Response and Load Flexibility

Another major topic of the conference was how the region can unlock savings by shifting demand away from peak hours as the electrification of transportation and heating accelerates.

The costs savings of reducing the region's peak load could be massive: ISO-NE's *2050 Transmission Study* found that a 10% reduction in the projected 2050 peak could save nearly $10 billion. (See *ISO-NE Prices Transmission Upgrades Needed by 2050: up to $26B*.)

Across the region, utilities are working on advanced metering infrastructure (AMI), which should enable incentives for residential customers to decrease peak demand. In Massachusetts, the utilities plan to complete their rollout of AMI by 2030, which likely will be followed by some form of time-varying rates. (See *Mass. Electricity Rates Working Group Issues Recommendations*.)

While there was some disagreement between speakers about whether policymakers should focus on automating demand response or rely on real-time pricing to incentivize behavioral changes, most agreed automating demand response for willing customers will be an important piece of the puzzle.

George Twigg, executive director of the New England Conference of Public Utilities Commissioners (NECPUC), said residential demand response likely needs to be automated to reach a wide scale. He noted that the commercial and industrial sectors — despite the attention given to the residential sector — likely hold the greatest potential for demand response.

Austin Dawson, deputy director of energy supply and rates at the Massachusetts Department of Energy Resources, said the state likely will need "some significant reforms" to rate design to make the most of advanced metering infrastructure, adding that long-term recommendations from the state's Interagency Rates Working Group should be released later in January.

While electric vehicle load probably is the easiest to shift, "I don't think we can write off heating load as a flexible end use," Dawson noted.

He emphasized the importance of research and pilot programs to prepare for the transition to a winter-peaking system, which ISO-NE expects to occur in the mid-2030s. ■

MISO News

Following DR Exploitation, MISO Announces Stiffer Requirements Before Capacity Auction

By Amanda Durish Cook

What's Next?

MISO's announcement that it will impose the full force of its testing rules ahead of the capacity auction may have some load-modifying resources redoing portions of their registration documentation.

CARMEL, Ind. — MISO revealed it will crack down on demand response testing requirements ahead of its spring capacity auction, while some stakeholders argued the stepped-up measures amount to a change that requires FERC approval.

The announcement at the Jan. 15 Resource Adequacy Subcommittee meeting follows FERC doling out several million dollars in penalties across a string of companies for invented demand reductions in recent years.

MISO's Joshua Schabla said before its late March capacity auction, MISO will require all load-modifying resources (LMR) and demand response resources that haven't submitted real power tests demonstrating 100% of their registered capability to provide documentation explaining why complete reductions couldn't be achieved and submit 10 days of meter data before, during and after seasonal coincident peak loads.

Load-modifying resources that contain aggregated retail customers must show a contractual relationship for their megawatt capability, Schabla added. MISO said contracts must be active for all seasons an LMR offers their services and detail response time, how the LMR achieves demand reduction and specify how many megawatts or to what firm service level end-use customers agree to curtail. MISO said those entering aggregations of households must "submit a detailed report describing how the load reduction is achieved, how the load reduction works and how the load reduction value is calculated."

Further, resources using a firm service level threshold to measure reductions must show in testing that they can cut use to that level.

Schabla said the testing and documentation requirements aren't new and have been in MISO's business practice manuals. He said beginning with the upcoming Planning Resource Auction (PRA), MISO will begin disqualifying resources that fail to provide required information.

MISO said it "continues to see testing inconsistencies" among its demand response fleet.

Some LMRs already are registered for the upcoming auction; MISO said some of those may need to resubmit registrations if they lack detail.

Representatives from Voltus — the latest company to agree to a multimillion-dollar civil penalty to settle demand response violations — voiced the most opposition to MISO's doubling down on enforcement. (See *Voltus Agrees to $18M Fine to Settle DR Tariff Violations in MISO*.)

"A lot of these are changes and they're being delivered to stakeholders at the 11th hour," Voltus' Sean Shafer said. "This does feel like a last-minute surprise."

Shafer said it appeared MISO was trying to "push through" testing changes that stand to affect rates without FERC approval.

MISO staff at the meeting disagreed and said the RTO already is authorized to administer rules on its books. "We are going to start enforcing them based on behavior from market participants over the last several years," Schabla said.

"We don't like the situation we're in either," Executive Director of Market and Grid Strategy Zak Joundi told stakeholders.

Jim Dauphinais, representing a collection of MISO end-use customers, said MISO should have raised more stringent enforcement back in September. He said at this point, MISO has appeared to issue conflicting guidance on testing requirements. Dauphinais pointed out that some load-modifying resources already have performed testing for the upcoming auction.

"You can pursue a more aggressive approach, but you're going to have to be patient and flexible. Unfortunately, this is going to cause a big scramble," Dauphinais said, advising MISO to allow testing deferrals.

"This is a 13th-hour change," Voltus' Luke Metcalf argued. "We are 40% of the way through registration. … There is a change here, and MISO should be going through the stakeholder process to codify this."

Metcalf said MISO should have communicated a more stringent testing process to stakeholders at least a year in advance. He said until MISO introduces a proposal to bolster testing requirements, market participants should be

MISO control room | *MISO*

MISO News

free to rely on the more lenient LMR testing guidance MISO issued in previous years.

Schabla said MISO's chief concern is that resources have cleared the PRA without ever intending to perform. He said some demand response can "effectively take payment from ratepayers" while even opting out of testing requirements.

"We believe that's not acceptable," Schabla said.

IMM Presses for More Near-term LMR Rules

As some stakeholders say MISO is going too far in requirements, the Independent Market Monitor pushed MISO to enact further edicts on LMRs.

IMM Carrie Milton said MISO should make a short-term filing to hold LMRs to more stringent rules by the 2026/27 capacity auction.

Milton said some LMR rules should be rolled out faster than MISO's ongoing, longer-term effort to move to an availability-based accreditation for its LMRs, demand response and behind-the-meter generation. She advised MISO to draft a separate FERC filing for short-term fixes.

The IMM said MISO's filing should strengthen penalties for unavailability and overstating capability, eliminate dual registration of LMRs and emergency demand response, require exclusive contractual rights for LMR output and do away with mock testing.

"Unfortunately, mock tests have been abused in the past," Milton said, adding that real performance testing is best.

MISO in late 2024 announced it would put an end to allowing LMRs to also register as emergency demand response. The RTO plans to make a filing sometime in the coming months.

Milton said the filing also should rework the tariff's Attachment TT to become a singular how-to for measuring and verifying demand response and load modifications. Attachment TT should be expanded to include testing and deployment rules and should define firm service levels and their application in use reduction.

Joundi said MISO is evaluating the IMM's recommendations and will return to the February meeting of the Resource Adequacy Subcommittee with a response.

Auction Preparations

Meanwhile, MISO is full steam ahead on other capacity auction preparations. Market participants have until Feb. 1 to question MISO about their resources' accreditation values. MISO is targeting mid-February to post final accreditation values for resources.

The auction window will open March 26 and close March 31. MISO plans to publish auction results at the end of April.

Using summer data, MISO anticipates a 122.66-GW coincident peak and will require a 7.9% planning reserve margin at 135.3 GW. However, MISO so far estimates it has 124.6 GW in total seasonal accredited capacity despite 159.8 GW in total installed capacity.

"Today's data is the first cut, very preliminary and will change," MISO Manager of Resource Adequacy Andy Taylor said, adding that the current data is only an indication for stakeholders. "There is a whole lot that's still missing."

MISO will finalize accredited capacity values in mid-February and post updated versions of auction data periodically until MISO opens the offer window.

LMR Replacements in Capacity Auctions?

Finally, MISO is considering switching up its auction rules in the future to permit load modifying resources to make substitutions when originally contracted load reductions can't honor reduction promises.

MISO allows its more traditional resource types to replace zonal resource credits, but that allowance doesn't extend to LMRs. MISO uses zonal resource credits to measure its resources' capacity.

MISO is contemplating allowing LMRs to make similar, limited replacements if the end-use customers it contracted for reductions must terminate contracts.

Shafer said MISO's replacement proposal is "encouraging" and will be helpful in the event facilities close and zonal resource credits need to be replaced. ■

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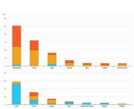

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MISO News

MISO and SPP Ask FERC for JOA Waiver to Conduct More Meticulous Interregional Study

By Amanda Durish Cook

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MISO and SPP have asked FERC for a temporary departure from sections of their joint operating agreement to be able to conduct a more comprehensive interregional planning study to land on mutually beneficial transmission projects.

MISO and SPP filed the limited waiver request Jan. 15, asking for a one-time reprieve from a multiyear modeling requirement and a restrictive benefit valuation directive for their 2024/25 interregional planning cycle (*ER25-943*). The pair of grid operators said they don't want to be constrained by certain sections of their joint operating agreement (JOA) when conducting their in-progress Coordinated System Plan (CSP) study and requested a response from FERC by March 15, 2025.

MISO and SPP said current JOA wording limits them to using only the value of avoided regional projects to measure the reliability and public policy benefits of interregional projects. The JOA also requires MISO and SPP, when conducting a CSP, to use multiyear modeling, which the RTOs interpret to mean using multiple model years, like two, five and 10 years out.

For their 2024/25 CSP, MISO and SPP instead want to use several differing scenarios all 10 years into the future using a combination of their respective 2034 modeling. They said they're hopeful the study will turn up more potential projects than a broad-brush study with pit stops at five, 10 or 15 years.

MISO and SPP added that 2034 is a pivotal point, on the other side of many utilities and states' 2030 decarbonization goals and on the road to bigger net-zero goals.

The Bottom Line

MISO and SPP said if they're to find any project candidates in this year's interregional study, they need a break from two rules between them: a directive to search for projects using multiple points in the future and a benefit valuation rule that says reliability can be measured only in avoided regional projects.

MISO and SPP also said establishing the reliability value of a project solely on its ability to avoid regional projects likely hamstrings them from analyzing projects' usefulness in other areas, like expanding interregional transfer capability or standing the grid up to weather extremes.

"The requirement to value reliability or public policy interregional projects as the cost avoidance of pre-existing regional projects will hinder such projects from being proposed based on additional or alternative benefits. It is likely that reliability needs will be identified along the seam in the analysis, yet not observed in prior regional processes due to modeling differences or because the planned study offers a more robust evaluation of the 10-year horizon," MISO and SPP explained.

MISO and SPP said they're casting a wider net for interregional projects in the current CSP and want to use comprehensive reliability, economic and transfer analyses using 10-year forward modeling. They said using detailed, long-term views will help them move beyond solely "studying and resolving transmission issues" and better line up with FERC Order 1920.

This CSP would prioritize "immediately actionable enhancements," MISO and SPP said, like upgrades in existing rights-of-way, terminal equipment, transformers or greenfield development that might not be contemplated in regional studies.

MISO and SPP decided months ago that this year's CSP "would not yield different results" from fruitless past studies unless it considers "near-term upgrades that incrementally enhance transfer capability and yield multiple benefits across the RTOs' respective footprints without limiting upgrades to the replacement of regional projects."

"The RTOs believe that, unless the study scope is broadened as proposed, the 2024/25 CSP study would become a futile, pro forma exercise that would not result in recommended interregional projects," MISO and SPP said. "History has proven that there have been high-potential projects considered, but ultimately not recommended, as cost shared interregional projects in the MISO-SPP CSP studies, and many projects have not been able to pass the interregional project criteria as narrowly defined in the MISO-SPP JOA." ■

MISO News

MISO Ponders Redistributing LSEs' MW Obligations Based on Demand During Risky Periods

By Amanda Durish Cook

CARMEL, Ind. — MISO hopes to mete out different reserve margin obligations to its load-serving entities as it sees bigger perils on the horizon.

The grid operator says because of shifting and growing risks to the system, its reliability requirement should be reallocated among LSEs based on periods that contain the highest reliability risks. Today, MISO divvies up its planning reserve margin requirement (PRMR) based only on LSEs' 50/50 load forecast for MISO's coincident peak.

MISO instead would like the PRMR spread among MISO's load-serving entities based on historical load during MISO's set of predefined risky hours that already are used to gauge capacity accreditation values.

At a Jan. 15 Resource Adequacy Subcommittee meeting, MISO's Neil Shah said MISO would look back one year to get an idea of historical load. MISO first mulled using three years of historical load data but said a one-year lookback should be sufficient in an era of expanding load.


Neil Shah, MISO | © *RTO Insider LLC*

Shah said the demand uncovered in MISO's loss of load expectation study — which is used to set the PRMR — diverges from the demand MISO sees in its capacity auctions. He said MISO's probabilistic modeling "observes risks at load levels that are much higher than 50/50 coincident peak load."

A recalibration of the PRMR distribution should remove a "misalignment" between LSEs' obligations and the load LSEs are consuming at the times of highest need on the system, Shah said.

Shah said MISO hopes to make a filing with FERC on LSEs' PRMR values sometime in 2025 after workshopping the proposal with stakeholders.

MISO also said portioning out the PRMR to LSEs based on demand during system risk will line up with MISO's recently approved resource accreditation, where MISO accredits resources based on their availability during risky hours. (See *FERC Approves New MISO Probabilistic Capacity Accreditation*.) MISO originally considered including a PRMR reallocation as part of the early 2024 capacity accreditation filing to FERC but later decided to hold off and make a separate filing. ■

MISO News

FERC Permits 2030 Finish Date for MISO Order 2222 Compliance

By Amanda Durish Cook

FERC has accepted MISO's second try at Order 2222 compliance, allowing MISO time to prepare through mid-2029 before it fully accepts aggregators of distributed energy resources into its markets in 2030.

The commission said in a Jan. 16 order that MISO this time provided adequate explanation for the delay into 2030 and pledged that creating a multiple configuration resource model will take a backseat to finishing Order 2222 (*ER22-1640-003*).

FERC accepted MISO's rationale that its underlying computer systems need work over the next four years and called the wrap-up date a "reasonable effective date that is appropriately tailored for its region and implements Order No. 2222 in a timely manner."

FERC also decided MISO this time around provided enough additional analysis to support its call to limit aggregations to a single pricing node. FERC directed in Order 2222 that aggregations should be as locationally broad as technically feasible.

The commission disagreed with some stakeholders that MISO's effective date is essentially the original 2030 time frame MISO proposed. FERC said this time, MISO prioritized Order 2222 compliance on its to-do list over its initiative to create a multi-configuration resource model but had to account for several more months to roll out its new market platform and get its systems ready for DER aggregations' registration and enrollment and settlements.

MISO said, "additional systems enhancements and process updates that were not contemplated at the time of MISO's initial compliance filing are now also required to achieve … final implementation."

MISO expects to have its new, modular market platform fully operational in late 2025. Beyond that, MISO said improvements to its locational enrollment system needed for DER registration are underway and expected to be completed in mid-2026. It also said updating its settlement systems to accommodate DER aggregations will take until mid-2028.

In its first decision in 2023 on MISO's plan, FERC said MISO's 2030 finish date wasn't timely enough. The RTO explained it first needed to replace its market platform before it has the technological capability to register, enroll and facilitate offers from DER aggregations. (See *FERC: MISO's 2030 Finish Date on Order 2222 Compliance not Soon Enough*.) In response to the order, MISO divided its plan to allow DER aggregations in its markets into two stages.

MISO proposed a two-step approach to Order 2222 compliance. First, it would use an existing demand response resource participation category to get aggregations of distributed resources participating sooner — albeit on a limited basis — and providing energy, contingency reserves and capacity through behind-the-meter generation or controllable load. MISO would begin registering DER aggregations under its demand response resource (DRR Type I) participation model by Sept. 1, 2026, and begin participation by June 1, 2027. DER aggregations would be limited to 1 MW or larger under the demand response participation.

MISO would roll out its comprehensive Distributed Energy Aggregated Resource model at the beginning of 2030. It plans to register aggregations beginning June 1, 2029, allow DER aggregations to participate in its energy and ancillary services by Jan. 1, 2030, and finally open full market participation to aggregations by June 1, 2030. (See *MISO Offers 2-stage Plan for DER Aggregations in Markets*.)

What's Next?

With FERC's order accepting a 2030 finish date on DER aggregations in MISO markets, it's now up to MISO to decide whether it still plans to pursue an intermediate step that would have such aggregations participating under a limited demand response model in 2027, 2028 and 2029.

FERC: Demand Response Participation Doesn't Fit with Order 2222

In its Jan. 16 order, however, FERC said MISO's prerogative that a DRR Type I participation approach could serve as the first phase of Order 2222 compliance is wrong. The commission said MISO's proposed 1-MW size threshold doesn't line up with Order 2222's 100-kW size minimum.

| *Shutterstock*

FERC also said MISO's demand response placeholder doesn't address the coordination, data requirements or means to discourage double counting of resource contributions required under Order 2222.

"We recognize that MISO's DRR-Type I proposal was intended to be responsive to the commission's directives on the effective date and locational requirements of Order No. 2222," FERC said, but added that MISO nonetheless missed the mark on leveraging an existing participation model to eke out partial Order 2222 compliance.

FERC gave MISO 180 days to either file how the DRR Type I participation model can comply with Order 2222 or strike the first phase of participation altogether from its compliance plan. FERC said if MISO decides to remove the DRR Type I component, it's free to make an independent filing to FERC to seek approval of the temporary participation method for DER aggregations.

MISO did not return *RTO Insider*'s request for comment on whether it would salvage the DRR Type I aspect for a separate filing to allow DER aggregations to provide some services by the middle of 2027. ■

DC Circuit Court Leaves ITCs Abandonment Incentive Untouched Despite Iowa ROFR Uncertainty

By Amanda Durish Cook

The D.C. Circuit Court of Appeals has dismissed transmission customers' argument against ITC Midwest receiving an abandonment rate incentive for an Iowa line segment included in MISO's long-range transmission planning.

That's despite ongoing uncertainty over the fate of Iowa's right of first refusal law.

The court decided Jan. 14 that the collection of organizations — Resale Power Group of Iowa, the Industrial Energy Consumers of America, the Coalition of MISO Transmission Customers and the Wisconsin Industrial Energy Group — didn't prove "imminent injury" from ITC Midwest being able to recover 100% of prudently incurred costs building the Skunk River-Ipava 345-kV line in Iowa if the project is canceled due to factors beyond ITC's control (*23-1334*).

The groups disputed the incentive on account of Iowa's right of first refusal law being overturned in late 2023 and ambiguity surrounding which developer ultimately will build the segment of the long-range transmission project. (See *Iowa ROFR Law Overturned, Throwing Multiple MISO LRTP Projects into Uncertainty*.) They said ITC's ownership is "uncertain" and likely "void" from the direction of the ongoing litigation and the incentive appears destined to expose them to the risk of higher rates in the future.

However, the D.C. Circuit Court said the transmission customers couldn't point to "concrete costs any one of them now confronts," nor were they able to show that they "will ever suffer any injury" from the abandonment incentive if ITC continues to build the project as intended.

"For their injury to occur, not only would the Iowa Supreme Court need to affirm a permanent and retroactive Iowa ROFR injunction, MISO would need to open competitive bidding for the project, and ITC would need to lose the bid, invoke the abandonment incentive, and demonstrate to the commission its costs were prudent and the resulting rates are just and reasonable and not unduly discriminatory," the court said, agreeing with ITC that the "highly attenuated chain of possibilities" is predicated on "guesswork as to how independent decisionmakers will exercise their judgment."

The court concluded the transmission customers lacked standing to challenge FERC's decision.

The Bottom Line

The D.C. Circuit Court was not swayed by a band of transmission customers arguing that Iowa's in-limbo ROFR law should be a reason to revoke ITC Midwest's abandoned plant incentive for a 345-kV line it plans to build in the state.

FERC originally granted ITC's request for an abandonment incentive in August 2023, deciding the project could face siting, regulatory and environmental risks. Months later, the commission upheld its decision to grant ITC an abandoned plant incentive, though MISO consumer groups argued against it (*ER23-2033-001*).

FERC Commissioner Mark Christie took issue with the abandoned plant incentive altogether and dissented from the order. The 345-kV line segment is part of MISO's first, $10 billion long-range transmission plan. ■

An ITC Midwest substation near Cedar Rapids, Iowa | *ITC Midwest*

NYISO Operating Committee Approves Final LCR

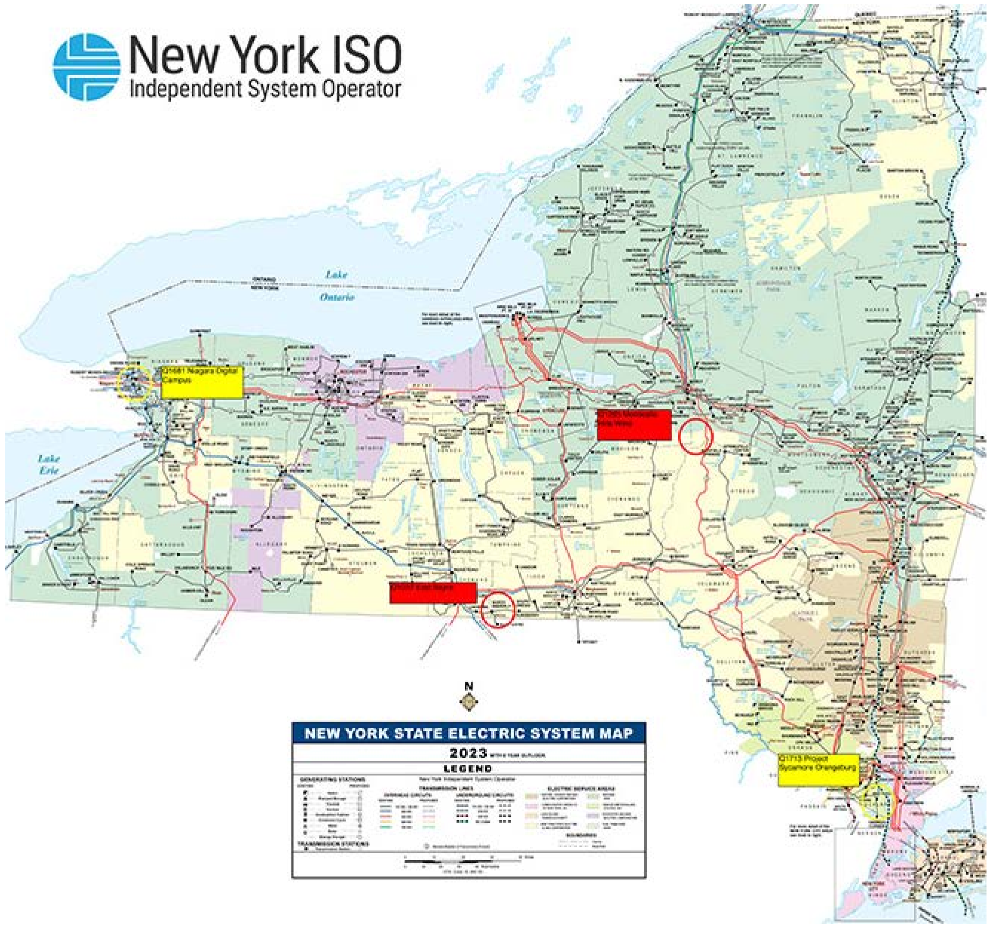
NYISO Anticipates it can Meet Current Cold Snap Demand

The NYISO Operating Committee has approved the final Locational Capacity Requirements for the 2025/26 capability year. These were the same LCR values presented *earlier* to the ICAP working group.

The LCRs, expressed as a percentage of the peak load forecast, represent the minimum capacity New York's generators and load-serving entities must maintain within each of the downstate zones, which have transmission constraints.

"I'm going to vote yes because the ISO did the LCR study consistent with all its rules," said Mark Younger of consulting firm Hudson Energy Economics. "However, I am quite concerned that we still have a major inconsistency between the transmission security needs that are represented in the TSLs [transmission security limits] and ultimately affect the LCR."

Younger said this had been an issue for several years, had been undercutting price signals and was more important now because the ISO had found a reliability need in its most *recent RNA*.



| *NYISO*

Operations Report, December 2024

NYISO also presented the monthly Operations Report for the previous month. The peak load, 23,065 MW, occurred Dec. 23, 2024.

Over the last month of 2024, 2,736 MW of land-based wind, 136 MW of offshore wind, 6,048 MW of behind-the-meter solar and 571 MW of front-of-the-meter solar were installed. Additionally, 63 MW of energy storage was installed.

Aaron Markham, vice president of operations, noted that NYISO was taking preparatory action for severe winter weather. NYISO said it was prepared to meet anticipated demand for the current cold snap.

NYISO expected demand to peak at 24,400 MW on Jan. 21 and 24,200 MW on Jan. 22.

NYISO's 2024/25 Winter Assessment found that 29,514 MW of resources were available statewide; 2,275 MW were available through emergency dispatch. ■

— Vincent Gabrielle

Results Comparison	IRM	J LCR	K LCR	G - J	LOLE (Event-days/yr)
2025-2026 Final LCRs	**24.4%**	**78.5%***	**106.5%**	**78.8%***	**0.100**
2025–2026 FBC (Tan45)	24.4%	75.6%	107.3%	86.9%	0.100
2024–2025 Final LCRs	22.0%	81.7%*	105.3%*	81.0%*	0.089

*** TSL floor value is binding**

2025-2026 final LCR results | *NYISO*

Shapiro Warns of 'Reevaluation' of PJM if Capacity Prices not Addressed

By Devin Leith-Yessian

Pennsylvania Gov. Josh Shapiro | *Commonwealth of Pennsylvania*

Pennsylvania Gov. Josh Shapiro on Jan. 13 *urged* PJM Board of Managers Chair Mark Takahashi to "intervene with" RTO leadership to revise the design of the capacity market before conducting the 2026/27 Base Residual Auction (BRA) to avoid an "unacceptable" increase in capacity market prices.

The letter follows a complaint the governor filed with FERC in December seeking to revise the auction's price cap by setting it at 1.5 times the net cost of new entry (CONE); the status quo is the greater of gross CONE or 1.75 times net CONE. Arguing that 1.5 times net CONE is the highest price necessary to ensure that the reference resource is profitable, Shapiro said the existing price cap could cause consumers to overpay by as much as $20 billion, a claim he repeated in the letter (EL25-46). (See *Pennsylvania Seeks Lower PJM Capacity Price Cap in FERC Complaint*.)

"As I have directly related to PJM's leadership team in multiple conversations, I find the specter of such a vast wealth transfer to be unacceptable," Shapiro wrote. "In light of this prospect, it is irresponsible for PJM to push to conduct the next auction without directly addressing widespread concerns over the price cap."

If capacity prices continue to "spiral needlessly upwards," it "will prompt me to call for more sweeping changes, including a reevaluation of the responsibilities that states have entrusted to PJM," Shapiro warned.

Shapiro noted that a lower price cap has been advocated for by the Independent Market Monitor, Organization of PJM States Inc. (OPSI) and the governors of Illinois, Maryland, Delaware and New Jersey.

"The PJM board could choose to resolve the 'cloud of uncertainty' that recent statements describe by instructing PJM staff to support these common-sense measures on an expedited basis at FERC," Shapiro wrote, appearing to refer to the RTO's response to a complaint about reliability-must-run agreements that public interest organizations filed in September. (See *FERC Approves PJM Capacity Auction Delay*.)

"A failure to hear the voices of Pennsylvania consumers speaking against this market failure will cause me to question whether Pennsylvania should remain within a construct that inflicts such unjust outcomes on our consumers."

PJM spokesperson Jeff Shields said the RTO is taking *actions* that will address the issues raised in Shapiro's letter, pointing to an announcement of initiatives to speed generation interconnections and changes to the capacity market that have been filed at FERC.

"We appreciate the governor's letter and have reached out to his office to discuss next steps," he said in an email.

Shapiro requested that Takahashi respond to his letter by Jan. 16.

Gregory Poulos, executive director of the Consumer Advocates of the PJM States, told *RTO Insider* that advocates are concerned about rising capacity and transmission costs and he is glad to see state leaders taking action.

Move to Consolidate

Since filing his complaint last month, Shapiro has *motioned* to have it consolidated with two dockets for proposals PJM has made seeking to revise elements of its capacity market, arguing that they are insufficient so long as the price cap remains unchanged (ER25-682, ER25-785).

One proposal includes reverting the reference resource to a combustion turbine, modeling the output of some generators operating on reliability-must-run agreements and adding tariff language that resources categorically exempt from the requirement that they offer into the capacity market do not hold "safe harbor against allegations of the exercise of market power that benefits an affiliated portfolio of market manipulation power."

The second would extend the must-offer requirement to apply to intermittent and storage resources. (See *PJM Capacity Market in Flux Going into 2025*.)

Shapiro urged FERC to accept PJM's changes "as well as [emphasis added] the reform proposed by the commonwealth in its Section 206 complaint. Adopting the reform proposed in the commonwealth's complaint before the next auction is necessary to protect consumers across the PJM footprint."

PJM opposed the motion to consolidate, stating that the governor's complaint is outside the scope of the RTO's filings and combining them could impair the ability to resolve the dockets in time for the 2026/27 BRA, which is scheduled for July. Given the shorter timeline for the commission to act on the complaint, PJM said consolidating the dockets would leave it with less time to decide on matters unrelated to Shapiro's complaint, such as the must-offer requirement.

The PJM Power Providers and Electric Power Supply Association also jointly opposed the motion, stating that PJM's proposed revisions would have substantial impacts on capacity market prices that should be considered separately from Shapiro's complaint. It also argued that complaints under Federal Power Act Section 206 cannot be used to "shoehorn its preferred rate into a utility's pending [Section] 205 proposal changing its own rate."

The groups also requested that FERC extend the comment period on the Pennsylvania complaint to after Feb. 7, the deadline for FERC to act on PJM's first filing.

Shapiro responded that his $20.4 billion estimate already assumes that PJM's proposals are approved, underlining the need for more thorough changes.

The Monitor commented that the complaint addresses issues with PJM's capacity market that would not be resolved by approving the two proposals and that it should be considered as expeditiously as possible without a lengthening of the comment period.

"Complaints have made proposals to address identified issues that PJM omitted and made constructive proposals to address PJM's flawed proposals. The complaint of the commonwealth of Pennsylvania has raised a critical issue related to the maximum price in the auction that it is essential to address prior to the auction and that PJM failed to address," the Monitor wrote.

OPSI commented that the governor's complaint mirrors one of the requests the organization made in two letters sent to the PJM board in *September* and *November* requesting that it lower the price cap. It supported the motion to consolidate, saying that the commission must act quickly if changes are to be implemented for the 2026/27 auction, noting that PJM has stated that it would need an answer on its capacity market filing by Feb. 21. ■

PJM News

Virginia Legislators Introduce Bills to Deal with Data Center Growth

By James Downing

Northern Virginia legislators on Jan. 14 introduced a package of bills to address growing demand from data centers that they hope to pass in a short session that is scheduled to adjourn next month.

"Data centers have been operating without guardrails in the commonwealth, and the costs are being shouldered overwhelmingly by a handful of districts, including mine," said Sen. Russet Perry (D), whose district covers parts of Arlington, Fairfax and Loudoun counties, the last of which is home to so-called "Data Center Alley."

"We want Virginia to remain a leader in innovation and technological advancement, but there remains a dire and pressing need to ensure the preservation of our resources and protect the pocketbooks of our constituents," she continued. "It's not easy to strike that balance, but this legislative package does just that."

Virginia is home to the largest concentration of data centers in the world, and growth in the sector is on pace to double overall demand for power in the next decade. It could cause the average residential customer's electricity bill to rise by $37/month by 2040, Perry said at a press conference in Richmond.

All of the bills to address data center growth last session were effectively put on hold so the Joint Legislative Audit and Review Commission (JLARC) could publish a report on the sector's impact, Perry said. That report was released in December. (See *Virginia Legislature Report Tackles How to Meet Demand from Data Centers*.)

The legislative package picks up some recommendations from the JLARC report. Its backers divided their effort into four pillars: protecting families and businesses (cost allocation), enhancing transparency around development, responsibly managing resources and incentivizing efficiency.

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Perry and Sen. Richard Stuart (R) introduced Senate Bill *960*, with the companion House Bill *2101* being introduced by Dels. Michelle Maldonado (D) and Michael Webert (R). They would require the State Corporation Commission to ensure that other customer classes do not subsidize data center growth.

"What we have seen, at least in my district, is that we are going to inherit quite a bit of infrastructure due to our growing energy needs," said Webert, whose district covers parts of Fauquier and Culpeper counties, just south of Loudoun. "And my constituents are very, very much concerned about that, and so that's one of the reasons why I agreed to co-patron the piece of legislation with Michelle. Comprehensive action from the General Assembly in the form of recognizing data centers as a unique customer class and assigning their share of cost seems like a fair thing to do."

The transparency pillar would be fulfilled by HB *2035*, which would require the Department of Energy Quality to track and publish energy, water and emissions data from data centers above 30 MW. The other bill in the pillar, HB *1601*, would require large data centers applying for local permits to offer more data on noise impacts and the local utility to update localities on any new infrastructure required.

Responsibly managing resources is covered by HB *2027*, which would require the SCC to review applications for any high load facilities with demand above 25 MW. The process would have to review grid reliability, cost impacts, economic contributions of the facilities and the demand's impact on Virginia's energy and environmental policies.

Del. Rip Sullivan (D) and Sen. Creigh Deeds (D) are working on legislation that would link tax incentives for data centers to energy efficiency and renewable energy procurement for the fourth pillar, but those bills have yet to be filed.

"I haven't spoken with the governor directly about this, but what I will say is that we are not trying to say, 'No data centers,' or anything like that," Perry said. "But what we are trying to say is that our communities deserve a seat at the table."

The forecasted growth for the sector is unsustainable, she added.

Gov. Glenn Youngkin (R) briefly touched on data centers in his annual State of the Commonwealth speech Jan. 13 before the General Assembly, noting they support 74,000 jobs, $9.1 billion in GDP and billions in revenue that localities use for education, public safety and other services.

Why This Matters

Virginia is the largest data center market, and the sector is driving major demand growth for electricity there.

"We should continue to be the data center capital of the world and make sure Richmond is doing what is necessary to support that goal," Youngkin said. "Different communities will make different decisions on data centers, but these must be their decisions. And Richmond should not stop them from capitalizing on these incredible economic opportunities."

The Data Center Coalition, an industry trade group, said it looked forward to working with legislators this session to ensure the continued responsible growth of the sector. In a statement from its president, Josh Levi, the group said that the JLARC report validated Virginia's leadership in data centers.

"The report notes the many local, state and federal agencies that oversee policies and regulations surrounding data center development and are empowered to protect Virginians while managing potential environmental and community impacts," Levi said. "JLARC also confirmed that data centers currently pay the full cost of service for the energy they use and suggests the State Corporation Commission has the technical expertise and is best positioned to ensure this continues as additional generation and transmission are deployed to support economic growth."

The Piedmont Environmental Council supports each of the bills that have been introduced, noting that unconstrained growth of data centers could lead to peak demand of 60 GW by 2050, which is nearly three times its current peak of 22 GW.

"Now is the time for action. Without state oversight and increased local disclosures, we are headed for a catastrophic collision of unprecedented energy demand and a shortage of generation capacity," PEC President Chris Miller said in a statement. "Dominion is signing contracts for power it does not have and does not have a realistic plan for providing. Right now, our state's leaders are playing a game of chicken with our energy grid." ■

PJM MRC/MC Preview

Below is a summary of the agenda items scheduled to be brought to a vote at the PJM Markets and Reliability Committee on Jan. 23. Each item is listed by agenda number, description and projected time of discussion, followed by a summary of the issue and links to prior coverage in *RTO Insider.*

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

Markets and Reliability Committee

Consent Agenda (9:05-9:20)

B. Endorse proposed *revisions* to Manual 01: Control Center and Data Exchange to conform to FERC's approval of PJM's second phase of hybrid generation rules. The package also includes changes identified through the manual's periodic review.

C. Endorse proposed *revisions* to Manual 01 to establish alternative communication protocols for use during an unexpected outage of PJM's EMS Real Time Assessment (RTA) capabilities. (See "Several Manual Revisions Endorsed," *PJM MRC/MC Briefs: Dec. 18, 2024*.)

Issue Tracking: *EMS Telemetry Protective Measures*

D. Endorse proposed *revisions* to Manual 27: Open Access Transmission Tariff Accounting and Manual 29: Billing resulting from their periodic review. The changes include removing outdated references and spelling corrections.

E. Endorse proposed *revisions* to Manual 38: Operations Planning drafted through its periodic review.

Endorsements (9:20-11:05)

1. Manual 14H: New Service Requests Cycle Process Revisions (9:20-9:45)

PJM's Jonathan Thompson will present *revisions* to Manual 14H: New Service Requests Cycle Process to add to PJM's site control requirements for projects in the interconnection queue. Renewable developers have objected to the changes, arguing that they will require them to hold onto land not necessary for their projects, while PJM has held that a common standard is needed. Voting was delayed from the committee's December meeting. (See "Vote on Site Control Requirements Deferred," *PJM MRC/MC Briefs: Dec. 18, 2024*.)

The committee will be asked to endorse the proposed manual revisions at this meeting.

Issue Tracking: *Site Control Modification Clarification*

2. Modeling Users Forum (MUF) Charter (9:45-10)

PJM's Jeff Schmitt will *review* a proposed charter that would convert the Data Management Subcommittee (DMS) to the Modeling Users Forum. The change would facilitate having more frequent meetings that focus on modeling tools and more long-term initiatives.

The committee will be asked to approve formation of the Modeling User Forum at this meeting.

3. Deactivation Enhancements Senior Task Force (DESTF) (10-10:25)

PJM's Chantal Hendrzak is set to present a *proposal* to rework how generators operating on reliability-must-run (RMR) agreements are compensated, the advance notice generation owners must provide PJM ahead of bringing a unit offline, and added transparency around related processes, such as the RMR revenue allocation zonal rate and Independent Market Monitor determinations of market power. The DESTF supported the PJM-sponsored proposal over two others offered by the Monitor and RTO.

The committee will be asked to endorse the proposed solution and corresponding tariff revisions. Same-day endorsement will be sought at the Members Committee.

Issue Tracking: *Enhancements to Deactivation Rules*

4. ELCC Accreditation Issue Charge (10:25-10:40)

PJM's Michele Greening will present *revisions* to an issue charge addressing how PJM's effective load-carrying capability (ELCC) framework is used in resource accreditation. The change would add a key work area examining how market participants can hold greater certainty in ELCC ratings between the Base Residual Auction (BRA) and delivery year.

The committee will be asked to approve the revised issue charge upon first read at this meeting.

Issue Tracking: *Capacity Market Enhancements – ELCC Accreditation Methodology*

5. IRM and FPR for 3rd IA (10:40-11:05)

PJM's Josh Bruno will present a *proposal* to revise the IRM and FPR parameters for the third 2025/26 Incremental Auction (IA). Rising load growth in the 2025 Load Forecast has led to shifting ELCC ratings for resources participating in IA). (See "Stakeholders Discuss Revised IRM and FPR Values for 3rd Incremental Auction," *PJM PC/TEAC Briefs: Jan. 7, 2025*.)

The committee will be asked to endorse the 3IA IRM and FPR upon first read at this meeting. Same-day endorsement will be sought at the Members Committee.

Members Committee

Endorsements (11:55-12:35)

1. Manual 34 Revisions (11:55-12:05)

Greening will present *revisions* to Manual 34: PJM Stakeholder Process to codify a process for the RTO and members to follow after FERC rejects a stakeholder-endorsed proposal.

The committee will be asked to approve the proposed revisions at this meeting. Lynn Horning, of American Municipal Power, will move the motion and Ruth Price, of the Delaware Division of the Public Advocate, will second the proposed revisions.

2. Deactivation Enhancements Senior Task Force (DESTF) (12:05-12:20)

Hendrzak is set to present the DESTF-endorsed *proposal* to the Members Committee should the MRC approve the changes.

The committee will be asked to approve the proposed solution and corresponding tariff revisions at this meeting.

3. IRM and FPR for 3rd IA (12:20-12:35)

Bruno will present the *proposal* to revise the IRM and FPR parameters for the third 2025/26 IA, should the MRC endorse the proposal. ■

SPP News

SPP Markets+ Tariff Wins FERC Approval

BPA Denies SPP Claim of Phase 2 Funding Announcement

By Robert Mullin

SPP reached a key milepost in its Western efforts Jan. 16 when FERC conditionally approved the RTO's tariff for Markets+, a highly anticipated decision likely to ramp up the competition with CAISO's Extended Day-Ahead Market (*ER24-1658*).

"We agree with SPP and various commenters that Markets+ has the potential to yield a range of benefits to market participants and customers in the Western Interconnection," FERC wrote in the 154-page order. "We find that Markets+ will make more efficient use of the transmission capability and generation resources that participate."

The commission said it expects Markets+ will provide its participants with "important economic and reliability benefits" and help them manage the impact of "increasing levels of variable energy resources, load growth and extreme weather events in the region."

The order comes nearly six months after the commission issued the RTO a deficiency letter outlining 16 problems it needed to address in the tariff, which it filed last March after an intensive stakeholder process. (See *FERC Finds SPP Markets+ Tariff 'Deficient' in Several Areas*.)

The decision indicates SPP sufficiently addressed most of those deficiencies, with FERC asking the RTO to provide clarity where the tariff "lacks specificity on key points," as Commissioner Judy Chang noted in a concurrence, such as in protocols covering "market and resource dispatch mechanics to account for state greenhouse gas programs and the ability for resources to be aggregated when participating" in the market.

"FERC's approval of the Markets+ tariff is an important achievement for SPP," SPP CEO Barbara Sugg said in a press release issued after the decision. "It reiterates what we know to be true about Markets+: It's a superior market design that recognizes and values the needs of all participants."

"We're thrilled to see the Markets+ tariff approved," said Antoine Lucas, SPP's vice president of markets, who has been instrumental in the development of the market and was *promoted* to become the RTO's COO on Jan. 14. "Markets+ is a collaborative, stakeholder-driven market, which will enhance reliability and provide significant economic benefits to participants across the Western Interconnection, and we look forward to the next phase of market development."

This map shows the balancing authority areas that participated in Phase 1 of developing SPP's Markets+. NV Energy in Nevada has committed to joining CAISO's EDAM and will not be participating in Phase 2. | *SPP*

Why This Matters

FERC's approval of the Markets+ tariff is sure boost the camp of Western SPP supporters and throw more fuel on the region's day-ahead market debate as BPA nears its market decision.

Seams Issues Left Unaddressed

In the order — released around 6 p.m. ET, well after it was approved at the commission's monthly open meeting — FERC dismissed a protest by the Colorado Office of the Utility Consumer Advocate, which argued that long-term trends show regional markets such as Markets+ generally do not provide savings for consumers despite claims that they foster competition and reduce electricity prices.

The commission countered that the office "provided no evidence that regional markets result in higher costs to consumers or that costs in regional markets are higher than they would be absent the regional market itself."

FERC also dismissed concerns expressed by the Navajo Tribal Utility Authority (NTUA) regarding the "significant costs and operational complexity associated with participating in Markets+" and rejected NTUA's request that SPP implement a mechanism such as CAISO's metered subsystem to ease the financial and operational impacts of participating in the market.

"We do not believe that the lack of a metered subsystem model renders this proposal unjust and unreasonable or unduly preferential or discriminatory," the commission wrote. "Markets+ is voluntary and should NTUA decide that a metered subsystem model is necessary for its own participation, it can choose not to join."

The commission also largely rejected complaints by NV Energy, Idaho Power, Portland General Electric and PacifiCorp regarding the Markets+ "transmission contributors" option, agreeing with SPP that the tariff "will not force changes in the operations of nonparticipating transmission service providers' systems."

But FERC did find the tariff "insufficiently clear" on some points raised by the protesters and directed SPP to address those issues in a compliance filing.

Perhaps most significantly, the commission declined in the tariff proceeding to address various commenters' concerns about potential issues at the seams between Markets+ and EDAM, agreeing with SPP that the affected parties and scope of the issues remain unknown.

"While borders between organized markets (and non-market areas) in the West are likely to arise, we disagree with commenters who argue that action is necessary at this time," it wrote. "Consistent with our experience in the Eastern Interconnection, we anticipate that seams between centrally cleared markets (e.g., EDAM and Markets+) and between markets and non-market areas will necessitate agreements between parties that will address issues such as data sharing, congestion management, and transmission rights and use."

'Not Accurate'

Perhaps as significant as the content of the FERC order is its likely near-term financial impact: Now, the biggest backers of Markets+ can start paying to fund its next phase — the Phase 2 implementation stage, which SPP estimates will cost about $150 million.

One of those backers, the Bonneville Power Administration, has previously committed to contributing its $25 million (over 17%) share of Phase 2 funding but has said also that it would not do so until FERC approved the tariff. That funding commitment has stirred controversy in the Northwest, both among the region's EDAM supporters and the U.S. Senate delegation representing Oregon and Washington, which has urged the federal power agency to delay its final day-ahead market decision, slated for May. (See *In Letter to Senators, BPA Tempers Markets+ Leaning*.)

"BPA is pleased that the Federal Energy Regulatory Commission has approved SPP's Markets+ tariff, which was crafted through a robust stakeholder process," Rachel Dibble, BPA vice president of bulk marketing, said in SPP's release. "This guarantees BPA has two viable day-ahead markets to consider as we make our way toward a day-ahead market decision later this year."

SPP's release indicated also that BPA had "announced they would fund their share of Phase 2 development while they continue to collaborate with customers to develop a policy direction toward a day-ahead market option."

But BPA spokesperson Doug Johnson told *RTO Insider* that is "not accurate."

"At this point, we continue to work with SPP and all the other participants to finalize the timing of Phase 2 commitments. No executed agreement yet," Johnson said in an email.

In a comment provided after publication of this article, SPP's Lucas said: "FERC's approval of the Markets+ tariff clears the way for entities to share in funding phase two of Markets+ development. SPP is working with entities, including BPA, on finalizing phase two funding agreements. SPP expects the agreements to be signed by interested parties over the coming days and weeks."

BPA also followed up with a further clarification, saying: "BPA has previously expressed its intent to fund Phase 2 of Markets+ to ensure market development continues as Bonneville proceeds with its public process to determine which, if any, market to join. BPA remains committed to funding Phase 2 of Markets+. At this stage, BPA is actively working with SPP and all other Markets+ participants on finalizing Phase 2 funding agreements."

The tariff approval also comes nearly two months after Markets+ notched another important victory when it simultaneously received its first firm participation commitments from four Arizona utilities: Arizona Public Service, Salt River Project, Tucson Electric Power and UniSource Energy Services. (See *4 Arizona Utilities Commit to Joining Markets*.) ■

SPP News

FERC Approves SPP Price Formation Rules; Needs More Time on Resource Accreditation

By James Downing

FERC issued a pair of orders on SPP's markets at its regular meeting Jan. 16, accepting new price formation rules while setting reforms to capacity certification for additional hearings.

The first order approves new rules to address price formation during load shedding and emergency assistance events, which SPP started working on after Winter Storm Uri in 2021 (*ER25-138*).

During the storm, SPP had to shed load and bring in emergency imports, but those also cut resource obligations, causing "a steep decline in the market price of energy." While the grid was in an emergency, prices did not reflect that.

To ensure the right prices are there to attract supplies during emergencies, SPP proposed changing its tariff to provide that if load is shed or emergency imports are requested due to a system-wide capacity issue, then prices would be set as if those imports and load shedding did not occur.

"SPP explains that the pricing solution will continue to reflect the value of energy and ancillary services that exist in the absence of the balancing authority action of shedding load and initiating emergency imports," the order said. "SPP asserts that its proposed tariff revisions will not impact market prices if market prices naturally increase or decrease due to a non-directed decrease in demand or additional imports being initiated by market participants without balancing authority action."

FERC found the proposal to be just and reasonable, saying it will produce market prices that better reflect the grid's condition and incent additional supplies. The rules will go into effect after SPP works out some issues with the Western Area Power Administration to avoid unintended financial harm to the federal entity.

The second order was about implementing effective load carrying capability accreditation for wind, solar and storage and a performance based accreditation for traditional resources that was followed by a fuel assurance proposal for traditional resources (*ER24-1317 and ER24-2953*). The order accepted and suspended both sets of revisions and consolidated them for paper hearings. Parties will have the opportunity to make another round of comments.

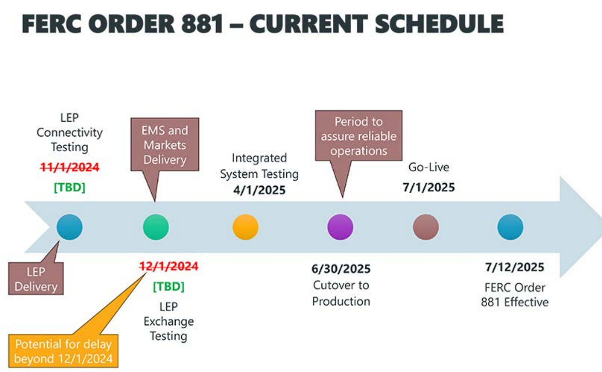
The two cases at FERC deal with the same question — whether the RTO's proposed resource accreditation methods satisfy the Federal Power Act — and raise common issues of law and fact. Once the later fuel assurance policy was filed, several parties renewed or modified arguments they presented in the accreditation filing.

"Noting the extensive comments previously filed in the two proceedings, parties need not repeat arguments raised in earlier pleadings," FERC said. "This is an opportunity for parties to provide additional comment on the effect of evaluating the accreditation filing and fuel assurance filing together."

Public interest organizations filed a complaint on SPP's accreditation policies in EL24-96, which they asked to be consolidated with the two Section 205 dockets. FERC declined to include the complaint in the joint proceeding, saying it deals with whether the RTO's current policies are just and reasonable, not the reforms proposed in the two consolidated dockets. ■

SPP headquarters in Little Rock, Ark. | *SPP*

SPP MOPC Briefs



The SPP MOPC approved requesting an extension for compliance with FERC Order 881 until Sept. 1, 2026. | *SPP*

Real-time Dispatchable Transactions

The SPP Markets and Operations Policy Committee on Jan. 15 approved tariff revisions that would implement dispatchable transactions in the real-time energy market.

Dispatchable transactions, already instituted in the RTO's day-ahead market, allow market participants to submit dynamic schedules, which SPP evaluates and dispatches economically. *RR653*, passed with 95.56% stakeholder approval, essentially would extend the existing dynamic interchange transaction framework to the Real-Time Balancing Market.

The goal, said Yasser Bahbaz, SPP senior director of market development, is to increase market participation, especially at the seams. Market participants could change their bids and offers up to 30 minutes prior to the operating hour. "The advantage here is that now we would have a transaction product in real time that we could economically assess and dispatch in real time, and we'd determine whether it's economically favorable to serve our market," Bahbaz said.

"Because it is a dispatchable transaction, the market will have every opportunity to assess that transaction," Bahbaz said in addressing some stakeholder concerns. "So we think this is better than having fixed schedules, in some ways, because we would be able to assess ramp, and to the extent that we can take in imports or have exports, it would be co-optimized with what we have. ... The nice thing about this product is that it is fully flexible."

Steve Sanders, strategic adviser for the Western Area Power Administration, said that while the organization was supportive of the product's concept, "this proposal is not there yet. It lacks the effectiveness of market-to-market seams coordination and zonal resource optimization, with several risks to both product manipulation, effects to internal market optimization, and reliability during abnormal or emergency operating conditions."

"I think we are committed to solving these issues together with staff" and the Market Monitoring Unit before the proposal is filed with FERC, Sanders continued. "Our goal would be that, to the extent that we have a product that would pass the FERC hurdle and provide benefits to the market and not create issues, that would be a desirable outcome."

American Electric Power's Richard Ross — chair of the Market Working Group, which recommended approval of the revisions — asked Bahbaz whether any of WAPA's concerns gave SPP pause in moving forward with them. "Do you think we need to do additional work as a group before this is approved, or can we overcome these concerns during the FERC filing?"

"From SPP's standpoint here, I think it's important for us to move this forward," Bahbaz answered.

Jodi Woods, SPP director of market monitoring, said the RTO addressed many of the MMU's concerns with the proposal, "but we do still have some outstanding ones that we're continuing to monitor. ... We're going to follow it through implementation ... including potentially recommending additional tariff language."

Extension for FERC Order 881 Implementation

The MOPC approved asking FERC for an extension to comply with certain requirements of Order 881, from July 12 this year to Sept. 1, 2026.

Issued in 2022, Order 881 directs transmission owners and providers to end the use of static line ratings, and to use ambient-adjusted ratings (AARs) and seasonal ratings instead. FERC allowed three years to implement the requirements.

In December 2023, FERC found that SPP's plan was mostly in compliance but that it had not properly explained whether and, if so, how the use of AARs would affect existing market processes (*ER22-2339*).

Since then, the RTO's Ambient Adjusted Ratings Implementation Task Force has worked to develop the timelines and other requirements for the calculation and implementation of AARs. But members of the task force recommended to the Operations Reliability Working Group (ORWG) that based on TO readiness, staff should request an extension to comply with the AAR requirements.

Based on a survey conducted Dec. 20, 2024, only 24% of members said they would be ready on SPP's targeted go-live date of July 1. According to the ORWG, a minimum of 67% of impacted members, and a minimum of 90% of impacted lines and flowgates ("critical mass"), are needed for implementation.

It also wants more time for testing, preferably not while SPP works to integrate RTO West, and avoiding a peak season for implementation.

Responding to COO Lanny Nickell on how the Sept. 1 date was chosen, SPP's Charles Cates said staff were confident that implementation could not be achieved any earlier than April 1, 2026. "But they also don't want us to take too much time."

Advanced Power Alliance's Steve Gaw asked if SPP had any idea how much delaying implementation of AARs, which he noted can reduce transmission congestion, would cost.

Cates answered that it would be "minimal to none. The budget that we have accounted for the project, we are not anticipating to change at this time. There may be some additional staff costs as we implement this, but those will be embedded."

"That was a great answer to a question I didn't ask," Gaw replied. "My question was, how much are we potentially costing the market by not implementing 881 in a timely manner?"

"We're not sure. We have not done in a while an ambient-adjusted market study," Cates said.

Gaw then noted the survey showed that 71% of members said they would be ready by Dec. 1, 2025, surpassing staff's 67% threshold. "Why did you all feel like that that wasn't a better date, at least to get us up and running sooner with this?" he asked. "I think FERC might scrutinize this fairly significantly because of the extent of the delay."

Cates responded by saying staff expected SPP's request to be among the shorter exten-

SPP News

sions among the RTOs, with some asking for up to 2028, "and I certainly understand why." Specific to SPP, "we have a lot of deliveries coming for the West integration. So we need to be very careful with how we stage this and not interact with that project."

The Natural Resources Defense Council's Christy Walsh also noted the survey results and wondered how much of that 71% actually would be ready in October. "I understand you don't want to implement something new in the middle of winter — that makes complete sense — but we're constantly hearing we have a resource adequacy problem. ... If we have 71% of people ready to free up some transmission constraints on the transmission system where we have more resources adequacy, that just seems like an easy win," she said.

Evergy's Jeremy Harris, chair of ORWG, noted that under SPP's current timeline for implementation, its ratings database, the Limit Exchange Portal (LEP), was supposed to have begun testing Nov. 1. It still has not been delivered. "So from a TO/TOP perspective, we have little faith in SPP's timeline, and we need this extension because we will need to connect to it, and SPP doesn't even have the tool."

"That still doesn't explain to me why we have a survey that says 71% think they'll be ready by the end of this year," Walsh countered. "I'm hearing separately, 'but not really.'"

Harris responded that he expected that if the survey were conducted today, there would be fewer members saying they would be ready based on the fact that the LEP tool still was not ready.

The extension request was approved with 94.44% support.

Expedited Resource Adequacy Process

In a relatively close vote, the committee endorsed developing a proposal to create a one-time process to quickly add generation to meet load-responsible entities' resource adequacy needs outside of SPP's generator interconnection procedures.

"Given the concerns by some stakeholders to come up with a process to meet those [RA] needs," SPP's Steve Purdy said.

The proposal largely is based on MISO's Expedited Resource Adequacy Study, which it hopes to file by February. (See *MISO Tells Board RA Fast Lane in Interconnection Queue is a Must*.) Both essentially would create a "fast lane" for projects that are deemed necessary to maintain reliability.

In SPP's case, the projects would be determined by the LREs themselves. And the RTO is relying on its Regional State Committee's endorsement "to undergird and provide justification for the deviation from established FERC policy," Purdy said. "It's not truly a GI study; it's a resource adequacy study that involves interconnection of new resources," though it would follow certain procedures for studying projects.

The process would be open to any generator type, though there would be a capacity ceiling determined by SPP based on LREs' load projections. Projects would be required to have a proposed commercial operation date within five years of its submission; if SPP's preferred timeline is approved, that would be by 2030.

The goal is for the MOPC to approve the formal revision request in April, with RSC and Board of Directors approval in May.

"I think SPP staff has done a remarkable job in a very short time," Golden Spread Electric Cooperative's Mike Wise said. "I think this is a good example of SPP staff responding to stakeholders' concerns and developing a product that really can meet their needs."

Other stakeholders representing LREs voiced their support. But several stakeholders voiced opposition based on the ongoing work on SPP's Consolidated Planning Process (CPP).

APA's Gaw said, "We really don't know what this exact proposal is going to look like when it gets into [revision request] form. We've got serious concerns with this proposal for a number of reasons," among them being that stakeholders already have spent "countless hours" on the CPP, but this new proposal seemed to be taking precedence.

He also argued that MISO is letting states determine their RA needs, while "this is entirely left up to the load-responsible entities, and I don't know how the states are going to be able to manage ensuring consumer protections."

"CPP is something that would address a lot of the concerns that we have right now, and MISO is not in the same position as SPP is," AES' Shilpi Sunil Kumar said. "I would request staff to keep that in mind, that we don't need to do exactly as MISO is doing because their concerns and problems are different."

Invenergy's Arash Ghodsian said that, as he told MISO with its proposal, "we need some transparency on some of the details" about the affected-system aspect. "There's probably room for some improvement, but the details at this point are very important if we're going to provide support."

Purdy responded that SPP likely would need to propose revisions to its Joint Operating Agreement with MISO.

Lucas to Succeed Nickell as COO

Nickell opened what he said likely would be his last MOPC meeting as the committee's secretary with a brief speech as he prepares to take over for SPP CEO Barbara Sugg on April 1.

"I'm super excited — really excited — to be SPP's next CEO; to have the opportunity to lead this organization," Nickell said. "My goal for SPP is really simple: ... I want SPP to be the best. The best RTO in the country. That really shouldn't be that hard to do because we already have the best employees, and we already have the best stakeholders."

After his remarks, Nickell *announced* that Antoine Lucas, vice president of markets, will take over as COO.

"I'm really excited about this new opportunity, particularly the increased role in the stakeholder process that comes along with it," Lucas said.

Nickell also reminded attendees of SPP's inaugural *Energy Synergy Summit*, announced the previous day, to be held March 3-4 in Dallas.

In its announcement, the RTO billed the event as "a deep dive into resource adequacy, load and generation interconnection, grid modernization, and the policies and partnerships needed to support them."

"This is going to be a tremendous opportunity for our stakeholders and anyone who's interested in ... figuring out how to add resources quicker while doing it reliably, and adding load, not only quicker but also reliably," Nickell said. "Trying to meet both the expectations that I know a lot of our members have: 'I need more resources, and I want to serve this load that I know is coming.' That is what the purpose of this summit is: to talk about both those issues."

Nickell was asked whether this would be the first in an annual series. "I suspect that we'll need to do that," he replied, though he seemed to imply this new event really is a continuation of the RTO's Resource Adequacy Summit, held in 2023. "This time we thought, 'Man, we need to combine the topics of resource adequacy and load growth, and specifically the kind of load growth that we're seeing ... with big data centers."

The deadline for registration is Feb. 24, while the special room rate for the Dallas/Fort Worth Airport Marriott, where the conference will be held, ends Feb. 10. ■

— Michael Brooks

Company Briefs

SPP Names Lucas New COO

SPP has announced that Antoine Lucas will become its executive vice president and chief operating officer, effective April 1.

Lucas joined SPP in 2007 and currently serves as vice president of markets. He will succeed current COO Lanny Nickell, who was selected to serve as SPP's new president and CEO.

More: *SPP*

Convergent Closes DOE Loan for Puerto Rico Renewables

Convergent Energy and Power received $584.5 million under the Department of Energy's Loan Programs Office to support its plan to install solar and battery storage in Puerto Rico.

The company intends to build a 100-MW solar park with 55 MW of battery storage in the municipalities of Caguas, Penuelas and Ponce.

More: *Renewables Now*

Federal Briefs

Fed Quits Global Climate Risk Group Ahead of Trump Presidency

The Federal Reserve last week announced it had withdrawn from a network of global financial regulators focused on climate change risks just days before President-elect Donald Trump returns to power.

The central bank formally joined the Network of Central Banks and Supervisors for Greening the Financial System in December 2020, shortly after President Biden was elected. The group was formed to help central banks and other regulators exchange ideas and research to account for climate-related risks in the financial sector.

While the Fed initially supported the network's goals, the bank said it decided to leave after the group's work "increasingly broadened in scope, covering a wider range of issues that are outside of the board's statutory mandate." The decision was not unanimous.

More: *The New York Times*

SCOTUS Declines to Hear from Oil, Gas Companies over Climate Lawsuits

The Supreme Court said it won't hear an appeal from oil and gas companies trying to block lawsuits seeking to hold the industry liable for billions of dollars in damage linked to climate change.

The order allows a Honolulu lawsuit against oil and gas companies to proceed. Governments in California, Colorado and New Jersey are also seeking billions of dollars in damages from wildfires, rising sea levels and severe storms.

The companies, which include Sunoco, Shell, Chevron, Exxon Mobil and BP, appealed to the Supreme Court after Hawaii's highest court allowed the lawsuit to proceed. The companies argued emissions are a national issue that should instead be fought over in federal court.

More: *The Associated Press*

PHMSA Announces Proposed Rule for CO2 Pipeline Safety

The Pipeline and Hazardous Materials Safety Administration (PHMSA) last week announced a notice of proposed rule making to strengthen guidelines for carbon dioxide pipelines.

The proposed rule would apply to carbon dioxide transported in a supercritical liquid state through pipelines and establish guidelines for pipelines transporting gaseous CO2. If adopted, the rule would require CO2 pipeline operators to train emergency responders and ensure local first responders have the necessary detection equipment in the event of an emergency, among other things. The department said the proposed rules respond to a "significant anticipated" need of what it estimates could be a 10-fold increase in carbon capture and storage infrastructure by 2050.

The rules are open to public comment for 60 days, after which the agency will issue its final rules.

More: *Iowa Capital Dispatch*

BLM Approves Rough Hat Clark Solar Project

The Bureau of Land Management last week approved the Rough Hat Clark Solar Project in Nevada.

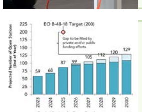
The 400-MW project will cover about 2,469 acres of public land west of Las Vegas. It will also offer 700 MW of battery storage.

More: *KLAS*

News from our other channels

NJ Advances Clean Energy Projects Amid Trump Skepticism — NetZero Insider

CARB Drops Multiple EPA Waiver Requests Ahead of Trump Inauguration — NetZero Insider



Calif. Lagging on Hydrogen Fueling Station Target, CARB Finds — NetZero Insider

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

State Briefs

CALIFORNIA

Most of State's Destructive Fires Were Caused by Power Lines

Since 1992, more than 3,600 wildfires in California have been related to power generation, transmission and distribution, according to data from the U.S. Forest Service.

At least eight of the state's 20 most destructive wildfires in terms of structures destroyed had either electrical or power line causes, including No. 1 (Camp Fire) and No. 2 (Tubbs Fire), according to CalFire. The current Palisades and Eaton fires, which would rank No. 3 and No. 4, respectively, are still under investigation.

More: *The New York Times*

Residents Evacuated Following Moss Landing Battery Fire

Some 1,200 residents were evacuated and later allowed to return home following a major fire at the Vistra battery storage plant in Moss Landing.

The fire was reported around 3 p.m. Jan. 16. Residents near the area were forced to evacuate but were allowed to return home the following night. Fire crews did not engage with the fire but rather waited for it to burn out on its own, as lithium battery fires are notoriously difficult to extinguish. The cause of the fire has not been determined.

Monterey County Sheriff Tina Nieto said there had been no injuries reported and none of the air quality monitoring systems picked up on any dangerous gases in the air.

More: *The Mercury News*

KENTUCKY

Savion Starts up Solar Farm at Former Coal Mine

Solar and energy storage developer Savion announced commercial operations have begun at its 111-MW Martin County Solar Project.

The project is located on the site of the former Martiki coal mine.

More: *Renewables Now*

MAINE

Utility Committee Backs Nominee for Public Advocate

The Legislature's Energy, Utilities and Technology Committee voted 7-5 to nominate Heather Sanborn as the state's next public advocate.

The former state legislator was nominated by Gov. Janet Mills to succeed Bill Harwood, who announced he will retire at the end of January.

The committee's recommendation will go to the Senate for final approval.

More: *Maine Morning Star*

MASSACHUSETTS

BOEM Issues Final Permit for SouthCoast Wind Project

The Bureau of Ocean Energy Management last week approved the Construction and Operations Plan for the SouthCoast Wind project.

While originally intended to have 147 turbines, the project will be equipped with 141 machines that will be installed within a lease area covering 127,388 acres. The turbine number was reduced to lower potential impacts on foraging habitat and displacement of wildlife.

More: *Renewables Now*

NEBRASKA

Senator Introduces Proposal to Create Office of Climate Action

Sen. Ashlei Spivey (D-District 13) has introduced legislation that would create an Office of Climate Action under the state's Department of Environment and Energy.

The office would create a climate action plan, coordinate federal grants and monitor how legislation passed the prior year impacts the environment.

Committee hearings will begin Jan. 22.

More: *Nebraska Public Media*

SOUTH DAKOTA

Lems to Intro Bill to Block Eminent Domain for Carbon Pipelines

Rep. Karla Lems (R) announced she will introduce a bill intended to ban the use of eminent domain for carbon pipeline projects.

Incoming Sen. Mark Lapka (R) will carry the bill in the Senate, while Lems will carry the bill in the House. Both own land that would be crossed by the pipeline.

Residents have voiced frustration over Summit Carbon Solutions' potential use of eminent domain to acquire land for its proposed pipeline. The $9 billion project would capture carbon dioxide in five states and transport it to an underground storage area in North Dakota.

More: *South Dakota Searchlight*

TEXAS

PUC Approves Entergy Grid Upgrades

The Public Utility Commission last week approved Entergy's Future Ready Resiliency Plan.

The first phase of the grid-enhancing plan, which includes $137 million in projects to reduce outages and storm restoration costs, will be implemented over three years and is projected to reduce outage times by an estimated 1 billion minutes over the next 50 years.

More: *MyTexasDaily.com*