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Trump Picks Burgum to Head Interior, Fracking Exec Wright to Lead DOE (p.8)



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Stakeholder Soapbox

AI, Electric Grid Can be Partners in Equitable Energy Transformation

By Colette D. Honorable



Colette Honorable |
Exelon

Artificial intelligence, once envisioned only in science fiction, is becoming commonplace in our offices and homes. Ironically, the AI-enabled features of a modern world — from internet searches to chatbots

to digital assistants — are all powered by an energy system that has been going strong for over 100 years.

Just as AI may be the most significant technological advancement of this millennium, the energy grid was the most important engineering achievement of the last. It was built to last, and while the way the world produces power has evolved, how energy flows — from power sources then over poles and wires to our homes and businesses — is largely unchanged from when the system was designed.

What has dramatically changed is the demand on that system. Exelon has a number of high-potential data center projects in our pipeline that together would require 11 GW of additional load. To put that in perspective, 1 GW can power close to a million homes. As an example of the magnitude of data center development that already has taken place, in the Chicagoland area alone, Exelon helped launch 20 data centers over the past two years.

We have been modernizing and strengthening our energy grid to meet residential, small business and commercial customers' electrification needs, and like much of the technology to which we have grown accustomed, the grid has gotten smarter and more complex. Our smart grid provides many benefits to our operations and customers, including the ability to automatically reroute power when there's damage, improving reliability by shortening repair time and reducing customer outages.

As AI advances, it will bring even more benefits to the energy system that powers it, including predictive maintenance, bolstered cyber security and enhanced employee training. In turn, the grid will be more efficient, more reliable and better able to meet AI's energy demands.

Exelon is proud to support the expansion of the data centers that house the computer systems, servers and storage needed to sustain AI. We see data centers as key partners, and we are committed to supporting their growth and development, while also meeting the increasing demands for sustainable and reliable electricity.

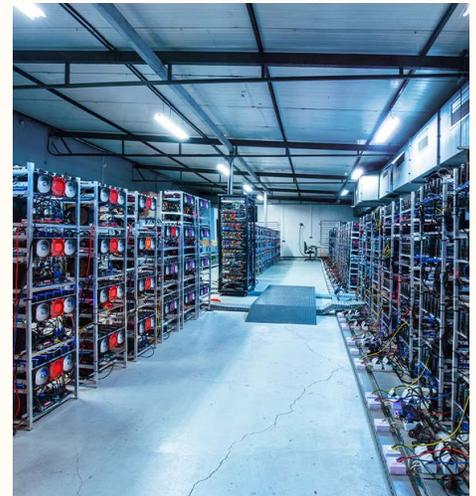
Recent proposals for co-location, a practice in which data centers are built next to a power plant, have gained attention, with FERC convening a technical conference on the subject Nov. 1 and rejecting as unsupported a precedent-setting interconnection agreement involving a data center and a nuclear generator. That agreement, which did not conform to standard terms, would have raised electricity bills for residential and other customers.

If data centers are connected to the grid — even if their first point of connection is a generator — they should contribute to the cost of the network infrastructure providing those services. Most data centers do just that. However, if co-located data centers are not recognized as network load, we estimate the annual electric bill for residential customers in the surrounding region could increase by up to \$214.

Co-locating with an electricity generator also presents important considerations for the data center on how dependent they want to be on a single generator — rather than the entire electric grid — for reliable service. At the FERC technical conference, an advocate for co-location acknowledged this depen-

“If co-located data centers are not recognized as network load, we estimate the annual electric bill for residential customers in the surrounding region could increase by up to \$214.”

—Colette Honorable of Exelon



| Shutterstock

dence may not be the best choice for a data center running defense critical services given the risk.

Co-location presents an opportunity to support the ongoing nationwide energy transformation and promote economic development in the communities we serve. We are proud that *Site Selection* magazine once again named two of our local energy companies, ComEd and PECO, to their 2024 list of the “Top 20 utilities in economic development,” based on the number of facility investment projects attracted to their service areas, the capital investment and potential for job creation.

We also agree with the Biden administration's desire to operate data centers within U.S. shores, mitigating concerns about foreign control of these critical assets. It is important, and then to understand and be clear: This effort can and will continue, and we will help facilitate it.

We are committed to continuing our work with data centers to meet their needs, no matter where they are located. And, even with demands that far exceed what the energy pioneers may have envisioned, the energy grid of today is ready to meet the moment, just as it was a millennium ago.

Exelon looks forward to continuing to lead the energy transformation, with future generations in mind, in a way that is equitable for all our customers and communities. ■

— Colette D. Honorable is Exelon's EVP of public policy and chief external affairs officer.

2024 NARUC Annual Meeting

Collaboration Needed to Address Large Loads, NARUC Panelists Say Conference Speakers Point to Need for Transparency from Big Energy Consumers

By Henrik Nilsson

ANAHEIM, Calif. — The power industry should encourage increased collaboration and transparency to address the many challenges posed by major new loads, presenters said during the National Association of Regulatory Utility Commissioners' Annual Meeting from Nov. 10 to 13.

Data centers, hydrogen, transportation and other industries are all contributing to the rapid load growth, which can present both efficiency opportunities and forecasting challenges, according to Natalie Mims Frick, deputy department leader of energy markets and policy at Lawrence Berkeley National Laboratory.

Providing opportunities for conversations between stakeholders can help address those challenges, Frick said. She pointed to the North Carolina Utilities Commission's recent ruling on Duke Energy's consolidated carbon plan and integrated resource plan. One of the requirements is that the utility must provide frequent updates on load growth, Frick said.

"Having regular conversations can be really useful about how to deal with the growth and where it's happening," Frick said. She added

that another requirement the North Carolina commission imposed was requiring the utility to work with their large customers "to try and identify opportunities for efficiency or other resources, whether it's flexibility or something else."

"And I think that kind of feeds back into the loop forecasting, you know, making sure that there's robust consideration of all of the opportunities for the large loads, whether it is through flexibility or demand response to reduce peak demand," Frick said.

Forecasting from a data center and automation perspective will likely remain a challenge, given confidentiality around business strategies, according to Samantha Klug, enterprise sustainability development director of logistics real estate investor Prologis.

However, it would be helpful if regulators could provide a roadmap around electrification and sustainability incentives, Klug argued.

"Because then what we can do is forecast out these projects and where we want to do them based on those incentives, and when the timing for capital investment is right for us," Klug said. "And so for us, it's really the communication between stakeholders."

Why This Matters

After years of flat to steady load growth, the electricity sector is only just now starting to grapple with the prospect of sharply rising demand from large energy consumers — especially data centers.

In a separate panel discussion, Farah Mandich, presidential sustainability executive at the General Services Administration, argued that transparency is important to help "people understand why the utilities and commissioners are making some of the decisions they do."

Mandich added that thinking about customers' needs as an asset, instead of just a problem to solve, is a good "mindset to be in."

"The federal government is a longstanding existing customer. We are electrifying loads, but we're not going to be causing the type of growth that you know a data center necessarily is in one given place, but that means that our buildings could potentially be an asset for load flexibility," Mandich said. "And so thinking about how to bring customers into that conversation up front is really important, because it'll take us a while to figure out how to do that in our own buildings and work with the utilities effectively."

Jeff Riles, director of energy markets at Microsoft, noted that customers, regulators and utilities are all cooperating more frequently now than a few years ago. However, he said that there are challenges, including mistrust around growth of the data center industry.

"There's a real concern about what's speculative and what's real," Riles said. "And there's a need to make sure that we're showing up and helping them address the problem of what is speculative and what's real. And so that's been another reason why we have begun to engage more directly in a lot of these regulatory proceedings."

He added that engaging in forums like NARUC "is new for us as an industry, and so we really appreciate the opportunity to have this collaboration. But I will just say we're growing up right along with you in terms of how we engage in these processes and procedures." ■



Jeff Riles, Microsoft | © RTO Insider LLC

2024 NARUC Annual Meeting

NARUC Board Passes Resolution to Advance GETs

New FERC Commissioner Chang Talks Benefits, Challenges of Grid-enhancing Tech

By Ayla Burnett

ANAHEIM, Calif. — The National Association of Regulatory Utility Commissioners board has adopted a resolution to emphasize the role grid-enhancing technologies (GETs) and high-performance conductors (HPCs) can play in reducing customer costs and improving reliability.

Board members passed the resolution Nov. 13 at NARUC's annual conference in Anaheim.

The resolution encourages Congress to appropriate more funding for programs that support GETs and HPC deployment, including two initial rounds of funding allocated to Grid Resilience and Innovation Partnerships Program grants that will benefit 29 states.

"State regulators nationwide support using technologies to get more value out of the transmission grid," Julia Selker, executive director of the WATT Coalition, said in a [press release](#). "Continuing federal programs would help grid-enhancing technologies double capacity for new generation and integrate new load in the coming years."

GETs are another "tool in the toolbox" that can help address some of the grid's biggest challenges — unprecedented load growth, clogged interconnection queues and rising prices — said FERC Commissioner Judy Chang during a Nov. 10 panel at the NARUC conference.

"There are many potential benefits associated with advanced technologies and grid-enhancing technologies, and here at FERC, we've been really asking some of those questions," Chang said. "What's currently available, what's possible in the future, what are the costs and how can grid operators and owners facilitate the use of these technologies?"

FERC is exploring different GETs, including dynamic line ratings, advanced power flow



Virginia State Corporation Commissioner Jehmal Hudson (left) and FERC Commissioner Judy Chang, . | © RTO Insider LLC

controls and topology optimization. The commission has opened a docket looking into dynamic line ratings and is also exploring simpler solutions such as tower-lifting, which can increase the rating of the transmission line by allowing more sag and less risk.

Many of the technologies include benefits without engaging in new transmission siting and permitting — an added benefit given the difficulty of building new transmission.

The tools can unlock the "dynamic capabilities of the grid," finding transmission capacity for new generation or electric demand at a lower cost than traditional upgrades. Regardless, benefits still need to be balanced with costs, Chang said.

"What else can we do to squeeze more out of the existing infrastructure?" Chang said. "But we as regulators need to think about the balance between adopting new technology and the risk and cost to consumers associated with these things."

'Remove the Disincentive'

A challenge in advancing GETs is ensuring proper and established incentives. At FERC,

regulators also are grappling with whether they should incentivize or mandate new technologies. Chang said she's cautious of mandates given the amount of information a regulator needs to establish one properly.

"I'm a big fan of finding ways to remove the disincentive of investments in the right things," Chang said. "How do I remove the barriers of adoption and remove the disincentive of making that technology available?"

But the success of advancing GETs and HPCs will depend heavily on whether regulators can balance costs. Adequate cost containment for transmission and other investments has yet to be achieved, Chang said, and doing so will require more collaboration between the states and FERC.

"We need to make sure we contain the costs while expanding our grid to accommodate all the needs we have," Chang said. "This is where FERC and states and transmission owners should come together and find solutions so that we can transparently explain to the consumers what costs we're spending. Because ultimately, this is the consumer's pocket we're talking about." ■

Why This Matters

State and federal regulators' recognition of the benefits of grid-enhancing technologies could help incentivize and accelerate their adoption.

2024 NARUC Annual Meeting

Trump Stokes Concern for Clean Energy, but also Hope for Opportunities Clean Energy Experts at NARUC Discuss How to Advance Clean Energy

By Ayla Burnett

ANAHEIM, Calif. — Clean energy experts at this year's Annual Meeting of the National Association of Regulatory Utility Commissioners last week expressed confidence in the U.S. progress toward decarbonizing the grid.

But just over a week after the U.S. re-elected former President Donald Trump, some also questioned how his plans to disrupt Inflation Reduction Act funding could impact the momentum of the energy transition.

"All the progress that's been made in the last four years ... there's absolutely a concern that it [IRA funds] will get rescinded, paused or subject to infinite delays that cause them to be ineffective at transforming not just the economy, but the grid itself," Sara Baldwin, senior director of electrification at Energy Innovation, told *RTO Insider*.

The IRA unlocked billions in funds and incentives for clean energy, but Trump has signaled an intent to roll back the historic climate legislation. (See [Trump 2.0: Rolling Back Regulations, IRA Funding](#).) But because the U.S. doesn't have a federal mandate for clean energy, Baldwin is counting on state policy and demand to maintain the flow of new clean generation onto the grid.

Speaking on a NARUC panel Nov. 12, Priya Barua, senior director of market policy and innovation at the Clean Energy Buyers Association, added that a "shift in the corporate mindset" has led to an exponential growth of companies that are voluntarily working toward "science-based targets" and "net-zero goals," further stoking confidence in the buildout of clean energy.

Why This Matters

Despite concerns that the incoming Trump administration could pause Inflation Reduction Act funding, clean energy officials are confident that state demand and policy will maintain the flow of new clean energy onto the grid.



From left: Colorado PUC Commissioner Tom Plant; Doug Vine, director of energy analysis at the Center for Climate and Energy Solutions; Priya Barua, senior director of market and policy innovation at the Clean Energy Buyers Association; and Sara Baldwin, senior director of electrification at Energy Innovation. | © RTO Insider LLC

"We're in a really interesting and exciting juncture where there's this opportunity to empower large energy customers, many of whom are driving some of this energy demand, to be a part of the solution at a system level," Barua said.

'The Trifecta'

But continuing to bring new clean energy online will require balancing reliability, affordability and decarbonization — what Baldwin refers to as "the trifecta" — with cost.

About 40% of the U.S. grid consists of clean generation, but cost and commercialization gaps remain. Natural gas generation will play an "absolutely critical role" in maintaining reliability as the grid moves beyond 40%, Baldwin said, but in the meantime, developers and policymakers should focus on deploying wind, solar, batteries and demand-side resources, rather than focusing just on firm power.

Doug Vine, director of energy analysis at the Center for Climate and Energy Solutions, also emphasized the need for firming resources to complement solar and batteries, though the proportion is still "an open question."

Baldwin also identified the need to build a

bridge between supply-side and demand-side planning and better understand the connection between the two.

'Tools in the Toolbox'

Panelists were united in the belief that clean energy presents an economic opportunity that the incoming administration would be remiss not to take advantage of.

Vine emphasized that clean energy technologies benefit both conservative and liberal states, support workforce development, and bolster energy independence in the U.S.

"It's something that he [Trump] should support," Vine said. "And hopefully he will."

Continuing to enable a more diverse portfolio of reliable, affordable electricity, while also supporting economic development and national security, will allow the U.S. to "leverage the full suite of tools in the toolbox," Barua said, and fellow panelists echoed the sentiment.

"The federal incentive was a tool in the toolbox to make [clean energy] cost effective and affordable," Baldwin told *RTO Insider*. "If we're smart as a country, we will stay the course and allow these incentives to play out." ■

2024 NARUC Annual Meeting

'Holistic' Approach Needed for Tx Planning, NARUC Panelists Say

Increased Interregional Coordination Required to Keep Costs Down

By Henrik Nilsson

ANAHEIM, Calif. — To ensure a cost-effective energy transition, stakeholders must approach transmission planning holistically and avoid piecemeal investments, panelists argued during the National Association of Regulatory Utility Commissioners' Annual Meeting from Nov. 10 to 13.

The total investments needed to meet the expected load growth "could easily exceed what individual market participants can finance or recover," said Johannes Pfeifenberger, principal at The Brattle Group.

"Effective outcomes really require a multifaceted approach," Pfeifenberger said. "On the transmission side, that means more comprehensive, holistic, proactive planning. We're spending a lot on transmission incrementally, but we really need to plan that to achieve cost-effective outcomes with the least regrets."

Some potential approaches Pfeifenberger highlighted include planning to avoid under- or overbuilding, loading order, cost control incentives and moving away from a compartmentalized transmission planning process.

Maine Public Utilities Commissioner Patrick Scully said the New England region has invested heavily in transmission, with annual transmission system charges rising from \$869

million in 2008 to \$3.3 billion in 2025.

However, the region failed to implement efficient public policies to go with the transmission, which has resulted in lost opportunities to bring more low-cost generation to fruition, Scully said.

The New England states decided to join forces and collaborate on the future of the grid, Scully said.

As a result of this collaboration, ISO-NE issued a report last year, which found that peak loads in New England would double from 28 GW to 57 GW by 2050. The transmission upgrades needed to meet this load could cumulatively cost between \$22 billion and \$26 billion, according to the study. (See *ISO-NE Prices Transmission Upgrades Needed by 2050: up to \$26B.*)

"And at the request of the states, ISO agreed to establish a tariff process by which the states collectively can request that ISO issue [a Request for Proposals] to solicit competitive transmission project proposals that address the needs that have been identified in that 2050 study," Scully said. FERC approved the changes in July.

The price tag to meet future transmission needs coming from heavy loads like data centers and chip manufacturing will be "tremendous," said Karen Onaran, CEO of the Electricity Consumers Resource Council.

Onaran agreed with Pfeifenberger that transmission planning has so far been "very siloed," which has resulted in limited generation options that could potentially drive down costs.

"We are encouraged by this recognition that we need more transmission," Onaran said. "We absolutely see the big price tag. Let's make sure that we are all coming together to figure out the solution."

California has seen increased opportunities for interregional transmission, according to Neil Millar, vice president of transmission planning and infrastructure development at CAISO. Working across a broader footprint will enable the region to take advantage of the region's diverse resources more efficiently, Millar added.

"Clearly, the better interregional coordination would be to the betterment of all," Millar said.

MISO Vice President of System and Resource Planning Aubrey Johnson said there has to be a regulatory framework in place to encourage cost-effective transmission planning.

"Ultimately, if we want to see more transmission planning and more proactive stuff, it actually needs to start in a regulatory framework where people are encouraged, incentivized and challenged up to the table to do those things," Johnson said. ■



From left: Patrick Scully, Maine Public Service Commission; Karen Onaran, ELCON; Aubrey Johnson, MISO; Neil Millar, CAISO; Johannes Pfeifenberger, Brattle Group. | © RTO Insider LLC

FERC/Federal News



Trump Picks Burgum to Head Interior, Fracking Exec Wright to Lead DOE President-elect Announces Formation of Fossil Fuel friendly National Energy Council

By K Kaufmann

President-elect Donald Trump is laying the ground for a major, fossil fuel friendly U-turn in U.S. energy policy with his nominations of North Dakota Gov. Doug Burgum (R) as secretary of the interior and Chris Wright, a fracking company CEO, as secretary of energy.

In a Nov. 15 statement, Trump also announced that Burgum will chair “the newly formed and very important National Energy Council, which will consist of all departments and agencies involved in the permitting, production, generation, distribution, regulation [and] transportation of all forms of American energy.”

The council will focus on “cutting red tape, enhancing private-sector investments across all sectors of the economy and [promoting] innovation over longstanding, but totally unnecessary, regulation.”

While pledging to expand all forms of energy production, the statement reiterates Trump’s intention to “drill, baby, drill” to increase U.S. production and consumption of fossil fuels with the goal of increasing baseload power and reducing energy costs.

Trump first teased Burgum’s nomination during a speech at the America First Policy Institute Gala at Mar-a-Lago on Nov. 14. “I won’t tell you his name,” he said. “It might be

something like Burgum. He’s going to head the Department of Interior, and he’s going to be fantastic.”

The announcement of Wright’s nomination came Nov. 16. A self-described “tech nerd turned entrepreneur,” he is the CEO of Liberty Energy, a Denver-based company that, according to the [company’s website](#), offers efficient, lower-emission fracking equipment.

Wright also promotes the ongoing use of fossil fuels — which he calls “hydrocarbons” — as critical to progress in human living conditions. In a [video](#), posted to his company’s website in April, Wright argued that opposition to fossil fuels is limited to industrialized countries, but “global demand for oil, natural gas and coal are all at record levels and rising. No energy transition has yet begun.

“Modern alternatives like solar and wind work in one sector, the electricity sector, and they don’t even have prospects to replace most of the uses of hydrocarbons, making energy more expensive.”

Burgum would replace Interior Secretary Deb Haaland, the first Native American to hold the position, and Wright would replace Energy Secretary Jennifer Granholm, the second woman to lead the department.

Under Granholm, the Department of Energy has become a major driver of the commercialization and scaling of a range of clean energy technologies. The department received about \$35 billion from the Inflation Reduction Act of 2022 and has been distributing the funds to a range of clean energy programs — as well as to states, cities and companies through loans — over the past two years, intended to decarbonize the U.S. to meet President Joe Biden’s policy of reducing emissions by half by 2050.

Trump is expected to issue a halt on further distribution of unspent IRA funds as soon as he is in office and to lift the current pause on new LNG export facilities.

Burgum

“Serving as interior secretary is an opportunity to redefine and improve upon the federal government’s relationship with tribal nations, landowners, mineral developers, outdoor enthusiasts and others, with a focus on maximizing the responsible use of our natural resources with environmental stewardship for the benefit of the American people,” Burgum

Why This Matters

President-elect Donald Trump’s picks to lead the departments of the Interior and Energy both have close ties to the oil and gas industry and will lead the charge to implement Trump’s ‘drill, baby, drill’ energy policies, slow the U.S. transition to clean energy and roll back environmental regulations. Whether they will be able to deliver on Trump’s promise to cut consumer energy prices remains to be seen.

said in a [statement](#). He said the new council “will foster an unprecedented level of coordination among federal agencies to advance American energy.”

Speaking to [reporters in North Dakota](#) on Nov. 12, Burgum said the second Trump administration is “thinking about significant, substantial change. They are thinking about changing the direction of how the federal government works.”

Born and raised in North Dakota, Burgum, 68, 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. The company was acquired by Microsoft 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.

At the same time, the Energy Information Administration reports that wind is the second-largest source of electricity in the state, providing about 40% of its power, versus the 55% provided by coal.

As a state that produces more energy than



North Dakota Gov. Doug Burgum (R) has been nominated to lead the Department of the Interior and President-elect Trump’s new National Energy Council.

| Shutterstock

FERC/Federal News



it consumes, North Dakota is also seen as a potential new hub for data center development. The state has only seven data centers, but those facilities have driven the highest percentage of power demand increase in the U.S. — 37% — according to [EIA figures](#). Six new data centers are [under development](#) in the state.

In 2021, hours before 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 that time noted 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."

"We can reach carbon neutrality in the state of North Dakota by 2030 without a single mandate, without any additional regulation. We can get there just through the innovation and the different geology that we have," Burgum said at the time. "We are excited to hear how the federal government is going to join the states, join the private sector, in investing in the technology to help us get to where we need [to be]."

Burgum could have run for a third term as governor, but this year, he said he would not. He briefly ran for president in 2023 but dropped out of the race before the Iowa caucuses and threw his support to Trump. According to multiple media reports, Burgum helped organize a now-infamous campaign dinner for Trump and oil and gas executives, during which Trump asked for \$1 billion in donations from the group.

Burgum also has a close relationship with Harold G. Hamm, the founder and CEO of Continental Resources, one of the nation's largest independent oil producers, who also helped organize the dinner.

Wright

Wright also is close to Hamm, who recently told [Hart Energy](#), an oil and gas industry publication, that Wright was his top choice to lead DOE.

In a statement announcing Wright's nomination, Trump called him a "leading technologist and entrepreneur in energy."

"He has worked in nuclear, solar, geothermal, and oil and gas," Trump said. "Most significantly, Chris was one of the pioneers who helped launch the American shale revolution that fueled American energy independence and transformed the global energy markets and

geopolitics."

Wright has no prior government experience. His online profiles are focused on his education and career as a fracking pioneer. He has an undergraduate degree in mechanical engineering from the Massachusetts Institute of Technology and "did graduate work" at MIT and the University of California, Berkeley, according to his [company profile](#).

Pinnacle Technologies, which he started in 1992, was an early mover in fracking. He served as CEO of the company until 2006 and founded Liberty, originally Liberty Resources, in 2010.

He also describes himself as a "passionate father, grandfather, skier, cyclist, climber and outdoor enthusiast," and he was a major donor to Trump's campaign, providing at least [\\$228,390](#), according to ABC News.

Wright has used social media to promote his beliefs that climate change is not a major threat and fossil fuels are critical to human life and progress. In a 2023 video, he claimed there is no "climate crisis. ... The only thing resembling a crisis with respect to climate change is the regressive, opportunity-squelching policies justified in the name of climate change."

In the April 2024 video, he backtracked slightly, saying that "climate change is a global challenge. I've worked in it for 20 years, but it's far from the world's greatest threat to human life.

"Zero energy poverty by 2050 is a superior goal to net-zero emissions 2050 ... for two reasons. No. 1, it's achievable, and No. 2, progress [toward] that goal makes the world a better place. I can't say either one is true for net zero 2050."

Wright also links fossil fuels to general goals to improve life in developing countries. In January, he launched the [Bettering Human Lives Foundation](#), which promotes the use of propane cooking appliances to replace the use of wood, charcoal and dung for cooking in many developing countries. Wright has pledged \$1 million per year to fund the effort.

Reactions

The double nomination for Burgum quickly had multiple media outlets dubbing him Trump's "energy czar," while Wright was characterized as a Trump campaign donor and loud opponent of efforts to combat climate change.

Reactions to both nominations were, predictably, divided.

Sen. John Barrasso (R-Wyo.), who will be the



Liberty Energy CEO Chris Wright | Gage Skidmore, CC BY-SA 3.0, via Wikimedia Commons

Senate majority whip in the new Congress, praised both.

Burgum "knows what it takes to unleash American energy," Barrasso said. "He recognizes how important our federal lands are for energy and mineral production, grazing and recreation. As North Dakota's governor, he's shown he can balance environmental stewardship with record energy development."

Wright, he said, is "an energy innovator who laid the foundation for America's fracking boom. ... Our country is desperate for an [energy] secretary who understands how important American energy is to our economy and our national security."

Manish Bapna, CEO of the National Resources Defense Council, [linked Burgum](#) to Trump's "plan to open more public lands and ocean waters to the dangers of oil and gas drilling. That's the wrong direction for the country. Now he's tapped someone with close ties to the oil and gas industry to spearhead the scheme."

Ben Jealous, executive director of the Sierra Club, blasted Wright as "utterly unqualified for the job" and declared that "the Sierra Club is ready to do all we can to stop him and his pro-polluter agenda.

"Chris Wright is a climate denier who has profited off of polluting our communities and endangering our health and future," Jealous said in a [statement](#).

If confirmed, Wright will "be hell-bent on abusing his power to prolong the use of deadly fossil fuels and give his corporate polluter executive friends a rubber stamp for the unfettered buildout of LNG exports," Jealous said. "Clean air and clean water are not a priority for these people, and their reckless ideas and policies will only further harm the American people." ■

FERC/Federal News



Lame Duck Congress Could be Last, Best Chance for Permitting Reform

Hickenlooper, Chatterjee Say Energy, Climate Debates Must be Depoliticized

By K Kaufmann

WASHINGTON — Both Sen. John Hickenlooper (D-Colo.) and former FERC Chair Neil Chatterjee (R) see the current lame duck Congress as having the best, possibly last chance to pass the Energy Permitting Reform Act of 2024 (S. 4753) and get it to President Joe Biden's desk before he leaves the White House.

"The bill that's sitting there right now, I think we can get that passed," Hickenlooper said Nov. 13 during a forum hosted by Heatmap News at the *Shaw Brewpub & Kitchen*. "I'm not saying we're going to, but I'm saying I think we've got a very good chance of Republicans and Democrats lining up [and] saying, 'Alright, I don't like a lot of this, but we need it.' And I think both sides might hold their nose, and we might be able to get the thing through."

Chatterjee, now a senior adviser at D.C.-based law firm Hogan Lovells, is less optimistic. But he said, "If we don't get it done in the lame duck, it spills into next year, and you're not going to get a lot of Democratic support to pass a permitting reform bill, and Republicans are not going to abolish the filibuster to pass legislative permitting reform. ... Republicans are not going to overturn the birdbath to do legislative permitting reform."

Authored by Sens. Joe Manchin (I-W.Va.) and John Barrasso (R-Wyo.), EPRA would double the target for renewable energy on public lands from the 25 GW already permitted to 50 GW no later than 2030 while also cutting the time allowed for filing legal appeals against federal decisions on energy projects from six years to five months.

Why This Matters

Up until the election, the Energy Permitting Reform Act had bipartisan support and a sense of urgency to get passed. But the Republican sweep of the White House and Congress may have changed the stakes, and the clock is ticking on a lame duck session already caught up in post-election politics.



Heatmap Executive Editor Robinson Meyer (left) talks post-election politics with former FERC Chair Neil Chatterjee on Nov. 13. | © RTO Insider LLC

It would also require RTOs and ISOs to collaborate on plans for interregional transmission and allow FERC to step in to permit interregional transmission projects after one year if a state delays or denies a permit, even if the project has not been designated as being in the national interest. (See *Manchin-Barrasso Permitting Bill Would Give FERC Transmission Siting Authority*.)

The Senate Energy and Natural Resources Committee passed the bill 15-4 on July 31, but it has yet to go before the full Senate. Hickenlooper is a member of the committee and voted for the bill.

While energy industry trade groups have largely supported the bill, environmental organizations have opposed it. But Hickenlooper sees the lame duck session as an opportunity for an "alignment of self-interest" between Democrats and Republicans, industry and environmentalists.

"Most of the environmental organizations recognize that if we're going to successfully address climate change, we've got to get transmission lines," he said. "We can't spend 20 years permitting transmission lines. We've got

to figure out how to make sure we do that in a way that protects the environment, protects [the] cultural heritage of these sites, but we've got to go faster. ... The sense of urgency that we have is not nearly sufficient. ...

"If we miss the chance with the Barrasso-Manchin bill, we're still going to have to do all this work," Hickenlooper said. "We're just going to do it six months or a year or two years down the road, and it just puts us further away from beginning to address the issue."

IRA vs. Tax Cuts

Hickenlooper and Chatterjee also were cautiously optimistic that the clean energy tax credits and incentives in the Inflation Reduction Act would not be sacrificed to pay for extending the tax cuts passed in 2017.

Hickenlooper's main argument was that the new working-class voters in the Republican Party are among those benefiting from the clean energy manufacturing jobs the IRA is creating. "Rolling back those efforts for the simple purpose of giving another tax break to the publicly traded stocks of America doesn't

FERC/Federal News



seem constructive,” he said.

Dismantling the IRA will create more uncertainty and disrupt business plans, he said, and such unpredictability could leave businesses not knowing “whether anything that’s agreed to is going to stay the same for more than two years.”

Chatterjee said he believes that even with Republican control of the House of Representatives and Senate, extending the 2017 tax cuts and rolling back the IRA through a single budget reconciliation bill could require more political capital than the GOP can muster.

Budget reconciliation is a legislative maneuver under which a budget bill can be passed with a simple majority vote in both houses as opposed to the three-fifths usually needed for such legislation. Both the 2017 tax cuts and 2022 IRA were passed via budget reconciliation.

But, Chatterjee said, in the Republicans’ new “populist working-class party, there’s not necessarily unanimity around the idea of extending corporate tax cuts at the expense of exacerbating the deficit. ... I think [President-elect Donald Trump] and Republican leaders in Congress will leverage their political capital to get that piece of it done. But then to layer on IRA repeal on top of it, or IRA modifications to pay for it, at that point individual lawmakers start to have tremendous influence,” he said.

While the Republicans might have enough votes to roll back the IRA’s tax credits for electric vehicles, other incentives — for clean hydrogen, carbon capture or tech-neutral clean energy — could have individual supporters. “The end result is things get heavy, and they get tough to pass,” Chatterjee said.

At the same time, Chatterjee expects that former Rep. Lee Zeldin (R-N.Y.), Trump’s nominee to head EPA, will roll back the Biden administration’s regulations aimed at reducing greenhouse gas emissions from power plants and automobile tailpipes, but “in a thoughtful way that focuses on rational outcomes.”

“He may pursue a deregulatory agenda but do it in a way that is respectful and listens and brings different stakeholders to the table,” Chatterjee said. “I think that’s a good thing.”

‘Deep Uncertainty’

Hickenlooper and Chatterjee also are thinking similarly about the need to depoliticize the debate around climate and energy issues as lawmakers and regulators face the impacts of increasingly frequent and severe extreme weather, while meeting growing power demand from artificial intelligence, data centers and new manufacturing.

Trump may call climate change a hoax, Hickenlooper said, but “that’s not going to stop me from trying to go out and make the argument that if you live in Florida and you look at how you’re going to get insurance for property, you better look pretty closely right now because it’s now the states ... [that] subsidize people’s property casualty insurance.”

If available at all, home insurance rates have skyrocketed in Florida and in other states that have experienced repeated extreme weather events. As a result, many homeowners have to rely on state-subsidized programs.

“We Democrats and Republicans and independents have to start finding ways to get this in the media and talking about it in real time,” Hickenlooper said.

Chatterjee sees the potential for bipartisan action on electricity demand growth. Neither party has, thus far, “fully grasped what this coming surge in demand means,” he said. “I think there is universal agreement amongst parties that we need to win the AI race against the Chinese Communist Party for national security purposes ... and power will be the key to winning that AI race.”

But, he said, political and business leaders will need to do a better job of explaining those imperatives to the public, which could be faced with “increased consumer prices or potential threats to resource adequacy and reliability or backsliding on our decarbonization goals.”

Democrats will have to accept the need to keep fossil fuel plants online, and Republicans will have to accept that meeting new demand will require both an aggressive deployment of renewable energy and new transmission lines, he said.

“I actually think we are on a precipice of a



Sen. John Hickenlooper (D-Colo.) | © RTO Insider LLC

moment in which, because of AI, because of investments in domesticating the supply chain for the clean energy future ... we are on a trajectory to where red supply can feed blue demand,” Chatterjee said. “We are at a tipping point where we can take politics out of the clean energy transition and decarbonization and actually focus on collective solutions.”

Hickenlooper said getting buy-in from American consumers will require setting out a clear plan for the transition.

“I don’t understand how we got so far down the road without any kind of plan,” he said. “It’s hard to imagine the American people sacrificing and paying more for energy ... if they can’t see where it’s leading and what the next sacrifice is and what their benefits are; the money they are going to [save].”

Like Chatterjee, Hickenlooper says all generation technologies will be needed. But even with a plan, a key challenge will be “making decisions under deep uncertainty. ... That’s what we’re going to have to do: make decisions when there are, in many cases, not enough facts.”

“We don’t have enough information to really have the confidence our decisions need,” Hickenlooper said. “But we have to keep making decisions under deep uncertainty because we do not have the time. We don’t have the luxury.” ■

National/Federal news from our other channels



Stakeholder Soapbox: Kill Subsidized Energy Efficiency for the Public Good

NetZero
Insider

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

FERC/Federal News



FERC-State Collaborative Holds 1st Meeting on Gas-electric Coordination

By James Downing

FERC and a group of regulators from 10 states began discussing gas-electric coordination at the first meeting of the new Federal-State Current Issues Collaborative on Nov. 12 on the sidelines of the National Association of Regulatory Utility Commissioners' Annual Meeting in Anaheim, Calif.

The new collaborative comes after a similar effort on transmission, which contributed to FERC Order 1920, FERC Chair Willie Phillips said at the meeting. Phillips said he was not tied to any outcome from the effort: It could lead to regulatory changes or suggestions for a legislative response.

"But I am wedded to one basic and, I think, irrefutable fact: In a nation that today is heavily invested in and dependent on natural gas as a dominant fuel in our electric supply portfolio, it is unacceptable for that fuel to not be available to meet our energy supply needs, especially during emergencies," Phillips said.

While many disagree over the future of natural gas, the fact is that it is leading to reliability issues now and will into the foreseeable future, he added.

The issue has been kicked around for decades. (See [RTOs Jointly Call for Improved Gas-electric Coordination](#) and [NAESB Forum Chairs Push for Gas Reliability Organization](#).)

"This forum or collaborative does not need to necessarily end with any specific action," said North Carolina Utilities Commissioner Kimberly Duffley. "Rather, the purpose is truly discussing the current issues in a roundtable format so each of the NARUC regions and FERC can understand each other's perspectives and positions and views, along with all of the regional differences."

Winter storms in recent years have highlighted

Why This Matters

With reliability a focus at FERC regardless of which party runs the White House, the work on gas-electric coordination is likely to continue, and this joint task force with states eventually could influence policy changes.

the risks around failing to improve coordination, which include huge costs as commodity prices spike and can lead to premature deaths when customers lose their heating at the height of winter, Duffley said.

While previous efforts have made some improvements around scheduling and opening up lines of communication between the two interdependent energy markets, they are largely siloed, said New Hampshire Public Utilities Commissioner Pradip Chattopadhyay. Ideally the end result of the task force will be to achieve "greater seamless interaction" between the two markets, he added.

One issue that has cropped up repeatedly is when cold snaps fall on long holiday weekends, which can lead to significant issues because of the fewer opportunities to schedule delivery of fuel to generators, FERC Commissioner Judy Chang said. ISOs and RTOs are increasingly factoring risks on the natural gas side as they plan for and forecast reliability, she added.

While no silver bullet is going to solve the longstanding issues, Chang offered a few areas where things could improve, including information sharing and market signals to generators in restructured wholesale markets.

"The nomination process ... could be better aligned between the electricity market and gas markets," Chang said.

Many spoke about the need to expand pipeline capacity as the power sector uses more and more natural gas. But Maine Public Utilities Commission Chair Phil Bartlett said that New England has tried to do that, and it did not work out. The region's politics also do not support major new pipelines.

"We are seriously constrained at our ability to bring in natural gas by pipeline, forcing us to rely significantly on LNG to try to get us through," Bartlett said. "The system in New England was built largely to serve heating demand as well as to serve industrial loads. It was not designed to support gas generation, but gas generators have been able to successfully take advantage of excess capacity of the system, which exists for much of the year, most days, in order to power their operations."

The issues come during winter cold snaps, when the pipelines are at full capacity and many of those generators cannot produce power. "If you have 10 to 14 days of really cold arctic temperatures, there's a real concern that we're not going to have access to the gas," Bartlett said.



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ISO-NE is working on capacity market changes that will aim to incorporate those gas constraints, which could lead to generators signing up for firmer gas supply, but Bartlett said success there was not guaranteed.

New England has been dealing with this for 20 years, as its position at the end of the pipelines and its cold winters made the issue obvious in the early days of its electric markets, ISO-NE CEO Gordon van Welie said at the Aurora Energy Transition Forum in New York in October. (See [Future of Power Markets Discussed at Aurora Energy Conference](#).)

"I would have expected Winter Storms Uri and Elliott to have shifted the conversation. I'm shocked that it hasn't," van Welie said. "So, I've now resigned to 'we need a 2003 blackout event' before Congress will wake up and give somebody at the FERC, I think, responsibility for overseeing both of these networks."

The 2003 blackout led to FERC and NERC's reliability regime under the Energy Policy Act of 2005. Uri was responsible for hundreds of premature deaths and huge costs in February 2021, but van Welie argued it was written off as something unique to Texas, and for change to happen nationally, some major disaster needs to hit the Eastern Interconnection to move the politics of gas-electric coordination to a place where the issues will be addressed.

"We've got all these frictions and resistances in the system, so it's not going to happen until something really bad happens," van Welie said. ■

FERC/Federal News



Stakeholders Push for More Interconnection Rule Changes at FERC

Order 2023 not Enough, but Suggestions Vary

By James Downing

Stakeholders are split on whether FERC should adopt additional changes to its generator interconnection rules or focus on implementing Order 2023 while letting specific regions go further on their own (AD24-9).

After issuing the order in July 2023 and working on grid operators' compliance filings for nearly a year, FERC held a technical conference in September looking into how to further speed up processing the country's interconnection queues, which according to Lawrence Berkeley National Laboratory include about 11,600 projects totaling 2,600 GW. (See *FERC Workshop Examines How to Speed up Interconnection Queues.*)

In post-conference comments, submitted last week ahead of a Nov. 14 deadline, a group of "public interest organizations" — including the Natural Resources Defense Council, Sierra Club, Southern Environmental Law Center and Sustainable FERC Project — urged FERC to ensure that Order 2023 is fully implemented and to focus on future reforms that complement it.

"Transmission providers' obstinate, superficial compliance filings and continued litigation against Order No. 2023 underscore the need for the commission to only entertain proposals that would build on — rather than detract from — the reforms of Order No. 2023," they said.

They argued that FERC should make improvements to surplus interconnection service and energy resource interconnection service (ERIS), which allow new resources to connect to the grid with fewer guarantees for delivery when the system is constrained. The services are not evenly implemented in organized markets, they said, and in some cases, ERIS interconnection costs can exceed network resource interconnection service (NRIS), which is intended to guarantee firmer connectivity.

"The commission should reject proposals that run counter to open access by allowing new interconnection requests to queue jump: passing on additional uncertainty, delays and unfavorable cost allocations to interconnection customers that have already struggled to maintain viability in extensive queue backlogs and now rely on the Order No. 2023 cluster process," the groups said.

Advanced Energy United, the American Clean

Why This Matters

While FERC's next four years promise to be different than the previous four, the agency is still facing an industry with growing demand, narrowing reserve margins and thousands of gigawatts of new resources in queues that can address the other two issues, if they can connect to the grid.

Power Association and the Solar Energy Industries Association did not warn FERC away from queue jumping entirely, but they cautioned against making that change permanent. Such Band-Aid approaches should be sunset by the end of the decade, they argued.

"Queue caps and prioritization processes may make models solvable but are likely to prove challenging to design and implement without undermining open-access principles," the clean energy trade groups said. "Further, inequitable and inconsistent stopgap measures may limit development and ultimately harm reliability. The commission must not lose track of the fact that open access is good for consumers; it reduces costs and drives innovation. This is equally, if not more, true in times of rapid change — like today — as in times of relative stability."

The high number of projects is logical and necessary to ensure healthy competition to serve new load, but high queue volumes were cited by other parties as the main problem that needed to be solved with caps and prioritization, the groups said. High project volumes are an issue only if they are a result of a faulty process.

"A Band-Aid can be a stopgap solution — but if surgery is what's needed, it should be prepped for, scheduled and performed as soon as possible, even if the Band-Aid is helping to temporarily address symptoms in the meantime," they said.

Region-specific Proposals

The Edison Electric Institute said FERC should focus on implementing Order 2023 but also

let regions that propose revisions to their own processes to move forward with those.

"Given the reliability concerns in some regions, EEI believes that the commission should be open to regions proposing reasonable mechanisms to prioritize the interconnection of certain resources to ensure continued reliable energy supplies," the investor-owned utility trade group said. "Finally, EEI recommends targeted reforms rather than generic action to further integrate the transmission and interconnection processes."

New generic, nationally applicable processes risk disrupting ongoing compliance processes, consume significant time and financial resources, and could delay the goals advanced by Order 2023, EEI said.

American Electric Power called on FERC to ensure ISOs and RTOs have effective, nondiscriminatory processes in place to prioritize or fast track interconnection requests for replacing retiring generation and new capacity needed to meet reliability or resource adequacy requirements. Shovel-ready projects that support reliability, need only existing transmission to connect and support state policies should be prioritized.

Constellation Energy said FERC should adopt a new method that speeds up the queue, noting that PJM has talked about 2030 as being the year when reliability will come to a head.

"Accelerating the pace of new entry of reliable resources is critical to solving this problem," Constellation said. "To do so, Constellation and PJM have proposed stopgap frameworks that would prioritize shovel-ready interconnection requests that address demonstrated resource adequacy or reliability needs."

This "Expedited Reliability Process" would have the RTO establish objective criteria to determine whether a project is likely to satisfy the region's reliability needs and whether it can be constructed on time to meet them. The proposal should be filed with FERC in December, the firm said.

MISO told FERC it is facing similar issues with narrowing reserve margins and a slow queue, which it has been working to improve through automation and tracking. Part of the problem in MISO is that 58 GW of generation have signed a generator interconnection agreement and have yet to come online.

FERC/Federal News



“MISO will be launching an interactive tool on our website to understand the fuel type, location and reasons these generators are delayed in coming online,” it told FERC. “Additionally, MISO is pursuing a new study process known as the Expedited Resource Adequacy Study that will allow MISO to study interconnection requests necessary for resource adequacy in a matter of months.”

The RTO did a survey of those projects, of which 26 GW have announced they expect delays or just not been energized on time. An additional 15 GW responded, with 40% saying the delay was from transmission issues, 18% from regulatory/permitting issues and 11% from difficulties securing power purchase agreements. Equipment supply chain delays dating back to the COVID-19 pandemic are also often a factor.

Order 2023 is an improvement, but its reforms were narrow, and FERC should continue to work on interconnection issues, argued the Electricity Customer Alliance, the Electricity Consumers Resource Council and R Street Institute. FERC could do another rulemaking or let regional changes bloom, they suggested.

But they also argued the commission should announce an ongoing forum on the best generator interconnection processes that is held at least annually and articulate its policy objectives by issuing a statement.

“The salience of GI reform, beyond Order 2023, continues to grow,” the consumer groups said. “Unnecessarily slow and costly GI process has been a growing economic burden on consumers for years. Grid upgrade costs for generators to interconnect have grown by multiples in many regions, and most of these costs are passed through to consumers. Interconnection wait times have increased from less than two years to a median of five years last year, with some regions now explicitly delaying or pausing the processing of new GI requests. GI delays now present a material reliability risk to consumers, especially as expectations for load growth have increased.”

A New Type of Monitor?

The American Council on Renewable Energy suggested that FERC require regions with delayed queues to set up independent interconnection monitors to evaluate study practices,

assumptions and outcomes, and then recommend improvements.

Grid Strategies published a *report* this month advocating for a similar concept that would require TOs to hire independent construction monitors “to ensure compliance with timelines, budgets and projects specifications, providing transparent and unbiased evaluation throughout the construction phase.”

“Available data — and data are very scarce — suggests that transmission owners’ budget priorities and construction management practices may play a substantial role in these construction phase delays,” the report says. “With perhaps half of all projects with interconnection agreements being significantly stalled or facing substantial cost overruns during the construction phase, this is a serious and widespread issue.”

Construction monitors would get access to often sensitive data and be an independent set of eyes that could identify issues causing delays and make expert recommendations on how to speed up construction and equipment procurement, the report says. ■



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EIA: Distribution and Transmission Led to Higher Utility Capital Spending

By James Downing

Data collected over the past 20 years shows an increase of 12% in utility capital spending, rising from \$287 billion in 2003 to \$320 billion in 2023. Spending on generation has declined, while spending on transmission and especially distribution has surged and more than made up for declines in cheap generation, according to data from the U.S. Energy Information Administration.

The sector spends 24% less on producing electricity than it did in 2003 due to lower fuel costs and the closure of older power plants that were costly to maintain. But spending on generation jumped 23%, or \$4.7 billion, from 2022 to 2023 due to one project coming online — Southern Co.’s Vogtle nuclear plant expansion, which started commercial operation in April.

Spending on transmission nearly tripled over the two decades, hitting \$27.7 billion in 2023, with some of the increase coming from

transmission station equipment (\$1 billion), poles (\$1.1 billion) and computer software (\$400 million) needed for operating regional transmission markets.

The distribution system was the main driver for overall spending increases in the utility sector as capital investments in that level of infrastructure were up by \$31.4 billion, or 160%.

More than 20% of the increase in distribution spending happened between 2022 and 2023, when utilities spent \$6.5 billion more for a total of \$50.9 billion to replace and upgrade aging equipment and install new distribution infrastructure to help neighborhood grids withstand extreme weather and manage renewable intermittency.

The biggest categories for distribution system spending were on overhead lines, poles and towers as utilities spent \$17.4 billion on overhead infrastructure in 2023. That marks an 11% increase from a year earlier, and 220% more than in 2003.

Spending on underground lines also ramped up significantly over the past 20 years to reach \$11.8 billion in 2023. The spending was for new developments, as well as undergrounding old lines to mitigate power outages from storms and wildfires or improve neighborhood appearance.

Supply chain and manufacturing issues led to utilities spending 23% more for a total of \$7.5 billion in 2023 on “line transformers,” which drop voltage to household levels.

Utilities spent \$6.1 billion on distribution substations in 2023, which marks a 184% increase from 2003 and 15% from 2022. More substations allow utilities to better withstand extreme weather, manage renewable intermittency and allow for greater voltage control during emergencies.

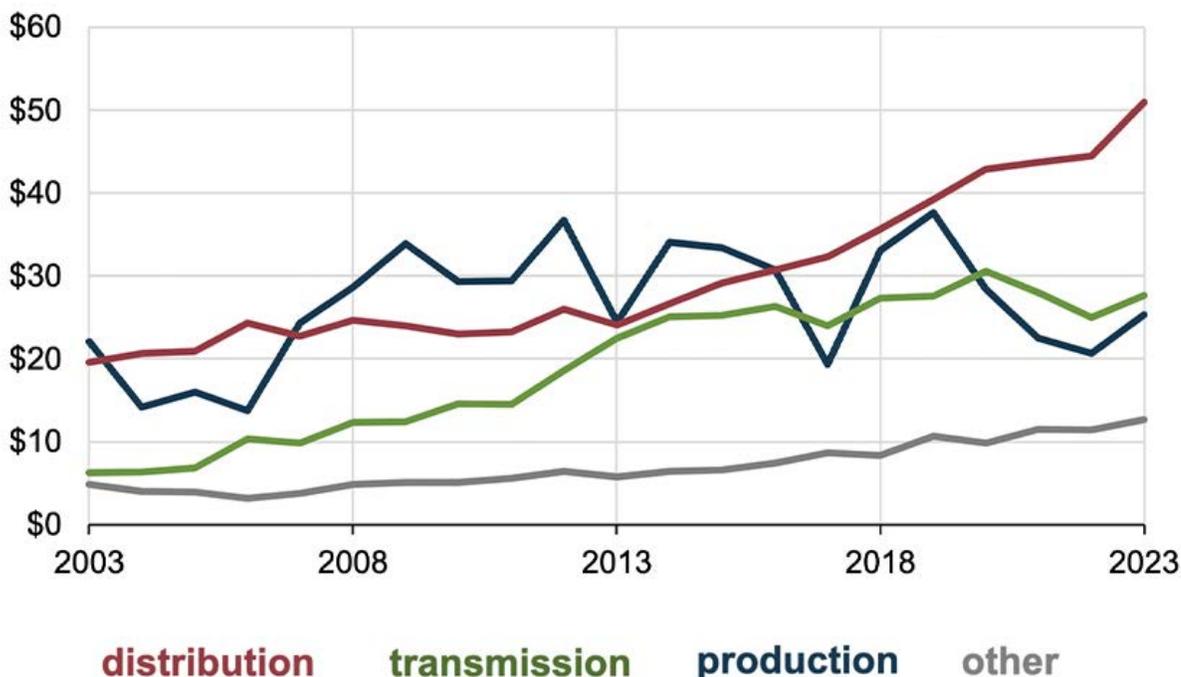
Another major increase was spending on infrastructure located on or near customers’ property, which includes meters, leased property and rooftop solar. Utilities spent \$5.1 billion on that in 2023, up 84% from 2003 and up 25% from 2022.

Although energy storage remains a relatively small portion of the total budget for distribution infrastructure, spending increased from \$97 million in 2022 to \$723 million in 2023. Energy storage at the substation or customer site enhances power quality and provides backup power in areas where lines and transformers cannot handle additional capacity, especially as more intermittent renewable resources come online.

The “other” spending category increased by 30% or \$8.6 billion over the 20 years. It includes intangible plant expenses like licenses and general plant expenses like office space and storage buildings.

Annual U.S. capital additions by sector (2003–2023)

billions of 2023 U.S. dollars



A graph EIA produced showing the trends in electric industry spending over the last couple decades between transmission, distribution, production (generation) and other spending. | EIA

CAISO/West News

BPA: Funding Markets+ Phase 2 Preserves Choice

'Preference' Customers Favor SPP Market's Governance Model, Agency Says

By Tom Kleckner

PORTLAND, Ore. — As potential participants in SPP's Markets+ day-ahead offering gear up for the second phase of the day-ahead market offering, Bonneville Power Administration has emerged as the proverbial 800-pound gorilla.

With its 15,000 miles of transmission lines — about 70% of the region's facilities — and 22 GW of low-cost hydroelectric power that it sells to its customer base of publicly owned utilities, BPA is seen by some as obstinately pursuing Markets+ membership rather than joining others in CAISO's competing Extended Day-ahead Market (EDAM).

But BPA says that is not the case.

The federal agency says following through on its \$25 million funding commitment to Markets+ development, despite several studies that claim EDAM offers more benefits, is simply a matter of preserving a choice between the two markets. That and listening to the wishes of its "preference" customers, the utility districts, municipalities and cooperatives that buy BPA's power.

"Our preference customers have been very clear. They want us to continue funding be-

cause what we have always said is, at the end of this process, we want to have two markets, two options to decide on," BPA's Rachel Dibble, vice president of wholesale markets, told *RTO Insider* Nov. 12. "Bonneville's portion of [Phase 2 funding] is what we need to pay to keep that as a viable option."

Dibble said BPA still is negotiating a funding agreement with SPP. She said there have not yet been any commitments, but the agency's intent is to "get an agreement that works for us and to fund."

SPP has set a Dec. 16 deadline to finalize funding arrangements.

"It has to be an agreement that everyone is comfortable with," Dibble said. "SPP has always been very good to work with and flexible, because they just want everyone to have a say and to be able to get their concerns addressed."

The majority of preference customers recently made clear where they stand with a *letter* to the U.S. Department of Energy, under which BPA is one of four regional federal power marketing administrations. The signatories said the letter was designed to remind the DOE and the region's congressional delegation to respect

Why This Matters

The Bonneville Power Administration's preference for SPP's Markets+ over CAISO's day-ahead market is driven by its 'preference customers.' They both want to maintain BPA's independent authority in SPP's stakeholder-driven governance model.

BPA's independent decision-making as it considers market options.

"Enabling BPA to act without external pressures will ensure its continued alignment with its statutory responsibilities and enduring mission to serve the Northwest," the utilities said in the letter. (See *Public Utilities Urge DOE to Respect BPA's Day-ahead Decision Process*.)

"We've had very strong support from our preference customers. They really prefer Markets+," Dibble said. "The governance is by far the most common reason that we hear from them, that they really want to make sure that we're in a market where [BPA's] discretion is protected and it's an independent governance model. We just have to be careful about not letting that erode or violate our statutes."

BPA has long pointed to SPP's independent governance model — which includes building consensus among stakeholders before making decisions — as the primary reason for choosing Markets+ over EDAM. It has stuck with staff's recommendation to make a qualitative decision and go with a governance framework independent from California state influence instead of basing it on various western market studies.

One such recent study by Energy and Environmental Economics (E3) found BPA would realize significantly greater economic benefits in EDAM than in Markets+. (See *Rising Tensions Evident at BPA Day-ahead Markets Workshop*.)

"Having the independent governance is something that's a protection for us," Dibble said. "What we're just really trying to do is honor what our obligation is, and that's to have a transparent, thorough, thoughtful, deeply



Snohomish PUD's Joe Fina (right) comments on an external adviser's role as Xcel Energy's Joe Taylor listens. | © RTO Insider LLC

CAISO/West News



analytical process ... it's the right thing to do."

Among preference customers, Seattle City Light has stood out as an opponent of BPA's leaning in favor of Markets+. In a Nov. 14 letter to BPA Administrator John Hairston, City Light CEO Dawn Lindell contended that BPA's "disregard" for the E3 study results was "alarming" and criticized the agency for continuing to fund Markets+ while not contributing financially to the West-Wide Governance Pathways Initiative's effort to bring more independent governance to CAISO's markets. (See related story, [Markets+ Leaning 'Alarming,' Seattle City Light Tells BPA.](#))

BPA plans to issue a draft decision in early March and open it up for public comments. A final decision will be made in May.

Dibble was just one of a half-dozen or so BPA staffers who attended the Nov. 12 Markets+ Participant Executive Committee about a mile from the agency's headquarters building in Portland. She cast nearly 20 votes as the group easily approved the latest batch of protocol language, leaving only a few remaining sections that likely will be up for approval during MPEC's January meeting in Tempe, Ariz.

Most of the language was brought forward by the Markets+ Design Working Group, which sought approval on everything from energy and flexibility products to "those things that go kerplunk," according to the group's vice chair, Xcel Energy's Nick Detmer.

Detmer, who stepped in following the sudden recent departure of BPA's Russ Mantifel, promised MPEC members the MDWG was "coming here with 240 minutes worth of exciting stuff, a lot of math, a lot of settlements, how we can handle things, how departments can interact, how we generate." (See [BPA Markets+ Support Intact Despite Exec's Resignation, Agency Says.](#))



Rachel Dibble, BPA | © RTO Insider LLC

"Is [kerplunk] a defined term?" asked the Western Power Trading Forum's Scott Miller, drawing laughter. Detmer explained that "kerplunk" refers to occasions where the market's functions fail to solve.

"There's instances where it's delayed and that does happen occasionally, but in terms of kerplunk, that's not a problem," SPP's Carrie Dixon said.

The MPEC tabled a discussion on a meeting-attendance policy until it gathers again in Arizona. It also delayed until August 2025 consideration of engaging an external adviser, offering insight on market design separate from SPP's Market Monitoring Unit, over the scope of its work and compensation.

After Phase 1 market participants voiced conceptual support for an external adviser last year, a Markets+ legal subgroup suggested bringing on the advisory-only role in the second quarter of 2026. The contract would encompass the market's targeted go-live date

of May 2027 and would be paid by either load under the tariff or directly funded by MPEC participants.

However, compensation that could reach \$2.5 million proved a sticking point as MPEC debated whether to pay the adviser by the issue studied or on a retainer.

"That seems like a lot to pay for an expert without having issues to look at. It seems to lack some prudence," said MPEC Chair Laura Trolese, with The Energy Authority.

"It's hard for me to have perspective on this," the Public Generating Pool's Mary Wiencke said. "Paying \$2.5 million to do nothing? Yeah, I'd like to have that job."

SPP's Carrie Simpson said staff would take the committee's input and provide more information by August, including a refinement of costs.

In other actions, MPEC members approved Tacoma Power's Thad Levar and BPA's Sara Eaton to fill public power vacancies on the MDWG and Michiko Sell, with Grant County (Wash.) PUD, to an open public power seat on the Markets+ Transmission Working Group.

As the meeting ended, Dibble appeared to be even more comfortable with SPP's approach to Markets+.

"This is the first time we've been in the full SPP process," Dibble said after the meeting ended. "I think all of us throughout the West are kind of learning it and trying to figure out how the meetings go. It's something that definitely takes a lot of investment and you take responsibility for what's actually being written. And that's one of the features of independent governance that we know that we just need to invest a lot more time in." ■

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CAISO/West News



Pathways Initiative Issues Final ‘Step 2’ Proposal

Plan to Factor Heavily in Legislation Needed to Relax CAISO’s State Oversight

By Robert Mullin

The West-Wide Governance Pathways Initiative on Nov. 15 released its final proposal for establishing a Western “regional organization” (RO) that would assume oversight for CAISO’s Western Energy Imbalance Market (WEIM) and Extended Day-Ahead Market (EDAM).

The *proposal* offers a blueprint for divvying up functions between CAISO and the RO that Pathways backers envision would provide an independent framework for governing the ISO’s Western markets. Launched in July 2023, the effort aims to address regional concerns about the state of California’s oversight of CAISO and to counter the appeal — and potential growth — of SPP’s Markets+, a competitor of EDAM for market participants.

The Pathways Launch Committee will vote on the proposal during its next public meeting Nov. 22. The content of the Step 2 proposal will play a big role in shaping the bill that Pathways supporters are looking to move through the California State Legislature in 2025 to relax the state’s authority over CAISO’s markets.

“This proposal marks a major milestone in a decades long series of incremental steps,” Launch Committee Co-Chair Kathleen Staks, executive director of Western Freedom, said in a statement. “The regional organization will have sole authority over the energy markets, ensuring shared and independent Western ownership, while deliberately setting the stage for an organization empowered to develop its own regional solutions for years to come.”

The final plan adopts most of the recommendations the committee set out in its Step 2 *draft proposal* released in September, while incorporating stakeholder *feedback* on the draft. (See *Pathways Initiative Releases ‘Step 2’ Proposal for Western ‘RO’*.)

As in the draft, a key element of the final

Why This Matters

The West-Wide Governance Pathways Initiative will vote on the final 'Step 2' proposal during its next public meeting on Nov. 22.

Stakeholder Process	SRC Role	Staff Role
(1) Issue Identification & Prioritization		
(a) Catalog Process: Issue/Initiative Identification	Identification of discretionary issues via roundtable.	Conduct annual process to identify Catalog initiatives and eliminate initiatives no longer needed. Publish Draft and Final Catalog, host stakeholder meeting(s), administer comment period and address stakeholder comments.
(b) Roadmap Process: Issue/Initiative Prioritization	Prioritization of discretionary initiatives with input from sectors and stakeholders. Provide input on Catalog and Roadmap to RO Board.	Create prioritization process for Discretionary Initiatives. Full discretion to include Compliance/Non-Discretionary Initiatives. Publish Draft and Final Roadmaps. Administer comment period(s). Administer vote(s). Transmit to RO Board.
(2) Stakeholder Initiative Phase		
(a) Stage 1 – Issue Evaluation: Refinement of the Problem Statement	Identify SRC sponsors. May provide input into elements of the Stage 1 working group process and timeline, including in response to stakeholder vote regarding readiness for initiative to move to Stage 2.	Conduct Stage 1 process. Determine, in consultation with SRC sponsors and based on stakeholder input through comments and/or voting, when the Stage 1 objectives are achieved. Conduct stakeholder vote(s).
(b) Stage 2 – Policy Development: Identification of solutions	Review and may provide input into proposals. For Discrete Initiatives, the SRC sponsors may take lead in the development of a straw proposal. Create Standing Committees and/or work groups as needed.	Conduct Stage 2 process. Develop proposals and review and respond to stakeholder comments. For Discrete Initiatives, staff are responsible for driving a solution (stakeholder meetings, comment periods, straw proposals). Conduct stakeholder vote(s).
(3) Initiative Consideration by RO Board	Produce document or opinion of the SRC for the RO Board to consider in its approval of Final Proposals. Provide overview of voting results if relevant.	Prepares materials for Board consideration and present Final Proposals to RO Board for approval.

The final Step 2 proposal outlines the respective roles that RO staff and the Stakeholder Representatives Committee will play in the RO’s stakeholder process. | *West-Wide Governance Pathways Initiative*

proposal is the Launch Committee’s choice to launch the RO in the form of the “Option 2.0” structure discussed during Pathways meetings. Under that option, the RO would serve primarily as a “policy-setting” body and assume “sole” authority over WEIM and EDAM market rules, holding exclusive rights to file with FERC under Section 205 of the Federal Power Act.

That stops short of the more comprehensive “Option 2.5,” which would see the RO take on more of CAISO’s market functions and legal responsibilities along with the accompanying financial and legal risks. But the plan states that, within nine months of the RO’s formation, the RO board must perform analysis of advancing toward Option 2.5.

“The feasibility analysis would at a minimum evaluate: vendor management role, financial liability, existing regulatory contract changes and future RO staffing needs,” the proposal notes.

The plan also calls for the RO to maintain a single, integrated tariff with the ISO instead of establishing a separate tariff. The Launch Committee recommends the Formation Committee work with CAISO “to explore ways to provide more clarity in the tariff that can be proposed to the RO board once it is seated.”

The proposal also describes how the RO would be funded: through “a tariff-based mechanism

under which the CAISO collects funding from market participants and remits the funding to the RO.” It notes that the RO and CAISO would follow a stakeholder process to develop the mechanism and how it might “interrelate” with the ISO’s current approach to collecting its grid management charge. The mechanism would be subject to FERC approval.

Budget, Location, Relationship with CAISO

The plan says the RO would start out with “limited staffing” at an estimated budget of \$1.25 million to \$1.5 million, which eventually could increase to \$10 million to \$14 million over time.

The proposal also sets out how the RO would influence CAISO’s management and market monitoring structure, saying it would have “advisory authority to provide noncontrolling input on hiring and performance of one or more officer-level senior CAISO managers responsible for the business line (or ‘vertical’) that oversees the markets.”

It notes that CAISO’s Board of Governors would consider “the most appropriate way” for the RO board to advise on the hiring of any future CEO of the ISO. The two boards also would jointly select future heads of the ISO’s Department of Market Monitoring (DMM) and

CAISO/West News

members of its Market Surveillance Committee.

The plan calls for the RO's contract with CAISO to "provide an opportunity for the RO to offer an annual performance evaluation of the CAISO management personnel subject to the RO's noncontrolling hiring input, including the CAISO officer(s) overseeing market services and the DMM."

The proposal affirms the Launch Committee's previous recommendation that the RO be incorporated as a 501(c)(3) nonprofit in Delaware and have its principal place of business in Folsom, Calif. — near CAISO's headquarters.

It sets out the RO's governance structure, including the seven-member board, the Formation Committee and the Public Policy Committee, the last of which would be "tasked with conducting outreach at key points in the stakeholder process to states, local power authorities and federal power marketing administrations to collect input about the potential for adverse impacts on a state, local or federal policy by an initiative."

The Step 2 proposal also sketches out the RO's framework for protecting the public interest, including the intention to carry over the existing Western Energy Markets Body of State Regulators (BOSR) into the RO and create an independent Consumer Advocate Organization and Office of Public Participation to facilitate engagement with the public.

The proposal's program for stakeholder engagement includes the structure for the proposed Stakeholder Representative Committee (SRC) the Launch Committee discussed with

stakeholders in October. (See *Revised Pathways Proposal Focuses on Sector Issues*.) The proposal notes that voting within the SRC is "ultimately advisory" and intended to identify "significant opposition" to an initiative; it says the Formation Committee in the future would work with a Stakeholder Process Work Group and stakeholders to develop the "remand" process to respond to such opposition.

The proposal additionally breaks out the roles for the SRC and RO staff in the stakeholder process. It also notes that the RO's Formation Committee would work with CAISO to determine staffing for the RO's stakeholder process and "to refine the roles needed" and identify whether they would "best sit with" the RO or CAISO.

'Logical Next Step'

Most parties who commented on the draft proposal expressed support for the Launch Committee's decision to proceed with Option 2.0 rather than a more aggressive option in which the RO would take on more responsibility for CAISO's markets.

But key among the skeptics were entities in the Northwest known to favor Markets+ over EDAM, including Puget Sound Energy (PSE) and the Bonneville Power Administration.

"PSE is concerned that this proposal still leaves significant uncertainty with regard to achieving meaningful independence, does not ensure sufficient near-term independence of the RO from the California Independent System Operator, and does not provide a clear line-of-sight to Option 4 [which outlined a nearly complete transfer of CAISO functions to the RO] or a

viable, broad, independent Western regional transmission organization footprint that includes California," PSE said in its *comments* on the draft plan.

BPA officials expressed a similar view during a Nov. 4 workshop and follow-up press briefing to discuss the status of its day-ahead market decision process. (See *BPA Execs Lay out Markets+ Benefits, Risks, Reasons*.) They noted the agency's preference for Pathways' Option 4, questioned whether the RO would even adopt Option 2.5 and said Markets+ already offered the governance option that "satisfies" its needs.

"We have an option that's no longer hypothetical. It is a real option that has a real independent market governance structure that satisfies us, and that's what we're measuring everything else against," Rachel Dibble, BPA vice president of bulk power marketing, said during the briefing.

EDAM supporters have argued the Pathways Step 2 plan represents the incremental step needed to move the West to a regionwide market that includes California.

"We believe that the Step 2 proposal is a logical 'next step' for markets for the Western Interconnection," said Jim Shetler, executive director of the Balancing Authority of Northern California (BANC) and a member of the Launch Committee. "The concept of phasing the evolution of market services with participation on a voluntary basis is an approach that has worked successfully for the West and is consistent with BANC's strategic vision. BANC is happy to support this next phase of the Pathways process." ■

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CAISO/West News

CAISO Launches Initiative to Examine CRR Issues

Effort to Look at Auction Revenue Inadequacy, Monitor Complaints

By Elaine Goodman

CAISO has launched an initiative to improve its congestion revenue rights market by addressing issues such as revenue inadequacy and auction efficiency.

The ISO held a working group meeting Nov. 14 to kick off the stakeholder process for the initiative. It also released a discussion paper outlining the issues regarding CRRs.

CRRs are intended to provide a hedging mechanism for congestion risks in the day-ahead market. They're distributed through free allocations to load-serving entities and also are awarded through auctions in which a variety of entities may participate.

Efficiency Issues

But auction efficiency has been a concern. According to CAISO, the CRR auction has been yielding only about 65 cents per dollar of congestion revenue.

Revenue adequacy is another issue: From 2019-2024, system-level revenue inadequacy

was 81%, with a total shortfall of \$684 million.

The current effort follows a previous initiative regarding CRR auction efficiency that led to rule changes in 2019.

Since then, losses from CRR auctions have decreased, but have been described as "still very high" by the Department of Market Monitoring (DMM), a longtime auction critic. (See [Congestion Revenue Rents Still Underfunded, CAISO DMM Says.](#))

"The ISO should stop offering CRR positions on behalf of transmission ratepayers at \$0 offer prices and enable trades to only take place between willing sellers bidding into a market for these financial contracts," the DMM said in a presentation during the workshop, echoing an argument it has been making for years. (See [CAISO CRRs Still Losing Money, but Less.](#))

Working Group Timeline

The working group will develop problem statements that will lead to proposed policy solutions. Those proposals will go to the ISO Board of Governors and the Western Energy Markets Governing Body for approval and

Why This Matters

CAISO's Department of Market Monitoring has long contended that the current congestion revenue rights mechanism is a money-losing proposition for California ratepayers.

ultimately be filed with FEREC.

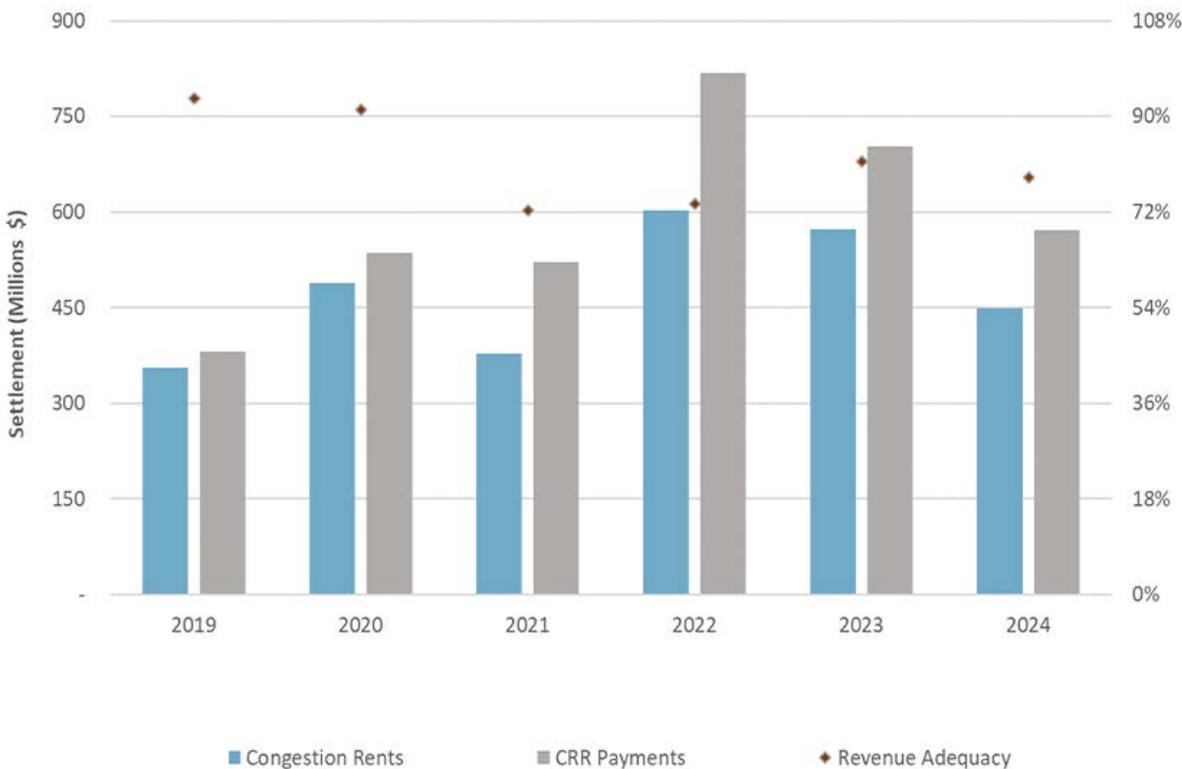
For the next steps in the process, CAISO staff have proposed following up the Nov. 14 meeting with one or two workshops in January to provide background information on the CRR market. The sessions would be geared toward those who recently have joined the stakeholder process and others who may need a refresher.

At the same time, CAISO wants to learn more about how different entities are hedging risk through CRRs.

Under the proposed timeline, February would be devoted to analysis, including CRR outcomes since the 2019 reforms. CAISO staff also have offered to provide benchmarking comparisons to CRR-like programs at other ISOs, which go by different names, such as financial transmission rights.

March would feature discussions of proposed problem statements and the scope of the initiative, followed by release of an issue paper from the working group in May or June.

CAISO welcomes comments on the CRR discussion paper and on the initial meeting — including the proposed focus of future meetings. Comments are due by the end of the day Dec. 12. ■



From 2019 to 2024, system level revenue inadequacy was 81% with a total shortfall of \$684 million | CAISO

CAISO/West News

CAISO Board Approves Nonprofit PTO, Tx Plan Changes

Mass.-based Citizens Energy to Spend Profits on Community Projects

By Elaine Goodman

A nonprofit that wants to invest up to \$1 billion in Pacific Gas and Electric's transmission system — and to spend most of its profits on community benefit projects — has received approval to join CAISO as a participating transmission owner.

The CAISO Board of Governors approved the application from Citizens Pacific Transmission LLC on Nov. 12.

In other action during the meeting, the board approved modifications to two projects in CAISO's 2021/22 transmission plan. The changes are intended to address the rapidly increasing load forecast in the San Jose area that is partly due to data centers.

Nonprofit, Utility Partnership

Citizens Pacific is a subsidiary of Citizens Energy Corp., whose founder and chair is U.S. Rep. Joseph P. Kennedy II, son of the late U.S. Sen. Robert F. Kennedy.

Under a partnership with PG&E, the utility will offer Citizens Pacific options to lease some of its electric transmission assets. An investment of up to \$1 billion would come from five separate 30-year leases.

Citizens Pacific plans to make an upfront rent payment to PG&E — allowing the utility to accelerate work on its transmission system. The nonprofit would recover its costs through the CAISO high-voltage transmission access charge. Citizens would then funnel profits from the arrangement into community benefit programs.

PG&E will be responsible for the development and construction of the projects. Citizens Pacific will become a participating transmission owner after FERC approval and transfer of operational control to CAISO.

Citizens has participated in similar partnerships with San Diego Gas & Electric. But this time, the nonprofit is planning a portfolio of transmission projects rather than seeking approval for one project at a time.

Among the nine projects are modifying 500-kV capacitors at Table Mountain and upgrading a Tesla substation.

Neil Millar, CAISO's vice president of infrastructure and operations planning, described the portfolio as primarily reliability-driven

projects intended to meet existing and emerging load growth and bring in renewable energy from other parts of the state.

"We applaud all efforts taken to ensure the transmission we need is built and built on a timely basis," Millar said.

Citizens' past community benefit projects have included rooftop solar on the homes of low-income residents, a 39-MW community solar project in Imperial Valley, and electric vehicles and charging infrastructure for nonprofits in San Diego County such as Meals on Wheels.

For the new set of projects, the nonprofit plans to put half its profits into community projects for the first \$200 million funding tranche, increasing to 90% on the fifth and final \$200 million tranche, Citizens Energy CEO Peter Smith told the CAISO board. Community benefits associated with the PG&E projects haven't yet been determined.

"This sure seems like a win-win," said Board of Governors Chair Jan Schori.

Transmission Plan Update

The CAISO board also approved modifications to the 2021/22 transmission plan involving two projects that were competitively awarded and are under development. They are a high-voltage direct current line from PG&E's Newark substation and Silicon Valley Power's northern receiving station (NRS) and an HVDC

line between two PG&E substations: Metcalf and San Jose B.

The modifications are needed because of load growth in the San Jose area. The 10-year load forecast for the area in the 2021/22 plan was about 2,100 MW. That has grown to 3,400 MW for a base case scenario that includes committed data center requests, according to Binaya Shrestha, CAISO's manager of regional transmission north. Shrestha cited electric vehicle charging as another factor in the load growth.

A sensitivity analysis that includes additional data center loads increases the forecast to 4,200 MW.

The load growth forecast was also discussed during a Sept. 23 kickoff meeting for CAISO's 2024/25 transmission planning process. (See [Data Centers Contribute to 60% Increase in San Jose Load Forecast.](#))

The approved modifications are a replacement of the HVDC line between the Newark and NRS substations with a high-capacity 230-kV AC line and a 1,000-MW rather than a 500-MW HVDC link between the Metcalf and San Jose B substations.

Other transmission reinforcements for the San Jose area will be evaluated through the 2024/25 transmission planning process, Shrestha said. ■



Nonprofit Citizens Energy Corp. partners with utilities to help finance transmission projects while also providing community benefits such as this community solar project in Imperial Valley, Calif. | *Citizens Energy*

ERCOT News



Texas PUC Approves 1st System Resiliency Plan

Commission to Audit CenterPoint over Beryl Recovery

By Tom Kleckner

Texas regulators on Nov. 14 approved the state's first utility resiliency plan, a \$3 billion proposal from Oncor to bulk up its distribution system over the next four years to better withstand and more quickly recover from extreme weather and other events (56545).

The Oncor *System Resiliency Plan* includes measures to mitigate wildfire risk, strengthen its overhead and underground distribution systems, protect against lightning strikes, expand vegetation management programs, implement physical security at critical facilities and strengthen the digital capability of its system against cybersecurity threats.

Oncor in August reached an unopposed settlement with Public Utility Commission staff, the Office of the Public Utility Counsel, the Alliance of Oncor Cities, the Steering Committee of Cities Served by Oncor, Texas Industrial Energy Consumers and Walmart over the plan.

Brian Lloyd, Oncor vice president of regulatory policy, said the utility worked with the intervenors to expand its vegetation management program in a "proactive, more efficient, cheaper manner" before storms hit, rather than cleaning up the damage and booking the costs after.

"We do believe this plan ultimately will mean we avoid costs," he told the PUC commissioners during their open meeting. "The post-storm vegetation management is the most expensive vegetation management you can do, so by

Why This Matters

Recent Texas legislation requires electric utilities to file resiliency plans with the Public Utility Commission. They must include measures that help prevent, withstand, mitigate or more promptly recover from events such as extreme weather, wildfires and cybersecurity or physical security threats. Oncor is the first to have its plan approved.



The Texas PUC discusses a management audit of CenterPoint Energy, as requested by the state's lieutenant governor. | *Admin Monitor*

moving that ahead and doing it proactively, using our new technology to really tackle where that vegetation is grown the fastest, we do believe, over time, it's going to have a significant impact."

"Obviously, a lot of work went into this. Staff, all the intervenors, but definitely Oncor as well," PUC Chair Thomas Gleeson said. "Going first is never easy. Thank you for working to get us a plan that we could ultimately support and that got broad-based support."

"These investments have been methodically selected to have the greatest impact in proactively addressing potential outage causes," Oncor CEO Allen Nye said in a *statement*. "And even more important to the people we serve, it will also substantially reduce outage minutes."

Under House Bill 2555 passed by the 2023 Texas Legislature, electric utilities must file resiliency plans with the PUC. They must include measures that help prevent, withstand, mitigate or more promptly recover from resiliency events (e.g., extreme weather, wildfires and cybersecurity or physical security threats).

The commission also is reviewing plans filed by AEP Texas, Texas-New Mexico Power and Entergy Texas.

CenterPoint Audit

The PUC agreed to conduct a "management audit" of CenterPoint Energy over its post-storm recovery performance this year, meeting

a request from Texas Lt. Gov. Dan Patrick, a Houston resident, during a rare public hearing in the city in October. (See *Texas Politicos, Residents Bash CenterPoint*.)

The commissioners directed staff to prepare a request for proposals for a third party to conduct the audit and deliver its findings in April. Gleeson said that will allow the commission to hand over findings and any recommendations to state lawmakers before they adjourn their biennial session in May.

"I think there are a few things we can look at, [like] CenterPoint's policies and procedures when procuring goods from a third party," Gleeson said, an apparent reference to the utility's \$800 million lease of portable generators that it was unable to use in restoring power following July's Hurricane Beryl.

"I think it's hard for us not to do something here," Commissioner Jimmy Glotfelty said. "This is [Patrick's] backyard, and he has been a part of this recovery from this hurricane since the very beginning. I think that we owe it to him to find some more answers, and this is an appropriate way to do so."

The audit is separate from the PUC's investigation into CenterPoint's and other Houston-area utilities' performance during Beryl and a May derecho that took out a major 345-kV transmission line. A report is due to Gov. Greg Abbott and the legislature by Dec. 1.

The commission also was prepared to rule on CenterPoint's request to withdraw a \$60 million rate case filed this year, but the utility *notified* the PUC on Nov. 8 that it was withdrawing its request. CenterPoint said it instead would continue settlement negotiations with cities and consumer representatives that it had earlier claimed would distract it from its efforts to improve resilience and regain public confidence (56211).

The consumer groups have argued that CenterPoint overcharged customers by more than \$100 million during the 2023 test case. The utility said withdrawing the rate case would have allowed it to use 2024 as its test year.

"We obviously heard from folks in Houston; we heard from the lieutenant governor and multiple members of the Senate on this," Gleeson said. "I'm glad that they withdrew their appeal, and I look forward to this rate case." ■

ISO-NE News

Avangrid Sues NextEra over ‘Scorched-earth Scheme’ to Stop NECEC

By Jon Lamson

In an antitrust lawsuit filed in federal court Nov. 12, Avangrid accused NextEra Energy of conducting an “exclusionary and anticompetitive scheme” to stop a major transmission project connecting New England to Quebec, costing customers millions of dollars in elevated electric rates and delaying the region’s clean energy transition (3:24-cv-30141).

“NextEra has committed anticompetitive, unfair and deceptive business practices to foreclose competition for the supply of wholesale electricity on the ISO New England marketplaces,” Avangrid told the U.S. District Court for Massachusetts. “NextEra has reaped hundreds of millions of dollars from these illegal practices.”

The 1,200-MW New England Clean Energy Connect (NECEC) project was selected by Massachusetts in 2018 in a clean energy solicitation but faced a series of regulatory, legal and political obstacles delaying its development. Construction on the project resumed in 2023 after a two-year pause. (See [Avangrid Details Progress on NECEC Tx Line.](#))

While Avangrid initially expected the project to come online in December 2022, its “most optimistic estimated in-service date” now is January 2026, the company wrote.

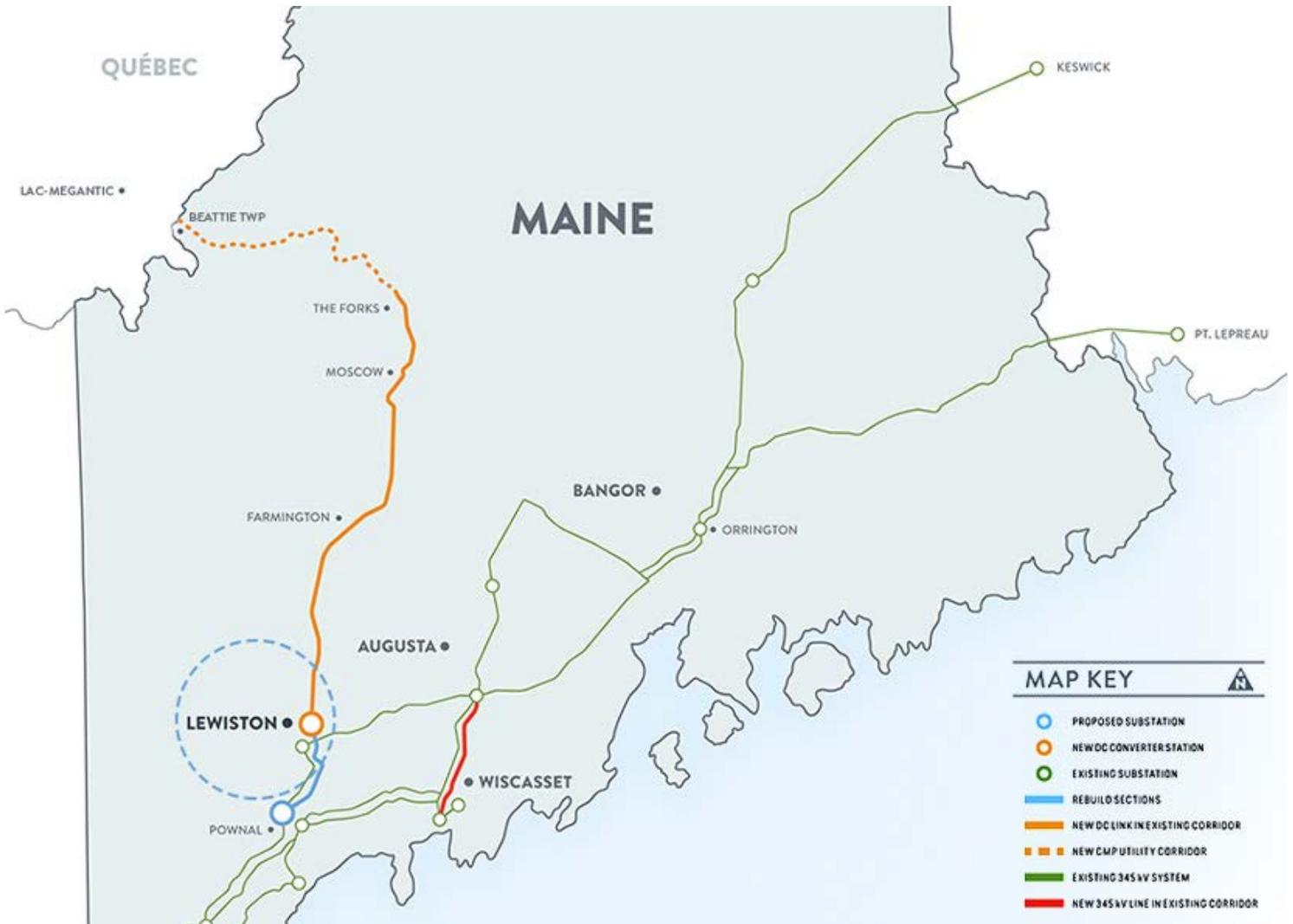
The delay comes with a hefty price tag to rate-payers; in October, Massachusetts’ electric utilities submitted a settlement agreement that would result in a \$521 million cost increase in 2017 dollars, equal to about \$670 million today (DPU 24-160).

Why This Matters

If found responsible for antitrust violations, NextEra could face a financial penalty worth hundreds of millions.

Carbon emissions in the state also likely increased from the delay; utilities have *estimated* NECEC would reduce carbon emissions by about 1.93 million metric tons annually, equivalent to nearly 3% of the state’s *emissions* in 2021.

In its suit, Avangrid estimated damages of at least \$350 million and demanded a jury trial.



NECEC project map | Avangrid

ISO-NE News

The company seeks an award of three times the damages, as well as interest, legal costs and an injunction “barring NextEra from continuing to undertake its anticompetitive scheme.”

Avangrid describes NextEra’s opposition to the project as a “a three-pronged scheme to delay or stop NECEC,” comprising “objectively baseless attacks” on its permitting applications, covert political funding to stop the project and a refusal to upgrade a circuit breaker at its Seabrook nuclear plant to accommodate the line.

“Through this premeditated and interwoven scheme, NextEra has and is continuing to exclude from the New England grid the clean and low-cost electricity NECEC would bring,” Avangrid wrote. “NextEra’s scheme has harmed competition, damaged Avangrid and consumers and held Massachusetts’ clean energy transition hostage.”

Along with the Seabrook plant, NextEra owns two oil generators in Maine, a gas plant in Massachusetts and several smaller clean energy resources throughout the region. Avangrid argued that NextEra’s incumbent generators have made “inflated profits” from the higher energy prices caused by NECEC’s delay.

Avangrid wrote that NextEra worked to slow NECEC’s permitting approval through “at least 10 serial sham petitions, which no reasonable litigant could realistically expect to succeed on the merits.”

Along with regulatory challenges, NextEra also helped fund two ballot referendum efforts in Maine to stop the project. The first referendum was deemed unconstitutional by the Maine Supreme Judicial Court, which also invalidated a second successful ballot question

opposing the line.

NextEra spent about \$20 million to fund the second ballot question. In 2023, two opposition groups associated with NextEra-funded efforts to stop the project were fined a cumulative \$210,000 for *campaign finance violations*, including a \$150,000 contribution to the Maine Democratic Party made in the name of a pop-up company called Alpine Initiatives.

According to the *Energy and Policy Institute*, a utility watchdog nonprofit, NextEra has also funded a group working to oppose offshore wind in Maine.

Avangrid also alleges NextEra’s efforts to avoid installing a circuit breaker at its Seabrook plant are part of the company’s overall opposition strategy.

ISO-NE determined in its interconnection analysis for NECEC that the power imported on the line would overload Seabrook’s circuit breaker. FERC ruled in early 2023 that NextEra must replace the circuit breaker, with Avangrid covering the direct costs of the upgrade (EL21-3, EL21-6). (See *FERC Resolves NextEra-Avangrid Dispute over Seabrook Circuit Breaker*.)

NextEra then appealed the ruling to the D.C. Circuit Court of Appeals, arguing FERC does not have jurisdiction to require the company to upgrade the circuit breaker. The D.C. Circuit affirmed FERC’s ruling in October. (See *DC Circuit Affirms FERC Ruling on Seabrook Circuit Breaker Dispute*.)

Avangrid argued NextEra “purposefully allowed the Seabrook breaker to creep up to almost 100% capacity so that any substantial new power source seeking to join the New England grid would be blocked unless NextEra agreed to cooperate.”

“NextEra knew the Seabrook breaker was at near-capacity for a decade, and that operating under such conditions created enormous risks associated with a potential fault, should the breaker be over-dutied,” Avangrid wrote, emphasizing that NextEra risked “human life and a nuclear plant disaster.”

Avangrid also alleged top NextEra executives “demanded an improper *quid pro quo*,” offering to drop its opposition to the line if Avangrid would purchase power from the Seabrook plant at “substantially above-market rates.”

“NextEra’s naked *quid pro quo* offer was simply a ploy to force Avangrid to pay NextEra the money it would lose when NECEC would enter the market,” Avangrid wrote.

All of these actions amount to violations of the Sherman Antitrust Act of 1890, the Massachusetts Antitrust Act and the Massachusetts Unfair Trade Practice Act, Avangrid alleged.

“Both on its own and in conspiracy with others, NextEra engaged in a multifaceted, scorched-earth scheme to delay and even try to block NECEC altogether. NextEra’s actions have delayed Avangrid from offering clean, lower cost electricity through ISO New England’s wholesale electricity marketplaces. ...

“This conduct included overt acts that constitute monopolization, attempted monopolization, civil conspiracy, intentional interference with contract, sham petitioning, dark-money deception, and false and misleading statements.”

NextEra did not respond to repeated requests for comment in time for publication. The Massachusetts Attorney General’s Office also did not respond. ■

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ISO-NE News

ISO-NE Updates Plans for Capacity Reforms for CCP 19 and Beyond

By Jon Lamson

ISO-NE has reiterated its plans not to include in its capacity auction reform (CAR) project the development of ambient temperature modeling capabilities or a new simultaneous seasonal auction clearing engine.

Presenting to the NEPOOL Markets Committee (MC) on Nov. 13, the RTO said it instead plans to consider these reforms for a second phase of work, targeting implementation after the 2028/29 capacity commitment period (CCP 19).

The CAR project encompasses ISO-NE's work to improve capacity accreditation, reduce the time between capacity auctions and CCPs, and break up annual CCPs into distinct seasonal periods. The initial CAR changes are intended to take effect for CCP 19, with more work planned for CCP 20 and beyond.

In previous MC meetings, representatives of the generation and end-user sectors expressed interest in developing a simultaneously clearing seasonal auction format allowing bidders to incorporate annual costs into their seasonal

bids. (See *ISO-NE Refines Scope, Schedule for Capacity Auction Reforms*.)

Implementing simultaneous seasonal auctions "would require the development of a new clearing engine and new offer/bid parameters to allow resources to offer separately into each season as well as across the year," said Chris Geissler, ISO-NE's director of economic analysis.

No other RTO has developed a comparable clearing engine, Geissler said, adding that it would be challenging to complete development in time for CCP 19.

He noted that ISO-NE is still considering how to account for generators' annual costs within a sequential seasonal format and "will spend time with stakeholders discussing competitive offer prices and mitigation ... as part of the seasonal accreditation reforms."

Regarding ambient temperature adjustments, Geissler said ISO-NE will base capacity accreditation on resource performance at 90°F for the summer and 20°F for the winter and will model the effect of temperature on winter gas availability. However, the RTO is not planning to include any further temperature adjustments in the CAR project.

Clean energy advocates have argued that ISO-NE should model correlated outages associated with ambient temperatures, noting that forced outages *pose risks* to the grid during periods of extreme cold weather.

Geissler said the RTO is constrained by its modeling capabilities and "limitations in data availability related to audited, temperature-based output ratings for applicable resources."

Instead, ambient temperature adjustments have been added to the RTO's post-CAR road map, which also includes consideration of a simultaneous auction clearing mechanism, he said.

"Evaluating this as part of the post-CAR road map will allow the ISO and stakeholders more time to thoughtfully assess the various approaches to ambient temperature adjustments that could be considered, including the pros and cons associated with each approach," Geissler added.

Capacity Accreditation Concerns

Prior to the MC, the clean energy trade association Advanced Energy United, along with 12 renewable developers, *issued a memo* expressing

What's Next

ISO-NE is finalizing the scope of its CAR project and will begin more detailed design work in the beginning of 2025.

concern that ISO-NE has not allotted enough time in the CAR project to reviewing the resource accreditation changes.

ISO-NE had already completed substantial work with stakeholders on proposed capacity accreditation reforms prior to pausing accreditation discussions and broadening the scope of the project to include changes to the auction format.

However, clean energy developers had substantial concerns about the accreditation framework at the time, as impact analysis results released prior to the pause showed a significant loss of revenue for battery storage resources. (See *ISO-NE: RCA Changes to Increase Capacity Market Revenues by 11%* and *ISO-NE Capacity Accreditation Reforms Spur Energy Storage Concerns*.)

"We believe accreditation will continue to be the most complex and impactful piece of the CAR project," the groups wrote.

They advocated for stakeholder sessions in early 2025 to discuss resource adequacy modeling and marginal reliability impacts and called on ISO-NE to conduct its final impact analysis earlier in the process to provide time for more changes if needed. ISO-NE plans to resume accreditation work with stakeholders in late 2025, aiming to file the accreditation aspects of the CAR project with FERC in late 2026.

"While we recognize that aspects of accreditation cannot move forward without an informed prompt and seasonal design, there are many aspects of the current accreditation framework that will remain relevant and applicable," the groups added.

Geissler said ISO-NE is still evaluating how accreditation in the CAR project will compare to the previous resource capacity accreditation (RCA) framework and said the RTO "will bring items related to accreditation to stakeholders as soon as they are ready for discussion" and "will prioritize explaining how the design is the same or how it has evolved since the RCA presentations." ■



The Merrimack Station in New Hampshire | Say-Cheeeeeese, CC0 1.0 Public Domain, via Wikipedia

ISO-NE News

Mass. Energy Leaders Talk Barriers to Innovation at NECA Conference

By Jon Lamson

BOSTON — Massachusetts lawmakers and industry members must double down on efforts to rapidly scale up new renewable technologies to meet the needs of the energy transition, speakers at the Northeast Energy and Commerce Association's Energy Innovation Forum on Nov. 14 emphasized.

"If there is one aspect of this work that truly worries me, it is not innovation; ... it is deployment," said Ben Downing, vice president of public affairs for The Engine Accelerator, a public benefit corporation spun out of the Massachusetts Institute of Technology in 2016.

Downing spoke optimistically about the "cavalry of new solutions coming in waves" to help the clean energy transition, including nuclear fusion, deep geothermal energy, long-duration energy storage and superconducting transmission lines.

But even with solutions on the horizon, "I worry about our ability to deploy with the combination of speed and scale that is required," Downing said. "Getting those concepts to commercialization is on all of us."

In the power sector, utilities and regulators will need to evolve their approach to new technologies, said Sarah Cullinan, senior director of the Net Zero Grid Program at the Massachusetts Clean Energy Center.

"Our utilities are very open to innovation, but the landscape and the process make it really difficult," she said. "The scale aspect for utilities

is entirely determined within the Department of Public Utilities, and it's ultimately ratepayers that would fund the full-scale deployment of any new technology."

Utilities have "very little room for error" in deploying new technologies, Cullinan said, adding that "the question is how do you test something on that system in a way that gives you the data and information that you need without compromising reliability."

Cullinan specifically cited grid-enhancing technologies as a key area of potential technological improvement on the distribution side, especially as they have gained traction in transmission applications.

"I'm hoping that some of that can be scaled to distribution," Cullinan said.

Downing expressed hope that the changes to clean energy siting and permitting recently passed by the Massachusetts legislature would help expedite the deployment of new resources. (See [Compromise Climate Bill Finally Approved by Mass. Legislature.](#))

However, Jenny Liu of Jupiter Power stressed that interconnection backlogs still pose a major hurdle to development in the region.

"It's just taking too long to get through the process, and therefore, we can't deploy [renewables] to solve the capacity deficiency pretty much everywhere," Liu said. "This is a big problem; only if we get it solved will there be a big breakthrough in the renewable energy industry." (See related story, [Stakeholders Push for More Interconnection Rule Changes at FERC.](#))



From left: moderator Sarah Shemkus, Energy News Network; Sarah Cullinan, MassCEC; Vinit Nijhawan, MassVentures; and Jenny Liu, Jupiter Power | © RTO Insider LLC

Why This Matters

While New England has made some strides in deploying clean energy, the grid still is dominated by natural gas. Renewables and new technologies will need to be scaled up rapidly to meet growing demand and reduce existing emissions.

While FERC Order 2023 requires major changes to interconnection procedures across the country, the commission has yet to rule on RTO compliance filings, creating significant uncertainty for New England developers. (See [New England Clean Energy Developers Struggle with Order 2023 Uncertainty.](#))

On the consumer-facing side, the industry must work to educate and prepare customers for the rollout of advanced metering infrastructure (AMI) and time-varying rates, Cullinan said. Eversource Energy, one of the two major electric utility companies in Massachusetts, has said it will start deploying advanced meters in the state in 2025.

Vinit Nijhawan, managing director of MassVentures, said the state must find a way to move faster to implement time-varying rates.

"It's not about the technology," Nijhawan said. "We've been talking about time-of-day rates for as long as I've been here, which is 37 years.

"We've got to move faster than we're moving. ... We need imagination."

At the same time, Nijhawan praised the state's overall climate of fostering innovation.

"Massachusetts is the most amazing place for new ideas to flourish. We don't need to change much; I think it's all there," he said.

Regarding the potential effects of a second Trump administration on the state's clean energy transition, Cullinan said there is "a lot of uncertainty" about the availability of federal funding going forward.

"Across the entire state that question is popping up. There really is an effort to figure out what is at risk," she said. "Luckily, we live in a state where there is a lot of funding and support still." ■

MISO News

MISO to Devise Express Lane in Queue for Generation Projects that Keep Lights On

By Amanda Durish Cook

CARMEL, Ind. — MISO said it will design an expedited resource adequacy study process so generation projects in the interconnection queue that are needed for capacity sufficiency will get grid treatment sooner.

MISO Director of Resource Utilization Andy Witmeier said MISO “needs a way to get generation online faster” because its capacity forecasts warn of shortfalls within a few years. The RTO told stakeholders to expect more details in coming weeks on how it will expedite the queue approval process for generation needed for resource adequacy.

“We really need generators to get a [generator interconnection agreement] faster to get them online to meet resource adequacy needs that are coming in the next three to five years,” Witmeier told stakeholders at a Nov. 13 Planning Advisory Committee meeting.

MISO said the expedited avenue for RA projects would be a temporary measure and would be discontinued when MISO’s queue processing is cleaned up enough that urgent projects can reach the construction phase quicker.

Witmeier said MISO may retire the study process sometime in 2028 or 2029, when queue processing might be closer to one year instead of the current three to four years.

MISO pledged to craft an express lane for priority generation projects after it finalized a proposal to place an annual megawatt cap on its interconnection queue cycles.

The queue cap proposal is set to go before FERC this month without an exemption for generation projects that state regulators deem essential to a solvent supply. Some regulatory staff have implied states cannot support a cap without a regulator exemption. (See [MISO Queue MW Cap to be Filed Sans Regulator Exemption](#))

What’s Next

MISO will hold two stakeholder workshops Nov. 18 and Dec. 6 to help it form a fast track study process for generation project proposals that keep MISO healthy in terms of resource adequacy.



Andy Witmeier, MISO | © RTO Insider LLC

for RA Generation Projects.)

The regulator exemption “is not the solution that would get projects studied in a matter of months instead of years and get them started on building to meet those RA needs,” Witmeier said. He explained that the scrapped exemption only guaranteed RA projects’ entry into the queue and didn’t address the queue’s “accumulating backlog, or time it takes to do studies,” leaving critical generation projects languishing in the queue for three to four years.

Witmeier said MISO will ask stakeholders to suggest “the proper gates” that will get a generation project expedited treatment. He said MISO might consider projected zonal capacity deficiencies or known load growth.

“I myself want to limit this process to known, ready projects that need to be built,” Witmeier said.

Witmeier said the study structure could take a page from MISO’s expedited project avenue available to transmission projects that need to begin before MISO’s annual approval of its Transmission Expansion Plans (MTEPs). MISO also could use MTEP modeling to inform studies, he said.

Invenergy’s Arash Ghodsian asked if the

resource adequacy fast track is a reaction to FERC’s Order 2023, which aims to streamline grid operators’ interconnection processes.

“It’s a reaction to reality,” Witmeier responded. He said MISO years ago aspired to shorten queue processing time down to a calendar year; instead, the sheer volume of projects coming in cycle after cycle has spawned numerous project dropouts, queue restudies and a wait time that can last as long as high school.

Ghodsian said he harbored concerns that the new framework might lead to “queue jumping on either interconnection customers’ side or the transmission owners’ side.”

Witmeier said MISO could limit eligibility to load-serving entities’ projects that need to be commercially operable in the next three to five years and are recognized by regulatory authorities as essential to resource adequacy.

MISO will host two stakeholder workshops on how it will craft expedited resource adequacy studies on Nov. 18 and Dec. 6.

At last count, project proposals in MISO’s queue totaled about 300 GW, and projects that have signed generator interconnection agreements but are still unbuilt have grown to about 57 GW. ■

MISO News



MISO: Flag, Penalties Needed to Address Generators' Uninstructed Deviation

By Amanda Durish Cook

CARMEL, Ind. — MISO said it expects to roll out a new flag system by June 2025 to give a stronger indication when generation owners are deviating from dispatch instructions.

MISO said there's an "increasing difference in magnitude" between modeled flows in its dispatch system and actual flows, resulting in system operating limit violations, balancing issues and frequency deviations. The RTO said unchecked energy flows are causing operators increasingly to take out-of-market actions, causing MISO to stray from its market design principles.

During a Nov. 14 Reliability Subcommittee meeting, MISO's John Harmon said uninstructed deviation creates a stressful environment for MISO's operators "to keep the grid alive."

The flag will let operators know more clearly when their resources are disregarding MISO's dispatch instructions. The new system will require software changes to MISO's unit dispatch system. In addition to the flag, MISO also plans eventually to levy penalties in market settlements for generation that ignores dispatch instructions. Harmon said MISO will introduce penalties only when it has the flag system in place.

MISO has said instances of uninstructed deviation now are worse than before the RTO introduced rules in 2019 to rein them in.

Why This Matters

When resources such as wind generators ignore curtailment instructions, it challenges reliability coordinators and balancing authorities and can lead to operator action to avoid transmission overloads.

Harmon said the point of the effort is to "improve communication" when MISO issues dispatch down instructions to intermittent resources, namely wind and solar.

He said some resources tend to ignore MISO's setpoint instructions, leading to challenges for reliability coordinators and balancing authorities and operator action to avoid transmission overloads.

"We're counting on resources to follow instructions to manage reliability," Harmon said. He joked that operators must monitor their blood pressure in addition to transmission constraints.

While delivering an operations report during a July 9 Market Subcommittee, Independent Market Monitor David Patton again zeroed in on his concern over congestion caused by wind

resources. He said wind operators seemingly either continue to ignore dispatch instructions or are unaware that they should tamp down output to avoid exacerbating constraints. He also said MISO should improve the accuracy of its wind forecasting. (See "IMM Says MISO Should Rein in Renewable Operators," [MISO: Calm Spring no Indication of Expected Summer Challenges.](#))

IMM's Carrie Milton told executives at MISO's June Board Week that MISO's dispatch model is flawed because it always assumes wind operators are following setpoint instructions. She said wind units either ignore curtailment instructions or receive flawed wind forecasts from MISO, leading to excessive, unmodeled flows.

At the time, Milton repeated the IMM's recommendation that MISO develop a flag to let wind operators unmistakably know that there are nearby constraints and that they need to back down as MISO has instructed. She said MISO also should introduce penalties when renewable operators ignore instructions to curtail.

"We need to have some sort of financial incentive to nudge renewables to follow their setpoint," Milton said. She said the system is going to become more challenging and dynamic, and resources need to help MISO operators reduce manual actions to keep the system reliable. ■



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MISO News



Stakeholders Still Asking MISO for Smaller Tx Project Category to Address Congestion After MTEP 24 Study

By Amanda Durish Cook

CARMEL, Ind. — Stakeholders still are requesting that MISO develop a smaller, congestion-relieving transmission study after this year's near-term congestion study focused solely on how best to sequence transmission outages needed for construction of recently approved long-range transmission projects.

Earlier this year, MISO pivoted its inaugural informational near-term congestion study under the 2024 Transmission Expansion Plan (MTEP 24) to evaluate the impacts of planned outages that will be necessary to build the first round of long-range transmission plan (LRTP) projects.

Stakeholders originally asked that MISO develop a process for smaller, congestion-relieving transmission projects like the Targeted Market Efficiency Project (TMEP) study it has with PJM. MISO, however, announced it would focus on the outages necessary for construction of the first, \$10 billion LRTP.

MISO expects the bulk of outages to span from 2026 to 2028 and said it will be a complex task to schedule combinations of outages to minimize congestion costs. It estimates the system will experience about 220 outages related to LRTP construction, with half of those occurring in 2027. That's in addition to the usual number of forced and planned transmission outages. MISO said it used random planned and forced outages to simulate system conditions.

At a Nov. 13 Planning Advisory Committee meeting, MISO confirmed that the outages will likely drive up adjusted production costs. In a worst-case scenario, construction delays and added curtailments could tack on \$57.97 million to production costs.

Iowa's ongoing court battle over who can build LRTP lines also could drag down the benefit, depending on how long the delay lasts. An Iowa district court last year froze permitting processes on Iowa's portion of five of MISO's LRTP projects after it found the state's right-of-first-refusal law — which gave incumbent utilities first dibs on building MISO transmission projects — unconstitutional. That decision is pending appeal before the Iowa Supreme Court. (See [MISO Asks Court for Injunction Reversal on Iowa LRTP Projects](#).)

MISO said it will issue recommended adjustments to outage arrangements and operating guide suggestions to transmission owners as a

result of the study. The RTO also said it looked for stubborn congestion issues that persist no matter how outages are sequenced.

MISO engineer Bobby Klene said MISO now has an outage sequencing process that will be repeatable for construction in future LRTP portfolios. The RTO also is soliciting possible grid-enhancing technology solution ideas from stakeholders that could ease congestion during the outages.

Those stakeholders hoping for transmission upgrades resulting from MISO's first near-term congestion study will have to wait. MISO said it will not recommend projects under this year's study or under an upcoming one.

Stakeholders have said an outage sequencing project is not exactly what they had in mind when they asked for a near-term congestion study a few years ago. (See [MISO May Use Inaugural Near-term Congestion Study to Plan Smaller Tx Upgrades](#).)

Klene said MISO will focus on building a near-term model over 2025 and embark on the next near-term congestion study in 2026. Again, that study will focus on construction outages, this time for the second, \$21.8 billion LRTP portfolio.

Klene said MISO's PROMOD modeling system simply isn't built for conducting near-term congestion studies. However, he said PROMOD modeling can be adjusted to be more valuable for near-term congestion decisions.

Director of Expansion Planning Jeanna Furnish said stakeholders likely won't hear much about congestion relief over 2025 while MISO planners complete an internal review of its model building and process to examine near-term congestion.

Clean Grid Alliance's Rhonda Peters said some stakeholders still want MISO to take a shot at conducting a TMEP-style study within its own borders.

Peters said stakeholders were envisioning smaller, congestion-relieving projects that could be built within three to five years and cost less than \$8 million.

"It would be important and valuable and useful to get back to the original intent of the study," Peters said at an Oct. 30 Planning Subcommittee meeting.

"I'm not sure we've developed a meaningful process," WPPI Energy's Steve Leovy said, as

Why This Matters

MISO morphed a stakeholder request for smaller, congestion-relieving transmission projects into a study on how to schedule transmission outages needed for construction of long-range transmission projects. Some stakeholders want MISO to reconsider the original request, but that likely won't happen until after 2026.

he seconded Peters' ask.

Leovy said he would like MISO to revisit the study's focus with stakeholder discussions. He said the study's structure as it stands today didn't look like it could ever produce project recommendations.

Mississippi Public Service Commission consultant Bill Booth asked if future near-term congestion studies would always be tied to LRTP and never get the chance to stand on its own as TMEP-style study.

"Hopefully, at some point, LRTP will come to a screeching halt because it's expensive," Booth said.

MISO's Victoria Jones said while this year's study scope was limited to preventing congestion caused by LRTP construction, that's not what the study always has to resemble.

"We can have discussions in the future about other types of near-term congestion studies," Jones said.

The Planning Subcommittee ultimately voted down MISO's proposal to remove creating a near-term congestion study from its active to-do list.

MISO's Planning Advisory Committee overruled the Planning Subcommittee to give the issue inactive status; however, the committee added the caveat that MISO and stakeholders would revisit the issue around 2026.

Leovy said he would work with stakeholders to relaunch the possibility of small, congestion-relieving projects once MISO has a better handle on anticipating near-term congestion. ■

MISO News

MISO Says Comfortable Wintertime Margins Likely in Store

By Amanda Durish Cook

MISO does not foresee a scenario where it comes close to risky operations this winter, saying even a 107-GW demand peak should be manageable without emergency protocols.

The grid operator published its annual winter outlook this week, predicting a nearly 21-GW excess in cleared capacity December through February using a coincident peak forecast and normal generation outages. Beyond its traditional supply, MISO has about 12 GW in load-modifying resources and operating reserves to lean on.

At a Nov. 14 workshop to discuss results, resource adequacy engineer John DiBasilio said that though MISO's capacity auction cleared 121.6 GW of traditional generation for the winter, offers totaled 137.4 GW.

Across the board, MISO's load-serving entities predict a 100.1-GW coincident peak; however, LSEs' non-coincident peak predictions are 101.9 GW in December, 107 GW in January and 101.5 GW in February. Should a 107-GW peak occur in January, MISO still predicts a 14.6-GW surplus among its nonemergency supply.

In a press release, Executive Director of Market Operations J.T. Smith credited MISO's relatively new seasonal capacity auction for better preparing the footprint.

Last winter, MISO managed a 106-GW peak Jan. 17 during a wide-reaching cold spell without resorting to emergency procedures. (See [MISO Holds Steady in Mid-Jan. Storm with Help from Wind](#).) MISO experienced its 109-GW all-time winter demand record on Jan. 6, 2017.

Part of MISO's anticipated capacity sufficiency this winter is also thanks to an anticipated warmer winter across the footprint.

Analytics company and weather forecaster DTN predicts above-normal temperatures for the season in MISO's South and Central regions with slightly warmer or closer-to-normal temperatures in the North region. MISO splits its Midwest region into the



MISO's winter 2024/25 resource adequacy projections | MISO

Central, which includes the Dakotas, Minnesota, Iowa and Montana, and the North, which includes Wisconsin, Michigan, Illinois, Indiana, Missouri and Kentucky.

The National Oceanic and Atmospheric Administration anticipates closer-to-normal temperatures for MISO Midwest and a winter that trends above normal in MISO South.

Both forecasting authorities call for above-normal precipitation in MISO Midwest, especially around the Great Lakes, and a drier season for MISO South. MISO said the expected below-normal precipitation should decrease generation icing risks across the South.

MISO's in-house meteorologist, Brett Edwards, said the season will be similar to last winter, which saw "exceptionally warm" temperatures, except for the mid-January cold snap, and normal precipitation patterns. The grid operator said last year's temperatures are not a reference point for the upcoming winter.

Edwards said the best chances for some frigid days in MISO Midwest come in December and February if a weaker La Niña prevails. If a moderate-to-strong La Niña occurs, warmer air is expected to spread farther north. Edwards said the climate pattern appears to be shaping up to be weaker. He said historically, "weaker La Niña events have generated some cold shots and heavier precipitation events for the Midwest."

MISO meteorologist Adam Simkowski added that though the RTO is anticipating a warmer winter overall, it is not ruling out the possibility of a few frigid blasts that drive load up, even in the South. He said that an active storm pattern around the Great Lakes could increase generation icing risks.

The RTO also noted that if all goes well at FERC, it should have an agreement on emergency energy purchases in place with the Tennessee Valley Authority beginning Dec. 24. (See [MISO and TVA Strike Emergency Energy Purchase Agreement, Request FERC OK.](#)) ■

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MISO News



MISO Pauses Long-range Tx Planning in 2025 to go Back to the Futures

By Amanda Durish Cook

CARMEL, Ind. — MISO will take a breather from its long-range transmission planning over 2025 to retool the 20-year future scenarios that are the foundation of the transmission portfolios.

Speaking at a Nov. 13 Planning Advisory Committee meeting, MISO's Jeremiah Doner said after consultation with stakeholders, MISO will concentrate on a futures make-over throughout 2025. MISO maintains *three* possible futures scenarios in Goldilocks style: a conservative view of the system with limited load growth and decarbonization, a middle-of-the-road view, and a progressive outlook where clean energy, innovation and demand thrive.

Some MISO stakeholders have said repeatedly the rate of change the three planning futures predict is obsolete considering that clean energy goals are revised frequently to be more aggressive and load additions are rising. MISO last overhauled its futures in 2019 and refreshed them in 2022.

MISO said it won't embark on another long-range transmission plan (LRTP) analysis until 2026, when the RTO will work on a follow-up portfolio to the second Midwestern LRTP portfolio. That would leave MISO South's comprehensive planning needs unaddressed until at least 2027.

Doner said MISO's futures update will kick off unofficially with the RTO's Dec. 18 stakeholder *workshop* on medium- and long-term load forecasting, where MISO plans to discuss probable load increases over the next 20 years.

"Let's get through the futures update, and this time next year, we'll have better answers" on when the Midwest follow-up portfolio and a third LRTP portfolio will take place, Doner said.

"One thing we want to do with the futures update is to make sure it serves multiple masters," Executive Director of Transmission Planning Laura Rauch said, adding that discussion on the futures revision would start in workshops, and likely in Planning Advisory Committee and Resource Adequacy Subcommittee meetings.

The Organization of MISO States lent support

Why This Matters

MISO says it's aware that mounting load growth and more numerous clean energy goals will force it to rethink the three 20-year views of its footprint it uses to plan long-range transmission.

to the futures revision, though it emphasized the "importance of improving connections between Midwest and South and needs within South region."

Some of the regulators in the Organization of MISO States have asked what MISO plans to do about MISO South planning in the meantime. Illinois Commerce Commissioner Michael Carrigan pointed out at a Nov. 11 OMS board meeting that MISO's LRTP timeline seems to leave MISO South without an economic planning study for about six years.

The working group of the Entergy Regional State Committee also recently asked MISO to perform a market congestion planning study for the MISO South region as part of MISO's 2025 Transmission Expansion Plan (MTEP 25). So far, MISO hasn't added an economic study to its MTEP 25 tasks.

Doner said in addition to the futures renovation and usual MTEP 25 studies next year, MISO would like to examine how it can address large load additions in planning, focus on its current interregional planning studies with PJM and SPP and make sure it's ready for compliance under FERC Order 1920.

Doner said MISO also has to devote staff hours to making sure approved LRTP projects are best positioned to advance through state permitting processes.

"Even though [LRTP] Tranche 1 was approved two years ago, there's work to support [these projects] in regulatory processes. Until those projects are certain, there's still some risk there," Doner said.

Finally, Doner said MISO will work on planning coordination with neighbor Associated Electric Cooperative Inc. (AECI) over next year. He said AECI has planned projects that will tie into MISO member Ameren and SPP's territories and the cooperative has approached MISO for some advice on how best to proceed. ■



Jeremiah Doner, MISO | © RTO Insider LLC

MISO News

MISO to Install Former SoCal Utility Executive on Board of Directors

By Amanda Durish Cook

Former Southern California Edison Senior Vice President Erik Takayesu will join MISO's Board of Directors beginning Jan. 1 after a vote among its membership.

Takayesu will be joined by current board members Nancy Lange and Mark Johnson, who also earned sufficient support from MISO members to serve additional terms. (See [MISO Board Week Covers Supply Worry, SoCal Utility Exec Addition, \\$400M Budget.](#))

Johnson was allowed to stand for an additional three-year term beyond MISO's customary three-term limit through a waiver of its bylaws. MISO's board uses waivers to retain institutional knowledge on the board when necessary.

MISO's board members and membership decided they needed to hang onto Johnson's system planning expertise after MISO warned that in addition to departing Director Phyllis Currie, other current board members H.B.

"Trip" Doggett, Barbara Krumsiek and Todd Raba would hit their three-term limits at the end of 2025. (See [Extensions Likely for MISO's Term-limited Board Members.](#))

Lange was up for re-election for her third and final term.

MISO's board elections require candidates to earn a majority of votes in support among membership. MISO members can vote for or against or can abstain from selecting any of the candidates. The elections require a minimum 25% participation among MISO's approximately 140 voting-eligible members to achieve quorum. MISO again used VoteNet Solutions to conduct its monthlong membership vote of the candidates.

MISO's board and leadership praised Takayesu's appointment.

"The continued service of directors Johnson and Lange provides continuity as we manage the changing energy landscape, and Director Takayesu has a wealth of industry experience to help solve the complex problems we're

facing," MISO CEO John Bear said in a press release. "Overall, our board members bring a cross-section of knowledge to steer us in the right direction."

"Director Takayesu is a welcome addition to the board, and directors Johnson and Lange will continue to provide key insight and institutional knowledge as we navigate the energy transition," MISO Board Chair Todd Raba said. "We appreciate Director Currie's leadership during her tenure on the board. Her steady guidance served as a model for her fellow directors."

While at Southern California Edison, Takayesu led the utility's business and asset management strategy, system planning, technology demonstration and development and wildfire safety. Takayesu currently serves as a member of the Department of Energy's Electricity Advisory Committee.

MISO's Board of Directors will meet for a final time this year Dec. 12 as part of MISO Board Week. ■



MISO's Board of Directors meets in September in Indianapolis | © RTO Insider LLC

PJM News



NJ BPU Updates Proposal for Storage Incentives

Plan Details Competitively Determined Incentives for 'Grid Supply' Storage

By Hugh R. Morley

New Jersey's Board of Public Utilities (BPU) on Nov. 7 released an *update* to its proposed Storage Incentive Program (SIP) that changes how the subsidies for utility-scale, or "grid supply," projects are determined as the state shoots for 2,000 MW of total capacity by 2030.

The proposal is a revision of a *draft* released in September 2022. It retains the original version's segmented structure, with different incentives for grid supply projects and those behind the meter. (See *NJ Seeks Stakeholder Input on Pending Storage Program* and *New Jersey Offers Plan to Boost Lagging Storage Capacity*.)

But the original version would have paid utility-scale projects through an "administratively determined fixed incentive plus performance incentive structure" based on the amount of carbon emissions abated through their operation. In the new version, "grid supply energy storage systems will be awarded fixed incentive payments through an annual competitive bidding structure."

"Grid supply storage resources will initially receive only a fixed upfront incentive, as the [program] will defer an avoided emissions-based performance mechanism until suitable datasets become available," the proposal says.

The grid supply segment would be launched early in 2025, while the BTM incentives, to be set administratively by the BPU, would begin in 2026.

According to the proposal, the board based its decision to change the structure in part on "the number of storage projects that have remained in the PJM interconnection queue following the imposition of stricter readiness requirements."

Under the competitive structure, "the board would release a solicitation with the specific amounts, or ranges of amounts, being sought for a given fiscal year. The solicitation would

ask participants to identify the level of fixed incentive needed to support project revenue requirements," the proposal says.

Another change is that the fixed payments for both segments would be paid upfront, as soon as the project begins commercial operations, rather than spread out over 10 to 15 years as was stipulated in the previous proposal.

"Upfront incentives provide a lower level of risk to system owners and developers and reduce the overall administrative burden of the program," the proposal states.

There will be a public hearing on the plan Nov. 20.

The BPU's goal is to encourage the development of storage systems that charge using clean, off-peak energy and improve system reliability. The proposal anticipates a reduction in costs as "New Jersey's deployment of storage systems increases."

"Energy storage resources are critical to bolstering the resilience of New Jersey's electric grid, reducing carbon emissions and enabling New Jersey's transition to 100% clean energy," the proposal says.

A BPU spokesperson said the state currently has 560 MW of installed storage, but those projects will not be counted toward the 2,000-MW goal. And the proposed incentives will not be retroactive, according to the proposal. "Only energy storage projects placed into service after the date of the board order establishing this program will be eligible for incentives."

BTM Incentives

Incentives in the distributed segment would be allocated using a "declining block structure," in which the BPU would establish an initial capacity of storage sought, measured in megawatt-hours. Once that block is fully subscribed, the board would set a lower incentive for the next block, according to the proposal.

"If a block remains unsubscribed or under subscribed, the board would have the option to increase the incentive," according to the proposal. The system would give the BPU "flexibility to establish block sizes, reset incentive levels (if necessary) and adjust programmatic elements on an annual basis, as needed, to meet policy goals and budgetary considerations."

To evaluate an appropriate incentive level, a

Why This Matters

Energy storage is a critical piece of any state-level effort to put major amounts of renewable energy on the grid. New Jersey has targeted a 100% clean energy grid by 2035 but is struggling to get utility-scale energy storage projects online, even with the tax credits for standalone energy storage in the Inflation Reduction Act.

consultant hired by the BPU conducted a "gap analysis" of the "revenue and savings potential of behind-the-meter storage projects for a variety of different building types, rate classes and tariffs associated with the New Jersey" utilities, according to the proposal.

The results showed a "consistent shortfall" of revenue of about \$220 to \$330/kWh, which amounted to between 37 and 47% of the cost of the systems. In response, the proposal suggests a starting incentive of \$300/kWh for a small storage system (less than 100 kW) and \$200/kWh for a medium project (100 to 500 kW). A large project (over 500 kW) would get an incentive of \$150/kWh.

On top of that, distributed projects could get performance incentives, which would be awarded when they respond to dispatch events.

To further encourage developers to build in overburdened communities, the proposal suggests an additional incentive of \$100/kWh for small, \$67/kWh for medium and \$50/kWh for large projects.

"Distributed storage plays an important role in reducing emissions and enhances the resilience of the electric grid — both important factors in meeting Gov. [Phil] Murphy's environmental justice and equity directives," according to the proposal. "Because distributed storage resources are customer-sited, energy storage projects serving overburdened communities will provide improved energy resilience to the local communities and may help offset 'dirtier' backup generation options during emergency conditions." ■



| EDP Renewables

PJM News



PJM Planning VP Announces Retirement

By Devin Leith-Yessian

PJM has announced that Paul McGlynn, vice president of planning, will retire in 2025 and his role will be filled by Jason Connell, executive director of transmission and resource adequacy planning.

McGlynn is set to continue serving with PJM through March 31, 2025, with Connell taking over as planning vice president on Jan. 1, 2025, to allow for a transitional period. Connell has held several positions in PJM’s system planning department over his 12 years with the RTO, which came after a career at PECO doing transmission and substation engineering.

“This is an incredibly dynamic time to be planning for the evolution of this industry,” Connell said in a PJM *announcement*. “I am excited to support and continue PJM’s important work to design and manage the grid of the future while preserving reliability.”

Aftab Khan, executive vice president for operations, planning and security, said Connell “brings strong planning experience and leadership capabilities to ensure a smooth transition and to manage the evolving needs of the PJM grid.” He also thanked McGlynn for 17 years



Paul McGlynn, PJM | © RTO Insider LLC



Jason Connell, PJM | © RTO Insider LLC

of contributions to PJM’s operations and planning departments.

McGlynn was named vice president of planning in November 2023 following the retirement of Ken Seiler. He then was managing PJM’s real-time dispatch operations and assisted in developing near-term reliability studies, load forecasting, and the coordination of generation and transmission outages. He previously served as PJM’s senior director of system planning, which saw him administering

the Regional Transmission Expansion Plan (RTEP) process. (See *Retirements and New Faces on PJM Executive Team*.)

“It has been my privilege to have worked in this industry,” McGlynn said. “I am proud to have been part of such an outstanding team doing extremely important work for the energy industry, and I know PJM will continue to forge ahead with efficiency, innovation and technologically sound solutions to fulfill our critical mission of reliability.” ■

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PJM News



PJM MRC/MC Preview

Below is a summary of the agenda items scheduled to be brought to a vote at the PJM Markets and Reliability Committee and Members Committee meetings Nov. 21. 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 (9:05-9:10)

D. Endorse proposed *revisions* to Manual 3: Transmission Operations drafted through the document's periodic review. The changes aim to align the manual with existing practices on facility ratings, clarify the process for revising on-time transmission outages, and update several links and notes.

E. Endorse proposed *revisions* to Manual 10: Prescheduling Operations proposed through its periodic review. The language would clarify how inverter-based resources should report the amount of output that is offline during an outage into eDART and stipulate that forced outages must be completed before work can begin on planned outages.

F. Endorse proposed *revisions* to Manual 28: Operating Agreement Accounting to conform with a FERC order on lost opportunity costs (LOC) for intermittent resources (*ER23-2484*). The existing LOC credit calculation for wind generators would be extended to solar, hybrid and storage resources as well. (See "Stakeholders Endorse Expansion of Lost Opportunity Cost Credits for Renewables," *PJM MIC Briefs: Nov. 8, 2024*.)

G. Approve a *proposal* to sunset the Clean Attribute Procurement Senior Task Force (CAP-

STF). PJM proposed sunsetting the group, stating that it has completed its work and discussions of creating a market to trade clean energy attributes have shifted to discussions between states. (See "PJM Revives Proposal to Sunset Clean Attribute Procurement STF," *PJM MRC Briefs: Oct. 30, 2024*.)

H. Endorse *revisions* to the tariff, Reliability Assurance Agreement (RAA), and Operating Agreement (OA) proposed by the Governing Document Enhancement & Clarification Subcommittee (GDECS) in October. The changes include removing sunset and obsolete terms and references, correcting drafting errors and clarifying instructions.

Endorsements (9:10-10:15)

Hybrids Phase 3 (9:10-9:30)

PJM's Maria Belenky will *present* the third phase of PJM's rules for hybrid resources, which focuses on non-inverter generators paired with storage. Participation in the energy and ancillary service markets for such hybrids would be akin to the RTO's Energy Storage Resource Participation Model, while capacity accreditation would center on the battery. The package also includes several clarifications and revisions to the rules for all hybrid resource classifications, such as how the storage component can shift between open- and closed-loop status. (See "Third Phase of Market Rules for Hybrid Resources Endorsed," *PJM MIC Briefs: Oct. 9, 2024*.)

The committee will be asked to endorse the proposed solution and corresponding tariff and OA *revisions*.

Issue Tracking: *Hybrid Resources Enhancements (Hybrids Phase 3)*

Enhancing Capacity Interconnection Rights (CIR) Transfer Efficiency (9:30-10:15)

A. PJM's Ed Franks will *review* the main motion to establish an expedited process for transferring capacity interconnection rights

(CIRs) from a deactivating generator to a new resource. The proposal would establish a nine-month parallel process that studies the grid impacts of the new resource based on the latest Phase 2 or 3 models being used to evaluate projects in the overall interconnection queue. Replacement resources with minor network upgrades would be permitted to proceed, but those with extensive cost allocations would be placed into the general queue. (See *PJM Stakeholders Endorse Coalition Proposal on CIR Transfers*.)

B. Consumer Advocates of the PJM States (CAPS) Executive Director Greg Poulos is set to move an *alternative proposal* on behalf of the Delaware Division of the Public Advocate, which would ask the MRC to consider a design from the Independent Market Monitor where PJM would administer a competitive process for awarding CIRs to projects that would mitigate any transmission violations associated with a resource deactivation.

The committee will be asked to endorse one of the proposed solutions and corresponding tariff revisions.

Issue Tracking: *Enhancing Capacity Interconnection Rights (CIR) Transfer Efficiency*

Members Committee

Consent Agenda (11:05-11:10)

B. Endorse proposed tariff and OA *revisions* to eliminate the High/Low and Marginal Cost Proxy interface pricing options due to disuse. PJM stated that the last time the marginal-cost proxy was used was in July 2019, when Duke Energy Process terminated its dynamic interface. Nodal aggregate pricing now is used for interface pricing, with the belief that it creates more accurate price signals. (See "PJM Proposes Elimination of Two Interface Pricing Models," *PJM MRC Briefs: Sept. 25, 2024*.)

Issue Tracking: *Interface Pricing for Non-Market Entities* ■

— Devin Leith-Yessian

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SPP News

Public Utilities Urge DOE to Respect BPA's Day-ahead Decision Process 'Preference' Customers Say Market Choice Must Preserve BPA's 'Autonomy'

By Robert Mullin

The Bonneville Power Administration should be allowed to decide on a day-ahead market without outside federal interference, a group of Northwest publicly owned utilities (POUs) that favor SPP's Markets+ told the U.S. Department of Energy in a Nov. 12 letter.

The [letter](#), addressed to DOE Deputy Secretary David Turk, seems intended to head off any DOE attempt to lean on BPA to either delay the agency's May 2025 market decision or withhold its \$25 million share of funding for the Phase 2 implementation stage of Markets+ as developments play out around the governance of CAISO's Extended Day-Ahead Market (EDAM). (See [Pathways Backers Express Confidence on Calif. Legislation](#).)

"We respectfully request your support for BPA's independent decision-making as it considers market options. Enabling BPA to act without external pressures will ensure its continued alignment with its statutory respon-

sibilities and enduring mission to serve the Northwest," the utilities said in the letter.

As a federal power marketing administration, BPA is housed within DOE but self-funds its operations from the revenue it earns from selling low-cost power from Northwest's extensive, federally owned hydroelectric system and operating around 70% of the region's transmission. The letter's signatories include the vast majority of BPA's base of "preference" customers for that power, composed mostly of rural municipal utilities and public utility districts.

The letter comes nearly two weeks after BPA released the results of a production cost model study conducted by Energy and Environmental Economics (E3) showing that, under most scenarios across multiple market footprints, the agency stands to realize significantly greater financial benefits from participating in CAISO's EDAM than Markets+. (See [BPA Sticks to Markets+ Leaning Despite Study Showing EDAM Benefits](#).)

BPA officials have played down the signifi-

Why This Matters

BPA's base of publicly owned utility 'preference' customers are a key constituency the agency must consider when making its day-ahead market decision. Most, but not all, strongly favor the agency joining SPP's Markets+.

cance of those findings, saying production cost models don't provide the full picture of market benefits that are harder to predict or quantify.

While the officials noted the study results will weigh in BPA's final decision, they've said they're holding to a staff recommendation that the agency choose Markets+ over EDAM for more qualitative reasons, such as a governance framework independent from California state influence and a market design BPA contends is rooted in that independence — a stance causing increasing consternation among the Northwest's EDAM supporters. (See [Rising Tensions Evident at BPA Day-ahead Markets Workshop](#).)

The Nov. 12 letter to Turk reiterates BPA's perspective and elaborates further by pointing to "unforeseen" consequences the POUs could face from the agency's decision.

"While production cost models can offer some broad insights, they also suffer considerable deficiencies," the letter says. "First, they are limited in scope because they cannot assess critical governance and market design risks that impact BPA's long-term reliability and cost-effectiveness. Second, production cost models that rely on oversimplified inputs produce imprecise results, failing to capture the complete costs and benefits of day-ahead market decisions. A risk-informed governance evaluation is essential to protect BPA and its customers from unforeseen risks."

The letter reinforces another repeated contention by BPA officials: that the agency must continue to fund Markets+ so BPA — and the rest of the West — have two "viable" markets from which to choose.

The POUs note that they have encouraged the agency to fund the next phase of Markets+ "as a prudent investment for BPA's long-term strategic goals and the only path that aligns



Grant County (Wash.) PUD, which operates the Wanapum Dam, was among the many signatories to the letter to the U.S. Department of Energy regarding BPA's day-ahead market decision. | [Grant County PUD](#)

SPP News



Markets+ Leaning ‘Alarming,’ Seattle City Light Tells BPA

Utility Criticizes Agency for Downplaying Study Showing Greater Economic Benefits in EDAM

By Henrik Nilsson

The Bonneville Power Administration’s insistence on favoring joining SPP’s Markets+ over CAISO’s Extended Day-ahead Market (EDAM) is “alarming” and could lead to \$221 million in economic advantages going up in smoke, Seattle City Light argued in a Nov. 14 [letter](#) addressed to BPA Administrator John Hairston.

Dawn Lindell, CEO of City Light, argued in the letter that BPA is ignoring a study by Energy and Environmental Economics (E3) — commissioned by the agency itself — showing that BPA would gain between \$69 million and \$221 million per year in economic advantages if it joined CAISO’s EDAM over Markets+.

Instead, BPA continues to argue that joining Markets+ would provide a much more favorable governance structure, despite ongoing efforts to alleviate those concerns in CAISO’s EDAM, Lindell wrote.

“At a time when City Light and other utilities throughout the region are working to contain costs for our customers, and against the backdrop of proposed double-digit rate increases for both BPA Power and Transmission customers, BPA’s disregard for the economic benefits to customers is alarming,” Lindell stated in the letter, on which Washington’s congressional delegation and U.S. Department of Energy Deputy Secretary David Turk are copied.

The municipally owned utility is one of BPA’s largest “preference” customers and has been outspoken in its disagreement with the agency’s “leaning” toward Markets+. The majority of BPA’s customer base of publicly owned utilities have urged the agency to join the SPP market, something agency officials have said will factor heavily into its decision. (See related story, [BPA: ‘Preference’ Customers Driving Support of Markets+.](#))

Why This Matters

Municipally owned Seattle City Light so far is the only utility among BPA’s ‘preference’ customers to come out strongly against the agency’s stated preference for joining SPP’s Markets+ over CAISO’s EDAM.



| City of Seattle

Representatives for BPA did not immediately return a request for comment.

The letter comes shortly after BPA’s Nov. 4 day-ahead market participation workshop, in which participants discussed E3’s findings. E3 estimated the comparative benefits of joining either Markets+ or CAISO’s EDAM under various market footprint scenarios and tested under different sensitivities, such as conditions of low hydro or stressed load. (See [Rising Tensions Evident at BPA Day-ahead Markets Workshop.](#))

The study, which supplements the Western Markets Exploratory Group (WMEG) study that E3 produced for BPA in 2023, found the agency would gain significantly more financial benefits from participating in EDAM rather than Markets+, with the largest projected take in a single, West-wide market: \$251 million in savings in 2026 — compared with a “Business as Usual” (BAU) case — declining to \$147 million in 2035.

But in an Oct. 31 press release announcing the study results, BPA made clear the findings would not shift its leaning in favor of the SPP market, although they still would factor into its final decision. (See [BPA Sticks to Markets+ Leaning Despite Study Showing EDAM Benefits.](#))

Instead, BPA officials have pointed to other qualitative factors not captured in the E3 study, such as the benefit of participating in a market with independent governance from the get-go.

Other factors BPA has cited are more quantitative but still difficult to estimate in a study, such as the absence of scarcity pricing in the EDAM, market power mitigation practices, the impact of energy bid caps and the potential for CAISO — as both market operator and balancing authority participating in its own market — to “bias” operations in its own favor

during stress events.

However, Lindell made clear in the letter that City Light remains unpersuaded, claiming BPA has refused to meaningfully consider both options. For example, BPA has yet to provide any funding to the West-Wide Governance Pathways Initiative, launched to address governance concerns around the EDAM, while committing \$25 million to fund Phase 2 of Markets+, Lindell noted.

“If BPA were conducting a fair analysis of market options, we would expect to see them engaging in and funding solutions to each market equally,” Lindell wrote. “Instead, we have seen BPA continue to favor Markets+ and provide significant staff time and funding to this market, while identifying concerns with EDAM but not engaging in efforts to resolve those concerns despite the consistently better economics related to EDAM.”

Additionally, the Markets+ footprint is limited and fragmented due to utilities’ preference for EDAM or the Western Energy Imbalance Market (WEIM), which could “unnecessarily increase costs and risks for BPA and its customers,” Lindell argued. She added that the fragmented market footprint poses reliability issues, especially with large loads looming on the horizon.

The E3 study also revealed that remaining in WEIM and joining no DAM “produced higher benefits for its customers than joining Markets+,” according to the letter.

“We believe markets are a way to mitigate upward rate pressure and to promote efficient usage of the region’s transmission system,” Lindell stated. “However, joining no DAM appears to be more prudent than joining the wrong market.” ■

SPP News



FERC Approves JTIQ Framework, Cost Allocation

MISO, SPP Boards to Consider Proposal During December Meetings

By Tom Kleckner

FERC on Nov. 13 approved tariff revisions and modifications to the joint operating agreement between MISO and SPP that will enshrine a structural and cost-allocation framework for the five 345-kV projects in the RTOs' \$1.6 billion Joint Targeted Interconnection Queue (JTIQ) portfolio ([ER24-2798](#), [ER24-2825](#)).

In a 4-0 decision (in which Commissioner Judy Chang did not participate), the commission found the proposed revisions to the RTOs' generator interconnection processes and *pro forma* GI agreements in their respective tariffs and Joint Operating Agreement complied with its rules "by helping to ensure that interconnection customers are able to interconnect to the transmission system in a reliable, efficient, transparent and timely manner."

FERC said the proposed allocation of 100% of the JTIQ portfolio's cost to interconnection customers is consistent with the cost-causation principle and allocates costs at least roughly commensurate with estimated benefits. The commission said the JTIQ study addressed transmission system limits preventing the interconnection of future generation capacity, thus benefiting all interconnection customers.

"Interconnection customers are the primary beneficiaries of the JTIQ upgrades, and therefore the proposed allocation of 100% of the capital costs ... to interconnection customers when fully subscribed is just and reasonable," FERC said. "The RTOs also have shown that the JTIQ upgrades do not provide sufficient benefits for load in either RTO to qualify as transmission projects selected in the regional transmission plan for purposes of cost allocation."

MISO and SPP will now take the JTIQ portfolio to their respective boards' upcoming meetings for their approval. Both boards meet in December.

The RTOs expect a grant of up to \$464.5 million in matching federal funds under the U.S. Department of Energy's Grid Resilience and Innovation Partnerships (GRIP) program to offset about 25% of the portfolio's capital costs. (See [MISO, SPP Ditch 90/10 JTIQ Allocation After \\$465M DOE Grant](#).)

Commissioner Mark Christie wrote a concurring opinion, noting that the JTIQ projects

would not have been selected in the RTOs' regional transmission plans.

"These projects are not designed to serve load, i.e., consumers, with optimal solutions to identified reliability concerns or economic drivers," he wrote. "Rather, the primary purpose of these projects is to provide interconnection customers — generation developers, primarily wind and solar — with more interconnection opportunities. Accordingly, it is appropriate that the primary funding for these projects is from the generation developers themselves, as they are the primary beneficiaries."

Christie said the order establishes that the benefits to load meet the cost-causation principle, justifying the RTOs' proposal that load provide backstop funding for the portfolio. He said the funding mechanism is only just and reasonable with the GRIP funding covering 25% of the capital costs.

"Without this funding, it would be unjust and unreasonable to allocate to load any of the [portfolio's] costs," he said. "These projects were not designed to serve load, plain and simple, and if there were no funding, the JTIQ proposal would not be acceptable."

Aubrey Johnson, MISO's vice president of system resource planning and competitive transmission, said in an email and on [social media](#) that the JTIQ is a "critical process" to add more generation.

"It provides certainty to interconnection customers near the SPP-MISO seam and enables lower-cost energy in each region," he said in extending his appreciation for SPP's "strong collaboration and innovative thinking" that led to the "first-of-its-kind framework."

SPP's Casey Cathey, vice president of engineering, said the grid operator is "thrilled" that FERC recognized the JTIQ's long-term value and its future benefits to members and customers.

"We've had a successful partnership with MISO for many years and look forward to building on that success with the JTIQ initiative," he said in an email. "These transmission projects will be a significant step toward eliminating barriers and improving the efficiency and reliability of transmission between our regions."

The two RTOs began working on the JTIQ process in 2020 after several unsuccessful

Why This Matters

MISO's and SPP's novel approach to joint planning focused on backbone projects that they say will unlock 28 GW of capacity and reduce curtailments in a highly congested region. The \$1.6 billion portfolio of projects is also eligible for up to \$464.5 million in matching federal funds under the DOE's Grid Resilience and Innovation Partnerships program.

attempts to find joint projects to alleviate congestion on their seam. They conducted reliability, economic and generation-enablement studies and coordinated with stakeholders to develop transmission solutions to identify the JTIQ upgrades that unlocked generating facilities and aligned their interconnection processes to reduce restudies and delays.

MISO and SPP say the projects, focused on their northern seam, are expected to enable 28 GW in generation additions. They said the generation projects were stymied by the massive amounts of interconnection requests; the lack of current system capacity to accommodate the requests; and the significant incremental cost of upgrades that interconnected individual clusters that would otherwise be obligated to pay for the upgrades under the RTOs' existing "but for" cost-allocation frameworks.

The backbone of network upgrades consists of five projects, cut down from the original seven:

- Bison-Hankinson-Big Stone South, 147 miles of new 345-kV lines in the Dakotas (MISO);
- Lyons Co.-Lakefield Junction, 80 miles of new 345-kV lines in South Dakota and Minnesota (MISO);
- Raun, a new 345/161-kV double circuit and rebuilt 161-kV lines near Omaha, Neb. (MISO, SPP);
- Auburn-Hoyt, new 345-kV lines in Nebraska (SPP); and
- expanding and rebuilding a 345-kV substation in Sibley, Iowa (SPP). ■

Company News

AEP Adding Fuel Cells as Temporary Data Center Power

Deal with Bloom Energy Called Largest of Its Kind, Could Reach 1 GW of Capacity

By John Cropley

American Electric Power will meet data center power demand with what it calls the largest utility initiative of its kind in the nation, buying up to 1 GW of Bloom Energy's solid oxide fuel cells.

AEP and Bloom announced the agreement Nov. 14. They said the fuel cell units typically will be used to allow data centers or other large energy users to quickly power up new or expanded operations while the grid is built up to meet their demand.

Also Nov. 14, AEP subsidiary Appalachian Power announced it will explore a different technology: It plans to build small modular reactors in Virginia. It will start the early site application process for an installation near one of its substations in the south-central area of the state.

Fuel Cells

AEP said it previously used Bloom's technology to power customers and is in talks for new customer agreements. All costs would be borne by the large customers who would use the electricity.

Bloom said the full 1 GW agreement would be the largest commercial procurement of fuel cells worldwide to date. It said AEP has placed an initial order for 100 MW of fuel cells, and said further orders are expected in 2025.

The two companies said these fuel cells initially will operate on natural gas but could use hydrogen as an alternative fuel, or any blend of natural gas and hydrogen.

They said carbon dioxide emissions would be 34% lower than present-day displaced marginal generation resources in the PJM interconnection.

The fuel cells will be placed on-site where AEP's customers operate and will be designed to not send any power to the grid. They will be required to meet local interconnection rules, and AEP will work with regulators to secure needed approvals.

AEP is in the final stages of negotiating the first customer project agreements. It expects its commercial load to grow an average of 20% annually over the next three years, driven by data center development.

"The rapid increase in energy demand is a

challenge that AEP is tackling by finding innovative solutions to meet the unique needs of our customers," AEP CEO Bill Fehrman *said in a news release*. "These fuel cells will help provide data centers and other large customers with the power they need to quickly expand in our regulated footprint as we continue to build infrastructure to deliver reliable energy for all our customers."

Bloom CEO KR Sridhar said the company has more than 1.3 GW of its products deployed and has multi-gigawatt annual production capacity for its Energy Server, a *modular plug-and-play box* that can serve as baseload power.

"I am delighted that there is strong market recognition that the Bloom Energy platform is the ideal choice for powering AI data centers," *he said in a news release*. "We are thrilled to be working with AEP as they lead the charge to bring innovative solutions to the transforming electricity market."

Bloom Energy stock exploded after the announcement, closing 59.2% higher in extreme-



American Electric Power and Bloom Energy announced an agreement for AEP to buy up to 1 GW of Bloom's fuel cell systems, shown in this undated photo. | Bloom Energy

Why This Matters

The announcements are a further attempt to meet what is expected to be sharply rising power demand.

ly heavy trading Nov. 15.

Advanced Nuclear

Appalachian Power's announcement that it wants to build small modular reactors (SMRs) in Virginia also was keyed to future electricity demand.

Given that SMR designs still must be perfected, gain approvals, secure a fuel supply and be scaled to the point of commercial viability, the time frame is likely to be a bit longer than that envisioned in the AEP-Bloom agreement.

Appalachian did not say what type of demand it expects to drive the need for the SMRs it wants to build.

However, it has identified a potential site outside of Lynchburg on company property surrounding a 765-kV substation.

This would be almost next door to BWX Technologies, a major supplier of nuclear components and fuel that is the lead contractor designing a portable microreactor for the U.S. Department of Defense through *Project Pele*.

AEP CEO Fehrman and Appalachian President Aaron Walker spoke of the utility's SMR initiative as a cooperative effort with states and thanked Virginia Gov. Glenn Youngkin (R) for embracing SMRs.

Appalachian's news release quoted Youngkin: "Advanced nuclear power is at the heart of Virginia's All-American, All-of-the-Above Energy Plan, a plan that prioritizes abundant, reliable, affordable and increasingly clean power to fuel our thriving and growing economy."

Appalachian said it would file an application with the Virginia State Corporation Commission in the spring of 2025; would seek funding under the U.S. Department of Energy's \$900 million grant program to accelerate development and reduce cost of SMRs; and would work with regulators and stakeholders to educate the community and gather feedback. ■

Company Briefs

Volkswagen to Invest \$5.8B in Rivian in Joint Venture



Volkswagen and Rivian last week announced they would form a joint venture to develop software and electronics for EVs.

Volkswagen said it would increase its investment with Rivian to \$5.8 billion from \$5 billion, which will include a 50% stake in the joint venture. The partnership will be focused on developing software for EVs but could be expanded to include battery modules and other technology.

More: [The New York Times](#)

Solar Manufacturer Suniva Resumes Production



Georgia factory.

The company had filed for bankruptcy in 2017 but announced last year it would restart its idled Norcross, Ga., factory thanks to incentives in the Inflation Reduction Act.

Suniva began producing test cells over the summer and started commercial production a few weeks ago, the company said. Heliene, a Canadian panel maker with a plant in Minnesota, has started receiving Suniva cells

Officials for Suniva said the solar company has started producing cells at its

as part of a \$400 million deal announced in March, both companies said.

More: [Reuters](#)

Electrovaya Chooses New York for Battery Factory



Electrovaya announced it has chosen

Chautauqua County in New York as the location for its gigafactory to make its proprietary Infinity lithium-ion ceramic cells.

The facility is expected to lead to over 250 jobs and support Electrovaya's exports to Japan, Canada and Australia.

More: [The Post-Journal](#)

Federal Briefs

EPA to Charge First-ever 'Methane Fee' for Oil, Gas Companies



EPA last week finalized a rule that will charge oil and gas companies a fee for emitting methane above certain levels.

The rule follows through on a directive from Congress included in a 2022 climate law. The new fee is intended to encourage the industry to adopt best practices that reduce methane emissions and thereby avoid paying. As outlined by the EPA, excess methane produced in 2024 could result in a fee of \$900/ton, with fees rising to \$1,200/ton in 2025 and \$1,500/ton by 2026.

However, President-elect Donald Trump is likely to target the fee amid a flurry of

expected actions he has promised to deregulate the oil and gas industry.

More: [The Associated Press](#)

Global CO2 Emissions on Track to Reach Record Highs

Global carbon dioxide emissions from fossil fuels are on track to reach a record 37.4 billion metric tons in 2024, a 0.8% increase over 2023 levels, according to data from the Global Carbon Project.

The increase was not uniform across the world. Emissions will most likely decline in the U.S. and Europe, while fossil fuel use in China has slowed. That was offset by a surge in carbon dioxide from India and the rest of the world.

A small number of countries account for

most of the world's emissions, with China responsible for 32%, the U.S. 13%, India 8% and the EU 6%.

More: [The New York Times](#)

BLM Seeks Comment on Nevada Solar Project



The Bureau of Land Management announced it is seeking public feedback on a 4,400-acre solar project proposed on public land in Nevada.

The Purple Sage Energy Center is expected to generate and store up to 400 MW.

The public comment period will end Feb. 13.

More: [KSNV](#)

State Briefs

ALABAMA

Alabama Power Files for Purchase of Autauga County Natural Gas Plant



Alabama Power representatives filed a petition with the Public Service Commission on Oct. 30 to acquire the Lindsey Hill natural gas

power plant.

Alabama Power said it will need an additional 1,200 MW by the end of the decade. The Lindsey Hill station can generate up to 900 MW.

The utility expects to recoup the cost by increasing residential rates by \$3.80/month.

More: [Alabama Reflector](#)

COLORADO

PUC Approves Xcel Energy Gas Hike



The Public Utilities Commission re-

cently approved a \$130.76 million increase for Xcel Energy natural gas customers.

The average monthly residential bill will rise

by \$4.57, while the average bill for small businesses will rise by \$17.49. The new rates went into effect Nov. 5.

More: [The Denver Post](#)

Sen. Hansen to Leave Legislature for La Plata Electric Association

The La Plata Electric Association last week announced that Sen. Chris Hansen will take over as its next CEO.

Hansen plans to resign from the legislature Jan. 9, the day after the state's 2025 lawmaking term begins. He was recently reelected to a second four-year term.

In addition to serving as a state senator, Hansen is the founder and executive director of the Institute for Western Energy and has more than 25 years of industry experience.

More: [The Colorado Sun](#)

FLORIDA

Supreme Court Backs Approval of Storm Plans



The Florida Supreme Court last week rejected a challenge to the Public Service Commission's approval of long-term utility plans for Florida Power & Light, Duke

Energy, Tampa Electric and Florida Public Utilities.

Justices unanimously upheld decisions that the PSC made in 2022 to approve "storm-protection plans" for the utilities.

The Office of Public Counsel went to the Supreme Court after the 2022 approvals and argued the commission erred by not considering whether projects included in the plans were "prudent." But the Supreme Court said the commission "correctly reviewed and approved the utilities' proposals after concluding that they are in the public interest."

More: [WUSF](#)

Tampa Electric Could Seek \$400M for Hurricane-related Costs

A quarterly financial report filed at the Securities and Exchange Commission indicates Tampa Electric could seek to recover \$45 million to \$55 million related to Hurricane Helene and \$320 million to \$370 million related to Hurricane Milton from customers.

The utility would need to seek approval from the Public Service Commission and said it

will "determine the timing of the request for recovery of Hurricane Helene and Hurricane Milton costs at a future time."

More: [News Service of Florida](#)

KENTUCKY

East Kentucky Power Planning Natural Gas Expansion, Coal Conversion

East Kentucky Power Cooperative last week announced plans to build two new natural gas-fired power plants and convert its two existing coal-fired plants to "co-fire" natural gas.

One 745-MW natural gas plant would cost about \$1.3 billion and be located at the John Sherman Cooper Power Station site. It is anticipated to be operational by 2030. The other \$500 million, 214-MW plant would be in Casey County.

The coal conversions would include one of two units at the John Sherman Cooper Power Station and all four units at the Hugh L. Spurlock Power Station.

More: [Kentucky Lantern](#)

MISSOURI

Spire to Lower Monthly Gas Bills in St. Louis Area



Spire, a natural gas provider in the St. Louis area, is set to decrease monthly bills for customers by an average of 16%.

The Public Service Commission approved Spire's plan through which customers will see a \$15 bill decrease, starting Nov. 15.

The decrease is due to a new purchased gas adjustment approved by the PSC as well as lower gas prices and the recovery of deferred costs from 2021 winter storms.

More: [KTVI](#)

NEW YORK

NY Waterway Completes Renewable Diesel Trial

New York Waterway said it has completed its renewable diesel trial and is now moving forward with the energy source ahead of hybridizing its fleet next year.

The company began its renewable diesel trial this past July on selected ferries and is currently on track to use 375,000 gallons over the next year – roughly 20% of the fleet's fuel consumption – with a goal to

increase to 50% in the future.

Renewable diesel fuel, made from various fats, oils and waste products from the food and restaurant industries, performs as well as fossil diesel, but with a significantly reduced environmental impact. The EPA estimates that using renewable diesel can lower greenhouse emissions by up to 78% per gallon.

More: [Hudson County View](#)

PENNSYLVANIA

PECO to Add 25 MW of Solar to Energy Mix



PECO last week announced it has agreed to add 25 MW of solar to its

energy mix for customers in southeast Pennsylvania.

The utility's original proposal planned to double the amount of solar energy credits bought through long-term contracts, but that didn't change the percentage of solar energy within its mix, which remained at 0.5%, the minimum required by the state's Alternative Energy Portfolio Standards. The 25 MW will be about 1% of the utility's total energy mix.

More: [WHYY](#)

TEXAS

King Proposes Refunds for Unused CenterPoint Generators

Sen. Phil King (R) last week filed legislation that would create a process to refund Houstonians for charges associated with CenterPoint Energy's \$800 million lease of generators that went largely unused after Hurricane Beryl.

King's bill would underscore "the legislative intent of the original bill" by requiring generators leased by utilities to be fully mobile and available for rapid deployment in the aftermath of a storm or other emergency. The legislation would also require the Public Utility Commission to review generators already leased by utilities. Any lease that did not conform to the terms of the bill would be disallowed and its costs unable to be passed on to consumers.

A *Houston Chronicle* investigation found that CenterPoint has never used the 15 32-MW generators leased in 2021.

More: [Houston Chronicle](#)

VIRGINIA

Balico Downscales Plans for Pittsylvania Plant, Data Center Campus

Balico, the company behind a natural gas power plant and data center campus in Pittsylvania County, intends to file a rezoning application for a scaled-down version of the project.

The company's original plans called for the campus to sit on 2,233 acres. The new plans will shrink to 600 acres but with hopes it will eventually be able to grow beyond that.

More: [Virginia Business](#)

DEQ Levies Another Fine on Mountain Valley Pipeline

The Department of Environmental Quality last week ordered the Mountain Valley Pipeline to pay \$17,500 for violating environ-

mental regulations from June to September.

Violations include allowing sediment to enter streams and improperly installing erosion control matting. It was the company's fifth consecutive fine of its kind.

More: [Cardinal News](#)

Pittsylvania Megosite Wins \$1.3B Battery Separator Project

Microporous last week announced it will invest \$1.3 billion to build a battery separator manufacturing facility at the Southern Virginia Megosite in Pittsylvania County.

Microporous has produced separators for lead-acid batteries, the oldest rechargeable battery technology, which is typically used in vehicles and to power grid systems. At the megosite, Microporous will expand into creating battery separators for lithium-ion batteries.

The facility will be fully operational by 2026.

More: [Virginia Business](#)

WEST VIRGINIA

PSC Approves Modifications to Solar Farm

The Public Service Commission last week approved modifications to a 300-MW Nedpower Mount Storm wind farm project to reduce 132 turbines to 78.

The modifications would increase efficiency, reduce impacts on the view, cut down on the shadow flicker from the blades and reduce the noise level. They also extend the life of the facility by 35 years.

The company proposed to begin work by July 2025.

More: [WTRF](#)

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