



**1 May 2018**

**16 April 2018**

## **FERC rejects CAISO's proposals to modify capacity procurement**

Dive Brief:

- The Federal Energy Regulatory Commission has rejected several proposed changes the California ISO's proposed for ensuring sufficient capacity, specifically in how it keeps some generating resources available that would otherwise retire.
- Earlier this year, the grid operator proposed tariff revisions to its risk of retirement capacity procurement mechanism (CPM), including how compensation for the at-risk resources is determined.
- Of primary concern was CAISO's proposal to eliminate the current market-based compensation methodology in favor of a cost-based methodology.

Dive Insight:

If a generating unit is at risk of retirement, then it probably has costs higher than it can cover in the markets, federal regulators pointed out in their rejection of CAISO's proposal.

"The resource-specific cost-based compensation offered by CAISO under the risk of retirement program is likely to exceed what a resource could earn under a bilateral resource adequacy contract," FERC said. The commission said there was merit to protestors' concerns that adding a spring request window could "distort prices or otherwise interfere with the bilateral resource adequacy process."

As pressure rises on older and higher-cost generators, including gas generators, the California grid operator has been rethinking its capacity procurement efforts to ensure reliability.

CAISO uses the retirement CPM to keep generators available a year in advance, when they would otherwise retire. For example, if the grid operator determined a unit would be necessary for reliability in 2020 but the unit is planning to retire in 2019, then it can be compensated in order to ensure it is available.

Several requirements must be met, including that the generator must have offered all eligible capacity into all competitive solicitation processes during the current year.

If a generator accepts a risk of retirement CPM designation, it is then compensated for capacity at the CPM offer price, capped at the soft offer cap of of \$6.31/kW-month. But a higher price may be sought, but requires a resource-specific cost-based filing with FERC.

"Specifically, we are concerned that the resource with a conditional Type 2 designation would likely offer, in the bilateral resource adequacy market, no less than the payment it expected to receive as CPM risk of retirement resource," FERC said.

A Type 2 resource owner is a generator requesting a risk of retirement CPM designation which would include the upcoming year.

"Therefore, without more comprehensive reform, as discussed below, we find that any incremental improvement that may result from CAISO's proposed revisions here are



*1 May 2018*

outweighed by the potential for deleterious effects on the competitiveness of capacity procurement under CPUC's resource adequacy program," FERC concluded.

[www.utilitydive.com](http://www.utilitydive.com)

**16 April 2018**

## **US Justice Department opposes 'right to first refusal' law of Minnesota**

The US Justice Department has stated that the Minnesota State Law, which provides the 'right to first refusal' to incumbent electricity transmission providers in the state, is anti-competitive and violates the US Constitution.

This was in response to the case filed by LS Power Transmission Holdings last year against a 2012 State Law that gives the 'right of first refusal' to incumbent electricity transmission providers in Minnesota. LS Power does not own any transmission line in Minnesota, which limited its ability to bid under the law. The company claims the law violates the dormant commerce clause of the US Constitution. Under its plea, LS Power has sued five members of the Minnesota Public Utilities Commission (PUC), as well as the Minnesota Department of Commerce. The PUC is responsible for approving new transmission lines in Minnesota, while the commerce department makes recommendations to the PUC and is responsible for enforcing the 'right of first refusal' law.

The US Justice Department has stated that this law in Minnesota has an unconstitutional discriminatory effect by favouring in-state entities. However, the Minnesota Attorney General's Office has argued that striking down of this law would lead to uncertainties and risks being injected into Minnesota's electricity market.

LSP had sought to bid on the 40-mile (64.4-km), 345 kV Huntley–Wilmarth transmission power line between Mankato and Winnebago in Minnesota. However, it could not under State Law restrictions. In 2017, Xcel Energy and ITC Midwest proposed a similar project to connect Xcel Energy's Wilmarth substation with a planned Huntley substation of ITC. As of now, the developers have applied for a certificate of public convenience and necessity (CPCN) with Minnesota PUC. If approved, construction of the project is anticipated to begin in 2020, with an expected in-service date by the end of 2021.

[www.globaltransmission.info](http://www.globaltransmission.info)

**18 April 2018**

## **Gateway West Project receives approval from US Interior Department and Wyoming PSC**

The US Interior Department has approved the final segments (Segment 8 and 9) of the Gateway West project, being developed by Idaho Power Company and Rocky Mountain Power (a division of PacifiCorp). In addition, the Wyoming Public Service Commission (PSC) has approved the Wyoming section of the project.

The Gateway West project is part of the larger Energy Gateway Transmission Expansion project covering areas in Nevada, Idaho, Oregon, Utah, Washington and Wyoming, being implemented by Idaho Power and PacifiCorp. The former project aims to build and operate approximately 1,000 miles (1,610 km) of new high voltage transmission



*1 May 2018*

lines between the Windstar substation near Glenrock, Wyoming, and the Hemingway substation near Melba, Idaho. The project includes approximately 140 miles (241.1 km) of 230 kV lines in Wyoming and approximately 850 miles (1,368.5 km) of 500 kV lines in Wyoming and Idaho.

The state PSC's approval is part of a settlement agreement approved by the commission between PacifiCorp, Wyoming Industrial Energy consumers, the Wyoming Office of Consumer Advocate, and Interwest Energy Alliance on the new wind and transmission portions of PacifiCorp's Energy Vision 2020 proposal. Under this, the company has received approval for three wind projects with total capacity of 1,150 MW, and the 225.4-km Wyoming section of the Gateway West transmission line project. All these projects would require investment of about USD2 billion. The PSC also approved the certificates of public convenience and necessity (CPCN) that are needed for construction of the Wyoming-based wind and transmission projects.

The three wind projects included in the state PSC approval are a 400 MW wind project in Converse County, Wyoming, to be built by NextEra Energy Resources, LLC; a 500 MW wind project in Carbon and Albany counties, Wyoming, to be built, owned and operated by PacifiCorp; and a 250 MW wind project in Carbon County, Wyoming, to be built, owned and operated by PacifiCorp.

These projects along Invenergy's 161 MW wind project to be built in Uinta County, Wyoming were selected in February 2018 by Rocky Mountain Power to expand its owned and contracted wind power. Rocky Mountain will use the Wyoming section of the Gateway West transmission line project to connect these wind farms to the grid. However, as a part of the recent settlement, Invenergy's wind farm is no longer included in the plan.

The Bureau of Land Management (BLM) had released the final environmental impact assessment (EIA) for the 8 and 9 segment of Gateway West Project in March 2018. However, the approvals were delayed owing to the protests by landowners in the area and the environmentalists opposing the crossing of lines through the Nelson Snake River Birds of Prey National Conservation Area (SRBOP).

The developers need to secure several additional approvals before starting construction of the project, which include the right-of-way (RoW) permissions in the impacted areas and the additional permits required in Wyoming.

The developers anticipate that the project will be completed in phases between 2019 and 2024.

[www.globaltransmission.info](http://www.globaltransmission.info)

**18 April 2018**

## **UK regulator Ofgem to consult on de-rating DSR energy storage in 2019**

UK energy regulator Ofgem is to consider Scottish Power's proposal to create demand side response (DSR) technology classes intended to apply new de-rating factors to energy storage used as part of DSR bids into the Capacity Market in 2019.

The utility submitted the proposal last month to create DSR technology classes with different minimum durations, and apply the extended performance testing to these newly created groups. The Capacity Market is the UK's mechanism by which generators are paid



*1 May 2018*

to guarantee energy will be available in times of network stress events, particularly in winter.

Among these would be a 'Storage DSR' class, which transmission system operator National Grid's electricity market reform delivery body would be obligated to consult on applying the lower de-rating factors to.

The proposal drew the ire of aggregators and other DSR providers, who claimed Scottish Power has 'vested interests' in pumped storage and skewing the Capacity Market towards a support mechanism for traditional generation.

It was submitted as part of a call for proposals issued by Ofgem last year, which closed in October. The regulator received an "unprecedented" 112 proposals from stakeholders and delivery partners, proposing to take forward 38 of them in time for the upcoming 2018 consultation round.

Our UK sister site Clean Energy News understands that Scottish Power's proposal was received too late to be considered this year, however Ofgem intends to consult on a decision in the next round of rule change proposals in 2019.

At the same time, Ofgem rejected E.On's proposal to revoke the government's decision to break down the storage technology class into multiple categories, paving the way for duration-based de-rating.

It rejected a proposal from ClientEarth that would have allowed all types of CMU (Capacity Market Unit) to bid for capacity agreements of up to at least 3, and potentially 15, delivery years.

Despite the technology neutral intentions of the Capacity Market, DSR is only able to bid for one-year contracts compared to the longest contracts available to other technologies.

Instead, a number of proposals are to be taken forward and will likely impact bidders across the energy sector angling for a contract in the next Capacity Market auctions, such as:

- An EDF proposal to amend the excess capacity volume for T-1 Auctions (currently set at 100MW) to bring it in line with the T-4 (1GW).
- RWE's proposal to allow New Build CMUs to use a letter from a private network owner to prequalify for a T-1 Auction.
- A proposal from UK Power Reserve to allow capacity providers of distribution-connected CMUs to aggregate CMRS (central meter registration service) CMUs as part of a CMU Portfolio for the purposes of satisfactory performance days.
- Welsh Power's proposal to allow recently commissioned, non-contracted, existing CMUs to register for secondary trading once the plant has proven its ability to deliver capacity.

[www.energy-storage.news](http://www.energy-storage.news)



1 May 2018

18 April 2018

## Bolivian ENDE to complete 500 kV Bolivia–Argentina interconnection by August 2018

Bolivia's Empresa Nacional de Electricidad (ENDE) has initiated the construction works of the Juana Azurduy de Padilla transmission line project, which comprises a transmission line to connect the high voltage grids of Bolivia and Argentina.

The project also includes the construction of two substations, one in the town of Yacuagua, Bolivia and another in Tartagal, Argentina. To connect these substations, a 500 kV, 116 km transmission line has been planned under the project. Of this, 46 km line length will be placed in Bolivia and the rest in Argentina. The project is being funded by Banco Central de Bolivia (BCB) or Central Bank of Bolivia.

In June 2015, Bolivia's Ministry of Hydrocarbons and Energy and Argentina's Ministry of Federal Planning, Public Investment and Services signed an agreement for the construction of the project.

The construction works of the Bolivian portion of the project have already been initiated. Further, ENDE has set up a subsidiary for Argentina's portion of the project, to complete it by August 2018. Once completed, the project will help to export 100 MW of power to Argentina next year, with 1,000 MW during the next three to four years. ENDE currently generates 2,150 MW, of which the internal market demand is 1,500 MW; thus providing a reserve of 650 MW.

[www.globaltransmission.info](http://www.globaltransmission.info)

18 April 2018

## China launches wind power lottery system to ease grid constraints

The city of Yanan, a major wind power base in northwest China's Shaanxi province, has introduced a lottery system to approve the construction of wind-based generation systems during 2018. The lottery system is a local government's measure to restrict the construction of new wind-based capacities due to grid constraints.

The city was given permission to build 900 MW of wind capacity during 2018, but 1,300 MW (or 1.3 GW) has already been declared eligible for construction, forcing authorities to cut down the total number of projects. The lottery system will help the local city government to determine what plans will be submitted (for approval) to the provincial development and reform commission.

China has been aggressively developing alternative power as part of its efforts to cut pollution and greenhouse gas emissions. Grid-connected wind power reached 163.7 GW in 2017, up 10.1 per cent this year and amounting to 9.2 per cent of total generating capacity.

But capacity expansion has outpaced grid construction, and large numbers of wind, solar and hydropower plants are unable to deliver all their power to consumers as a result of transmission deficiencies.

[www.globaltransmission.info](http://www.globaltransmission.info)



*1 May 2018*

**26 April 2018**

## **GWEC forecasts global wind capacity to grow by 300 GW by 2022**

According to the Global Wind Energy Council (GWEC), the wind sector is forecast to experience a drastic growth in coming years. New capacity additions exceeded 52 GW in 2017 and should remain steady in 2018; they would accelerate in 2019, passing the 60 GW milestone in 2020 and move upwards to reach 840 GW by 2022. This would represent an addition of 300 MW of new wind power in the next four years.

China will remain the largest wind market though its installation growth rate should slow down and wind installations will remain strong in the United States at least through 2020. New markets will emerge in Asia and Africa, while Brazil will continue to dominate Latin American markets, challenged by Argentina.

The main driver behind this growth is likely to be cost reductions for both onshore and offshore wind. Several markets such as Morocco, India, Mexico and Canada have price ranging in the area of US\$3c/kWh. Offshore wind tenders without any subsidies are also developing in Germany and the Netherlands, with nearly 2 GW of new offshore wind capacity receiving no more than the wholesale electricity price.

[www.enerdata.net](http://www.enerdata.net)