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Washington Energy Report

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NOVEMBER 22, 2017

[PJM Proposes Price Formation and Shortage Pricing Reforms to Increase Compensation to Generators Providing Reliability Services](#)

By [Adrienne Thompson](#) & [Jasmine Hites](#) on November 21, 2017

POSTED IN [MARKET POLICY](#), [RELIABILITY](#)

On November 15, 2017, PJM Interconnection LLC ("PJM") released two proposals to modify how Locational Marginal Prices ("LMPs") are formed in its wholesale energy market and to enhance compensation for resources providing essential grid services during "shortage" periods. The LMP proposal seeks to enhance system reliability by expanding the eligibility criteria for setting wholesale energy market prices in the PJM footprint. Practically speaking, this proposal will allow a wider variety of energy resources, notably less economically flexible generating units such as coal and nuclear generators, to set LMPs and increase their revenue recovery prospects. Along with the U.S. Department of Energy's Notice of Proposed Rulemaking currently before FERC (see October 2, 2017 edition of the WER), PJM's dual proposals represent the latest developments in an ongoing national discussion about whether, and how, organized electricity markets can play

The Washington Energy Report is a weekly publication written by the Troutman Sanders Federal Energy Regulatory Commission ("FERC") practice that monitors and reports on significant developments in FERC and energy-related matters around the country.

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a role in ensuring fuel diversity and system reliability through pricing mechanisms.

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[FERC Proposes Approval of Two Reliability Standards](#)

By [Jamond Perry](#) & [Thomas DeVita](#) on November 21, 2017

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POSTED IN [FERC ENFORCEMENT](#), [MARKET POLICY](#)

On November 16, 2017, FERC issued a Notice of Proposed Rulemaking (“NOPR”) in which it proposed to approve two Reliability Standards—PRC-027-1 (Coordination of Protection Systems for Performance During Faults) and PER-006-1 (Specific Training for Personnel)—that the North American Electric Reliability Corporation (“NERC”) submitted in a petition on September 2, 2016, and which are intended to replace currently-effective Reliability Standard PRC-001-1.1(ii) (System Protection Coordination). FERC also proposed to direct NERC to modify PRC-027-1 to require an initial protection system coordination study to ensure that applicable entities will perform (or have performed), as a baseline, a study demonstrating proper coordination of their protection systems. Lastly, FERC proposed in the NOPR to approve new and revised definitions to the NERC Glossary of Terms, the associated violation risk factors, violation severity levels, implementation plans, and effective dates for PRC-027-1 and PER-006-1, and the retirement of currently-effective PRC-001-1.1(ii).

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[FERC Denies Rehearing and Stay of Millennium’s Valley Lateral Project](#)

By [Russell Kooistra](#) & [Daniel Archuleta](#) on November 22, 2017

POSTED IN [NATURAL GAS](#)

On November 16, 2017, FERC denied requests for rehearing by various parties (“Petitioners”) and a request for rehearing and stay by the New York State Department

of Environmental Conservation (“NYSDEC”) of FERC’s approval of Millennium Pipeline Company, L.L.C.’s (“Millennium”) Valley Lateral Project. In doing so, FERC rejected Petitioners’ claims that (1) FERC’s National Environmental Policy Act (“NEPA”) analysis was inadequate, (2) Millennium had not demonstrated need for the project, and (3) FERC lacked jurisdiction to approve the project. FERC also dismissed NYSDEC’s argument that FERC failed to consider the downstream greenhouse gas (“GHG”) emissions resulting from the Valley Lateral Project, holding that NYSDEC’s request was untimely.

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[FERC Largely Denies Rehearing Request to Change Existing MISO Generator Interconnection Procedures](#)

By [Meghan Mandel & Christopher Zentz](#) on November 21, 2017

POSTED IN [MARKET POLICY](#), [TRANSMISSION](#)

On November 3, 2017, FERC largely denied rehearing requests from a group of generation developers (“Generation Developers”) regarding the Midcontinent Independent System Operator, Inc.’s (“MISO”) revisions to its Generator Interconnection Procedures (“GIP”) and its pro forma Generator Interconnection Agreement (“GIA”). With the exception of one issue, FERC otherwise rejected the Generation Developers requests that FERC reconsider prior MISO revisions regarding the efficiency and timeliness of MISO’s generator interconnection queue process contained in Attachment X of its Open Access Transmission, Energy and Operating Reserve Markets Tariff (“Tariff”).

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