

MMWEC Cites Nuclear Benefits in Comments to FERC on Grid Resilience Proposal

MMMWEC has submitted comments to the Federal Energy Regulatory Commission (FERC) on the U.S. Department of Energy's (DOE) proposed Grid Reliability and Resilience Pricing rule, urging FERC to implement policies that fairly compensate nuclear plants for the reliability and resiliency benefits they provide to the electric grid.

In its proposal, DOE suggests that the premature retirement of nuclear and coal plants operating in competitive wholesale power markets presents a national security concern.

"Unlike the DOE proposal, which suggests out-of-market, cost-of-service payments for generators that have 90 days of on-site fuel, MMWEC believes that resiliency and carbon-free operation are attributes that can and should be priced and incorporated into existing markets," the MMWEC comments state. "In a market that seeks to ensure reliability, resilience, emissions reduction and affordability, we are confident that nuclear plants will rise to the top in a fuel-neutral selection process."

MMWEC hopes the proposed DOE rule will increase the urgency to act, as markets that drive long-licensed and safely-operating nuclear plants into premature retirement are not functioning in the best interests of consumers, according to MMWEC.

With its joint ownership interests in two New England nuclear plants - Millstone Unit 3 in Connecticut and Seabrook Station in New Hampshire - MMWEC and its project participants are

deeply invested in the future viability of these assets. There currently is just \$10.68 million in MMWEC debt remaining on

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Representatives of Berkshire Wind Project owners toured the project in September. Participants in the 10-turbine, 15-megawatt project in Hancock, MA, include MMWEC and 14 member municipal utilities.

Federal Regulators Reject Transmission Owners' Bid to Increase Rates Without Approval

At the urging of MMWEC and many other consumer-focused parties, the Federal Energy Regulatory Commission (FERC) has rejected a plan by New England transmission owners (NETOs) to unilaterally increase transmission rates without FERC approval.

In a June filing to FERC, NETOs stated that a federal court ruling enabled them to bill at a higher 11.14% return on equity (ROE) rate, plus incentives, rather than the current 10.57% rate. FERC rejected the filing days before the NETOs planned to start charging the higher rate.

In April, the U.S. Court of Appeals for the D.C. Circuit vacated the landmark 2014 FERC decision reducing

the ROE from 11.14% to 10.57%, returning the case to the FERC for further consideration. The court determined that the FERC had not adequately explained how it determined that the 11.14% rate was unreasonable. NETOs took the position that the ruling meant the 11.14% rate should be the rate now in effect. In its rejection of the NETOs filing, FERC stated that it reserves the right to adjust the existing 10.57% ROE, up or down, in the future.

Following the FERC order rejecting their filing, the NETOs filed a motion with FERC seeking to dismiss the four pending ROE complaints and/or consolidate the complaints, and stay the evidentiary hearing in the fourth complaint. Since 2011, MMWEC, state

officials, consumer advocates and others have filed four complaints with the FERC,

contesting what it considers an excessive return on equity earned by transmission owners in New England.

In its response to the NETOs' most recent filing, MMWEC and others, known as the Complainant Aligned Parties (CAPs), state that many of the NETOs' arguments have already been

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MMWEC Receives Federal Grant to Reduce Bucket Truck Emissions at Four Municipal Utilities

MMMWEC has been awarded a federal grant to reduce greenhouse gas emissions produced by bucket trucks used at four Massachusetts municipal utilities. The Diesel Emissions Reductions Act (DERA) grant, administered by the U.S. Environmental Protection Agency, is worth \$262,500.

Under the grant award, Shrewsbury Electric Light & Cable Operations and the Boylston Municipal Light Department each will use the funds to purchase one new bucket truck with advanced control emissions. In addition, the Ipswich Municipal Light Department and Hull Municipal Light Plant each will be able to purchase one new battery/diesel hybrid truck. MMWEC will disperse the funds to the light departments.

The replacement of these four vehicles will make an impact on the reduced emission of greenhouse gases in these communities. In total, it is projected that nitrous oxide emissions will be reduced by nearly 6,000 pounds annually, and particulate matter will be reduced by nearly 250 pounds annually, by the replacement of less efficient trucks with the newer, more efficient vehicles.

Emissions standards for medium and heavy-duty diesel equipment have changed markedly over the past ten years. The emissions limits for nitrous oxide and particulate matter have been slashed to just ten percent of the allowable limits in 2006. This grant funding will allow the four municipal utilities to serve as a model to others in the state by doing their part to help reduce diesel emissions in Massachusetts.



Municipal light plant managers inspected a hybrid bucket truck at a “demo day” this summer.

These truck replacements will improve the air quality for employees and customers in the municipal utility communities, while helping the Commonwealth of Massachusetts meet the requirements of the Global Warming Solutions Act.

“This award recognizes the initiative of four Massachusetts municipal utilities to reduce diesel emissions within their communities,” said MMWEC Chief Executive Officer Ronald C. DeCurzio. “This is just one component of a diversified portfolio of activities employed by municipal utilities to advance the clean energy goals of Massachusetts, including implementation of renewable energy, emerging technologies and other initiatives that reduce greenhouse gas emissions.” ∞

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made and rejected by the FERC, including the motion to dismiss.

The NETOs argued that the FERC’s handling of all four ROE complaints has negatively affected transmission investment in the region. MMWEC and CAPs pointed out that the transmission owners have, in fact, been involved in a “sizable transmission expansion initiative in New England” since the ROE litigation began six years ago. A 2017 FERC report showed that incremental load-weighted transmission investment in the Northeast from 2008 to 2015 was higher than the national average, and confirmed that the ISO-New England region is not suffering from underinvestment due to the “pancaked” ROE complaints.

The CAPs response also counters the NETO argument that the “pancaking” of

complaints should not be allowed. FERC has rejected that argument three times already, the CAPs state. FERC has confirmed that complainants are allowed to file multiple complaints without regard to the status of their prior complaints, as the market data used to determine what

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is a just and reasonable rate of return is constantly changing.

In addition, the NETOs attempted to put a stop to an evidentiary hearing in the fourth complaint, but MMWEC and the CAPs contend that much work has already been completed in the case. Also,

the FERC needs the evidence collected by the experts in the case to determine the just and reasonable ROE for the period at issue.

The CAPs generally agree with the NETO suggestion to expedite resolution of the four ROE complaints, stating they are not opposed to FERC considering all four cases together, assuming that an evidentiary hearing and initial decision on the fourth complaint are allowed. Considering the cases together will allow the FERC to consider the methods for determining a just and reasonable

ROE across four different time periods, which will help the Commission establish an ROE methodology going forward, according to the CAPs response.

The ROE rate reflects the amount of profit the NETOs are allowed to earn on their transmission investments. ∞

MMWEC Institute Focuses on Compliance, Cyber Security and Streamlined Billing

With a focus on regulatory/reliability compliance, cyber security and billing improvements for Members, a day-long MMWEC Institute took place on September 27.

Established in 2006, the MMWEC Institute serves as an educational forum for municipal utilities. This edition of the Institute was entitled, "Are You Prepared?"

MMWEC Member managers and their key staff members spent the day at MMWEC administrative offices immersed in these relevant, timely issues. The day concluded with participants better prepared to address any related issues or concerns as they come up in their own municipal utility systems.

The session began with an in-depth presentation by MMWEC's David Gordon, compliance officer for North American Electric Reliability Corporation (NERC)/regulatory services. Gordon presented a review of the duties and responsibilities of regulatory agencies, including NERC, the Federal Energy Regulatory Commission (FERC) and the Northeast Power Coordinating Council (NPCC) and the current reliability regulatory obligations of

municipal light plants. Gordon described tools and processes that MMWEC uses when providing compliance assistance to MMWEC Members and to ensure MMWEC compliance as a Generator Owner, Generator Operator and Transmission Owner. Participants also were briefed on regulatory developments within these agencies and how they relate to municipal utility operations, as well as the current regulatory obligations of municipal utilities.

Joe Desroches, of MMWEC's information technology business unit, offered a comprehensive overview of cyber security developments. His talk featured details on recent cyber security breaches, and what municipal utilities can do to educate staff members and prevent such incidents in their own systems.

Carol Martucci, MMWEC's director of Financial Reporting and Corporate Technology, wrapped up the Institute with an up-close look at MMWEC's new streamlined, informative billing and

power portfolio reporting process.

MMWEC is currently looking ahead to provide a future Institute to continue to keep Members informed about the latest industry and MMWEC developments as they occur. ∞



Carol Martucci, MMWEC Director of Financial Reporting and Corporate Technology

Stony Brook Maintenance Outage Tackles Inspections, Combustion Overhaul, Other Tasks

The annual fall maintenance outage at Stony Brook Energy Center, the 526-megawatt power plant operated by MMWEC at its Ludlow site, has been successfully completed. This included the intermediate dual-fueled, combined-cycle units 1A, 1B and 1C, with limited inspection of the steam turbine components, as well as the oil fired peaking units 2A and 2B.

All units were returned to service on time, and all critical work was completed during the two-week outage.

The outage, which ran from September 16 to October 1, 2017, focused on routine testing, preventive maintenance inspections and completing backlogged work orders.

More than 100 tasks were completed during this outage. Gas turbine borescope inspections, to detect problems with the compressor and hot sections of the turbine, are conducted every year. Additional work included a gas turbine combustion overhaul on unit 2A, extensive electrical testing, and state required inspections of the Heat Recovery Steam Generators, in addition to numerous preventative maintenance tasks that require outage time.

Various valve repairs also were conducted. There were no injuries during the outage, which involved all plant personnel

and several outside contractors. All critical inspection findings were addressed during the outage. ∞



A worker reassembles a turbine with all new or refurbished combustion components as part of the fall maintenance outage at Stony Brook Energy Center.

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these two nuclear projects, and the remaining debt will be retired in 2019. The plants are expected to continue operating for years after the debt is retired, with Millstone 3's license expiring in 2045, and Seabrook owners seeking a license extension from its current 2030, to 2050.

The municipal utilities that benefit from long term contracts with these assets potentially could see hundreds of millions of dollars of their investments stranded if the plants are forced to close prematurely. In addition, municipal utilities would be forced to replace the lost nuclear energy and capacity with new resources, if they are available.

“MMWEC believes that resiliency and carbon-free operation are attributes that can and should be priced and incorporated into existing markets.”

MMWEC's comments also reference the limitations of New England's wholesale power markets, which are exposed by a troublesome reliance on natural gas, the lack of sufficient natural gas infrastructure, the inability to accommodate state clean energy objectives, and now, the threatened loss of the region's nuclear resources.

Several states have recognized the plight of the nuclear industry and have sought to provide fair compensation for the

numerous benefits nuclear brings to the table. In Connecticut, lawmakers have passed a bill that would permit, but not require, the state to allow Millstone to compete in a more favorable market against other carbon-free resources.

ISO-New England, operator of the regional power grid, has proposed a new policy called Competitive Auctions with Sponsored Policy Resources (CASPR), to address integration of renewable resources into the markets. The proposal creates a new, secondary capacity auction

that is intended to integrate state-sponsored public policy, or renewable, resources into the wholesale markets. But the current proposal, does not address the value of nuclear to the grid.

While MMWEC does not support the DOE proposal as written, it represents the need for market reforms to properly assess the value of nuclear assets.

In its comments, MMWEC urges FERC to bring various related activities to conclusion and “advance policies that will protect long-licensed and safely-operating nuclear plants from premature retirement.” ∞

MMWEC Again Participating in ISO New England Winter Reliability Program

MMMWEC once again is participating in the ISO New England Winter Reliability Program, which is designed to ensure fuel security in the region from December through February.



Stony Brook Energy Center

This is the fifth year of the program, which was created to address reliability challenges caused by constraints on the natural gas pipeline system in New England. MMWEC has participated each year the program has been in place, as it provides an economic benefit to its project participants.

The program is designed to incentivize eligible power resources to secure sufficient fuel at the beginning of winter. Stony Brook Energy Center, the 526-megawatt dual-fueled generating plant located at MMWEC headquarters in Ludlow, Mass., fits the criteria for eligible resources because of its ability to store a large amount of fuel oil on site. More than 17 million gallons of oil can be stored in Stony Brook's storage tanks.

Stony Brook is one of 84 dual fuel units intending to

participate. A total of nearly four million barrels of oil in New England has signed up, with approximately 2.8 million barrels of the total oil inventory eligible for compensation under the program. The level of participation in the oil program remains consistent with the winter of 2016/2017.

Nearly 50% of the total generating capacity in New England uses natural gas as its primary fuel. However, many of the region's natural gas pipelines reach capacity on cold days when heating demand is high and are unable to supply electric generators. ISO-NE has come to rely on resources that run on oil during these times, as they can stock up on fuel supplies. Liquefied natural gas generators and demand response resources are also eligible for the program.

The 2017/2018 winter season is the last winter ISO-NE will offer the Winter Reliability Program. While the program is considered a stop-gap measure to address reliability challenges on the coldest days of winter, it is being dissolved as new, longer-term capacity market changes go into effect in June 2018. A new performance incentive program will penalize generators that are not available to meet their capacity supply obligations during fuel shortage events in an effort to address fuel insecurity issues. ∞



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