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## REGULATORY UPDATE

EPA Releases Clean Power Plan; EPA/FERC/DOE Sign MOU: on August 3, the EPA Administrator signed the final version of the Clean Power Plan (CPP). In the final CPP, EPA provided state-specific goals for carbon dioxide emissions from affected electric generating units, as well as guidelines for states to follow in developing plans to achieve the state-specific goals. Further, under the final CPP, each state must meet an interim emissions goal from 2022 to 2029 and a final goal starting in 2030. EPA's CPP was designed to allow each state to tailor its plan to meet the needs and attributes of the power sector in the state and to take advantage of the opportunities that each state has to reduce emissions. State and regional organizations and utilities responsible for ensuring reliability have various tools that they have been using, and can and will continue to use, in carrying out their collective mission. In states that do not have an approved state plan, the federal plan will be implemented.

That same day, FERC, EPA, and the DOE [released a document](#) describing how the three agencies will coordinate efforts to ensure that the implementation of the CPP does not hinder reliability. PGC attended a widely-attended national technical conference in early 2015, which FERC hosted to discuss implications of compliance approaches to the CPP proposed rulemaking. This technical conference, and others following it, provided a forum for stakeholders to discuss how to address any FERC-related issues that may arise in the context of potential state and regional compliance approaches to EPA's CPP.

The MOU states that during the CPP's implementation, the three agencies will continue to meet, at least quarterly, and will share relevant new information on the development and implementation of state plans. Further, the agencies will continue to discuss ongoing coordination, monitoring, and outreach activities. Each agency has designated an internal team or working group that focuses on these issues and has identified key staffers that can be contacted should issues arise between interagency meetings. EPA, DOE, and FERC each have contacts and outreach underway that will help to identify any areas of concern for electricity reliability that may arise. FERC will continue to focus on issues related to the CPP involving the reliability of the power grid, the efficient operation of wholesale electricity markets and the potential need for additional energy infrastructure, especially new electric transmission and natural gas interstate pipelines. FERC will also stay informed about the development of state plans so that it will be able to respond to Bulk-Power System reliability issues that might arise. FERC will continue to engage with EPA on these issues, including providing assistance on reliability and other matters as requested.

RTOs/ISOs Make Section 206 Filings in Response to Gas Day Rulemaking: in March 2014, in conjunction with the Commission's Notice of Proposed Rulemaking on the gas day and schedule, FERC issued an order instituting Section 206 proceedings that required each Regional Transmission Organization

("RTO") and Independent System Operator ("ISO") to conform their scheduling practices with the new gas nomination timeline or to show cause why such changes should not be required. On April 16, FERC approved the new gas pipeline nomination schedule, which triggered the Section 206 requirement that the ISOs and RTOs make filings, which were made during the months of July and August. The filings submitted by [CAISO](#), [ISO-NE](#), and [NYISO](#) each stated that no tariff changes were necessary to comply with the Commission's final order on the gas day. However, [MISO](#), [PJM](#), and [SPP](#) all submitted proposed tariff changes to comply with the order.

FERC Grants Request for Clarification of Gas Day Order: On July 31, the Commission issued an order accepting AGA/APGA/INGAA's request for clarification regarding the April 1, 2016 gas day implementation date stated in the final order on the gas day/schedule. The request asked FERC to clarify the manner in which all pipelines should implement the standards on April 1, 2016, and a request for clarification relating to interpretations of recall rights under existing capacity release contracts in light of the transition from two to three intraday nomination cycles.

FERC held that the new day-ahead nomination timelines will apply as of March 31, 2016 for those nominations that will become effective April 1, 2016. Specifically, the Timely and Evening Nomination Cycle deadlines on March 31, 2016 for the April 1, 2016 Gas Day will be 1:00 p.m. CCT and 6:00 p.m. CCT, respectively. Otherwise, the intraday nomination timelines on March 31, 2016 will follow the existing timeline. With respect to capacity releases, the new biddable release schedule will start at 9:00 a.m. CCT on March 31, 2016, for all releases with contracts to be effective on March 31, 2016, April 1, 2016, or thereafter. Non-biddable releases effective on March 31, 2016 will follow the existing posting schedule for the Intraday 1 and Intraday 2 Nomination Cycles, and will follow the new day-ahead nomination schedule for the Timely and Evening Nomination Cycles.

FERC sought comments on whether to establish a default interpretation of capacity release contractual recall provisions to assist parties in effectuating the transition between the two intraday and three intraday nomination schedules, as the associations requested. Comments on this proposal are due August 20, 2015. You can review the Commission's order [here](#).

FERC Issues 2015 Energy Primer: on July 27, FERC released its [2015 Energy Primer](#). This is a resource manual written by the FERC Staff to provide the public with a broad overview of the physical wholesale markets for natural gas and electricity and energy-related financial markets. The new manual reflects changes that have occurred in the industry since the last version came out in 2012. These changes include the growth in natural gas supplies and the expansion of organized electric markets under ISOs and RTOs. Highlights of the 2015 Energy Primer include: updated figures and recent trends in U.S. natural gas and electricity markets; new maps of ISO and RTO regions to reflect physical changes in market areas, and updated descriptions of key features for these markets; updated discussion on electronic trading platforms and exchanges, and the financial instruments used for hedging and arbitrage in natural gas and electricity; and expanded discussion of the anti-manipulation provisions of the Federal Power Act and the Natural Gas Act.

## ENFORCEMENT UPDATE

FERC Fines Columbia Gas \$350k in Penalties: by [order issued July 30](#), FERC approved a settlement resolving findings that between January 1, 2010 and May 1, 2013, Columbia Gas Transmission violated its tariff by failing to post the notice of the auctions of its available firm capacity on the public side of its Electronic Bulletin Board. Columbia Gas admitted to the violation, and FERC ordered CGT to pay \$350,000 in civil penalties.

FERC Fines City Power Marketing, LLC, and K. Stephen Tsingas: on July 2, 2015, FERC [issued an Order Assessing Civil Penalties](#) for alleged violation of the Commission's Anti-Manipulation Rule by engaging in (i) a scheme to collect Marginal Loss Surplus Allocation payments through large volumes of sham Up To Congestion trades in PJM and (ii) false statements under oath to Staff designed to conceal important contemporaneous evidence (instant messages) discussing the trades. FERC ordered City Power and Tsingas to disgorge \$1,278,358 in profits, and issued a \$14M civil penalty against City Power and a \$1M civil penalty against Tsingas.

## LEGISLATIVE UPDATE

Congressional Showdown over CPP; Congressional Recess Until September: in early August, before the recess, Senators were gearing up for a show down over the CPP when they return from recess in September. On the day the EPA issued the CPP, Senate Majority Leader Mitch McConnell (R-KY) vowed to block the rule via every available option. Many Republicans see the Clean Power Plan as federal overreach by the Obama administration. Some members have expressed concern that their states could be hurt by EPA-rule associated coal-fired generation retirements and related dwindling coal production demand. Among Senate legislation targeting the Clean Power Plan specifically, two bills are queued up for a floor vote: the appropriations legislation and the Affordable Reliable Electricity Now Act, S. 1324, by Sen. Shelley Moore Capito, R-W.Va., which the environment committee advanced right before the August recess. The legislation blocks the EPA from implementing its greenhouse gas emissions standards for existing, modified, and new plants unless the agency meets a number of conditions. The bill also freezes implementation of the rules until all court proceedings conclude and allows states to opt out of compliance under certain circumstances.

## ON THE HORIZON

- Next PGC Meeting: August 14, 2015 [Dial In: 888-857-7121; Passcode: 202 661 7607]
- Upcoming PGC Meeting: the next in-person PGC membership, affiliate, and guest meeting will be held in Chicago, IL (hosted by USG) on September 16<sup>th</sup>.
- Next Commission Meeting: September 17, 2015

## CONTACT INFORMATION

If you have any questions, please contact Andrea Chambers at 202-661-7607 or via e-mail [here](#), or Katie Leesman at 202-661-2266 or via e-mail [here](#).