



August 14, 2023

Mr. John Bear  
Chief Executive Officer, MISO  
720 City Center Drive  
Carmel, Indiana

Dear John,

The OMS believes moving away from a vertical demand curve within MISO's Planning Resource Auction (PRA) is a necessary step to ensure system-wide reliability. To that end, we urge MISO to finalize its proposal as presented at the July RASC meeting, including MISO's proposed opt-out mechanism, and implement a Reliability-Based Demand Curve (RBDC).<sup>1</sup> MISO should act with urgency, seeking approval from the Federal Energy Regulatory Commission in time for implementation in the 2025/2026 Planning Year.

MISO's current resource adequacy construct does not provide the true value of capacity and does not address the resource adequacy challenges facing the MISO region. As a result, it does not send the price signals that motivate the decisions necessary to maintain MISO's system-wide reliability going forward. OMS members want a construct that ensures a level of reliability that meets the 1-in-10 LOLE standard.

Late last year, OMS issued a position statement supporting the consideration of a revised demand curve.<sup>2</sup> Since that time, OMS members have been educating ourselves through regular conversations and significant involvement in the stakeholder process. State and local regulators have improved our understanding of the key concepts and expressed our preferences and concerns throughout the design process. The latest Reliability-Based Demand Curve proposal is generally in line with the input and guidance OMS has offered in our position statement and throughout the stakeholder process.

Most importantly, MISO's RBDC proposal aims to provide a stronger and more accurate price signal regarding the value of excess capacity to the market while respecting state and local regulators' resource adequacy decisions. The RBDC will offer considerable improvements to long-term resource decision making and help MISO maintain reliability while still providing sufficient flexibility and deference to state and local regulators and MISO members.

Recognizing that certain details have not yet been finalized, OMS is committed to continuing the collaboration that has gotten us this far. We stand ready to finalize MISO's RBDC proposal and encourage MISO to take extra measures to ensure the balance of reliability with affordability in this

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<sup>1</sup> OMS members that do not support this letter include the ERSC regulators: Arkansas Public Service Commission, Council of the City of New Orleans, Louisiana Public Service Commission, Mississippi Public Service Commission, and the Public Utility Commission of Texas. These Members support the August 9, 2023 ERSC Resolution.

<sup>2</sup> [Revised Demand Curve Position 11142022.pdf \(misostates.org\)](https://www.misostates.org/Revised-Demand-Curve-Position-11142022.pdf)



proposal. The partnership between OMS and MISO is critical to maintaining reliability during this period of unprecedented change, and we truly appreciate the flexibility and considerable effort MISO staff have demonstrated in the development of the RBDC proposal.

Sincerely,

Dan Scripps  
President, Organization of MISO States

I am sending this letter on behalf of OMS because a majority of OMS members support it. These Comments should not be construed to mean that all OMS members agree with all the Comments. In recognition of such, the following members generally support this letter:

- Iowa Utilities Board
- Illinois Commerce Commission
- Indiana Utility Regulatory Commission
- Kentucky Public Service Commission
- Michigan Public Service Commission
- Minnesota Public Utilities Commission
- Missouri Public Service Commission
- Montana Public Service Commission
- North Dakota Public Service Commission
- South Dakota Public Utilities Commission
- Public Service Commission of Wisconsin

The following members do not support this letter:

- Arkansas Public Service Commission
- Louisiana Public Service Commission
- Mississippi Public Service Commission
- Council of the City of New Orleans
- Public Utility Commission of Texas

The Manitoba Public Utilities Board did not participate in the vote on this filing.