

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Midcontinent Independent System Operator, Inc.)
)

Docket No. ER22-495-000

**NOTICE OF INTERVENTION AND COMMENTS OF THE
ORGANIZATION OF MISO STATES, INC.**

On November 30th, 2021, the Midcontinent Independent System Operator (“MISO”) filed tariff revisions to apply its Resource Adequacy Requirements on a seasonal basis.¹ This proposal would also accredit resources that participate in its seasonal Planning Resource Auctions (“PRAs”) using a methodology that incentivizes resources to be available to produce energy when needed most.

MISO has recently experienced many system-wide and sub-regional conditions that required it to use its emergency procedures, known as “MaxGen events” or “MaxGens,” over the past few years, and this proposal is expected to mitigate the drivers of those events. While MISO cannot control when a generator or transmission line goes down or when and how an extreme weather pattern will affect the system, it can control the signals generators receive to be available in the face of uncertainty. This proposal more accurately identifies seasonal risk than MISO’s current resource adequacy construct and more accurately accredits resources’ ability to contribute to the system during tight conditions. This proposal is an improvement over the status quo, and because of this, OMS supports it.^{2,3}

¹ Midcontinent Indep. Sys. Operator, Inc. “Filing to Include Seasonal and Accreditation Requirements for the MISO Resource Adequacy Construct” Docket No. ER22-495-000 at 3 (November 30, 2021) (“MISO Filing”).

² The Mississippi Public Service Commission, the Louisiana Public Service Commission, and the Public Utility Commission of Texas (the Concerned Commissions) have no objection to the adoption of a seasonal capacity auction. However, the Concerned Commissions do not join in with the portion of the OMS comments addressing the Seasonal Accredited Capacity (SAC) proposal. While the Concerned Commissions support MISO’s overall efforts to address current and future system resource adequacy and reliability challenges, the Concerned Commissions reserve the right to file separate protests/comments related to MISO’s SAC proposal.

³ The Minnesota Department of Commerce, an associate member of OMS, joins these comments.

In the event that the Commission finds one or more portions of this proposal to be unjust and unreasonable, requiring a rejection of the entire filing, OMS requests that the Commission identify the objectionable provisions in detail so that MISO can confidently and quickly revise this proposal prior to resubmission.

I. NOTICE OF INTERVENTION

OMS is a non-profit, self-governing organization comprised of representatives from the seventeen regulatory bodies with jurisdiction over entities participating in MISO and serves as the regional state committee for the region. The purpose of OMS is to coordinate regulatory oversight among its members, to make recommendations to MISO, the MISO Board of Directors, the Federal Energy Regulatory Commission (“The Commission” or “FERC”), and other relevant government entities and state commissions as appropriate, and to intervene in proceedings before the Commission to express the positions of OMS member agencies. As such, OMS files its Notice of Intervention in this proceeding under Rule 214(a)(2), 18 C.F.R. §385.214(a)(2), of the Commission’s Rules of Practice and Procedure.

Service of pleadings, documents, and communications in this proceeding should be made on the following:

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II. BACKGROUND

In its filing, MISO describes the drivers behind and frequency of recent MaxGen events, noting that since 2016 there have been 40 MaxGen events, 25 of which occurred outside the

summer season.⁴ MISO and stakeholders began recognizing the need for the reforms that eventually resulted in this proposal beginning with the 2014 polar vortex, the first in a series of unanticipated events with regional resource adequacy impacts.

This proposal is part of MISO's ongoing Resource Availability and Need ("RAN") initiative, which dates back to 2018. OMS has supported previous reforms on LMR capability, testing, and availability reforms; outage scheduling improvements; and limitations on unavailable resources participating in the PRA.⁵ MISO also notes that the Independent Market Monitor ("IMM") has recommended that MISO move to a seasonal resource adequacy construct since its 2014 State of the Market Report and implement an accreditation methodology that values resources' contributions during tight hours since its 2019 State of the Market Report.⁶

III. COMMENTS

The first part of this proposal breaks the planning year into seasons, which will afford resources flexibility to take extended outages to perform maintenance or take seasonal outages for economic reasons. It will also provide a more accurate picture of the reliability needs in each season than MISO's current construct. The second part will more accurately accredit resources based on their ability to produce energy when needed most, which will be increasingly important as intermittent resources constitute a growing share of MISO's resource mix.

A. SEASONAL RESOURCE ADEQUACY CONSTRUCT

MISO proposes to move from an annual resource adequacy construct to a seasonal resource adequacy construct with four seasons.⁷ Importantly, MISO will establish a unique Planning Reserve Margin Requirement ("PRMR") for each Load Serving Entity ("LSE") and a Local

⁴ MISO filing at 3.

⁵ *Id.* at 6-9.

⁶ *Id.* at 9.

⁷ *Id.* at 4.

Clearing Requirements (“LCR”) for each Local Resource Zone for each season.⁸ MISO also notes that by conducting its Loss of load expectation (“LOLE”) modeling on a seasonal basis, it will more accurately identify various high-risk periods across the year.⁹ MISO states that this will allow it to “measure and mitigate non-Summer reliability risk.”¹⁰ This more granular assessment of risk across the year will allow MISO to identify each season’s own unique reliability needs instead of relying on the increasingly inaccurate assumption that if resources are available for the summer peak, they will also be available to provide energy in other seasons.

MISO proposes that for resources with planned outages or derates for more than 31 days in a season, market participants be required to obtain replacement capacity or pay a capacity deficiency charge.¹¹ OMS finds the proposal similar to existing tariff provisions that require deficient zones to pay a capacity deficiency charge¹² in addition to another provision that limits resources on outage for a significant portion of the first 120 days of the planning year from participating in the PRA.¹³

It is entirely reasonable for MISO to require resources that receive capacity credit and capacity payments be available to offer energy for a large part of a given season. MISO’s proposal builds on previously accepted tariff provisions and modifies them to fit the proposed seasonal construct. The seasonal component of this proposal will allow resources to take extended seasonal

⁸ *Id.* at 11.

⁹ Wright at 13.

¹⁰ MISO Filing at 13.

¹¹ *Id.* at 9-10.

¹² MISO, FERC Electric Tariff, Module A (“Capacity Deficiency Charge: A charge that is assessed to an LSE that has provided notification prior to the Planning Resource Auction that it will meet its PRMR in part or in whole by paying the Capacity Deficiency Charge so that the Transmission Provider does not clear associated Zonal Resource Credits (ZRC) for the associated PRMR through the PRA process.”)

¹³ See *Midcontinent Independent System Operator, Inc. (Docket No. ER20-129-000); Wolverine Power Supply Cooperative, Inc. v. Midcontinent Independent System Operator, Inc. (Docket No. ER19-102-000) (Not Consolidated)*, 170 FERC ¶ 61,066 (January 20, 2020).

outages for both maintenance and economic reasons, and it will relieve non-participating resources from any must-offer requirement, allowing for better maintenance and economic decisions.

B. AVAILABILITY-BASED ACCREDITATION

1. Seasonal Available Capacity

The primary component of the accreditation portion of MISO's proposal is its move to an accreditation method based primarily on a resource's availability to offer energy during tight system conditions. One particularly contentious area of discussion among stakeholders as MISO developed this proposal was whether, and if so how, to exempt resources from accreditation impacts when Resource Adequacy hours ("RA hours") occur when a resource is on outage. MISO's proposal reflects a compromise on both of these issues, and represents an improvement over the status quo.

Primarily, MISO proposes to accredit Demand Response Resources and Generation Resources¹⁴ based on their real-time offered availability from MISO's Day-Ahead and Real-Time market system during RA hours. After a 3-year transition period,¹⁵ 80% of a resource's accreditation will come from its performance during RA hours. The rest of a resource's accreditation will come from the remaining hours in each season. Currently, MISO accredits resources based on their unforced capacity value, averaging generator-forced outage information if it exists for 12 months out of the past three planning years.¹⁶

Similarly, to limit the risk that a resource's accreditation will be excessively volatile from year to year, MISO proposes to average a unit's accreditation over the past three years and to

¹⁴ *Id.* at 15 ("[T]he availability-based accreditation provisions only apply to Capacity Resources that are Demand Response Resources or Generation Resources (collectively referred to as "Schedule 53 Resources"), but not Dispatchable Intermittent Resources, Intermittent Generation, Electric Storage Resources, External Resources or Use Limited Resources.").

¹⁵ *Id.* at 48 ("Beginning in PY 2023/2024, the Tier 1/Tier 2 weighting will be 40/60, increasing to 30/70 in PY 2024/2025, and ending up with the full adoption of the 20/80 weighting in PY 2025/2026.")

¹⁶ MISO, Business Practices Manual 11 at 146-7

include additional tight hours in its determination of RA hours until there are at least 65 hours in a season on which to base a unit's accreditation. MISO will not include hours when the maximum operating margin threshold is greater than 25%.¹⁷ If there are not 65 RA hours in a season, it will include the tightest hours from other parts of the year, essentially, "backfilling" each season with a unit's performance in other parts of the year.¹⁸

Based on stakeholder conversations at MISO's Resource Adequacy Subcommittee and in other forums throughout 2021, OMS expects some parties to protest the resource accreditation parts of this filing. In considering these protests, OMS encourages the Commission to keep in mind that MISO's current accreditation methodology fails to provide the system operator with a reasonable expectation of what resources will be available to meet demand throughout the year.

2. Outage Coordination

Lastly, MISO's proposal would grant exemptions from accreditation impacts for outages scheduled more than 120 days in advance if there is a positive maintenance margin, provided the outage is scheduled at least 120 days after the end of the unit's most recently completed outage. MISO will also exempt resources from accreditation impacts if they move outages at MISO's request.¹⁹ Similar to what it does now, MISO would only grant a limited set of accreditation exemptions if an outage is scheduled closer to the operating day.²⁰ This framework affords generator owners the flexibility to schedule short-notice outages while incentivizing prudent outage planning done well in advance and provides grid operators greater levels of certainty.

It is important to note from a utility operations perspective, that as the operating day approaches, generator owners have the benefit of more accurate information on expected load and

¹⁷ MISO Filing at 17.

¹⁸ *Id.* at 46.

¹⁹ *Id.* at 19.

²⁰ *Id.* at 20-21.

resource conditions. This allows them to manage the risk associated with taking a short-lead time outage. It would be counterproductive to exempt resources from potential accreditation impacts if system conditions are expected to be tight. This proposal reduces the risk that resources will experience unfair resource accreditation impacts because resources can schedule outages as short as 14 days out if system conditions are favorable and the outage passes a no-harm test.

MISO's current outage classification framework fails to recognize many types of outages and assumes minimal planning outages during different seasonal peak periods, which does not align with observed history. The lack of accounting of correlated outages and past performance history is precisely why the North American Electric Reliability Corporation ("NERC") has pointed out the shortcomings of the traditional PRMR approach.²¹ NERC states, "reserve margins and capacity-based estimates can give a false sense of comfort and need to be supplemented with energy adequacy assessments."²² This concerns OMS and indicates the status quo will need to change.

IV. CONCLUSION

MISO's proposal as filed will benefit the entire region by ensuring that MISO's resource adequacy construct sends proper signals to generators that will encourage them to perform when needed most and will encourage greater levels of outage coordination amongst its members. This is a plan that is good for customers.

The OMS submits these Comments because a majority of OMS members support this filing. Individual OMS members reserve the right to file separate comments regarding the issues discussed in these comments. The following members generally support this filing:

²¹ NERC, 2020 Long Term Reliability Assessment at 6 (Dec. 2020) ("NERC Reliability Assessment") available at: https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_LTRA_2020.pdf (NERC 2020 LTRA).

²² *Id.* at 6.

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

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

The Council of the City of New Orleans abstained in the vote on these comments.

Respectfully submitted,

/s/ Marcus Hawkins

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Dated January 7th, 2022

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list prepared by the Secretary for the above-captioned docket in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure. 18 C.F.R. § 385.2010.

DATED at Madison, Wisconsin this the 7th of January 2022.

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