

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

Midcontinent Independent System Operator, Inc.	))	Docket No. ER24-340-000
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**NOTICE OF INTERVENTION AND COMMENTS OF
THE ORGANIZATION OF MISO STATES, INC.**

The Organization of MISO States, Inc. (“OMS”) submits these comments in support of proposed tariff revisions filed by the Midcontinent Independent System Operator, Inc. (“MISO”) with the Federal Energy Regulatory Commission (“Commission”) in the above-captioned proceeding. On November 3, 2023, MISO submitted proposed modifications to Attachment X of its Open Access Transmission, Energy, and Operating Reserve Markets Tariff (“Tariff”) to amend its Generator Interconnection Procedures (“GIP”).¹ Specifically, MISO’s Quality Filing seeks to increase the milestone payments, withdrawal penalties, and site control requirements of its GIP in order to improve the readiness and viability of projects entering MISO’s Generation Interconnection Queue (“GIQ”).

OMS supports MISO’s efforts to further increase the efficiency of its interconnection procedures through these GIP reforms as well as MISO’s companion filing seeking authority to implement a cap on the overall size of its generator interconnection queue.² Approval of both filings is necessary to enhance the quality of projects entering the GIQ and to ensure the total amount of capacity in the GIQ can be properly studied.³

¹ *Midcontinent Indep. Sys. Operator, Inc.*, Revisions to the Open Access Transmission, Energy and Operating Reserve Tariff, Generator Interconnection Procedures Improvements Filing, Docket No. ER24-340-000 (filed Nov. 3, 2023) (“Quality Filing”).

² *Midcontinent Indep. Sys. Operator, Inc.*, Revisions to the Open Access Transmission, Energy and Operating Reserve Tariff, Generator Interconnection Procedures Cap Filing, Docket No. ER24-341-000 (filed Nov. 3, 2023). (“Cap Filing”). OMS filed separate comments addressing the Cap Filing under Docket No. ER24-341-000.

³ The Public Service Commission of Wisconsin supports this Quality Filing but abstains regarding the Cap Filing.

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 MISO region. The purpose of OMS is to coordinate regulatory oversight among its members, to make recommendations to MISO, the MISO Board of Directors, the Commission, 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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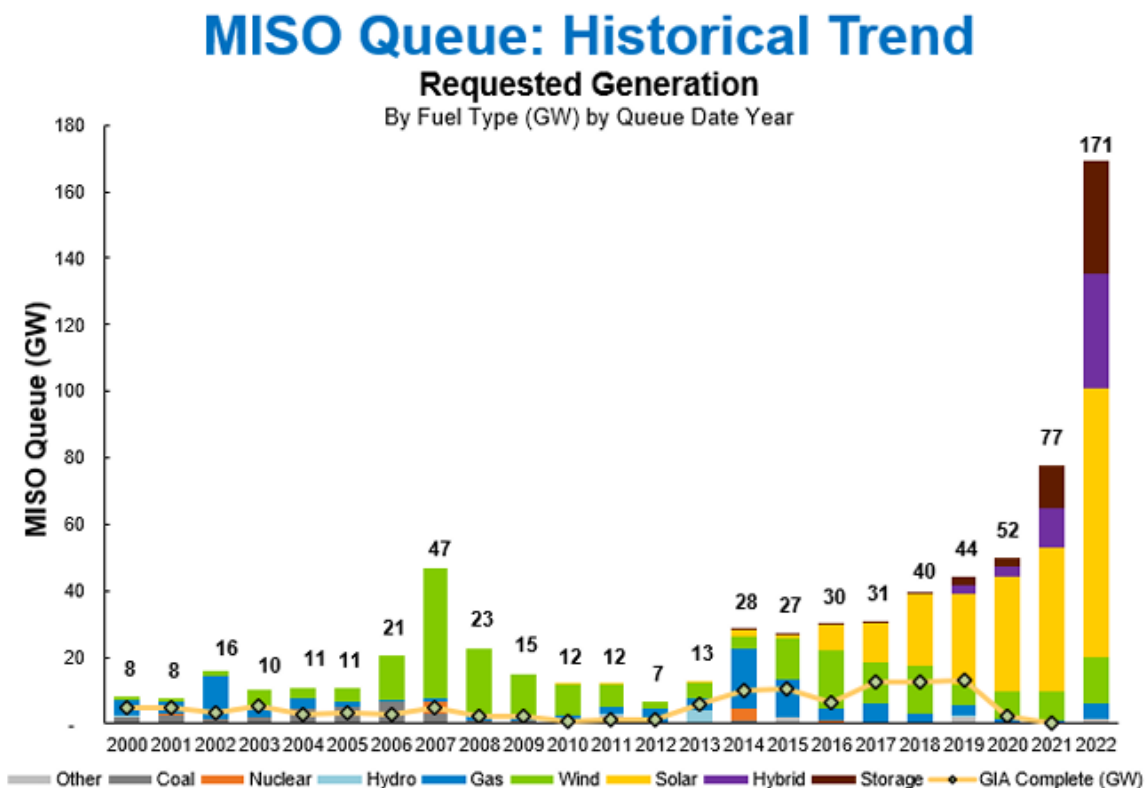
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II. BACKGROUND

In recent years, the number of generating resources submitting applications to be studied in MISO’s GIQ has increased exponentially (see graphic below). Since 2017, MISO has experienced an over 450% increase in megawatts (“MW”) of generation seeking to interconnect to the MISO Transmission System.⁴ Bolstered by various federal incentives and a growing demand for electricity from low or no carbon emission resources, this increase in GIQ applications reached an inflection point during the 2022 interconnection queue cycle when MISO announced that it received 956 interconnection requests representing approximately 171 gigawatts (“GW”) of new

⁴ Quality Filing at P 3.

generation – 96 percent of which is renewable or storage resources.⁵ This was the third consecutive year that MISO established a new record for interconnection requests. In 2021, MISO received 487 interconnection requests representing 77 GW. These figures represent a dramatic shift in the quantity of generation resources that have traditionally sought to interconnect to the MISO Transmission System. OMS generally agrees with MISO that interconnection queue requests are likely to remain high in the coming years due to incentives from the Inflation Reduction Act, decarbonization goals and statutes, load growth, and resource adequacy needs.



The sheer size of MISO’s interconnection queue has resulted in unreliable, outdated, and inaccurate network upgrades identified early in the study process. It is simply infeasible to study clusters of resources that cumulatively exceed MISO’s all-time peak load by 50 GW. Uncertainty

⁵ See MISO’s Generator Interconnection Queue Cycle Set New Record (Sept. 27, 2022), available at: <https://www.misoenergy.org/about/media-center/misos-generator-interconnection-queue-cycle-set-new-record/>.

in the study process drives additional project withdrawals, which further increases queue delays.⁶ This logjam of interconnection requests became so unwieldy, in MISO's view, that it chose to suspend its 2023 queue cycle in June before any applications had been submitted to allow more time to process the backlog of prior queue cycles and to develop improvements to its interconnection study processes.⁷

The large change in the quantity and makeup of MISO's queue was likely not anticipated by the Commission during the promulgation of Order No. 2003. The Commission's laudable policy of encouraging competition among generators with a standardized, open, and transparent process among jurisdictional interconnection procedures likely did not anticipate such a large increase in generation interconnection proposals. A functional interconnection queue is essential for all MISO stakeholders.

OMS has long supported MISO's various Tariff proposals to improve the efficiency of the GIP.⁸ This recognition is evidenced by the fact that many of the reforms and practices embraced by the MISO community were included as requirements in Order No. 2023.⁹ These practices include, but are not limited to, MISO's initiatives regarding cluster studies, site control, shared network upgrades, milestone payments, surplus interconnection, facilities construction agreements, and heat maps for geographically advantageous siting locations. Despite imposing more stringent financial requirements and incentivizing pre-queue coordination opportunities in

⁶ MISO's evaluation of its queue shows that over 70% of queue submittals do not get built. *See* GIQ Improvements Presentation, October 11, 2023, P 19, available at: <https://cdn.misoenergy.org/20231011%20PAC%20Item%20006%20MISO%20GI%20Queue%20Reform%20Proposal%20Presentation630471.pdf>.

⁷ Quality Filing at P 5.

⁸ *See, e.g.,* Comments of the OMS, Docket No. ER08-1169-000 (filed July 17, 2008); Notice of Intervention and Initial Comments of OMS, Docket No. ER17-1156 (filed Nov. 14, 2016); Notice of Intervention and Comments of OMS, Docket No. ER20-41-000 (filed Oct. 25, 2019).

⁹ *See Improvements to Generator Interconnection Procedures and Agreements*, Order No. 2023, 184 FERC ¶ 61,054 (July 28, 2023) ("Order No. 2023").

prior filings, OMS agrees with MISO that more reforms are needed now to ensure a functional queue process going forward. As older electric generation continues to retire within the MISO footprint, and with the prospect of new load due to economic growth and electrification, resource adequacy obligations and reliability standards necessitate that new generation comes online in an efficient and predictable manner.

III. COMMENTS

In the Quality Filing, MISO proposes to amend its GIP by: (1) strengthening its GIP milestone payment requirements; (2) revising certain withdrawal penalty provisions; and (3) improving the existing Site Control rules for Interconnection Facilities. MISO asserts, and OMS agrees, that the proposal will, over time, help eliminate non-ready projects from the GIQ and improve certainty for the remaining projects. Further, OMS believes that the stakeholder process that assisted in the formulation of this proposal has been adequate and accurately described by MISO in its transmittal letter.

A. Milestone Payments

MISO states in its Quality Filing that due to the rapid growth in the size of the GIQ and the increased availability of federal incentives, the existing milestone commitment structure should be reset to a proper level.¹⁰ As part of its analysis, MISO engaged the services of Charles River Associates (“CRA”) to evaluate the security deposits required within its Definitive Planning study process, specifically focusing on the M2, M3, and M4 deposit amounts. CRA summarized its findings in an August 26, 2023 Report (“CRA Report”), which supported MISO’s decision to increase the milestone payments.¹¹ The CRA Report recommended that changes to the current

¹⁰ Quality Filing at P 16, referencing Witmeier Testimony at P 17-18.

¹¹ CRA Report available at:

<https://cdn.misoenergy.org/20230918%20PAC%20Item%2002b%20Charles%20Rivers%20MISO%20IC%20Reform%20Report630230.pdf>.

Milestone requirements were necessary and “should be more representative of the final [Network Upgrade] payment and significant enough to discourage speculative behavior.”¹² MISO initially proposed increasing its M2 milestone from the current \$4,000 per MW to \$12,000 per MW with the CRA Report supporting a value in the range of \$10,000 to \$14,000 per MW. After discussing this proposal with stakeholders and reviewing feedback, MISO decided to propose an intermediate-level M2 milestone payment of \$8,000 per MW. MISO also revised the M3 and M4 milestone payments to address CRA’s concerns, although it did not adopt the CRA Report’s proposed \$1,000 per MW floor for M4.

OMS believes MISO’s proposed revisions to its milestone payment requirements are just and reasonable and should be accepted by the Commission. The Commission should also consider the ability of these milestone payments, in concert with the proposed reforms to withdrawal penalties and site control, to control the overall size of the queue so that MISO can produce meaningful study results and efficiently process its queue. OMS also encourages MISO to review the effect of these increases after three study cycles to determine if further increases are warranted.

B. Automatic Withdrawal Penalties

Under MISO’s current GIP, Interconnection Customers have wide flexibility to withdraw from the queue without incurring a financial penalty due in large part to the current definition of “harm.” The CRA Report found that MISO’s current definition and measure of harm is too narrow and does not accurately account for all harm caused by withdrawn projects.¹³ Substantial dropouts within the interconnection queue introduce significant uncertainty, rendering the results of early stage studies unreliable and subject to significant change, necessitating a constant need for reevaluation. Critically, the CRA Report found that withdrawals have repercussions on the

¹² Quality Filing at P 16, referencing CRA Report at 15.

¹³ CRA Report at 12.

decision-making and planning processes of other projects by introducing delays into the study process and also create uncertainty regarding Network Upgrade estimates.¹⁴ Based on its findings, CRA recommended that MISO implement an escalating fixed penalty schedule to incentivize careful withdrawal considerations by Interconnecting Customers.¹⁵

OMS supports MISO's Withdrawal Penalties Proposal because it is based on robust analysis and considerable stakeholder feedback. Given the negative impact of project withdrawal on the remaining customers, a fixed penalty at the point of withdrawal is a necessary deterrent against speculative entry into the queue.

C. Site Control Requirements

MISO's Queue Filing proposes to enhance current Site Control Requirements by requiring Interconnection Customers to provide reasonable evidence in their applications of Site Control for at least 50% of the mileage of the Generating Facility's Interconnection Facilities.¹⁶ Further demonstrations of Site Control would also be required as the Interconnection Customer moves through the GIQ. To provide Interconnection Customers flexibility, MISO's proposal also includes the option to provide Financial Security in lieu of Site Control for the Interconnection Facility in the amount of \$80,000 per line mile for the entire line mileage to the Point of Interconnection.¹⁷

MISO bases its Site Control Proposal on the experience gained since implementing stricter Site Control requirements in 2019. Since then, MISO has found that projects that have the required level of Point of Interconnection Site Control are less likely to withdraw their requests in the later stages of the MISO study process.¹⁸ Under the current GIP, however, Site Control for 50% of a

¹⁴ *Id.*

¹⁵ *Id.* at 17.

¹⁶ Quality Filing at P 20.

¹⁷ *Id.*

¹⁸ *Id.*

Generating Facility's Interconnection Facilities is not required before the GIA execution period. MISO explains that this too generous "late-in-the-game" requirement results in insufficient levels of Point of Interconnection Site Control throughout the DPP process, enabling easy withdrawals by Interconnection Customers that have not made adequate commitments towards their proposals.¹⁹

OMS supports MISO's Site Control Proposal because it is based on MISO's experience and prioritizes the need for an advanced demonstration of Site Control to ensure project viability at the time of application. If MISO's Point of Interconnection Site Control requirements are ultimately not flexible enough, OMS expects that MISO would revise these requirements through the stakeholder process.

D. Connection to MISO Cap Filing

OMS believes that MISO's Cap Filing, made concurrently with the Quality Filing, should be considered as a necessary component to MISO's overall queue reform efforts. While the objective of the Quality Filing is to ensure project readiness to reduce study delays and to engender a more manageable queue size, past revisions to MISO's GIP would suggest that MISO and its stakeholders are unable to predict the impact that changes to milestone payments and withdrawal penalties will have on the total number of projects entering the queue. Furthermore, the reforms proposed in both filings were developed in tandem and are understood by OMS as interrelated and necessary requirements to achieve a functioning queue that facilitates resource adequacy and other policy objectives.

First and foremost, it is imperative that MISO's GIQ be sufficiently manageable so that it can predictably *function*. Having a queue that enables competition, produces meaningful study

¹⁹ *Id.*

results, and allows generators to interconnect in a timely manner should be prioritized above enabling larger numbers of applicants of which a great percentage may eventually drop off. It is for this reason that OMS views the hard cap, as detailed in the Cap Filing, as a necessary backstop to ensure that MISO's GIQ can efficiently operate.²⁰ These filings are interrelated and without the Cap Filing, there is no assurance that the Quality Filing will allow the queue to function. In the event the Quality Filing is unable to curb existing behaviors that contribute to the unmanageable queue size, the Cap Filing will be needed to meet OMS's primary objective of a functional queue.

IV. CONCLUSION

OMS submits this Notice of Intervention and Comments because a majority of OMS members support this filing. These Comments should not be construed to mean that all OMS members agree with all of the Comments. Individual OMS members reserve the right to file separate comments. In recognition of such, the following members voted in support of this filing:

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

The Council of the City of New Orleans and the Public Utility Commission of Texas abstained from the vote on this filing. The Manitoba Public Utilities Board and the Montana Public Service Commission did not participate in the vote on this filing.

²⁰ The Public Service Commission of Wisconsin abstains regarding the "Cap" filing.

Respectfully submitted,

/s/ *Marcus Hawkins*

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Dated: December 4, 2023

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.

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Dated: December 4, 2023