

## **OMS REVISIONS AND COMMENTS**

Adopted by the OMS Board of Directors, June 25, 2014<sup>1</sup>

### **MISO RESOURCE ADEQUACY PRINCIPLES**

- Strategic Intent
- Desired Business Outcomes
- Principles

OMS firmly believes that Resource Adequacy is a matter that is embedded in the jurisdiction of the individual OMS states. Neither FERC nor any court decision authorized MISO to assume nor assigned MISO authority over Resource Adequacy. Resource Adequacy as a term, in the context of MISO's responsibilities, is undefined. OMS suggests adoption of the following definition of Resource Adequacy for the purposes of its comments here:

The function of ensuring and endeavoring to ensure resources are available and deliverable to Load Serving Entities (LSE) that are subject to the OMS members' jurisdiction in all planning horizons to meet forecasted load and planning reserve margins.

MISO lacks jurisdiction over the acquisition and siting of resources and the determination of the kind of resources load serving entities will acquire. Resource Adequacy is a matter solely within the jurisdiction of the States. MISO has, despite the individual states' jurisdiction over resource adequacy, developed draft principles and invited comment. The OMS states believe that MISO's attempt to develop principles on this matter is unnecessary, and out of scope, and should not be pursued.

OMS recognizes that MISO, as the Regional Transmission Organization, has an important role subordinate to each of the States which ensure Load Serving Entities (LSEs) have sufficient Resources to meet their respective loads. MISO's authority is limited to ensuring the Transmission Grid (Grid) reliability. OMS realizes LSEs obtaining energy and capacity through an interconnected Grid can negatively impact other LSEs interconnected to the Grid when there are insufficient resources to meet total system load obligations. Recognizing MISO has a role to serve in the resource adequacy process and assuming MISO will adopt resource adequacy principles over stakeholder objection, the OMS offers the following suggested revisions to the proposed Strategic Intent, Desired Business Outcomes and Draft Resource Adequacy Principles, as well as certain comments.

**NOTE: MISO's statements and other language is presented in bold type and where helpful is specifically identified.**

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<sup>1</sup> The Illinois Commerce Commission and the Manitoba Public Utilities Board abstained from these comments.

## MISO STRATEGIC INTENT

Achieve confidence in all time horizons that the MISO region will be resource adequate at the lowest possible cost.

- For system planning time horizons, adequacy is defined as loss of firm load during any period of the year no more often than one day in ten years.

### REVISION AND COMMENTS

Revision: To aid the States as they endeavor to ensure that resources are available and deliverable in all applicable planning horizons to meet forecasted-load and reserve requirements.

*Comment: The suggested revision clarifies that the States are responsible for Resource Adequacy and MISO's role is to assist States. The suggested revision encompasses resource availability (supply/demand component) and deliverability (transmission component).*

## MISO DESIRED BUSINESS OUTCOMES

1. **Resource Adequacy processes support stakeholders in achieving Resource Adequacy at just and reasonable rates.**

### REVISIONS AND COMMENTS

Revision: A MISO Resource Adequacy process (MISO Process) will facilitate stakeholders' abilities to identify eligible resources and other solutions to satisfy Resource Adequacy requirements.

*Comment: The revised comments agree with the concept expressed in MISO's stated Desired Business Outcome; the revision eliminates reference to just and reasonable rates because States may use other standards (e.g., public interest). MISO does not set rates; it does set penalty charges and it does design/facilitate voluntary auctions.*

2. **MISO, member and stakeholder confidence that Resource Adequacy will be achieved in all time horizons.**

### OMS REVISION AND COMMENTS

Revision: None

*Comment: None.*

3. **MISO, member and stakeholder confidence in MISO's Resource Adequacy assessments.**

#### REVISIONS AND COMMENTS

Revision: MISO will conduct Resource Adequacy assessments which will provide useful information to all entities having a role in the maintenance of Resource Adequacy in the MISO region.

*Comment: MISO is responsible for Grid reliability. It has a unique role in conducting Resource Adequacy assessments and making independent information and analysis regarding grid topology and Resource Adequacy solutions available to those entities responsible for Resource Adequacy.*

4. **MISO has provided sufficient transparency and market mechanisms to allow for mitigation of potential shortfalls.**

#### REVISIONS AND COMMENTS

Revision: MISO has provided sufficient transparency and market mechanisms for Resource Adequacy.

### **MISO RESOURCE ADEQUACY PRINCIPLES**

**Load Serving Entities, with oversight by the States as applicable by jurisdiction, are responsible for their Resource Adequacy.**

1. **Resource Adequacy processes must ensure that stakeholders and MISO are confident that adequacy will be achieved in all time horizons.**

*Comment: (See New Additional Principle below)*

2. **MISO will ensure an effective and efficient resource adequacy construct with appropriate consideration of all internal and external resources and resource types and recognition of legal/regulatory authorities and responsibilities.**

#### REVISIONS AND COMMENTS

Revision: MISO shall provide an effective and efficient Resource Adequacy construct with appropriate considerations of all eligible internal and external resources and resource types, and recognition of legal/regulatory authorities and responsibilities.

3. **MISO will determine adequacy at the regional and zonal level and ensure appropriate regional and zonal resource adequacy transparency and awareness.**

#### REVISIONS AND COMMENTS

Revision: MISO will calculate adequacy at the regional and local resource zone level and post appropriate regional and local resource zone adequacy information in a transparent manner

without intentionally compromising or advancing any market participant's financial position in the market.

*Comment: MISO is contemplating combining zones. In any such situation, MISO must ensure it will protect the confidentiality of any affected LSE and/or Resource owner's proprietary information.*

- 4. MISO will administer and evolve processes in a manner that provides transparency and certainty, and that support efficient stakeholder resource and transmission investment decisions.**

#### **REVISIONS AND COMMENTS**

Revision: MISO shall administer planning processes and reevaluate those processes as needed in a manner that provides transparency and reasonable certainty, in order to support efficient investment decisions by market participants.<sup>2</sup>

*Comment: This evolved process could only be efficient if MISO has access to all market participants' information which could infer that participation in this capacity construct will be mandatory. Self-scheduling and FRAP rights (opting-out) must be assured in such a market even if MISO continues to have access to LSE and resources information.*

- 5. MISO's resource adequacy processes will support multiple methods of achieving and demonstrating resource adequacy, including self-supply, bilateral contracting and market-based acquisition.**

#### **REVISIONS AND COMMENTS**

Revision: MISO's planning resource auction and other processes will support multiple methods of achieving and demonstrating Resource Adequacy, including self-supply, bilateral contracting and market-based acquisition.

*Comment: This change with "auction" is to clarify the references to all of the different ways of meeting the reserve requirement.*

- 6. NEW PRINCIPLE**

*New Principle: MISO shall provide multiple 1-20 year resource planning reports to all stakeholders in different forums to assist stakeholders and regulators in achieving Resource Adequacy in the appropriate time horizons.*

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<sup>2</sup> The Arkansas Public Service Commission, the Michigan Public Service Commission, the Minnesota Public Utilities Commission, the Montana Public Service Commission, and the Texas Public Utility Commission's support of the OMS comments is based on an understanding that the comments are not intended to preclude MISO consideration of local or regional transmission options that could enhance reserve sharing among states and LSEs and provide other benefits.

Comment: *This principle provides specific guidance by identifying what MISO must do to help States to ensure Resource Adequacy and establishes specific reporting requirements to aid assessment and compliance.*