

**TO: Laura Rauch**  
**FROM: OMS Board of Directors**  
**DATE: 2/20/2015**  
**RE: LRZ Reevaluation- Trigger Feedback**

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The Organization of MISO States (OMS) submits the following comments in response to MISO's request for input to its proposal to add "state request for reevaluation" to the Reevaluation Triggers material presented in the February 4<sup>th</sup> and 5<sup>th</sup> Loss of Load Expectations Working Group and Supply Adequacy Working Group meetings. The OMS appreciates this opportunity to comment.

On October 30, 2014, MISO introduced principles and considerations behind reevaluating Local Resource Zone (LRZ) boundaries. MISO stated that the issue arose during its evaluation of two stakeholder requests to reevaluate the existing LRZ configuration within MISO. Now, MISO is looking to formalize an LRZ reevaluation process in the BPM that can be used as a guide in future scenarios. In various stakeholder discussions concerning this topic, MISO and other stakeholders have acknowledged that state and local jurisdictions hold authority over resource adequacy and are charged with ensuring electrical service is delivered in a reliable and cost-effective fashion. MISO went on to state that it believed a state request to evaluate the current LRZ boundaries at any given time should trigger such a study by MISO.

Under MISO's current Tariff, LRZs are used for a variety of purposes, but perhaps most importantly, they are used in MISO's resource adequacy and transmission planning processes. In the vast majority of MISO, state and local authorities have plenary and exclusive jurisdictional authority over resource adequacy. In the same vein, they have significant influence over transmission planning, both individually (e.g. siting) and collectively (e.g., OMS's Tariff-derived authority in the MTEP process). Therefore, given the impact of LRZs have on state and local prerogatives, the OMS RWG agrees that state and local jurisdiction requests should be strongly considered by MISO when deciding to initiate an LRZ boundary reevaluation.

Before proceeding forward, the OMS asks MISO to discuss the timeline of what should occur once a state or jurisdiction makes a request for LRZ analysis. The timeline should include:

- A formal notification to the stakeholders and states and local jurisdictions that such a study is about to be commenced;
- After the analysis study is final, the results should be made public and comments requested from the MISO stakeholder community

Furthermore, before moving forward, MISO should discuss with stakeholders how it would treat state and local regulators opposition to another regulators' study request. For instance, assume Jurisdiction A - which is included in LRZ Z with Jurisdictions B and C – asks MISO to study splitting Jurisdiction A into its own LRZ, LRZ A. How would MISO weigh opposition from Jurisdiction B or C when deciding whether it should study splitting Jurisdiction A into its own LRZ? Likewise, assume Jurisdiction D - currently within its own LRZ, LRZ D – requests MISO study combining its LRZ with LRZ E, an LRZ comprised exclusively of Jurisdiction E. Again, how would MISO weigh this opposition by Jurisdiction E?

To be clear, the OMS does *not* believe a state request should trigger an immediate change in LRZ boundaries. Rather, such a change could occur only after MISO (a) conducts a study to evaluate the impacts the change may have upon entities within and outside the proposed reconfigured zone(s), (b) presents the findings to stakeholders for discussion, and (c) since LRZ boundaries are codified in the Tariff, files for and receives FERC approval.