

OMS Regional Planning Work Group Comments on MISO's Top-Down Planning Process

May 3, 2013

The OMS Regional Planning Work Group (RPWG) continues to be concerned about the portfolio-like approach to Market Efficiency Projects (MEPs) even though MISO has stated that it will find new terminology to distinguish potential “collections” of transmission facilities for MEP(s) from portfolios as defined for MVPs. On slide 9 of the PAC meeting presentation on Top-down Regional Planning at the April 24, 2013 PAC meeting, a Market Efficiency Project is defined, without reference to the MISO tariff, as a “collection of noncontiguous facilities to address a transmission issue.” If these facilities are noncontiguous, how will the decision be made as to which facilities to combine into a “collection?” Whether MISO calls it a “collection” or a “portfolio” the RPWG remains concerned that this top-down planning process will result in some projects or facilities that do not pass the B/C ratio on their own being packaged with projects or facilities with high B/C ratios. Will small fixes to flowgate congestion be combined into MEP “collections” simply to meet the cost and voltage criteria of MEPs? Another concern with combining noncontiguous facilities is that proposed facilities at a hypothetical flowgate 2 with a B/C ratio < 1 could be combined with proposed facilities at a hypothetical flowgate 1 with a B/C ratio > 1.25 . If the B/C ratio of the combined facilities is greater than 1.25, ratepayers near flowgate 2 could end up paying for a project that provides more cost than benefit for them. These concerns must be addressed before MISO makes any changes to allow MEP “collections.” Any additions to a project that could be an MEP by itself must be expressly justified in the tariff language. The RPWG respectfully asks MISO Staff, in any further discussion of MEPs, to bring forth the definition of MEP from the tariff language to explain how any “collections of noncontiguous facilities to address a transmission issue” meets the definition of MEP in the tariff.

Discussion has begun in the RECB task force about additional benefits metrics beyond Adjusted Production Cost savings for MEPs. For example, there has been discussion of a deferred capacity benefit and an avoided reliability project benefit. Consideration of such benefits indicates that the MEPs could be addressing resource adequacy and reliability in addition to market congestion. Could a collection of facilities address transmission issues other than congestion? If that is the case, how is an MEP different from an MVP? If other issues besides market congestion are going to be addressed by MEPs, then the cost allocation of such projects should be vetted through the stakeholder process.

MISO should provide stakeholders with a clear explanation of how “collections” will be determined and exactly what transmission issues are being addressed. Stakeholders need to know what problems can be addressed by an MEP “collection” before MISO attempts to write BPM language for MEPs. If MEPs are addressing more than market congestion, cost allocation and tariff changes are necessary. This process including any necessary tariff or BPM changes, must be fully vetted within the stakeholder process and approved via a PAC motion before MISO attempts to implement a MEP portfolio.

In regard to MVP planning any BPM or related tariff language must state clearly that MISO is not going to automatically create an MVP portfolio every three years. The Planning Process for MVPs must include an assessment of whether a portfolio is needed before transmission plans are developed.