

**The Organization of MISO States  
Staff Comments on  
MISO's Proposed 2014 Incentive Metrics  
December 23, 2013**

The Organization of MISO States (OMS) Staff appreciates the opportunity to provide feedback on MISO's Proposed 2014 Incentive Metrics.

1.1 Reliability Standards: Is it possible for MISO to take an action when it shouldn't, or not take an action when it should, that would cause some other entity (third party) to incur a NERC reliability violation? If that's possible, then those instances should be added to the NERC Violations that this metric 1.1 counts.

Also, the second bullet under Guidance limits the Boards authority to reduce the Metric 1.1's rating by 50%. What's the rationale for limiting the Board's authority to reduce the rating value in the event of severe NERC violations?

1.2 Unit Commitment Efficiency: This metric does not appear to take into account dispatchers' over-commitment of generators. Over-commitment leads to costs that are uplifted to electricity consumers. The metric also does not get at the accuracy of the load forecast.

1.4 Operations Budget – The tolerance for Threshold Performance should be narrower; e.g., +/- 2.0%.

1.5 Capital Budget – The tolerance for Threshold Performance should be narrower; e.g., +/- 8%.

1.6 – Survey Feedback Rating – The weighting for 1.6 should be increased as a way to enable stakeholders to have greater influence over how the incentives are determined. OMS Staff recommends recommend increasing it to 20%. The value of Strategic Elements should be reduced to make up the 10% difference.

2.1 Balancing Control Performance: It's not clear why this is separate from Metric 1.1. Metric 2.1 seems to measure compliance with NERC standards (CPS1 & CPS2), just like metric 1. The weight for metric 1.1 is 15% and the weight for metric 2.1 is 5%. Summing those would seem to give too much weight to the NERC compliance issue.

3.1 through 3.6: Each of these metrics seems to lack a quantitative measure of performance. They do not measure the *quality* of the work product in each subject

area. Meaningful metrics would measure the quality of the work products. MISO Staff should not be rewarded just for doing something on time. Permitting such a system also can create an incentive to short circuit stakeholder comment and discussion to get something filed to meet a performance metric.

3.1 – Seams Enhancement: 1<sup>st</sup> bullet, OMS Staff recommends that the work plan would have to be “accepted by SPP” as an indication that a certain level of quality had been attained. OMS Staff also recommends changing the weight value to 3%

3.3 FERC Order 1000: OMS Staff suggests changing the wording of this metric as follows: “Develop and implement a Right of First Refusal (ROFR) proposal to have an effective and efficient competitive selection process in which MISO serves as the entity to evaluate that evaluates bids to construct eligible transmission.” “ROFR” refers to the incumbents, but the metric is aimed at the competitive process for selecting developers that may not be incumbents.

3.4 Resource Adequacy: The first part of this metric (Work with stakeholders to explore refining Organization of MISO States (OMS) survey) does not state anything that is measurable. The second part of this metric (produce a 10-year forward looking report) is not specific enough to be meaningful and does not measure the quality of the report. In the third part of the metric (to incorporate the impact of the Coal-Combustion Residual Rule (CCRR), Clean Water Act 316b, and Air Transport Rule on Resource Adequacy), it is not clear why those three EPA initiatives (CCRR, CWA, and Air Transport) are the relevant rules on which to measure MISO’s performance compliance. They are not the subject (or not the only subject) of the OMS’s survey to which the metric also points.