

OMS Resources Work Group Comments on “Issues Statement on Facilitating Resource Adequacy in the MISO Region”
March 20, 2015

The Organization of MISO States (OMS) Resources Working Group (RWG) thanks MISO for the opportunity to provide its comments on MISO’s *Issues Statement on Facilitating Resource Adequacy in the MISO Region*. The following are the comments expressed by individuals of the group and collectively edited by the co-chairs for the feedback request.

General Comments

The Module E-1 capacity mechanism should be continuously and comprehensively reviewed to ensure it is able to meet changing Resource Adequacy (RA) needs on a forward-looking basis. The Guiding Principles, therefore, are aspirational and not likely to ever be completely satisfied.

Any seasonal construct should be capable of including changes in environmental and economic regulation without needing fundamental reconfiguration, so to that end, the construct should be as simple as possible. The costs and benefits of changing the capacity construct from an annual to seasonal basis should be equitably allocated across the region and each pricing zone. Those zones receiving more benefits should bear more costs. The transmission planning process should not be influenced by the changes contemplated or effected in the capacity construct.

Whatever capacity construct is established or affirmed (if there is no change) should be transparent in how it operates, including sharing to a reasonable extent the use of underlying input data, and how it disseminates the results of that data. Reasonable precautions protecting commercially sensitive company data should be in place but that data must actually be found commercially sensitive and not merely labeled so.

The review of the RA principles could result in a change in the stakeholder’s process that oversees how MISO operates. If this is likely or even possible, these changes must be thoroughly vetted by the stakeholders and approved by them.

Load Modifying Resources

With regards to confidence in Load Modifying Resources (LMR) responding during MISO emergencies, the MISO Demand Response Working Group (DRWG) has been addressing this issue ever since the Independent Market Monitor recommended to revisit the capacity credit that these resources receive. Formal discussions were had among stakeholders during the AC Hot Topic in December, 2014, and more informal dialog has continued monthly at the DRWG. While stakeholders have been interested in revisiting Measurement and Verification protocols, monthly LMR drills, and other mechanisms to improve confidence that LMRs will respond when needed in emergencies, no stakeholders have expressed an interest in the arbitrary derating of the capacity credit that these LMRs receive. MISO staff has established an outline to more fully address the IMM recommendation (placed in recent DRWG meeting minutes), and will likely develop a white paper for future consideration at the DRWG.

“The Changing Landscape” page 2

The first sentence implies that the MISO region has historically made a choice to maintain capacity levels in excess of the required Planning Region. This is not so. Two main causes for the excess capacity are

simply a lower Planning Reserve Margin in a large RTO vs. operating as a single utility, and the effects of the 2008 economic recession and the fairly flat load growth since.

The second sentence states that this “increases the risk that not enough resources will be available to serve peak demand...” This language implies that we are headed to a bad place, when the reality is that the Planning Reserve Margin (PRM) is what the utilities, regulators, etc., should plan to. A great deal of stakeholder time and MISO staff analysis is deployed in the calculation of the PRM—it is an estimate of what is required to meet the NERC Standard BAL-502-RFC-02, the one event in ten years standard. If the PRM requirement is not high enough to ensure long-term RA, then MISO staff needs to provide the explanation.

In discussing the upcoming RA issues, MISO should state if there is a NERC standard (existing or in development) that is driving the consideration, or if there are other reasons that MISO is bringing up an issue.

Process and Workshops

The use of workshops to move forward is an excellent way for stakeholders and MISO to reach practical conclusions in the most efficient manner. Our regular stakeholder meetings do not allow time for discussion, feedback, and resolution on the overall issue; therefore, a comprehensive re-examination is appropriate at this time.

This proposal is to be commended for its scale. For success the scale needs to be managed for timely delivery of “deliverables.” One way that can be accomplished is to set the process up in a project management style.

1. The first workshop would set the overall goals, process method (one suggested below), time period, level of effort, etc.
2. Prepare the full time line for the first major phase, with specific milestones, frequency of workshops and other events
3. Agree on the format of workshops
 - a. Moderators,
 - b. Rules of discussion
 - c. Participation rate by: Subject matter experts/sectors/representation/delegates
 - d. Whether to have primary core assignments/responsibility with secondary contacts, etc.
 - e. Documentation of events
4. Agreement on how policy matters to be resolved and at what level

Detailed Items Observations on Specific Elements

1. Seasonal construct.
 - a. OMS thinks this is a topic deserving of further study. It would be very beneficial to indicate obvious, measurable benefits (maybe they should be monetized) and costs of
 - i. Constructing the new construct—can we use elements of the current E-1 process? Let’s not reinvent the wheel if we don’t have to.
 - ii. Operating the mechanism
 - iii. How these costs and benefits will continue over time
 - iv. Creating triggers to indicate when changes or additions are desired
 - b. From a high perspective, it may not be desirable to ask but: How many seasons are being contemplated? 2? 3?

- c. The current E-1 construct is just a few years old. Has it already failed? What were the ideas floated around in the development of the current capacity construct that led to an annual construct that could have led to a monthly construct? Why were they discarded? Are they useful now?
 - d. Can members still opt-out?
 - i. Will opting-out entities' data be put into the auction? If so, why?
- 2. RA Survey
 - a. The conclusions need to be shared with OMS before it is used for MISO political purposes. This is being reviewed now for coordination of data collection and results.
 - b. States need to see the data (if desired by the state)
 - i. Respect confidentiality of other state's data
- 3. MISO can make their processes transparent only when the data (whatever data) is transparent.
 - a. Comments to make process results communicate data for decision makers should lead to good decisions will work only when the data underlying the models used for analysis is made available for validation.
 - i. Understand need for confidentiality
 - ii. States are different
- 4. MISO may be competing and (therefore) conflicting with states jurisdictional RA functions.
 - a. How does the MISO plan to handle a state-mandated PRM requirement that varies from MISO's?
- 5. Principles
 - a. What the formal status of the principles going into this process?

The OMS staff look forward to the first workshop in April.

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