Organization of MISO States (OMS)
Resources Work Group
Response to May 24, 2023 RASC Feedback Request
Submitted on June 9, 2023

During the May 24, 2023 meeting of the Resource Adequacy Subcommittee (RASC), MISO presented updates to the Reliability Based Demand Curve proposal and design elements. Written feedback was requested by June 9, 2023.

https://www.misoenergy.org/stakeholder-engagement/stakeholder-feedback/2023/rasc-rbdc-proposal-and-design-elements-rasc-2019-8-20230530/

The OMS Resources Work Group (OMS RWG) appreciates the opportunity to provide feedback to MISO on its latest update to its Reliability Based Demand Curve (RBDC) proposal and design elements. **This feedback is from an OMS work group and does <u>not</u> represent a position of the OMS Board of Directors.** The OMS Board of Directors will be submitting separate responses to Question 1 and Question 4.

Question 1: Please provide comments and guidance on the premise of the creation of RBDC curves, namely that additional MWs above the 0.1 LOLE reliability target have incremental value which should be reflected in the construct, and the rationale if otherwise.

The OMS Board of Directors submitted feedback in response to this question.

Question 2: Comment on the appropriateness of the steps involved in the calculation of Net CONE, and the rationale if otherwise.

The OMS RWG requests justification for the subregional bifurcation of inframarginal rents that will be used in the calculation of Net CONE. While the historical data clearing the PRA shows that inframarginal rents can vary significantly across Local Resource Zones, nothing indicates that the subregion in which the Local Resource Zone is located plays a role in that variation. Inframarginal rents either need to be calculated on a Local Resource Zone basis (aligning with the Local Resource Zone basis for determining CONE), or if that is not feasible, on a footprint-wide basis.

Additionally, while acknowledging MISO's response to this request in previous feedback, the OMS RWG still encourages MISO to consider revising the reference technology as soon as practicable. A carbon-neutral technology needs to be considered to accommodate the policy goals of various states.

Question 3: Comment on the newly proposed multi-season block participation model for enhanced market participation that allows resources looking for multi-season but not all-season commitments.

If MISO plans to move forward with allowing block participation in the Planning Resource Auction, the OMS RWG agrees that including a multi-season block option along with the annual

block option is appropriate. However, the OMS RWG believes that MISO has not yet demonstrated how allowing these types of offers will improve outcomes for load that outweigh the potential for uplift. The OMS RWG requests that MISO provide and walk through several more examples with stakeholders that capture a broader array of potential outcomes. This will be critical for enhancing stakeholder understanding and support of the proposal.

While the OMS RWG does not oppose the application of block participation to the MISO Resource Adequacy Construct, we note that during discussion at the RASC, several commenters expressed concern and stated that MISO should consider filing this component separate from the rest of the RBDC proposal to decrease the risk of FERC rejecting the entire package. The block participation model may provide additional value, but it is not an essential component to make the rest of the RBDC functional. Additionally, MISO has stated that this block participation model could be applied to the existing Resource Adequacy Construct and add value there, further demonstrating that this does not need to be paired with the RBDC.

Question 4: Existing participation models (e.g., FRAP) in the PRA remain unchanged. Comment on the newly proposed RBDC Opt-out option that will significantly mitigate quantity uncertainty and respect IRP processes and states' rights toward resource adequacy.

The OMS RWG defers policy and position statements on the opt-out option to the OMS Board of Directors, which submitted feedback in response to this request. The OMS RWG's response is limited to areas where we believe that additional clarification is needed.

- Provide more detail on how the "X%" will be determined and how this will allow for the opt-out to be comparable to participating in the auction.
- Provide clarity on how often "X%" will be updated and how this will align with entity opt-out periods.
- Provide clarity on whether "X%" will be a different value for each season.
- Provide clarity on what ways an entity choosing to use an existing participation option (FRAP, self-schedule, etc.) can satisfy any remaining Resource Adequacy obligation.
- Provide clarity on where MISO is currently at on the Relevant Electric Retail Regulatory Authority (RERRA) notification/approval requirement for an LSE to opt out of participating in the Planning Resource Auction. The OMS RWG believes that the RERRA should be notified when an LSE under their retail jurisdiction is opting out, but explicit approval should not be required. This would require RERRAs to prejudge the prudence of the decision on how the LSE will meet its Resource Adequacy requirements.
- Under this proposal, when an opt-out LSE fails to meet its Resource Adequacy obligation, the LSE will be assessed the Capacity Deficiency Charge for the deficient MWs. Provide clarity regarding which entities will receive this revenue and how this revenue will be distributed.
- When an opt-out LSE fails to meet its Resource Adequacy obligation, MISO's proposal mentions the potential for forcing an LSE back into the auction. Provide clarification on how this mechanism would work.
    - Please also provide clarity on whether an opt-out LSE can bilaterally contract to make up for any projected shortfall prior to the Delivery Year.