Organization of MISO States (OMS)
Markets & Resources Work Groups
Response to July 9, 2024 MSC Feedback Request
Submitted on July 26, 2024

In the July 9, 2024 meeting of the Market Subcommittee, stakeholders were invited to review and submit feedback on market pricing circuit breakers for extended-duration EEA3 energy shortage events (MSC-2019-1). MISO requested feedback on the following design elements of its proposal as well as other pricing circuit breaker design considerations:

- CB1: Reduce the RT VOLL to $5,000/MWh after four hours of EEA3 conditions
- CB2: When EEA3 conditions persist to the next DA Market close (1030 EPT), synchronize the DA/RT VOLLs to $5,000/MWh for the next Operating Day
- CB3: When EEA3 conditions persist to additional DA Market cases, further reduce the DA/RT VOLLs to $2,000/MWh

https://www.misoenergy.org/engage/stakeholder-feedback/2024/msc-pricing-circuit-breakers-for-extended-duration-eea3-energy-shortage-events-msc-2019-1/

The OMS Markets Work Group and Resources Work Group (OMS WGs) provide this feedback to MISO on its Market Pricing Circuit Breaker proposal for extended duration EEA3 energy shortage events. **This feedback is from OMS work groups and does not represent a position of the OMS Board of Directors.**

On May 9, 2024, the OMS WGs submitted feedback to MISO encouraging the inclusion of a VOLL circuit breaker mechanism(s) in its overall scarcity pricing reform package (available here). The OMS WGs appreciate MISO's receptiveness to this request as demonstrated by the presentation at the July 9th MSC. MISO's proposed circuit breaker mechanisms and associated sequencing appear to be a reasonably structured and substantiated means of protecting end-use customers from prolonged exposure to MISO's proposed $10,000/MWh VOLL.

To increase understanding, the OMS WGs recommend that MISO provide additional justification on the decision to reduce real-time VOLL under CB1 after EEA3 load-shedding has existed for four hours. Are there studies of customer willingness to pay, market participant behavior, or other MISO market dynamics that indicate four hours is the appropriate number? Additionally, while the OMS WGs appreciate the desire for circuit breaker logic to be automated, we ask that MISO consider whether some discretion for MISO operators is warranted if VOLL pricing is not effectively motivating the desired market participant behavior after four hours of EEA load-shedding. The OMS WGs also encourage MISO and stakeholders to explore whether the circuit breaker mechanisms should apply footprint-wide during more localized max generation events (e.g., a portion of the footprint).

Despite these questions, the OMS WGs view MISO's proposed circuit breaker mechanisms as a workable solution within MISO's overall scarcity pricing reform effort and one that offers more protection to ratepayers than a multi-day/week-long event under today's VOLL of $3,500MWh.