

Initial Position of the Organization of MISO States on
Consideration of a Revised Demand Curve in
MISO's Planning Resource Auction

As the state and local regulatory entities with primary jurisdiction over resource adequacy within the MISO footprint, the members of the Organization of MISO States (OMS) share the following positions to help guide MISO and stakeholders as they consider revising the overall design of the Resource Adequacy Construct (RAC) including but not limited to revising the Planning Resource Auction's (PRA) demand curve.

- OMS supports a RAC that respects state and local regulatory entities' resource adequacy decisions, facilitates long-term decision making, and helps ensure reliability needs are met across the region at a reasonable cost for ratepayers.
- The RAC must help ensure resource adequacy is maintained within the MISO footprint, regardless of the state and local regulatory structure.
- The current RAC has led to capacity shortfalls in part of the MISO footprint, may fail to maintain appropriate price signals, and may not lead to reliability going forward.
- Continued reliance on a vertical demand curve may not appropriately value the reliability benefits of excess capacity, may result in over-reliance on the PRA by Load Serving Entities to meet their capacity obligations, may accelerate retirements of existing capacity resources, and may not send an accurate price signal for potential new generation investment.¹
- A revised demand curve intended to value the reliability benefits of excess capacity should address the issues of potential over-procurement, reliability, and costs to ratepayers.
- The RAC must continue to provide Load Serving Entities a mechanism to FRAP, self-supply, or otherwise opt out to meet their reliability needs.²
- Revising the PRA's demand curve is just one tool to improve the RAC. MISO must continue to work on enhancements to its energy and ancillary services markets and coordinate those market reforms with the RAC.
- MISO should provide an implementation plan, identify evaluation criteria, and provide stakeholders with the opportunity to review the revised demand curve's performance on a periodic basis.
- The RAC's overall design, including, but not limited to a revised demand curve, must be complementary to, and not interfere with, existing state resource planning. This can be accomplished through reliance on a durable design that minimizes variability in the reserve requirement, reduces the need for future design changes, and does not encourage over-procurement of resources.
- OMS opposes any form of a minimum offer price rule in the MISO RAC.

The OMS shares this initial position because a majority of our members support the statements above.³ The OMS looks forward to contributing to the final design of a revised demand curve. OMS's support of a revised demand curve is contingent on reviewing and approving MISO's final proposal.

¹ The Louisiana Public Service Commission, the Mississippi Public Service Commission, and the Public Utility Commission of Texas do not join this statement.

² The North Dakota Public Service Commission and the Michigan Public Service Commission supports a FRAP or self-supply mechanism that is designed to minimize market distortions.

³ The Kentucky PSC abstains from voting on this letter and its substance. However, the Kentucky PSC strongly believes that MISO must immediately endeavor to address the most prominent issues with its capacity market, through actions which include, but are not limited to, implementing a downward sloping demand curve. The Public Service Commission of Wisconsin also abstains. The Manitoba Public Utilities Board did not participate.