

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Coalition of Midwest Power Producers, Inc)	
)	
v.)	Docket No. EL19-28-000
)	
Midcontinent Independent System Operator, Inc.)	

**COMMENTS OF THE ELECTRIC POWER SUPPLY ASSOCIATION
IN SUPPORT OF COMPLAINT**

Pursuant to Rule 212 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or the “Commission”)¹, the Electric Power Supply Association (“EPSA”)² hereby comments on the December 31, 2018 complaint (“Complaint”) submitted by the Coalition of Midwest Power Producers, Inc. (“COMPP” or “Complainants”) against Midcontinent Independent System Operator, Inc. (“MISO”) in the above-captioned proceeding. Complainants request that the Commission issue an order directing MISO to abide by its Tariff and properly calculate the UCAP value for all Capacity Resources prior to conducting the 2019/2020 Planning Resource Auction (“PRA”).

¹ 18 C.F.R. § 385.212.

² Launched over 20 years ago, EPSA is the national trade association representing leading independent power producers and marketers. EPSA members provide reliable and competitively priced electricity from environmentally responsible facilities using a diverse mix of fuels and technologies. Power supplied on a competitive basis collectively accounts for 40 percent of the U.S. installed generating capacity. EPSA seeks to bring the benefits of competition to all power customers. This pleading represents the position of EPSA as an organization, but not necessarily the views of any particular member with respect to any issue. EPSA filed a (doc-less) motion to intervene in this proceeding on January 7, 2019.

I. OVERVIEW AND SUMMARY

As COMPP points out, by failing to comply fully with its tariff MISO is proceeding in a manner that will continue to improperly count approximately 1,400 MWs of undeliverable generation to fulfill its reliability requirement, the Planning Reserve Margin (“PRM”). MISO’s own Loss of Load Expectation (“LOLE”) Study that establishes the PRM relies on the assumption that all Capacity Resources are fully deliverable to the MISO system on an Installed Capacity (“ICAP”) basis.

To maintain consistency with the LOLE study assumptions the Tariff requires Capacity Resources to demonstrate (1) Network Resource Interconnection Service (“NRIS”), or (2) Energy Resource Interconnection Service (“ERIS”) coupled with Firm Transmission Service up to each resource’s ICAP level. Despite these clear requirements, the methodology that MISO is applying in accrediting capacity for certain resources deviates from this Tariff requirement. MISO is currently allowing a set of resources to qualify as Capacity Resources even though they demonstrate deliverability only up to the Unforced Capacity (“UCAP”) level.

II. COMMENTS

A. FERC Should Direct MISO to Comply with Its Tariff

As COMPP’s complaint makes clear, MISO has violated its Tariff by over-counting about 1,400 MWs from resources that utilize ERIS but have not procured firm point-to-point transmission service up to their full ICAP. These over-counted megawatts do not have the deliverability required by MISO’s Tariff.³ As MISO Independent Market

³ COMMP Complaint at p. 8 [referring to section 69A.3.1.g of the MISO Tariff]: “The core question posed by this Complaint is whether there is any reading of the requirement to determine an ERIS resource’s deliverability to load that would allow MISO to make a favorable determination when an ERIS resource has acquired firm Transmission Service for an amount less than the resource’s ICAP. The clear

Monitor (“IMM”) Potomac Economics points out in its 2017 State of the Market Report (“S.O.M. Report”):

The requirements imposed by MISO on ERIS resources is not consistent with the intent of the Tariff. We recommend that MISO determine deliverability for all resources based on the entire ICAP of applicable planning resources (whether they are NRIS or ERIS resources). This will ensure consistency with the LOLE studies, which assume that resources will perform up to their ICAP level when they are available. This will also ensure consistency with the performance requirement of the Tariff section 69A.5 with the ICAP must-offer requirement. By making this change, ERIS resources would be required to procure firm transmission service in the amount of their ICAP level.⁴

The 2017 S.O.M. Report was published in July of 2018, but as the report notes, the issue in question was first raised in the spring of 2017 prior to the 2017/2018 PRA.⁵

While MISO has acknowledged the issue and states it is working to fix it, this concern needs to be addressed with greater urgency, certainly prior to conducting the next PRA.⁶

MISO’s ongoing tariff violation in allowing these undeliverable resources to clear its capacity construct also discriminates against other resources which comply with the RTO’s rightfully stringent tariff requirements for deliverability. As complainants correctly opine, “The lack of urgency on this issue is particularly galling given MISO’s focus on dealing with current reliability issues that have resulted in some 19 emergency actions

answer is no. Any such reading would be inconsistent with the LOLE process that establishes the PRM and would unduly discriminate in favor of ERIS resources relative to NRIS resources.”

⁴ 2017 State of the Market Report for the MISO Electricity Markets, prepared by Potomac Economics, Independent Market Monitor for the Midcontinent ISO, June 2018 at 98. Available at: https://www.potomaceconomics.com/wp-content/uploads/2018/07/2017-MISO-SOM_Report_6-26_Final.pdf

⁵ *Id.*

⁶ MISO Response to the 2017 IMM State the Market Recommendations, October 23, 2018, available at: <https://www.misoenergy.org/events/market-subcommittee-msc---november-8-2018/>.

since the start of the 2016/2017 planning year.”⁷ MISO’s actions serve to undermine reliability and should be rectified immediately.

B. The Commission Should Order MISO to Remedy this Issue Ahead of the 2019/2020 PRA

Given that MISO is proceeding in a manner that will continue to improperly count approximately 1,400 MWs of undeliverable generation toward satisfying its reliability requirement and distort the clearing price in its capacity construct, resolution of this issue should be expedited and resolved ahead of 2019/2020 PRM⁸. As EPSA has argued in the past, MISO’s existing capacity construct already all but guarantees that independent generators receive artificially low prices in the MISO-administered auctions.⁹ Further distorting an already flawed capacity construct will continue to dilute entry and exit signals while artificially inflating MISO’s reserve margins and overall level of reliability.¹⁰

Accordingly, as COMPP requests, the Commission should direct MISO to abide by its Tariff and properly calculate the UCAP value for all Capacity Resources prior to conducting the 2019/2020 PRA. If the RTO needs additional time to adjust its tariff, the Commission could direct MISO to procure 1,400 MW of capacity on a provisional basis in the 2019-2020 PRA. As COMPP points out, this can be accomplished by shifting MISO’s demand curve by 1,400 MW to ensure that MISO meets the 1-in-10 LOLE.

⁷ COMPP Complaint at p. 4.

⁸ IMM Full Deliverability of Capacity Resources presentation at p. 5. October 11, 2018. As the IMM points out in its presentation, PRA clearing prices were reduced by MISO’s acceptance of non-deliverable capacity. Available at: <https://cdn.misoenergy.org/20181011%20RASC%20Item%2004a%20IMM%20Deliverability282958.pdf>

⁹ See generally, *Protest of the Electric Power Supply Association*, Docket No. ER18-462-000. Available at: https://epsa.org/wp-content/uploads/2018/01/EP-SA-Protest-MISO-RA-Re-filing_1.12.18.pdf

¹⁰ IMM Full Deliverability of Capacity Resources presentation at p. 5. For both the 2017/2018 and 2018/2019 PRAs, where between 1000-1400 MW of resources may be undeliverable, “Reliability was lower than the current capacity margin suggests.”

Additionally, if necessary as a less than optimum remedy, EPSA would support delaying the 2019/2020 PRA until MISO's corrections are in place. This is not a request that EPSA makes lightly; however, given the further erosion of MISO's already insufficient capacity construct, such action would be appropriate.

II. CONCLUSION

WHEREFORE, for the foregoing reasons, EPSA respectfully requests that the Commission grant COMPP's complaint on a Fast Track Basis and issue an order by March 1, 2019. In that order, the Commission should direct MISO to implement the changes outlined in the COMPP complaint and abide by its tariff ahead of the 2019/2020 PRA.

Respectfully submitted,

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Dated: January 22, 2019

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the comments via email upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., January 22, 2019.

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Bill Zuretti, Director of Regulatory Affairs and Counsel