



## **MISO Resource Adequacy Enhancements – OMS Outreach Series #3**

### **Augmenting State Processes and Benefits to Ratepayers**

MISO's resource adequacy construct builds upon and complements established state regulatory processes. MISO has always looked to and will continue to rely on established state processes for resource planning, load forecasting, demand response, and energy efficiency investment decisions. MISO's resource adequacy principles are founded upon the principles of maintaining "system reliability in operating and planning horizons at lowest costs" and to "complement state resource planning processes". This communication explains how the MISO enhanced proposal continues to adhere to these fundamental states' processes over resource planning and its benefits to ratepayers.

#### **Augmenting State Regulatory Processes:**

- States will continue to have the ability to establish a different Planning Reserve Margin value to meet individual states' reliability needs.
- States' future demand forecasting requirements will remain the basis for Load Serving Entities to determine their own peak demand forecast.
- State resource planning, certificate of need and related processes for approving investment decisions will not be impacted. (MISO is working with its Independent Market Monitor (IMM) to ensure that the market monitoring and mitigation measures filed in association with resource adequacy reflect this.)
- State Demand Response and Energy Efficiency programs can qualify to meet resource adequacy requirements.
- States can rest assured that Load Serving Entities will continue to have the flexibility to abide by state directives/suggestions through the opt-out and self-scheduling provisions.
- States with retail choice programs will be able to be accommodated. The enhanced proposal includes provisions that will track retail choice load switching between retail

suppliers and assign the obligations and costs associated with maintaining resource adequacy to the appropriate supplier.

In addition to preserving existing state planning processes, MISO's proposed resource adequacy enhancements will provide the states and utility resource planners with new information about capacity prices and any limitations on transfers of capacity between zones for the upcoming planning year.

One of MISO's stated resource planning principles is to maintain system reliability in operating and planning horizons at **lowest costs**. This principle serves to ensure that MISO is striving to continue to deliver positive benefits within the resource adequacy construct. The MISO Value Proposition already shows significant benefits from MISO's current resource adequacy construct in the areas of load diversity factor, allowing a decrease in regional planning reserve margins from 15.40% to 11.94% (annual benefits of between \$280 and \$350 million), and power plant availability improvements of 3.2% that have helped to delay the need to construct new capacity (annual benefit estimated between \$259 to \$323 million). MISO has already begun efforts to quantify the additional benefits of the enhanced resource adequacy construct. The costs and benefits of the Resource Adequacy enhancements are scheduled for the OMS Outreach Series # 7 during the week of June 27<sup>th</sup>.

***In summary, the MISO resource adequacy construct is an effort to continue to build upon and complement our states' established processes and better work together to meet and achieve planning resource needs both reliably and at the lowest costs.***