

Department of Energy Quadrennial Energy Review
*“Bulk Power Generation and Transmission: How Can We Plan, Build, and Operate the
Appropriate Amount for Future Needs?”*
Comments of the Organization of MISO States
Des Moines, Iowa
May 6, 2016

The Organization of MISO States (OMS) is a non-profit, self-governing organization comprised of representatives from the seventeen regulatory bodies with jurisdiction over entities participating in the Midcontinent Independent System Operator (MISO). It serves as the regional state committee in MISO to allow members to share resources and coordinate input on issues as appropriate. The stated purpose of the OMS is to coordinate regulatory oversight among its members; make recommendations to the MISO, the MISO Board of Directors, the Commission, and other relevant government entities and state commissions as appropriate; and intervene in proceedings before the Federal Energy Regulatory Commission (FERC) to express the positions of the OMS member agencies.

Under the broad subject of the panel, the OMS raises the following items of consideration when looking at future needs:

- Planning: As regulators, OMS members are tasked with balancing financially healthy utilities with just and reasonable rates for consumers. The ongoing generation mix progression and the potential generation and transmission build out to support it could be costly and needs to be well-vetted to try to identify no-regrets plans.
- Resource Adequacy: Access to information and robust analysis has become increasingly important as states have primary responsibility for resource adequacy in most MISO jurisdictions. OMS has been working with MISO the last three years to do a ten-year survey of load serving entities to get a sense of the regional impact of these individual utility plans. The results of the third OMS-MISO survey will be released in June. The survey has been valuable to the regulators in the MISO region to better understand what’s happening in other states and get a regional view.
- Seams: Seams coordination will become increasingly important as reserve margins shrink and resource sharing grows. Only one OMS member state does not have a seam with another RTO or non-RTO within its borders (Wisconsin). It is imperative for customers that planning and operations is efficient across seams.
- Demand Response (DR)/Energy Efficiency (EE)/Distributed Generation (DG): The role of DR, EE, DG, and new technologies like energy storage will obviously continue to play a big role in how we look at the system as a whole in the future.
 - FERC recently asked the RTOs to respond to a series of questions about battery storage, indicative of the developing policies around storage.
 - In Indiana, Indianapolis Power and Light is installing a new battery storage center which has forced stakeholder discussions in MISO about how storage will be evaluated and treated. They have proposed it as a transmission asset and how it can be used as a non-transmission alternative is being explored.
 - Storage can provide multiple types of services to the grid, including transmission services, capacity, energy, frequency regulation, etc.

- All of these options raise questions about the regulatory landscape. OMS members may find themselves dealing with new technologies as issues of first impression because enabling statutes didn't foresee them.
 - Rate recovery and customer(s) cost allocation need to be determined and are likely to change based on the application.
- The states are working with MISO to get modeling access on the impact of DR, EE, and DG on the system to understand if/when reliability issues arise.
- Many states have public policies for some demand side programs. But as the penetration increases, how will they all be integrated together in the real-time MISO market in the next few years?
- Non-transmission Alternatives (NTAs): Order 1000 requires equal consideration of non-transmission alternatives (generation and other technologies) in the traditional transmission planning processes to solve an identified issue. One of the impediments to NTA participation raised in the MISO process is the timeline for contractual commitments between generation, and other alternatives, compared to transmission. The different technologies may have different development timeframes that make it difficult to impose the same requirements on all.
- Competitive Retail Solution Proposal: In MISO, an effort is underway to address the unique needs of retail choice states in ensuring long-term capacity procurement. Most of the MISO footprint consists of fully regulated, vertically-integrated utilities with integrated resources planning of some sort. However, Illinois and a portion of Michigan have retail choice suppliers that are not under the authority of commissions, particularly for capacity. MISO has been working with stakeholders to address concerns about long-term capacity availability in retail choice jurisdictions with a filing is anticipated in July this year.
- Electric/Gas Coordination: Shifting the fleet to greater reliance on natural gas is raising new issues that states are monitoring along with the RTOs and FERC, mainly to ensure that sufficient gas is available for generation AND winter heating and other uses at reasonable rates.
 - The interest in ensuring the availability of natural gas when needed crosses jurisdictions and may lead to an areas where the line between state and federal authority gets increasingly blurred. .
 - Significant discussion and activity are expected in this area in the future.
- Grid Security: Grid security has been a focus for some time now and continues to be a policy issue for regulators. Many state regulators are participating with their State Emergency Management agencies and RTOs in the GridEx exercise by NERC. It simulates coordinating the Incident Command process for various scales of disruptions from sub-regional weather event like hurricane, local sabotage to nationwide event of a coordinated terrorists attack.