

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission)
 On Its Own Motion)
)
Notice of Inquiry Regarding)
Ameren Illinois RTO Cost-Benefit)
Study)
) 23-NOI-01

**REPLY COMMENTS OF THE
MIDCONTINENT INDEPENDENT SYSTEM OPERATOR**

The Midcontinent Independent System Operator, Inc. (“MISO”) by and through its undersigned attorneys, appreciates the opportunity to participate in the Illinois Commerce Commission’s (the Commission) Notice of Inquiry (“NOI”) regarding the Ameren Illinois RTO Cost-Benefit Study. MISO is committed to sharing with the Illinois Commerce Commission (“ICC” or “Commission”) the information the Commission deems necessary to address the Notice of Inquiry.

I. INTRODUCTION

In its Initial Comments, MISO addressed the Commission’s inquiry regarding Ameren Illinois’s RTO Cost Benefit Study. MISO has reviewed the Ameren Illinois Cost-Benefit study submitted in Docket 22-0485 and believes that the study utilizes MISO’s models appropriately and that the scenarios and impacts are reasonable.

In these Reply Comments, MISO briefly replies to the comments of the Illinois Commerce Commission Staff (“Staff”), PJM, and Illinois Industrial Energy Consumers (“IIEC”).

II. Reliability Based Demand Curve

As IIEC, PJM, and Staff note in their Initial Comments, MISO has proposed introducing a system-wide downward sloping Reliability Based Demand Curve (“RBDC”) in the MISO Region. On September 29, 2023, MISO filed with the Federal Energy Regulatory Commission (“FERC”) revisions to its Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff) necessary to transition to the proposed RBDC in the 2025 / 2026 Planning Year. As discussed in MISO’s filing with FERC, the proposed implementation of an RBDC in the Planning Resource Auction (“PRA”) is necessary to: (i) properly reflect the reliability value of capacity above the established Planning Reserve Margin (“PRM”); (ii) provide capacity prices that better inform resource investment, retirement and replacement decisions of Market Participants; and (iii) produce more economically efficient market outcomes reflecting the appropriate price of capacity and reducing price volatility created by the currently effective vertical demand curve. Furthermore, the transition to the proposed RBDC in the MISO Region is expected to reduce volatility in capacity prices, which should mitigate the concerns of Staff that price volatility will increase if Zone 4 was not shifted to PJM.

It’s important to note that the Organization of MISO States, Inc. (“OMS”) provided a letter of support for MISO’s RBDC proposal. This letter of support was provided by a majority of OMS members, including the ICC. After its initial comments in this NOI, the ICC itself on October 20, 2023, submitted comments in FERC Docket No. ER23-2977-000 supporting MISO’s RBDC proposal. The ICC’s comments acknowledge that MISO’s

RBDC proposal sends improved market signals to existing and potential capacity resources and fulfills MISO's objective of limiting year-to-year capacity price volatility.

III. Generator Queue Reform

As Staff states, MISO is an industry leader in interconnection queue development and transmission planning, which is crucial and supports Illinois' clean energy goals. Moreover, MISO is already taking additional steps to improve the queue process and the expected benefits of those steps include bringing renewable resources online sooner than in other RTOs. on July 28, 2023, FERC issued Order No. 2023 in an effort to promote generator interconnection queue reform. Order No. 2023 is applicable to all Transmission Providers, including ISO/RTOs and transmission owning utilities and includes a number of reforms intended to improve queue processing. Many of the reforms required by FERC's Order No. 2023 are already included in the MISO Tariff and many originated as process improvements proposed by MISO over the last decade. These include but are not limited to: studying requests in clusters, providing a heat map of available transmission capacity, requiring generator site control, allowing for co-located facilities and shared interconnection facilities, and allowing surplus interconnection requests. Implementation of Order No. 2023's requirements along with MISO's current generator interconnection queue reform efforts position MISO to continue its role as an industry leader in this area.

IV. Long-Range Transmission Planning (Tranche 2)

The goal of MISO's industry leading Long Range Transmission Planning ("LRTP") process is to provide transmission solutions which reliably and economically enable the

resource goals of MISO members and states. This is of particular importance for Illinois, as the Clean Energy and Jobs Act (“CEJA) reshapes the state’s resource portfolio, requiring careful analysis to determine the transmission needed to reliably and efficiently enable this new resource mix. MISO is currently evaluating a second LRTP portfolio (Tranche 2), which builds upon a portfolio approved in 2022 (Tranche 1). The Tranche 2 study is in progress, MISO is targeting the approval of LRTP Tranche 2 in the first half of 2024.

The goal of Tranche 2 of LRTP is to enable all the resource goals of MISO states and membership by building off of Tranche 1’s investment which focused on a prorated share of these goals. The Tranche 2 portfolio will be developed considering a range of reliability and economic benefits under multiple scenarios to both deliver future renewable resource output to load from often remote areas and to consider conventional generation resource retirements, with the study models premised upon the resource evolution cited in our member plans, including in the CEJA.

The scope of Tranche 2 is being developed. It is anticipated to include:

- Scenarios to evaluate the impact of key assumptions on the Future 2A expansion¹, such as resource accreditation and the Investment Reduction Act incentives.
- Multiple reliability models and transfer scenarios to determine the projects needed to resolve a regional subset of issues identified.
- Analysis of alternative project solutions in concert with stakeholders.
- Consideration of the impact of other transmission projects under development.
- A defined range of benefits as part of the business case analysis to show the risk-adjusted value of transmission over 20 years, as compared to its cost.

¹ [20231002 LRTP Workshop - Draft Series1A Futures Report630365.pdf \(misoenergy.org\)](#)

V. Emissions

MISO disagrees with the Staff's determinations that moving to PJM would lower carbon dioxide, sulfur dioxide, and nitrous oxide emissions. MISO has been a leader in enabling its stakeholders to reduce the emission profiles of their systems. MISO's continued comprehensive Long Range Transmission Planning will enable increased interconnection of emission free resources along with providing the ability to move the resulting power around in an efficient and reliable manner. MISO is also committed to market reform in the form of Resource Adequacy and Operating Markets to enable the reliable and efficient integration of a diverse set of emission free resources. With these changes MISO expects greater emission reductions than forecasted in the study.

In addition to MISO enabling utilities and states to reduce their emissions, MISO is also committed to helping its stakeholders track, understand and change their emissions. MISO has been evolving its emissions tracking since 2021, after research identified lack of carbon intensity data as a key pain point for both MISO members and end-use customers pursuing decarbonization commitments. MISO's website currently hosts an online dashboard with both historical emissions of high spatial and temporal granularity and projected emissions for MISO's footprint. This dashboard supports customer access to emissions information for use cases such as reporting Scope 2 emissions, informing siting decisions, or re-evaluating energy use, market purchases or investments.

In 2023 MISO has met regularly with the Commission directly to understand specific emissions data needs for both the short- and long-term. MISO is leveraging this knowledge, in conjunction with additional benchmarking, customer outreach, and

guidance from industry experts, to conduct near real-time emissions projects at pilot-scale. These “proof of concept” efforts will inform MISO’s plans for scaling near real-time emissions tracking, a component of MISO’s Market Redefinition efforts supporting the Reliability Imperative.

VI. Conclusion

There are many challenges facing the energy industry. As set forth in its Initial Comments, MISO, in collaboration with our stakeholders and regulators, has been actively engaged in identifying challenges through the Reliability Imperative MISO Reliability Imperative (misoenergy.org) and taking concrete actions to address them.

The absence of reply comments to positions, points or arguments raised by other stakeholders should not be interpreted to imply MISO’s agreement, and further, MISO reserves the right to respond in kind in subsequent rounds of comments if directed to do so by the Commission.

Midcontinent Independent System Operator, Inc. appreciates the opportunity to provide these Reply Comments in further response to the Commission’s Notice of Inquiry and looks forward to continued dialogue regarding the issues addressed herein.

Respectfully submitted,

BY: /s/ Phillip A. Casey
Phillip A. Casey
On behalf of Midcontinent Independent System Operator

Jesse Moser
Senior Corporate Counsel
Midcontinent Independent System Operator
720 City Center Dr.
Carmel, IN 46032
317-997-4569
jmoser@misoenergy.org

Phillip A. Casey
Calfee, Halter & Griswold
111 Monument Circle
3900 Salesforce Tower
Indianapolis, IN 46204
(317) 308-4270
pcasey@calfee.com