



STATE OF MINNESOTA PUBLIC UTILITIES COMMISSION

January 19, 2011

To: Interested Persons

From: Burl W. Haar, Executive Secretary

A handwritten signature in blue ink, appearing to read "Burl W. Haar", is written over the name in the "From:" field.

Subject: Midwest ISO Quarterly Update meeting agenda

The Commission would like to convene a meeting of stakeholders on **Friday, January 28<sup>th</sup> at 10:00 AM in the Commission's Large Hearing Room** to discuss issues of interest concerning Minnesota utilities involvement in the Midwest ISO, with a focus on the Midwest ISO's new resource adequacy proposal. The Commission asks utilities to please send representatives knowledgeable about the resource adequacy construct as proposed by the Midwest ISO. A brief overview of the Midwest ISO construct is attached to this notice.

The Commission would like to hear from each Minnesota utility that is a member of the Midwest ISO its view on this proposal and its implications for Minnesota. For example:

- What are the crucial differences between the Midwest ISO's current resource adequacy process and the new proposal?
- Is a change in the Midwest ISO's long term capacity provisioning system necessary?
  - If not, what evidence supports that conclusion?
  - If so, what evidence supports that conclusion?
- Does the new Midwest ISO proposal adequately address any needed changes?
- What are the primary weaknesses of the proposal? Are there critical risks?
- Are there feasible measures that could be taken to improve the Midwest ISO's proposal? Are they worth it?

Also, the Commission would especially like hear from utilities what issues they think the Commission, as the state regulatory body, should be most concerned about and what measures they think the Commission should be pursuing in this matter.

The Commission also asks the Office of Energy Security to participate in this discussion and offer its important perspective. Of course, comments by other interested parties are also most welcome. Finally, we ask representatives of the Midwest ISO to be available to answer questions that might arise during the discussion.

ATTACHMENT

Distribution: MISO Info Meet email list

[www.puc.state.mn.us](http://www.puc.state.mn.us)

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## BRIEF SUMMARY OF MIDWEST ISO RESOURCE ADEQUACY PROPOSAL

The Midwest ISO has proposed to replace its current system for the provision of long term capacity resources. The key components of the “final Resource Adequacy construct” proposed by the Midwest ISO are as follows:

- Term – 5 years Forward Resource Adequacy Process
  - Years 1 through 3: full compliance required (i.e., 100% demonstration of resource adequacy)
  - Years 4-5: a planning period (i.e., qualification of resources and considering voluntary options to support and facilitate bilateral transactions)
- Establish Planning Reserve Requirements
  - System Planning Reserve Margin (States retain jurisdictional authority to set)
  - Zonal definitions based on planning studies
  - Import and export limits enforced in annual and incremental auction
- Load Forecasting
  - Annual coincident peak demand forecasts by LSE and EDU
- Resource Qualification
  - Qualify planning resources 5 years forward
  - Recognize resources approved through state IRP processes
- Planning Resource Auctions
  - All load and resource participate in annual forward auctions
  - Procurement from auction is voluntary – LSEs can self schedule resources
  - Include capacity transmission hedge mechanism to respect existing firm transmission rights
  - True up process and incremental auction just prior to planning year to adjust for changes in unit forced outage rates and other operational parameters.

Background information:

[RA Enhancement Proposal slides from the 12-09 SAWG meeting](#)

<https://www.midwestiso.org/Library/Repository/Meeting%20Material/Stakeholder/SAWG/2010%20SAWG/20101209%20SAWG/20101209%20SAWG%20Item%2003%20Midwest%20ISO%20RA%20Enhancement%20Proposal.PDF>

[Meeting materials for the 1/6/ 6 SAWG meeting:](#)

<https://www.midwestiso.org/Library/Pages/ManagedFileSet.aspx?relDocWp=true&SetId=277>

click the box next to the link and then the link “get zip”