

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSISSIPPI

MISSISSIPPI PUBLIC SERVICE COMMISSION

DOCKET NO. '21-AD-52

IN RE: ORDER ESTABLISHING DOCKET TO INVESTIGATE THE MEMBERSHIP
OF ENTERGY MISSISSIPPI, LLC. IN THE MIDCONTINENT
INDEPENDENT TRANSMISSION OPERATOR

ORDER ESTABLISHING DOCKET

COMES NOW, the Mississippi Public Service Commission (“Commission”), *sua sponte*, and hereby requests comments in the above-captioned proceeding. Pursuant to its authority under the Mississippi Public Utility Act, and consistent with Rule 15 of the Public Utilities Rules of Practice and Procedure, the Commission finds as follows:

1. On December 2, 2011, Entergy Mississippi, LLC. (“Entergy Mississippi” or “EMI”) and the Midcontinent Independent System Operator (MISO), a Regional Transmission Organization (“RTO”), filed a Joint Application, requesting a finding by the Commission that the transfer of functional control of EMI’s transmission facilities to MISO (Transfer) was in the public interest and requesting that the transfer be approved.¹
2. On November 15, 2012, the Commission found that Entergy Mississippi’s Transfer was consistent with the public interest subject to certain conditions, including, but not limited to, filing an annual status report to the Commission and Staff providing key summary data regarding Entergy Mississippi’s benefits, costs and operations under MISO membership.²

¹ See Order, Docket No. 2011-UA-376 (Nov. 15, 2012), at 2. MISO was previously known as the Midwest Independent Transmission System Operator.

² Order, Docket No. 2011-UA-376 at P 117.

3. EML's annual reports to the Commission have shown that Entergy Mississippi's customers have historically benefited from EML's participation in MISO.³
4. While EML's analysis indicates that historically RTO membership has produced significant benefits for customers, it is less clear to this and other commissions⁴ whether the long-term benefits of RTO membership exceed the long-term costs and commitments of RTO membership, especially given that the RTOs' (including MISO) structure, services, and membership continue to change significantly.
5. Therefore, the Commission is initiating this docket to investigate the long-term benefits, costs and commitments of EML's membership in MISO. The Commission seeks comments on the following:
 - a. MISO's evolving transmission planning and cost allocation methodologies; including, but not limited, to MISO's assumptions about future generation resource portfolios and assumed increased demand tied to electrification.
 - b. Potential changes to generator accreditation, transition to a seasonal capacity auction, implementation of novel, untested market design changes including Available Capacity (ACAP), raising the administratively determined Value of Lost Load (VOLL) to \$10,000/MWh (particularly in light of the excessive prices of natural gas and electricity observed during the February 2021 Polar Vortex⁵),

³ According to EML's analysis of MISO-related benefits, EML customers saved approximately \$233MM from 2014 to 2019 as a result of MISO participation. *See MISO Historical Benefits Calculation: Results of 2019 EML Analysis*, Docket No. 2011-UA-376 (June 10, 2020), at 5.

⁴ *See, e.g.*, Order Opening a Working Case to Consider the Membership of Missouri's Investor-Owned Electric Utilities in Regional Transmission Organizations, File No. EW-2021-0104 (Oct. 14, 2020).

⁵ On Monday, February 15, 2021, sustained frigid temperatures and winter weather impacting the MISO South Region resulted in forced generation and transmission outages, periodic power outages in Southeast Texas beginning early Monday morning and generally higher than normal Locational Marginal Prices throughout MISO South. "Winter Weather Causes Forced Outages in Parts of MISO's South Region" (Feb. 15, 2021), available at <https://www.misoenergy.org/about/media-center/miso-load-demand-reaches-an-all-time-high-in-western-south-region/>. From approximately 5 p.m. CST until 9 p.m. Central Standard Time (CST), MISO declared a Maximum

MISO's application of VOLL to certain de-energized load busses during force majeure events⁶ (e.g., hurricanes) resulting in unreasonably high "uplift costs" and MISO's proposal to revise the recovery of those uplift costs so that they are paid only by the subregion of MISO affected by the force majeure event, and other repercussions that may result from MISO's Resource Adequacy and Need (RAN) initiative.

- c. The categories and relative magnitude of benefits and costs associated with RTO membership, including:
 - i. Wide area economic commitment and generation resource dispatch;
 - ii. Effects on the quantity and cost of required capacity reserves;
 - iii. Effects on the quantity and cost of operating reserves;
 - iv. The value of transmission planning functions performed by MISO;

Generation Event – Emergency Event Step 2c in MISO South. As part of its emergency procedures, MISO directed EML and other MISO South members to issue public appeals of conservation to their customers. *See* "Extreme Weather Continues to Impact the MISO Region," (Feb. 15, 2021), available at <https://www.misoenergy.org/about/media-center/extreme-weather-continues-to-impact-the-miso-south-region/>.

On the following day, Tuesday, February 16, 2021, conditions deteriorated further. Due to the prolonged winter weather event, resulting forced generation outages and higher than average demand across the system, MISO declared a Maximum Generation Event – Emergency Event Step 3 for MISO South and directed all Load Balancing Authorities in MISO South to shed load on a pro rata, load ratio share basis. *See* <https://www.misoenergy.org/about/media-center/current-grid-conditions/>. Approximately one hour later, MISO recalled the load shed event. During this period, the MISO South region cleared at VOLL.

Although conditions improved slightly on Wednesday, February 17, 2021, MISO once again declared a Maximum Generation Event – Emergency Event Step 2c in MISO South from 5 – 10 p.m. CST, and MISO South customers were once again requested to conserve electricity to avoid a larger power outage. *Id.*

On Friday, February 19, 2021, at 10 a.m. CST, MISO terminated the Maximum Generation Alert for the South Region.

⁶ In its Day-Ahead and Real-Time Markets, MISO calculates Locational Marginal Prices (LMPs) for roughly 35,000 physical electrical nodes. Each of these points are referred to as Electrical Pricing Nodes or EPNodes. To settle other products outside of Real-Time, MISO must determine prices for each EPNode, including electrically disconnected nodes. *See, e.g.,* MISO August 27, 2020 Maximum Generation Emergency Pricing (Oct. 1, 2020), at P 5-6, available at <https://cdn.misoenergy.org/20201001%20MSC%20and%20RSC%20Joint%20Meeting%20Item%2003%20August%2027%20Max%20Gen%20Emergency%20Pricing479256.pdf>.

- v. Effects on local electric system reliability;
 - vi. Effects of MISO Interconnection Queue project application management.
6. The Commission seeks comments regarding whether Entergy Mississippi and its customers would enjoy greater net benefits and be exposed to less risk in an alternative operational environment, including, but not limited to, joining the newly formed Southeast Energy Exchange Market (SEEM).
7. The Commission seeks comments regarding factors that may limit Entergy Mississippi's access to benefits from continued membership in MISO, including:
- a. The effects of limited transmission capacity (physical and contractual) between MISO South and the rest of the MISO system;
 - b. The effects of existing and future planning and cost allocation procedures on potential transmission investments to expand interregional transmission capability, including accounting for economic impacts of local generation investment.
8. The Commission seeks comments regarding any factors limiting benefits to Entergy Mississippi whether and to what extent additional transmission investments would be required for Entergy Mississippi to participate in alternative regional pooling arrangements, such as SEEM.
9. The Commission seeks comments regarding whether there any identifiable "deal breaker" events or categories of events that would make it unreasonable or cost-prohibitive for Entergy Mississippi to be an RTO member.
10. The Commission seeks comments from Entergy Mississippi, MISO, other MISO members, other RTOs (e.g., Southwest Power Pool), the utilities involved in developing SEEM, and any other interested stakeholder.

IT IS THEREFORE ORDERED THAT:

- (1) Entergy Mississippi, MISO, interested Mississippi electric power associations and generation-transmission co-operatives, utilities involved in developing the SEEM, other RTOs (Southwest Power Pool), and other interested parties and stakeholders are invited to become parties and submit written testimony or comments. All motions to intervene in this docket must be filed with the Commission on or before twenty (20) days from the publication of notice of this proceeding in a newspaper of general circulation published in Jackson, Mississippi.
- (2) All parties desiring to submit testimony or comment shall do so within seventy-five (75) days of publication of notice of this proceeding in a newspaper of general circulation published in Jackson, Mississippi.
- (3) The Executive Secretary of the Commission is hereby instructed to serve a copy of this Order on Entergy Mississippi, Inc., MISO and on all other parties who intervened in the original Joint Application docket (No. 2011-UA-376). The Executive Secretary of the Commission is further instructed to publish notice of this proceeding in a newspaper of general circulation published in Jackson, Mississippi, all as provided by Miss. Code Ann. § 77-3-47 and in accordance with the Commission's Public Utilities Rules of Practice and Procedure.

(4) The Commission will set additional procedural deadlines in a subsequent order.

This Order shall be deemed issued on the day it is served upon the parties herein by the Executive Secretary of this Commission who shall note the service date in the file on this docket.

COMMISSION VOTE

Chairman Dane Maxwell	Aye <u>X</u>	Nay _____
Commissioner Brent Bailey	Aye <u>X</u>	Nay _____
Commissioner Brandon Presley	Aye <u>X</u>	Nay _____

SO ORDERED this the 6th day of April, 2021.



MISSISSIPPI PUBLIC SERVICE COMMISSION

Dane Maxwell
DANE MAXWELL, CHAIRMAN

Brent Bailey
BRENT BAILEY, COMMISSIONER

Brandon Presley
BRANDON PRESLEY, COMMISSIONER

ATTEST: A True Copy

Katherine Collier
KATHERINE COLLIER, EXECUTIVE SECRETARY

Effective this the 6th day of April, 2021.