



## Southern Renewable Energy Association

11610 Pleasant Ridge Rd Ste 103 #176 Little Rock, AR 72223

**FILED**  
JUN 25 2021  
MISS. PUBLIC SERVICE  
COMMISSION

June 25, 2021

Katherine Collier  
Executive Secretary  
MS Public Service Commission  
P.O. Box 1174  
Jackson, MS 39215-1174

RE: MS PSC Docket No. 2021-AD-52, ORDER ESTABLISHING DOCKET TO  
INVESTIGATE THE MEMBERSHIP OF ENTERGY MISSISSIPPI, LLC. IN THE  
MIDCONTINENT INDEPENDENT TRANSMISSION OPERATOR

Dear Ms. Collier,

In accordance with the Mississippi Public Service Commission Rule 15, the Southern Renewable Energy Association (SREA) is filing the attached comments regarding the above docket.

Sincerely,

Simon Mahan  
SREA Executive Director

### CERTIFICATE OF SERVICE

I, Simon Mahan, as the duly authorized director of the Southern Renewable Energy Association (SREA), hereby sign and certify that I have filed with the Mississippi Public Service Commission (Commission) SREA's Comments:

- 1) An electronic copy of the Request has been filed with the Commission via e-mail to the following address: [efile.psc@psc.state.ms.us](mailto:efile.psc@psc.state.ms.us)
- 2) I further certify that I have provided a copy of the foregoing comments to the following:

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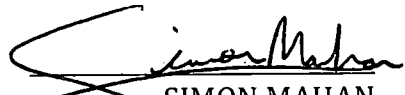
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In the filing of the foregoing, I certify that I have complied with Rule 6 of the Commission's Public Utilities Rules of Practice and Procedure. This 25<sup>th</sup> day of June, 2021.

  
SIMON MAHAN  
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**FILED**  
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MISS. PUBLIC SERVICE  
COMMISSION

**BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION**

**MISSISSIPPI PUBLIC SERVICE COMMISSION      Docket No. 2021-AD-52**

**IN RE:          ENTERGY MISSISSIPPI, LLC MISO MEMBERSHIP**

**COMMENT BY THE SOUTHERN RENEWABLE ENERGY ASSOCIATION**

COMES NOW, the Southern Renewable Energy Association (“SREA”), pursuant to Mississippi Public Service Commission (“MS PSC” or “Commission”) RP 6.121 for Intervention and Rule 14 for Comments, to file these comments in this Entergy Mississippi LLC’s (“EML” or “Company”) Midcontinent Independent System Operator (“MISO”) membership docket.

SREA is an industry-led initiative that promotes responsible use and development of wind energy, solar energy, energy storage and transmission solutions in the South. Our vision is for renewable energy to become a leading source of energy in the South and our mission is to promote responsible use and development of renewable energy in the South. SREA appreciates the opportunity to provide these comments to the MS PSC.

Our comments will include 1) an intervention request, 2) General Comments under this docket, 3) Specific Comments under this docket, and 4) Recommendations.

## **I. Intervention Request**

The Commission Order invited interested parties and stakeholders to file intervention. SREA is an interested party and stakeholder in several processes related to this docket. SREA is an official Environmental Sector member in the MISO Stakeholder Engagement process. SREA has also intervened in the Federal Energy Regulatory Commission (“FERC”) docket ER21-1111 regarding the proposed Southeastern Energy Exchange Market (“SEEM”), a topic of discussion in this EML MISO membership docket. SREA has intervened in both the EML Integrated Resource Plan (IRP), where MISO-related issues are discussed, and the Mississippi Power Company (“MPC”) IRP where SEEM is discussed. On April 19, 2021, SREA filed its timely motion to intervene in this docket. No party has opposed SREA’s motion to intervene in this docket and we request our intervention request be granted.

## **II. General Comments**

Based on the Commission’s Rules of Practice and Procedure Rule 14 regarding comments, SREA will provide an overview of 1) A statement of the issues; 2) A statement of the action proposed; 3) The party’s position regarding the proposed action; 4) The apparent position of other parties regarding the proposed action; 5) All relevant facts established or proposed to be established by the party; and 6) All relevant precedent, statutes, caselaw, regulations or regulatory policy.

### **a. Statement of the issues**

Per the initiating Order, this docket is designed to “investigate the long-term benefits, costs and commitments of EML’s membership in MISO.” Conducting this investigation, requires a thorough accounting of the current quantitative and qualitative costs as well as benefits of

Mississippi's membership in MISO, as well as the potential costs and benefits of alternatives to MISO.

b. Statement of the action proposed

Per the initiating Order, this docket is designed to determine an action whether "Entergy Mississippi and its customers would enjoy greater net benefits and be exposed to less risk in an alternative operational environment". In order to determine the best action or actions for Mississippi ratepayers, SREA recommends the Commission hire an independent third party to perform a multiple scenario quantitative and qualitative analysis under the Commission's most likely set of actions. SREA would like to be included in any discussions around developing those scenarios given our experience with MISO, SEEM, and the various IRP's in Mississippi.

c. Party's position regarding the proposed action

Mississippi should stay in MISO. Mississippi is saving tens of millions of dollars every year by staying in MISO and no analysis publicly exists to show otherwise. While staying in MISO clearly has its benefits, Mississippi is not maximizing its membership. The state is spending millions of dollars every year on expensive out of state consultants to slow improvements at MISO. Previous positions by Mississippi Public Service Commission staff and consultants have stalled large scale transmission expansion efforts for many years. SREA recommends that Mississippi take a more proactive role in promoting transmission expansion and generation interconnection fixes at MISO. Further, SREA recommends that the Commission evaluate promotion of broader market reform for Mississippi Power Company ("MPC"), and to the extent possible, the Tennessee Valley Authority ("TVA").

d. Apparent position of other parties regarding the proposed action

In this docket, the Commission cast a broad net to invite a wide diversity of stakeholder views and opinions. MISO has filed intervention, as requested by the Commission, and its position will likely be that Mississippi should keep its membership. MISO has a very difficult role to play because its recommendations may put it at odds with its member utilities. Like all Regional Transmission Organization's (RTO's), MISO is a voluntary nonprofit organization, meaning that if a state or utility leaves MISO, its funding levels decrease. Because of its voluntary status, while MISO is meant to provide independent system operations, the fact remains that MISO's ability to make and implement recommendations is heavily influenced by incumbent utilities. When MISO action threatens Incumbent Utility's business models, they often respond by threatening MISO's independence. Incumbent utilities employ a variety of tactics including threatening to depart the system, filing complaints at FERC, slowing down processes that would increase competition to the benefit of the ratepayer, or lobbying for passage of anti-competitive legislation. MISO staff will not publicly name names, documenting offenses, or sharing publicly all the specific examples of subterfuge by its own incumbent utility members that are working to oppose MISO's independence. Because of these multiple factors, SREA anticipates MISO will take a simple position of providing monetary and qualitative benefits of membership, without some of the straight talk desperately needed to fix Mississippi's role and relationship with MISO.

Several other parties have filed intervention requests in this docket including Flora Real Estate & Development, 350 New Orleans, Bigger Pie Forum, Clean Grid Alliance, and Gulf States Renewable Energy Industries Association. SREA anticipates these intervening parties will take similar positions regarding enhancing market competition, improving transmission development, and advancing clean energy goals.

Entergy Mississippi has also intervened in this docket. Entergy Mississippi, and all Entergy affiliates, joined MISO in part due to an investigation by the Department of Justice (“DOJ”) into anti-competitive business practices. According to the DOJ in 2012, “In addition to the merger investigation of the KGen transactions, the division has been examining allegations that Entergy has engaged in exclusionary conduct in its four-state utility service area spanning parts of Arkansas, Louisiana, Mississippi and Texas. That investigation remains open. The conduct investigation has focused on whether certain of Entergy’s power generation dispatch, transmission planning and power procurement practices constitute exclusionary conduct under Section 2 of the Sherman Act.”<sup>1</sup> (emphasis added) The DOJ noted that “Entergy’s commitments to obtain membership in an RTO and divest its transmission system to a third party with the incentive to make efficient transmission investments are significant steps towards restoring competition in the Entergy service area. If Entergy follows through on its commitments, these measures will address the Antitrust Division’s concerns by eliminating Entergy’s ability to maintain barriers to wholesale power markets, ensuring that all Entergy service area generation is dispatched independently and at lowest cost, increasing market transparency and oversight, and properly aligning incentives for the construction of transmission. Such measures will also directly benefit consumers, who will ultimately enjoy lower electricity prices and improved reliability as a result of RTO integration and the transmission system divestiture.”<sup>2</sup> The DOJ was clear that this investigation remains open and there has been no further information publicly about the investigation. As such, if EML were to leave MISO, the Company would be in violation of its agreement with the DOJ, suggesting a

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<sup>1</sup> Department of Justice (November 14, 2012). Justice Department Statement on Entergy Corp.’s Transmission System Commitments and Acquisition of KGen Power Corp.’s Plants in Arkansas and Mississippi. [<https://www.justice.gov/opa/pr/justice-department-statement-entergy-corp-s-transmission-system-commitments-and-acquisition>]

<sup>2</sup> Ibid.



strong desire for EML and Entergy to remain in MISO. At EML's IRP workshop earlier this year, the Company indicated it has no interest in departing MISO.

Cooperative Energy has also intervened in this docket. As a member of MISO, Cooperative's opinions on this docket will be very important for consideration; however, SREA is unable to assess the apparent position that Cooperative will take in this docket.

*Parties That Have Not Intervened*

SREA would like to note several important absences in this docket. Mississippi's Attorney General has not intervened in this docket. No Southeastern Energy Exchange Market (SEEM) utility has intervened in this docket, suggesting they do not see SEEM as a viable alternative to MISO. Mississippi Power Company (MPC) nor the Tennessee Valley Authority (TVA) have intervened in this docket, suggesting they have no complaints regarding MISO. Other RTO's like the Southwest Power Pool (SPP) have not intervened, suggesting they do not anticipate this docket to result in Mississippi leaving MISO.

e. All relevant facts established or proposed to be established by the party

To best provide the MS PSC with the relevant and vital information specifically asked for by this commission, SREA believes it necessary to provide a broader overview of activities at MISO over the past few years to help better put our comments into context. First, we will discuss Entergy's membership at MISO and corresponding anti-competitive business practices. Then we will generally discuss the broad benefits of MISO membership.

I. History of Entergy's Membership at MISO

In 2010, Entergy Corp. announced it was under investigation by the United States Department of Justice (DOJ) for anti-competitive business practices where the company restricted transmission access to independent power producers, and then acquired distressed assets at fire-

sale prices.<sup>3</sup> In 2011, the Arkansas Public Service Commission was considering RTO membership, and heard appeals from both MISO and the Southwest Power Pool (SPP).<sup>4</sup> When Entergy announced in late 2011 plans to join MISO over SPP, observers were surprised because Entergy's physical connections with SPP are much stronger than connections with MISO.<sup>5</sup> Yet, in 2012, the DOJ issued a statement pausing its anti-trust investigation with a two-part commitment by Entergy to 1) join an RTO, and 2) divest its transmission system to a third party.<sup>6</sup> In 2013, Entergy and several other utilities formally joined MISO, and created MISO South.<sup>7</sup> Also in 2013, Entergy abandoned plans to divest its transmission system, one of the commitments Entergy made that paused the DOJ's anti-trust investigation.<sup>8</sup> The primary reason why MISO South exists is to curb Entergy's anti-competitive business practices.

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<sup>3</sup> Entergy Corporation (October 12, 2010). Entergy Corporation Cooperating with the U.S. Department of Justice on Civil Investigation. [<https://www.entergynewsroom.com/news/entergy-corporation-cooperating-with-u-s-department-justice-on-civil-investigation/>]

<sup>4</sup> Southwest Power Pool (July 12, 2011). SPP is the best choice for Entergy and Arkansas ratepayers. [<https://spp.org/newsroom/press-releases/spp-is-the-best-choice-for-entergy-and-arkansas-ratepayers/>]

<sup>5</sup> Southwest Power Pool, Inc. vs. Federal Energy Regulatory Commission (December 3, 2013). USCA Case #12-1158 Document #1468583. [<https://www.govinfo.gov/content/pkg/USCOURTS-caDC-12-01158/pdf/USCOURTS-caDC-12-01158-0.pdf>]

<sup>6</sup> The Department of Justice statement says, "Entergy's commitments to obtain membership in an RTO and divest its transmission system to a third party with the incentive to make efficient transmission investments are significant steps towards restoring competition in the Entergy service area. If Entergy follows through on its commitments, these measures will address the Antitrust Division's concerns by eliminating Entergy's ability to maintain barriers to wholesale power markets, ensuring that all Entergy service area generation is dispatched independently and at lowest cost, increasing market transparency and oversight, and properly aligning incentives for the construction of transmission. Such measures will also directly benefit consumers, who will ultimately enjoy lower electricity prices and improved reliability as a result of RTO integration and the transmission system divestiture. The division does not endorse any particular RTO or independent transmission company." <https://www.justice.gov/opa/pr/justice-department-statement-entergy-corp-s-transmission-system-commitments-and-acquisition>

<sup>7</sup> Reuters (December 10, 2013). TIMELINE - Entergy transition to MISO caps years of wrangling. [<https://www.reuters.com/article/utilities-entergy-miso/timeline-entergy-transition-to-miso-caps-years-of-wrangling-idUSL2N0JL24U20131210>]

<sup>8</sup> Eileen O'Grady (December 13, 2013). Entergy, ITC call off grid sale, citing states' opposition. Reuters. [<https://www.reuters.com/article/utilities-entergy-itc/update-1-entergy-itc-call-off-grid-sale-citing-states-opposition-idINL2N0JS0R420131213>]

a. MISO North/South Intertie Restricts Competition

There is a weak connection between MISO South and MISO North that can be clearly demonstrated on a MISO system map. At the time that Entergy was evaluating joining SPP or MISO, SPP noted that the connections between SPP and Entergy were at least 14x better than with MISO. Currently, there is a 1,000 MW firm connection between MISO South and MISO North. Even prior to Entergy joining MISO, SPP was concerned about the physical delivery of power from MISO North to MISO South due to the limited connection between the two regions. SPP explained that, due to the better connectivity between Entergy and SPP, and the limited connection between Entergy and MISO, that power flows to or from MISO North would freeride on SPP's transmission system without proper payment. In 2015, SPP and MISO and others agreed to a joint settlement agreement that created "a mechanism where MISO will compensate SPP and the Joint Parties for use of their systems. The level of compensation will be determined by the application of a capacity factor for flows above MISO's existing 1,000 megawatts (MWs) of contract path" and "Provides certainty for express operational transfer limits".<sup>9</sup> The full agreement outlines additional historical information regarding the North/South limitations.<sup>10</sup>

The Joint Parties Agreement and the Settlement Agreement are how MISO has settled on a 1,000 MW firm transmission path between the North and South, but payments to SPP as Market to Market (M2M) payments are how MISO is able to flow up to 3,000 MW's from MISO North to MISO South, and up to 2,500 MW's from MISO South to MISO North. These slightly higher limits are referred to as the Regional Directional Transfer Limits, or the RDT limits. The only way

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<sup>9</sup> Southwest Power Pool (October 13, 2015). SPP, MISO and Joint Parties Reach Transmission Usage Agreement. [<https://spp.org/newsroom/press-releases/spp-miso-and-joint-parties-reach-transmission-usage-agreement/>]

<sup>10</sup> Available here: [https://spp.org/documents/31682/2015-10-13\\_offer%20of%20settlement\\_el14-21.pdf](https://spp.org/documents/31682/2015-10-13_offer%20of%20settlement_el14-21.pdf)

for the RDT limits to be expanded on a temporary basis is for all the Joint Parties to agree on an immediate increase need, like what happened in the February 2021 blackouts. The only other way to expand the RDT is by building more transmission between MISO North and MISO South. In the MS PSC IRP Rule docket, SREA noted in 2018 that, “A stronger connection between MISO North and South would better enable power flows between the regions to reduce the risks of maximum generation events, as well as access low-cost renewable energy resources.”<sup>11</sup>

Many observers have noted that Entergy’s selection of MISO has enabled the utility to maintain maximum control over the region, while reducing Entergy’s exposure to competition. Joining MISO has not curtailed Entergy’s anti-competitive business practices. As long as the North/South intertie remains restricted, Entergy will exert near total control over the MISO South region.

b. Natural Gas Facilities Continue to be Captured by Entergy

After joining MISO, in 2014 Entergy announced plans to purchase the Union Power station, another distressed natural gas power plant at a considerable discount compared to a new combined cycle natural gas facility.<sup>12</sup> In 2018, EML announced plans to purchase the Choctaw County Generating Station. EML stated, “In August 2018, Entergy Mississippi announced it had entered into a purchase agreement with a subsidiary of GenOn Energy, Inc., to buy the plant for \$314 million, subject to certain adjustments. **That amount is significantly less than the cost to**

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<sup>11</sup> Simon Mahan (July 31, 2018). Comment by the Southern Renewable Energy Association, Order Establishing Docket to Investigate the Development and Implementation of an Integrated Resource Planning Rule, Docket. No. 2018-AD-64.

[[https://www.psc.state.ms.us/InSiteConnect/InSiteView.aspx?model=INSITE\\_CONNECT&queue=CTS\\_ARCHIV EQ&docid=554394](https://www.psc.state.ms.us/InSiteConnect/InSiteView.aspx?model=INSITE_CONNECT&queue=CTS_ARCHIV EQ&docid=554394)]

<sup>12</sup> Entergy Corporation (March 3, 2016). Entergy Corporation Subsidiaries Close Transaction to Buy Union Power Station. [<https://www.entergynewsroom.com/news/entergy-corporation-subsidiaries-close-transaction-buy-union-power-station/>]

build a comparable facility...<sup>13</sup> (emphasis added) At the MISO South Subregional Planning Meeting as of May 19, 2021, EML submitted a \$7.1 million new transmission line called the Choctaw-Wolf Creek 500kV project.<sup>14</sup> This fits the previous pattern of purchasing natural gas facilities at fire-sale prices and then upgrading nearby transmission that initially raised eyebrows at the DOJ. While the procurement of these facilities is significantly lower than building a new facility, the facilities are also older with less efficiency and less remaining lifespan. That means instead of procuring energy and capacity from existing independent power producers at a fair and reasonable price either through a power purchase agreement or on the wholesale market, local power prices likely remained artificially high while Entergy customers continue to pay for excess capacity. Older plants need retirement sooner than new build facilities, too, meaning that in just 10 or 15 years, these facilities may already need retirement and replacement.

c. Entergy Integrated Resource Planning is Anti-Competitive

EML is currently undergoing its first public IRP. Entergy's IRPs treat power plant capacity need as a binary gatekeeper: If there is no capacity need then no additional economic analysis is conducted regarding procuring lower cost energy resources; however, if there is a capacity need then the model is allowed to select new generation resources. Coupled with Entergy's devaluation of renewable energy resources' capacity values, Entergy's IRPs can artificially inflate the value of new natural gas generation to select those resources instead of lower cost renewable resources.

To better explain the problem with Entergy's capacity-only planning process, EML's 2018 IRP is illustrative. Entergy Mississippi published its 2018 IRP in June 2018 and stated that the

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<sup>13</sup> Entergy (October 31, 2019). Entergy Mississippi Acquires Choctaw County Generating Station.

[<https://www.entergynewsroom.com/news/entergy-mississippi-acquires-choctaw-county-generating-station/>]

<sup>14</sup> MISO (May 2021). South Subregional Planning Meeting.

[[https://cdn.misoenergy.org/20210602%20SSPM%20Item%2004d%20Review%20of%20Proposed%20Reliability%20Projects\\_MS554973.pdf](https://cdn.misoenergy.org/20210602%20SSPM%20Item%2004d%20Review%20of%20Proposed%20Reliability%20Projects_MS554973.pdf)]

IRP's "*assumed* 2023 CCGT" (emphasis added) would fulfill "a variety of supply roles." The 2018 IRP also states that, "... the near-term supply *assumption* includes combined cycle capacity in 2023 and solar capacity in 2020 as placeholders for the IRP analyses, although no specific resource has yet been approved." (emphasis added) When the model saw that EML had enough capacity (as assumed by Entergy), it did not add any new resources until 2031. Entergy conducted four Future portfolios, plus two additional "manual" portfolios. After the addition of the *assumed* CCGT, Entergy added *no* new generation in *any* of the six portfolios prior to the 2031 capacity need.<sup>15</sup> In short, Entergy fed into its 2018 IRP model that EML would have enough capacity until 2031.

Entergy forced in the 2023 CCGT in its 2018 IRP to tell the model to not select some other potentially more economic resource. One month after EML filed its 2018 IRP to this Commission, Entergy announced it had entered into a purchase agreement for the Choctaw natural gas plant. Nowhere in the 2018 IRP did Entergy mention Choctaw.

Entergy uses much of the same resource planning methodologies, software programs, data inputs, and even staff across all the operating companies. However, EML's 2021 IRP most recently is relying on 2018 IHSMarkit data for renewable energy pricing. Those price assumptions were likely collected in 2017; yet, Entergy Arkansas and Entergy New Orleans are using newer, updated data from IHSMarkit. Entergy New Orleans has even acceded to using the National Renewable Energy Lab's Annual Technology Baseline (ATB) data after stakeholder feedback. Artificially

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<sup>15</sup> Entergy Mississippi. 2018 IRP.

[[https://www.psc.state.ms.us/InSiteConnect/InSiteView.aspx?model=INSITE\\_CONNECT&queue=CTS\\_ARCHIV EQ&docid=558761](https://www.psc.state.ms.us/InSiteConnect/InSiteView.aspx?model=INSITE_CONNECT&queue=CTS_ARCHIV EQ&docid=558761)]

increasing renewable energy pricing in IRPs is an inherently anti-competitive business practice, because Entergy's models will not prioritize artificially high cost energy resources.

In EML's 2021 IRP, the Company's Future 1 (reference) case shows that the wind and solar energy industries would effectively die over the next 10-15 years in MISO. The most aggressive renewable energy build-out portfolio (Future 4), shows that the entire MISO market would rely on nearly 75-80% natural gas by the year 2041.

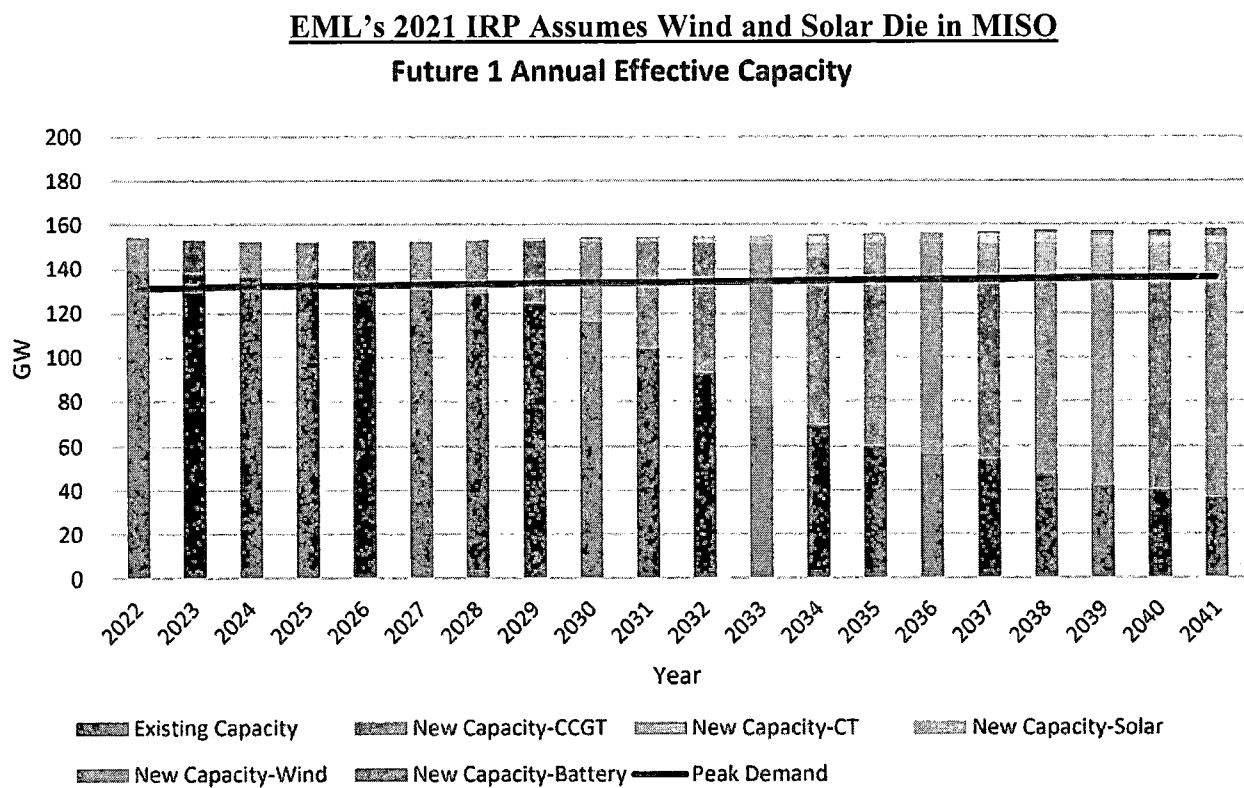


Figure 32: Future 1 Projected Future Market

Source: EML 2021<sup>16</sup>

EML has substantially devalued solar in its IRP. The Company misunderstood and misapplied the MISO capacity accreditation methodology. MISO's own accreditation work shows

<sup>16</sup>

[https://www.psc.state.ms.us/InSiteConnect/InSiteView.aspx?model=INSITE\\_CONNECT&queue=CTS\\_ARCHIVE\\_Q&docid=660485](https://www.psc.state.ms.us/InSiteConnect/InSiteView.aspx?model=INSITE_CONNECT&queue=CTS_ARCHIVE_Q&docid=660485)



that once renewable energy generation penetration hits 50% of the entire MISO footprint, that solar capacity accreditation would reach approximately 30% of nameplate capacity. Entergy assumed an annual 2% decrement to solar capacity value in its Future 3, its most advanced future. By 2040, EML assumed solar would reach less than 5% of the total MISO market, and its capacity credit would be below 10% accreditation. When stakeholders notified EML of this problem, EML did not fix the problem and instead blamed their misinterpretation on a timing error in a footnote (see IRP footnote 16).<sup>17</sup> Regardless of intent, the outcome is the same: EML's devaluation of solar resources in its own resource planning practices inherently harms the solar energy industry while bolstering self-build natural gas construction.

EML's IRP is also required by the Commission to evaluate transmission improvements; however, in nowhere in the EML IRP 2021 has EML mentioned the MISO North/South constraint, MISO's specific Long Range Transmission Plan (LRTP) projects, Baseline Reliability Projects, nor Entergy's own "Asset Renewal Program" (ARP).

d. Entergy's Transmission Plans are Anti-Competitive  
MISO conducts transmission expansion planning by separating out different types of transmission projects broadly between local and regional project types. Local projects include Baseline Reliability Projects (BRP's), generator interconnection projects (GIP's), or "Other" projects. These local projects are not held to the same benefit/cost ratio standards as the larger regional Market Efficiency Projects (MEP's) or Long Range Transmission Plans (LRTP), and are cost-allocated directly to the local load zone without an opportunity to provide transmission alternatives. However, over the past few years, the amount of "local" projects have grown significantly in number and cost. In MISO South, MTEP20 included 50 of these "local" projects

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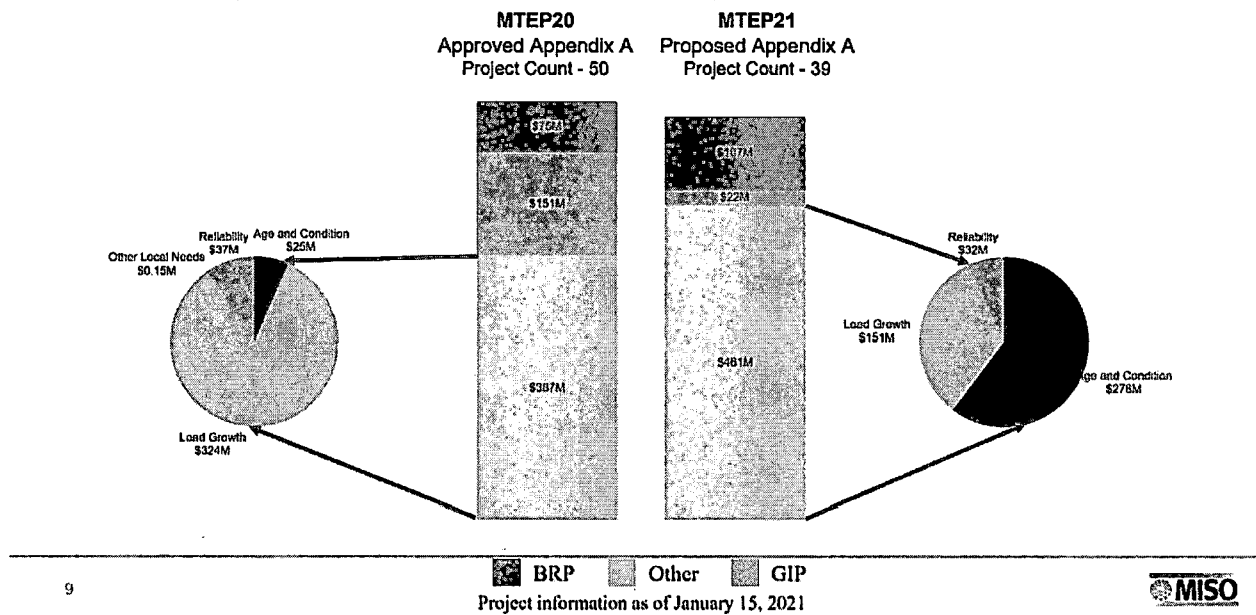
<sup>17</sup> Entergy Mississippi (June 15, 2021). Docket No. 2019-AU-232, Entergy Mississippi LLC IRP.



at an investment cost of \$613 million, and the proposed MTEP21 includes 39 projects at a cost of \$590 million, or \$1.2 billion in local projects proposed.

**Most of MISO South's Transmission Upgrades are "Other" Projects**

Proposed investment for the South Region in MTEP21 is similar to MTEP20, \$590M in MTEP21 vs. \$613 in MTEP20

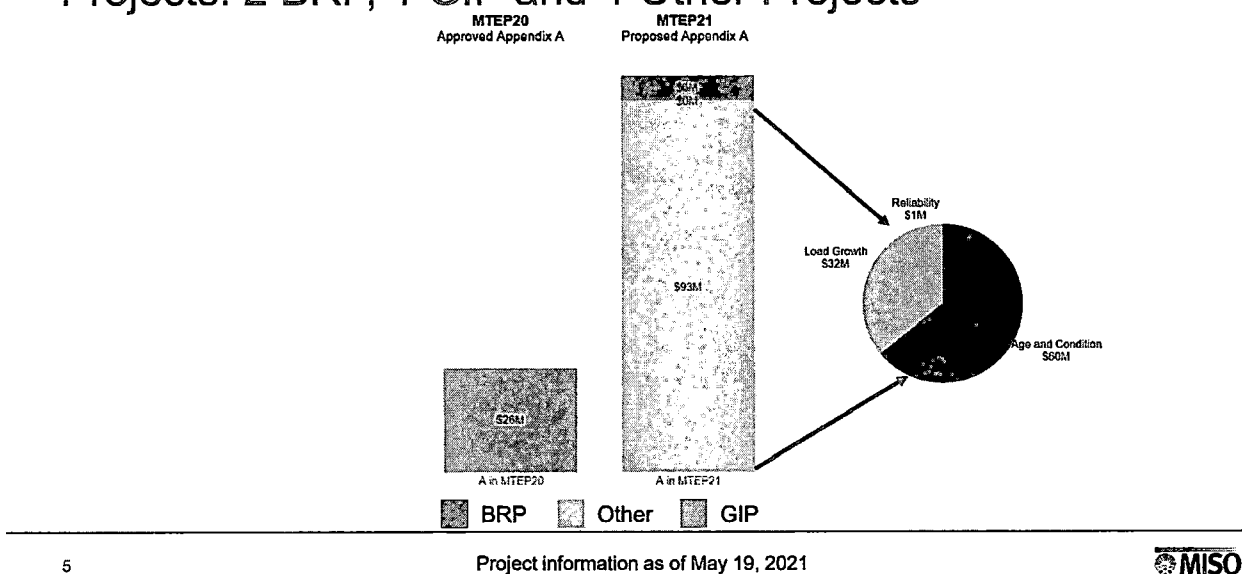


Source: MISO 2021<sup>18</sup>

<sup>18</sup>

<https://cdn.misoenergy.org/20210126%20SSPM%20Item%2003a%20MTEP21%20Reliability%20Scope%20Overview515261.pdf>

## EML: Proposed Appendix A investment for MTEP21 is higher than MTEP20. Proposed Target A in MTEP21 Projects: 2 BRP, 1 GIP and 4 Other Projects



Source: MISO 2021<sup>19</sup>

While some level of local projects will always be needed, the current MISO processes do not provide adequate opportunity to review these local projects and allow stakeholders to propose alternatives that may provide greater benefits. As noted by MISO, advanced notice and enough specific information about local projects would allow “interested parties to identify and plan alternatives for Local projects that may be considered for Appendix A in a future MTEP cycle.” In the most recent South Subregional Planning Meeting, MISO staff noted that zero transmission alternatives were proposed across the entire MISO South footprint for the proposed slate of local projects.

Upgrades that are driven by the “age and condition” of existing infrastructure constitute a significant portion of the upgrades in the MTEP process each year. However, these projects do not

<sup>19</sup>

[https://cdn.misoenergy.org/20210602%20SSPM%20Item%2004d%20Review%20of%20Proposed%20Reliability%20Projects\\_MS554973.pdf](https://cdn.misoenergy.org/20210602%20SSPM%20Item%2004d%20Review%20of%20Proposed%20Reliability%20Projects_MS554973.pdf)

seem to be considered for upgrade alternatives or consolidation, especially with regard to whether such an upgrade might have synergies with other transmission needs (BRP, MEP and DPP) in the same vicinity. Entergy groups all age/condition projects in their "Asset Renewal Program" and MISO lists Entergy's program as a single "project". Entergy's position at MISO meetings has been that its ARP requires no MISO approval. By tagging so many local transmission upgrades within its own ARP, Entergy has effectively eliminated MISO's transmission expansion planning function in MISO South.

In a forthcoming paper in the Energy Law Journal, Ari Peskoe the Director of the Electricity Law Initiative at the Harvard Law School Environmental and Energy Law Program highlighted why these smaller, local projects are problematic. Peskoe states, "Over the past several years, the vast majority of transmission projects have been developed outside of competitive processes. RTOs that preach competition in power generation have been less sanguine about the value of competition in transmission development. *They have implicitly and often explicitly supported this shift away from regional projects, which must be developed competitively, to smaller or supposedly time-sensitive projects that IOUs build with little oversight and without competitive pressures.*"<sup>20</sup> (emphasis added) Peskoe goes on to describe how *independent* system operators are routinely threatened by their own membership to not propose larger projects, so as to not risk members leaving the system and causing an existential crisis for the RTO.

Peskoe's paper explains that generation owning and transmission owning companies have perverse incentives to spend lots of money on small transmission projects, build out a large

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<sup>20</sup> Ari Peskoe (January 21, 2021). Is the Utility Transmission Syndicate Forever? *Energy law Journal*, forthcoming. [[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3770740](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3770740)]

generation fleet, and reduce competition. For an analogy, consider a family with a single computer and dial-up internet experiencing slow internet speeds. In this analogy, the internet company is also the computer company, and customers have no choice over service providers. The family could decide to upgrade the computer and spend thousands of dollars on top-of-the-line technology, but without more bandwidth, the family will be wasting money. Similarly, Mississippi could spend billions of dollars only on new in-state power plants; but without adequate transmission, the customers are losing money.

As mentioned previously, the Department of Justice set out two conditions for suspending its investigation into Entergy's anti-competitive business practices: 1) Join MISO, and 2) divest of its electric transmission business. The DOJ knew that separating the generation and transmission businesses at Entergy would have encouraged an independent transmission company to expand large scale transmission upgrades to improve electric market competition. Entergy joined MISO without divesting its transmission business. As such, Entergy has a very strong incentive to maximize smaller, local projects, which are shielded from MISO review and approval while simultaneously restricting the ability to expand transmission which may lead to more electric power competition.

e. Mississippi Generation Interconnection Limitations Restrict Competition

In order for any new power generator to connect to the MISO grid, that generator has to enter into the generation interconnection queue. Renewable energy developers have proposed 11,500 MWs of new projects in MISO South, and 1,300 MWs in Mississippi. Those new projects, if fully built, would represent approximately \$1-\$2 billion in investments for Mississippi. However, the first major hurdle to overcome is the cost of interconnecting to the grid. Sometimes, generator interconnection costs are so extreme, that a developer will walk away from a prospective

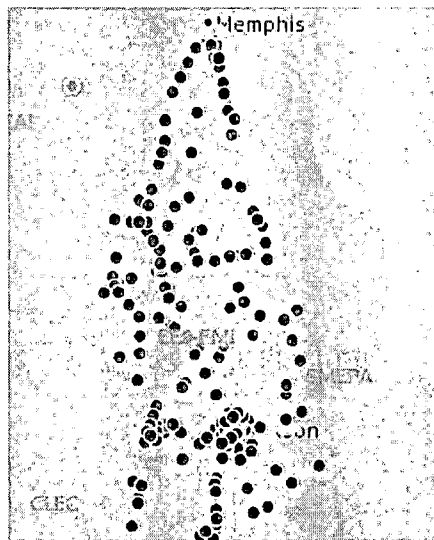
project. Without a strong grid, generation interconnection studies will assign project developers the full costs of larger regional upgrades, which can quickly kill a project. To better identify potential “better” locations to interconnect, MISO has created its Point of Interconnection (POI) tool. With the POI tool, developers can quickly assess the viability of hundreds of potential locations. However, if a developer evaluates the potential for Mississippi, they will quickly find that there are very few locations in the state that can easily interconnect new projects.

**Few Points of Interconnection Exist in Mississippi Without Upgrade Requirements**

POI Size	Overloaded POI's	Normal Load POI's	%POI's Available
115kV, 100 MW	271	18	6%
115kV, 200 MW	286	3	1%
230kV, 100 MW	51	0	0%
230kV, 200 MW	51	0	0%
500kV, 100 MW	9	0	0%
500kV, 200 MW	9	0	0%

Source: MISO POI Tool, SREA analysis

**Only Three Points of Interconnection Exist in Entergy Mississippi Territory that Could Interconnect 200 MW's of New Generation Without Overloads**



Source: MISO POI Tool, 200 MW Projects on 115kV lines<sup>21</sup>

<sup>21</sup> <https://gigueue.misoenergy.org/PoiAnalysis/index.html>

MISO notes that the POI tool is not a full generation interconnection analysis. Some overloads can be overcome with moderate upgrades and the POI tool does not present the costs associated with the upgrades needed. However, for Mississippi to effectively come up with just a handful of viable locations for single 100-200 MW projects to interconnection is troubling.

f. Entergy Captures and Kills MISO Transmission Lines

MISO undergoes an annual Transmission Expansion Planning (MTEP) process. One large transmission project identified through that process was the Churchill to Waterford 230kV transmission project in Louisiana. That project was proposed in the MTEP16 process and found a 3-to-1 benefit to cost (BC) ratio, meaning that for every \$1 spent, the transmission project was anticipated to provide \$3 in benefits. The project was slated to begin construction in Q3 2020<sup>22</sup>, but MISO shared information about the cancellation of this project at the August 2020 South Subregional Planning Meeting, and the October 2020 Technical Studies Task Force Meeting.<sup>23</sup> While the estimated costs for the project increased from approximately \$73.9 million in 2016 to \$108 million in 2019, the increasing costs only accounted for a very small change in the cost metrics compared to the lost benefits for the project. The largest change in the benefits metrics for this project occurred due to “system changes”. MISO cited three projects: Snakefarm – Labarre 230 kV GIP, Little Gypsy – Claytonia 115 kV BRP, and the new Saint Charles CCGT as the identified system changes that affected the BC ratio. MISO did not differentiate the individual effect of each change on the BC ratio. However, MISO evaluated these changes in the MTEP16 sensitivities analyses, so the explanation of the “system changes” causing the BC ratio to deteriorate is still an enigma. It appears that a \$108 million economic transmission project was

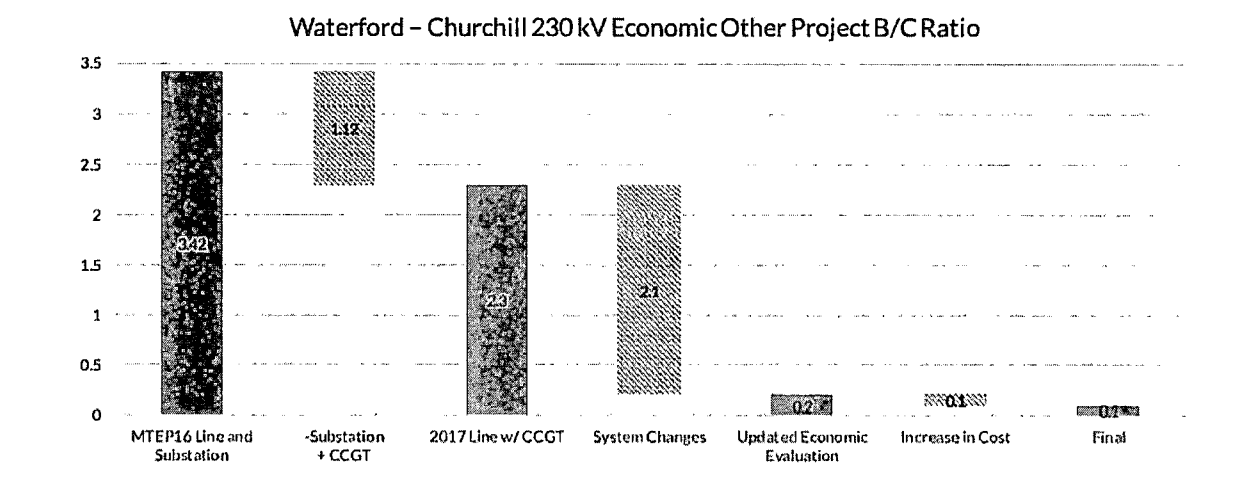
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<sup>22</sup> <https://www.transmissionhub.com/articles/2019/05/louisiana-regulatory-staff-recommend-approval-of-entergy-louisiana-230-kv-line.html>

<sup>23</sup> <https://cdn.misoenergy.org/20201009%20STSTF%20Waterford%20-%20Churchill%20230kV%20Economic%20Project%20Withdrawal482098.pdf>

cancelled in favor of a \$870 million power plant. Because utilities earn a larger amount on a larger cost project, Entergy has an incentive in spending more on a large generation project instead of a smaller amount on a transmission project, a transmission project that may be awarded to a competitive transmission developer.

## Benefits have declined due to system changes in the area since project approval



8

MISO

Source: MISO 2020<sup>24</sup>

At the October 2020 meeting, stakeholders presented concerns that the proposed Hartburg to Sabine 500kV transmission project<sup>25</sup> may suffer the same fate as the Waterford to Churchill line if and when Entergy Texas' proposed new CCGT is constructed in the same area.<sup>26</sup> In 2018, MISO awarded NextEra a contract to construct the Hartburg to Sabine line at an estimated cost of

<sup>24</sup> <https://cdn.misoenergy.org/20201009%20STSTF%20Waterford%20-%20Churchill%20230kV%20Economic%20Project%20Withdrawal482098.pdf>

<sup>25</sup> <https://cdn.misoenergy.org/Hartburg-Sabine%20Junction%20500%20kV%20Selection%20Report296754.pdf>

<sup>26</sup>

<https://spofossil.entergy.com/ENTRFP/SEND/2020ETICCGTRFP/Documents/04282020/2020%20ETI%20CCGT%20RFP%20-%20Main%20Body.pdf>



approximately \$115 million. In 2019, Texas passed a right-of-first-refusal (ROFR) law<sup>27</sup> that allowed Entergy Texas to take over the construction of the line. The United States Department of Justice opposed Texas' ROFR law as anticompetitive. NextEra filed a federal lawsuit and the Hartburg to Sabine line is currently in legal limbo, despite having an "on time" construction estimate for 2023 based on MISO's quarterly project update information.<sup>28</sup> Meanwhile, in 2020, Entergy Texas issued an RFP<sup>29</sup> for a 1.2 GW CCGT in the same "East Texas" region as the Hartburg to Sabine transmission project for operation by 2025. Instead of spending \$115 million on a transmission solution, a \$1 billion power plant may be built in its place.

g. Transmission Expansion Slowed After MISO South Joined

Nearly every year, MISO conducts a Transmission Expansion Plan (MTEP) to evaluate larger transmission projects that could improve market efficiency, reliability, generation interconnection, and market value projects. The MTEP process is a well-worn process, with thousands of hours of stakeholder engagement and participation, including by SREA. In 2019, MISO began developing its new Futures forecasts for its MTEP processes. MISO noted at the time the explosion of full time employee (FTE) to deal with the MTEP Futures stakeholder process. Since MISO South's creation, the MTEP process has slowed to a crawl, and virtually no large-scale transmission projects have been completed in that process. For the four years prior to MISO South joining MISO, the MTEP process took about 1,100 MISO staff hours to conduct annually. By 2018, MISO staff time exploded to nearly 6,000 hours annually. Keep in mind, this is just the hourly staff time for a single stakeholder working group in MISO; and MISO has dozens of committees. The primary tactic of several MISO South stakeholders, including MS PSC staff and

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<sup>27</sup> <https://www.eenews.net/stories/1060718759/print>

<sup>28</sup> <https://cdn.misoenergy.org/2021%20Hartburg-Sabine%20Junction%20Quarterly%20Reports545324.zip>

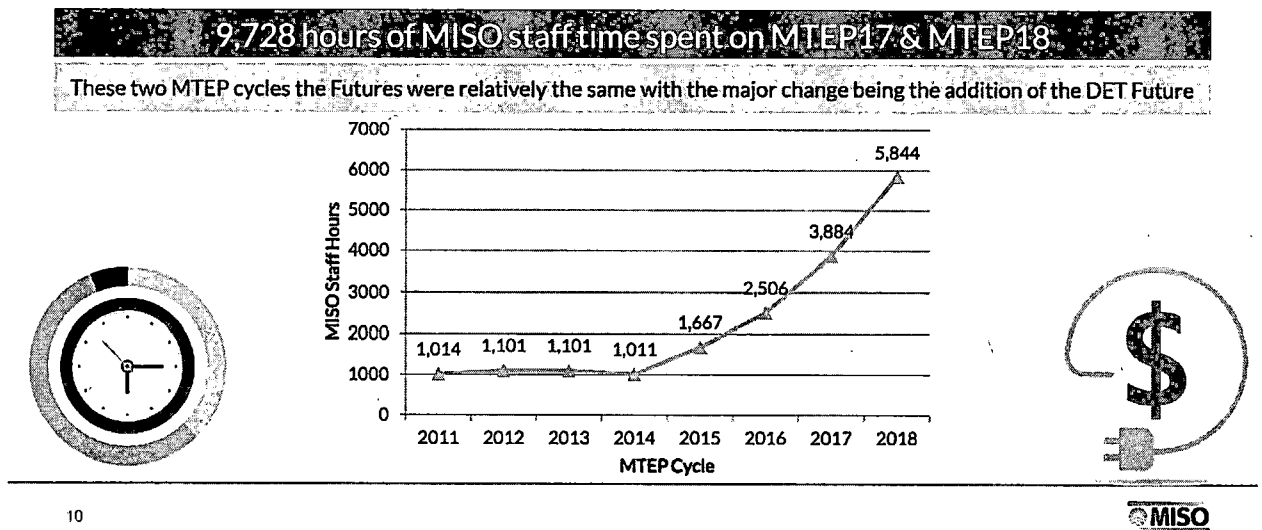
<sup>29</sup>

<https://spofossil.entergy.com/ENTRFP/SEND/2020ETICCGTRFP/Documents/04282020/2020%20ETI%20CCGT%20RFP%20-%20Main%20Body.pdf>



consultants, appears to be to inundate MISO with requests, to relitigate long decided issues at full committee meetings, to bring up irrelevant information or take contradictory positions, specifically designed to slow stakeholder processes to a grinding halt.

The time and effort to develop the Futures, resource expansion, and siting has increased over the past 5 years



#### h. The Commission's Consultants Obstruct Transmission Expansion

In both Louisiana and Texas, Entergy has shown its strategy is to capture and kill larger transmission projects as proposed through the MISO stakeholder processes. At MISO meetings, the Mississippi Public Service Commission's consultants are some of the loudest voices opposing large scale transmission build-out, and not just for Mississippi, but across the entire MISO footprint. Whether the MS PSC staff and consultants' intent is to align perfectly with Entergy or not, the result is the same: a dysfunctional stakeholder process at MISO benefits Entergy's monopoly status. For consultants that are billing the Commission on an hourly basis, all the additional work, longer committee meetings, and obstructionism drives up costs to the MS PSC and Mississippi ratepayers while providing no real value. There appears to be no cap to the amount

of money MS PSC consultants can charge the Commission in a given year, and it appears that Entergy pays for all these consultant costs as pass throughs to its rate base.

The MS PSC staff and consultants have been the most vocally opposed to MISO's transmission planning efforts out of any state in MISO. The most frequent voices on behalf of the Mississippi Commission are David Carr from the MS PSC staff, Valerie Green from Pierce Atwoods, Bill Booth from Michael Best, and Nick Puga from Bates White; three separate consulting firms based in Washington, D.C. Based on invoices collected by the Energy and Policy Institute (EPI) from the MS PSC, in 2020 the MS PSC consultants charged the Commission more than \$2 million for their advocacy at FERC and MISO.<sup>30</sup> For comparison, the entire MS PSC's budget is roughly \$5 million annually and pays for a staff of over 60 people.<sup>31</sup> Even with the PSC's \$5 million budget, it seems that the \$2 million the consultants charged to the Commission does not come out of the PSC's budget, as the PSC's "contractual services" portion of its budget are in the \$400,000/year range. Mississippi ratepayers are literally making millionaires out of DC lawyer consultants that work to slow transmission development and restrict energy market competition. Invoices received by EPI also suggest that MS PSC consultants rarely if ever interact with the MS PSC Commissioners directly.

- Consultant Valerie Green is a DC based lawyer who charges \$475/hour. Valerie commonly charges the Commission 0.2 hours for "e-mail correspondence", or \$95 for emailing with David Carr.<sup>32</sup>

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<sup>30</sup> <https://www.documentcloud.org/projects/david-carr-ms-psc-50935/>

<sup>31</sup> <http://www.lbo.ms.gov/PublicReports/GetBudgetRequestDetailReport/4968?report=Detail&fiscalYear=2021>

<sup>32</sup> [https://www.documentcloud.org/documents/20693845-pierce-atwood-invoices-clean-812020-march-2021\\_redacted](https://www.documentcloud.org/documents/20693845-pierce-atwood-invoices-clean-812020-march-2021_redacted)

- Consultant Bill Booth is a DC based lawyer who charges \$500/hour. Bill is the most frequent interjector at MISO meetings. He is coordinating with Chris Plante from WEC in Wisconsin “re LRTP strategy next steps”.<sup>33</sup> It is unclear what the MS PSC’s specific strategies are, except to oppose the OMS Long Range Transmission Planning Principles from 2019.
- Nick Puga is a DC based electrical engineer who charges \$638/hour. That is an annual salary basis of nearly \$1.3 million.
- Collin Cain from Bates White charges \$595/hour. Based on the invoices sent to the PSC, it appears Collin spends many hours evaluating MISO materials and agendas, but has never spoken on behalf of the Commission at MISO meetings. It also appears Collin does not invoice any meetings with any MS PSC Commissioners.<sup>34</sup> Once, Collin spent 2 hours on an “energy storage webinar” and charged \$1,190 to Mississippi ratepayers.
- Roxanne Maywalt from Michael Best charges \$500/hour and has tracked MISO and SPP’s seams and pseudo-ties; but Mississippi doesn’t have a seam with SPP making it unclear why Mississippi ratepayers are footing this bill.<sup>35</sup> Roxanne also filed comments in support of Entergy’s opposition to MISO’s Aggregator of Retail Customers filing, Docket No. ER20-2591 at FERC, a seemingly opposite position to the MS PSC’s own IRP Rule 29.
- Taylor Fritsch, Eric Callisto, Todd Palmer, and Renee Exum with Michael Best charge between \$280-\$500/hour, but for what is entirely unclear. As

<sup>33</sup> [https://www.documentcloud.org/documents/20693844-mbf-invoices-812020-march-2021\\_redacted](https://www.documentcloud.org/documents/20693844-mbf-invoices-812020-march-2021_redacted)

<sup>34</sup> [https://www.documentcloud.org/documents/20693843-bates-white-invoices-clean-august-2020-march-2021\\_redacted](https://www.documentcloud.org/documents/20693843-bates-white-invoices-clean-august-2020-march-2021_redacted)

<sup>35</sup> [https://www.documentcloud.org/documents/20693844-mbf-invoices-812020-march-2021\\_redacted](https://www.documentcloud.org/documents/20693844-mbf-invoices-812020-march-2021_redacted)

far as SREA knows, none of these people have ever spoken on behalf of the Commission at MISO meetings, yet they are charging the Commission high hourly fees.

h. Mississippi PSC Staff and Consultants have a Long History of Opposing MISO Transmission Planning

In 2017, MISO's Economic Planning User Group (EPUG) proposed developing a new Regional Transfer Overlay Study (RTOS) to develop larger transmission solutions. The proposed RTOS study found dozens of proposed "indicative" high voltage transmission upgrade suggestions throughout MISO<sup>36</sup>, including an improved North/South intertie<sup>37</sup>, as well as additional high voltage transmission lines into and out of Mississippi.<sup>38</sup> MISO quietly killed the RTOS effort after extreme opposition from MISO South voices.<sup>39</sup> EPUG shortly died thereafter as a stakeholder committee.

After the failure of the RTOS process, the MISO Organization of MISO States (OMS) began putting together principles regarding Long Range Transmission Planning (LRTP) to restart large scale transmission development efforts. The principles were meant to create a general consensus of the state public service commissions, to give MISO direction regarding transmission planning. Only three regulatory bodies voted against those transmission principles: the City Council of New Orleans (NOLA), the Louisiana Public Service Commission (LPSC), and the

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<sup>36</sup> [https://cdn.misoenergy.org/20170317%20EPUG%20RTOS%20OVERALL%20MAPS\\_overlay95669.pdf](https://cdn.misoenergy.org/20170317%20EPUG%20RTOS%20OVERALL%20MAPS_overlay95669.pdf)

<sup>37</sup>

<https://cdn.misoenergy.org/20170525%20EPUG%20Item%2006d%20Indicative%20Overlay%20Design%20Work%20Session%20South%20public95704.pdf>

<sup>38</sup>

<https://cdn.misoenergy.org/20170525%20EPUG%20Item%2003%20Preliminary%20Overlay%20Indicative%20Concepts95698.pdf>

<sup>39</sup> <https://cdn.misoenergy.org/20170317%20EPUG%20RTOS%20Minutes95671.pdf>

Mississippi Public Service Commission.<sup>40</sup> The eight simple principles were approved on a single page, but then appended with a three-page objection by NOLA, LPSC, MSPSC that begins, “The Majority failed to identify *any* shortcomings with MISO’s existing long-range transmission planning process.” (emphasis added). One of the principles objected to by the MS PSC staff and consultants was OMS Principle 3, “The long-range planning must develop and assess cost-effective solutions to known physical and contractual system constraints, including the Regional Directional Transfer Limit (i.e. the north-south constraint).”<sup>41</sup> That means the MS PSC is on record as opposing fixing the MISO North/South constraint.

After the February 2021 blackouts, MISO released its findings saying the MISO North/South limitation was one of the contributing factors to the power outages in MISO South. Whether intentional or unintentional, the Mississippi PSC’s consultants have contributed to slowing transmission expansion that affects the entirety of the MISO’s planning practices. Had the RTOS process been allowed to be completed, and new transmission built into MISO South, maybe MISO South would not have had blackouts in February 2021.

After two years of effort on the MTEP21 Futures development, MISO stakeholders (including SREA) agreed to MISO’s development of three futures, equally weighted. During those years of debate, a former Entergy Vice President Dave Harlan, would attend in-person meetings and would describe his interests as entirely personal for his business, Veriquest LLC. At MISO meetings, when asked to disclose his clients, Harlan fought vociferously that he was not representing Entergy, and that he was travelling to MISO meetings simply as a MISO ratepayer

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<sup>40</sup> Organization of MISO States (June 13, 2019). [[https://www.misostates.org/images/20190613\\_Long-Range\\_Transmission\\_Planning\\_Principles\\_-\\_Approved\\_\\_Combined.pdf](https://www.misostates.org/images/20190613_Long-Range_Transmission_Planning_Principles_-_Approved__Combined.pdf)]

<sup>41</sup> [https://www.misostates.org/images/20190613\\_Long-Range\\_Transmission\\_Planning\\_Principles\\_-\\_Approved\\_\\_Combined.pdf](https://www.misostates.org/images/20190613_Long-Range_Transmission_Planning_Principles_-_Approved__Combined.pdf)

customer on his own dime. In November 2020, the Energy and Policy Institute (EPI) wrote an investigative journalism article that found Entergy had secretly contracted with Harlan to represent itself at MISO meetings and coordinate with MS PSC staff and consultants. Entergy Mississippi's statement to the EPI article, and the follow-on article by RTO Insider was that Harlan was a well-known Entergy spokesperson.<sup>42</sup>

To the MS PSC's credit, the Commission directed its staff and representatives to "not engage in any dialogue, formal or informal, related to public policy or any other matter within the Commission's jurisdiction, with any stakeholder or other participant who declines to publicly disclose who he or she represents." However, Mr. Harlan still participates in MISO stakeholder meetings and workshops, for what purpose or which clients is unclear. In one way or another, Entergy Mississippi ratepayers have paid for Mr. Harlan's covert actions that are designed to slow transmission planning practices at MISO, on behalf of Entergy Mississippi. These unaccounted for payments for undisclosed MISO consultants by Entergy appear to be unrestricted, unreviewed, and unknown to MISO South regulators.

Based on the records collected by EPI<sup>43</sup>, Harlan has coordinated closely with MS PSC staff and consultants in the past.<sup>44</sup> MS PSC staff and consultants positions almost exactly mirror Harlan's efforts which call into question the foundations of utility and transmission planning – should MISO use forecasts? Is forecasting perfectly accurate? Many of the positions raised by MS PSC staff and consultants at MISO meetings are attempts to relitigate previously settled issues or issues that do not affect Mississippi. For instance, MISO's MTEP21 Future 1 is based on information from utility integrated resource plans and corporate carbon commitments.

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<sup>42</sup> <https://www.rtoinsider.com/articles/19585-entergy-consultant-under-fire-for-covert-role-in-miso>

<sup>43</sup> <https://www.documentcloud.org/projects/david-carr-ms-psc-50935/>

<sup>44</sup> <https://www.documentcloud.org/documents/20407489-harlan-email-sent-received-and-attachments>

MISO's MTEP Future 1 is what its current LRTP indicative lines are based on; however, MS PSC Consultants have insinuated over and over that MISO's forecasts are unreliable, that the proposed LRTP lines are primarily or only designed to serve renewable energy resources, and that MISO's process has been conducted without robust stakeholder involvement. MS PSC staff consultants panned the results of the three-year LRTP effort as "making this up as we go along"<sup>45</sup> and recommended further delays in the transmission process, even though no new transmission projects were identified in Mississippi.

As another recent example, in May 2021<sup>46</sup> MS PSC staff and consultants sent a letter to MISO opposing proposed cost allocation for new LRTP transmission projects. Many of the objections raised in the letter are generalized objections to transmission planning as "purely hypothetical", and not specific to the cost allocation proposals discussed at MISO. Again, there are no proposed LRTP lines in Mississippi, which raises the question as to why the MS PSC staff and consultants are continuing to spend so much time and effort to fight a process that does not affect Mississippi.

MS PSC staff and consultants also directly coordinate with Entergy to develop strategy and positions at MISO through the Entergy Regional States Committee Working Group. The ERSC Working Group is required by its bylaws<sup>47</sup> to host public meetings and post its minutes; however, no public records exist for the Working Group<sup>48</sup> other than the records of invoices collected and provided by EPI. As an independent organization, the ERSC has its own budget paid for by MISO

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<sup>45</sup> Amanda Durish Cook (March 19, 2021). MISO Reveals Contentious Long-range Tx Project Map. RTO Insider. [<https://rtoinsider.com/rto/miso-long-range-transmission-195496/>]

<sup>46</sup> <https://www.misoenergy.org/stakeholder-engagement/stakeholder-feedback/recbwg-lrtp-cost-allocation-proposal-20210428/>

<sup>47</sup> [https://cdn.misoenergy.org/ERSC%20Bylaws%20\(Amended%208-12-14\)217600.pdf](https://cdn.misoenergy.org/ERSC%20Bylaws%20(Amended%208-12-14)217600.pdf)

<sup>48</sup> <https://www.misoenergy.org/stakeholder-engagement/committees/entergy-regional-state-committee/>

South states like Mississippi, but it appears to be an unnecessary and costly duplication of the MISO OMS at best, and at worst, a secret coordination effort between Entergy and MISO South regulatory staff.

MISO has likely taken Mississippi's outsized opposition to LRTP to mean that the state will not support any LRTP proposed lines in or into the state. Which makes it no surprise that no LRTP lines have been proposed for Mississippi<sup>49</sup>, despite MISO's RTOS process previously showing a need, and the POI tool showing there are extremely few generation interconnection points. Despite having no LRTP lines proposed in Mississippi, MS PSC staff and consultants are still opposing MISO's LRTP efforts for the entire MISO footprint.

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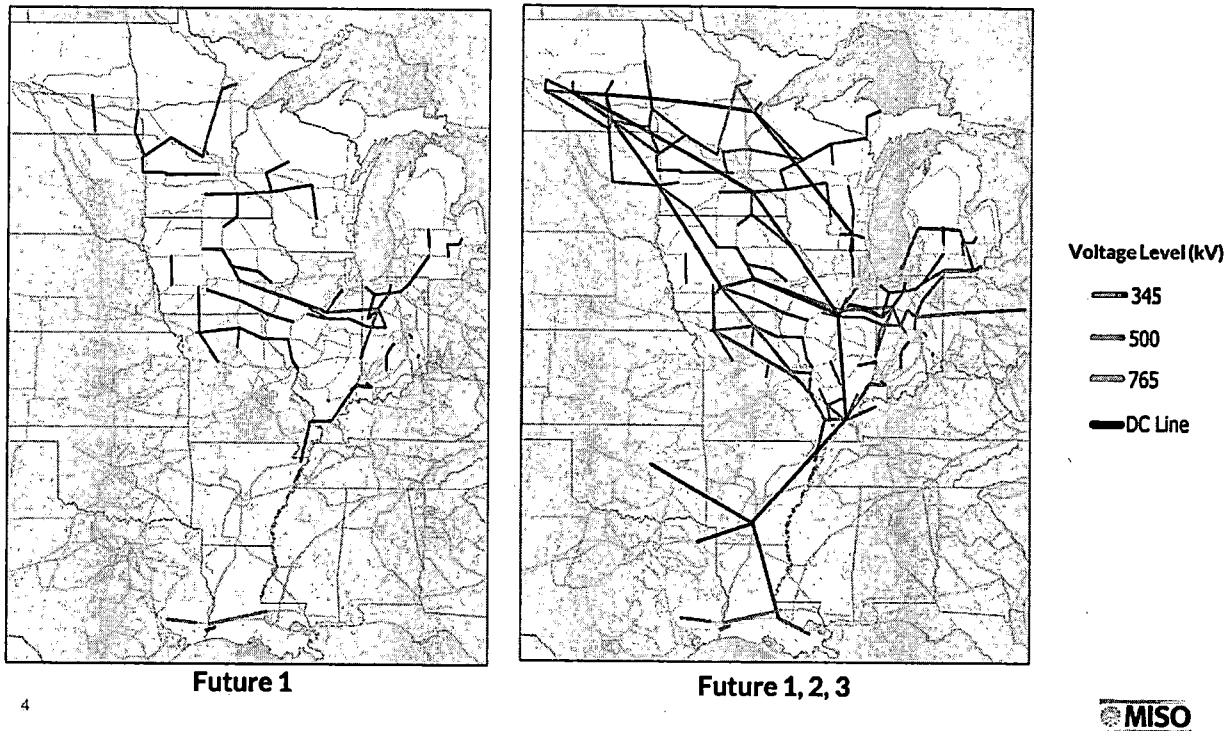
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<https://cdn.misoenergy.org/20210430%20LRTP%20Workshop%20Item%2004%20MISO%20Indicative%20Roadmap545550.pdf>



## **MISO's Long Range Transmission Plan Has No Transmission Added for Mississippi**

An indicative map reflecting Future 1 is a starting point for potential solutions that can also address transmission needs in Futures 2 and 3



After the February 2021 blackouts, MISO issued a report showing that more transmission capacity between MISO North/South would have helped, among other recommendations. David Carr, MS PSC Staff said on a MISO call that, “It’s not clear, at least to this southern regulator, why we need massive transmission projects to ensure that this event doesn’t happen again.”<sup>50</sup> Yet at the June 11, 2021 MISO RECB meeting, Carr stated that the MS PSC has “long supported evaluating” expanding the MISO North/South intertie<sup>51</sup> – a direct contradiction to the MS PSC opposition to the OMS LRTP Principles in 2019, and Carr’s previous statements regarding the February 2021

<sup>50</sup> <https://www.rtoinsider.com/articles/20174-miso-stresses-importance-of-long-range-tx-plan>

<sup>51</sup> <https://www.misoenergy.org/events/regional-expansion-criteria-and-benefits-working-group-recbwg-special-meeting--june-11-2021/>

blackouts. On June 25, 2021, MISO staff announced publicly that no LRTP lines would be proposed for MISO South this year, including no North/South transmission upgrades.

It appears that Entergy Corporate is using the open-ended consulting agreements from the MS PSC to pay high priced DC lawyers millions of dollars annually, to use the MS PSC's credentials and credibility to slow down all of MISO transmission planning, to the benefit of Entergy Corporate, and not Mississippi ratepayers. As a result, larger transmission solutions are being shelved that could be useful in extreme weather events, like the blackouts in February 2021. By relying on the voice of the MS PSC consultants at MISO meetings to slow down transmission planning processes all across MISO South, Entergy rarely interjects publicly at MISO meetings.

Part of MISO's role is to help states achieve their own internal public policy. Some states have carbon goals, some states have Renewable Portfolio Standards, but Mississippi has a much broader set of public policies that MISO could help the state achieve. For instance, in 2013 the Mississippi Legislature adopted the state's public policy by stating that, "...adequate and reliable service by such public utilities to the people, economy and government of the State of Mississippi is a matter of public policy. The Legislature hereby declares to be the policy of the State of Mississippi:... To promote adequate, reliable and economical service to all citizens and residents of the state... To provide just and reasonable rates and charges for public utility services without unjust discrimination, undue preferences or advantages, or unfair or destructive competitive practices and consistent with long-term management and conservation of energy resources by avoiding wasteful, uneconomic and inefficient uses of energy...To encourage and promote harmony between public utilities, their users and the environment...To foster the continued service of public utilities on a well-planned and coordinated basis that is consistent with the level of service needed for the protection of public health and safety and for the promotion of the general

welfare...To cooperate with other states and the federal government in promoting and coordinating interstate and intrastate public utility service and reliability”<sup>52</sup> To SREA’s knowledge, the MS PSC staff and consultants have never mentioned Mississippi’s official public policies. In fact, the official public policy of the state of Mississippi appears to be at odds with the MS PSC staff and consultants advocacy against MISO. If the MS PSC is truly opposed to MISO and Long-Range Transmission Planning, the Commission could simply provide that statement directly at a MISO meeting instead of hiring consultants that ask endless questions and engage in long correspondence to increase billable hours.

#### MISO Cancels MISO South LRTP lines

At the June 25, 2021 LRTP meeting, MISO staff presented information regarding the LRTP process. At the meeting, MISO staff told stakeholders that the RTO would not be providing LRTP lines anywhere in MISO South for 2021. MISO further clarified that the LRTP process will not include any MISO North/South LRTP lines for 2021 either. Meanwhile, MISO will continue to push forward on MISO North LRTP projects. Despite MISO announcing cancellation of MISO South LRTP indicative lines for 2021, MS PSC staff and consultants continued to drill MISO staff regarding the non-cancelled LRTP projects in MISO North.

## **II. Benefits of MISO, RTO’s**

Membership in an RTO brings benefits. Every year, MISO publishes its Value Proposition where the organization outlines the real tangible cost savings to ratepayers in the MISO footprint, including Mississippi.<sup>53</sup> In 2020, MISO provided between \$3.1-\$3.9 billion in benefits to members. MISO's Value Proposition includes calculations on 1) Improved Reliability, 2)

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<sup>52</sup> MS Code § 77-3-2 (2013)

<sup>53</sup> Midcontinent Independent System Operator 2020 MISO Value Proposition.

[<https://cdn.misoenergy.org/2020%20MISO%20Value%20Proposition%20Calculation%20Details521882.pdf>]

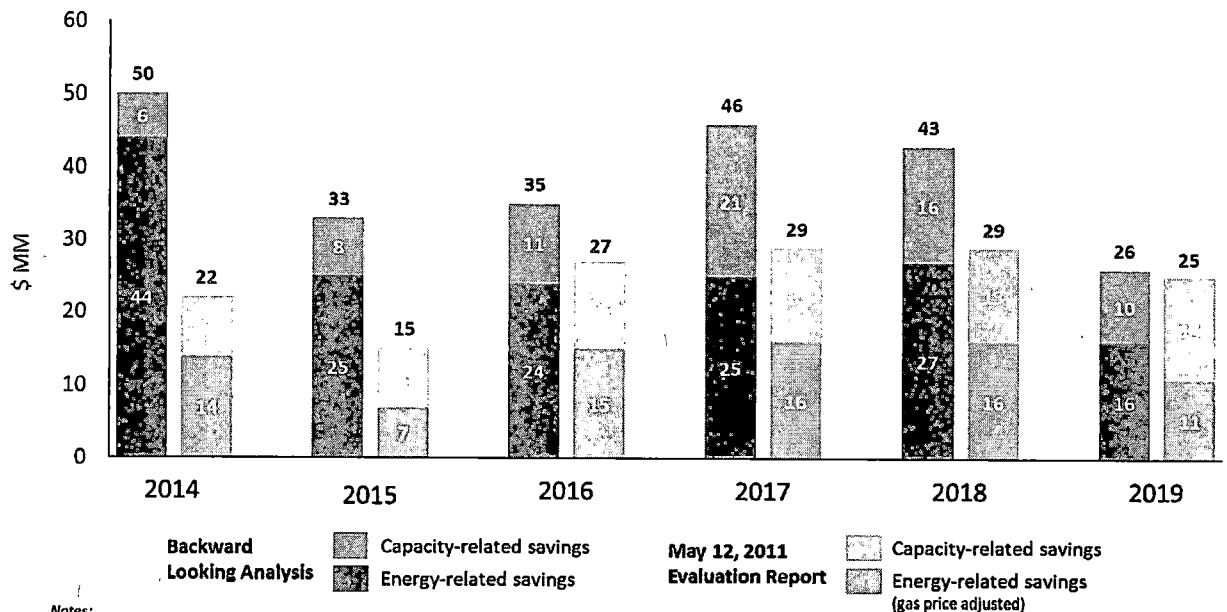
Compliance, 3) Dispatch of Energy, 4) Regulation, 5) Spinning Reserve, 6) Wind Integration, 7) Footprint Diversity, and 8) Demand Response.<sup>54</sup> If Mississippi departs MISO, the state will lose improved reliability by not being able to rely on a larger geographic footprint to serve its power needs, especially in emergency situations. Mississippi will also lose the ability to easily and cheaply sell power to neighboring states like Arkansas and Louisiana.

Independently, Entergy provides its own analysis to the Commission regarding its assumed benefits. Entergy's own MISO value proposition has shown tens of millions of dollars of savings on an annual basis going back to 2014. Entergy's report shows that actual benefits have exceeded anticipated benefits in every year since Entergy Mississippi joined MISO. This strongly suggests that forecasts to determine future benefits of transmission are undervaluing the actual values. SREA also contends that Mississippi could be receiving greater benefits if the state were to more proactively engage MISO to support larger scale transmission upgrades.

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<sup>54</sup> MISO (2021). MISO 2020 Value Proposition.  
[<https://cdn.misoenergy.org/2020%20MISO%20Value%20Proposition%20Calculation%20Details521882.pdf>]

## EML's estimated benefits from MISO participation



**Notes:**

-- The May 12, 2011 Evaluation Report assumed continuation of the ESA for all OpCos except EAL thru 2015, and all OpCos except EAL and EML thereafter. The Backward-Looking analysis reflects continuation of the ESA for all OpCos except EAL thru November, 2015, for all OpCos except EAL and EML thru August, 2016, and termination of the ESA thereafter.  
 -- Energy-related savings include incremental administrative costs.  
 -- 2017 - 2019 capacity-related savings reflects the impact of forced outage rates on MISO requirements but not on standalone requirements.

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MPSC Electronic Copy \*\* 2011-UA-376 Filed on 06/10/2020 \*\*

Source: Entergy 2020<sup>55</sup>

Both the MISO Value Proposition and EML's estimated benefits from MISO participation do not adequately account for the full benefits of MISO membership; both analyses strictly evaluate a small number of market-based values. For instance, neither analysis considers the value of harmonizing generation interconnection *processes* across a large footprint, meaning potential renewable generators have a one-stop shop for the interconnection queue. Instead of renewable developers having to deal with individual utility-by-utility generation interconnection requirements, developers can now standardize their process, reducing costs of projects that will

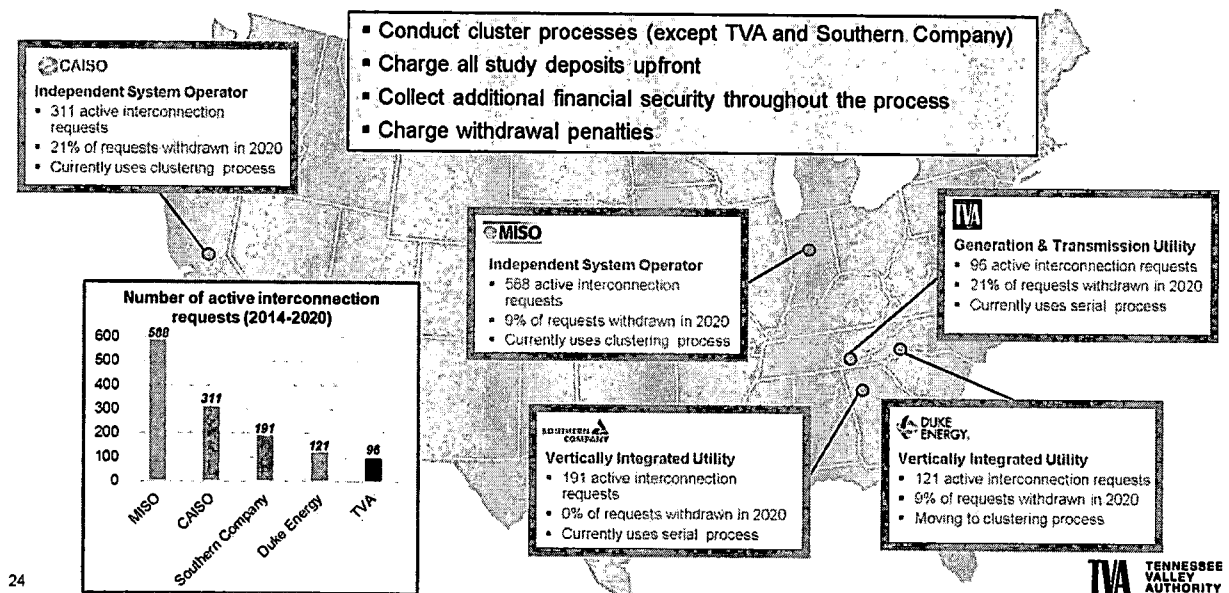
<sup>55</sup> Entergy (April 2020). MISO Historical Benefits Calculation. Results of 2019 EML Analysis.

[[https://www.psc.state.ms.us/InSiteConnect/InSiteView.aspx?model=INSITE\\_CONNECT&queue=CTS\\_ARCHIV EQ&doid=650060](https://www.psc.state.ms.us/InSiteConnect/InSiteView.aspx?model=INSITE_CONNECT&queue=CTS_ARCHIV EQ&doid=650060)]



ultimately benefit ratepayers. For comparison, consider Mississippi's three separate and independent generation interconnection processes: TVA, Southern Company, and MISO. TVA recently held a webinar regarding its own GI process and showed that MISO has more generation interconnection requests than Southern Company, Duke Energy, and TVA, *combined*. Renewable energy development flows, in part, to states and regions where a well-established generation interconnection process exists.

## Most all peer companies. . .



Source: TVA 2021

MISO provides generation interconnection standardization (which reduces renewable energy and other power generation interconnection costs), transmission expansion planning, locational marginal pricing, enhanced reliability and lower energy costs. By providing a larger geographic area with more generation resources available under a single transmission operator, MISO also provides emergency services and analysis unavailable in non-RTO areas. Perhaps the best way to describe all the value MISO provides is to describe a few of the various stakeholder

committees at MISO. If Mississippi were to leave MISO, the state would lose the associated value from the work of a region filled with energy expertise.

- MISO's Planning Advisory Committee (PAC) and the Planning Subcommittee (PSC) evaluate future transmission needs for the region and propose upgrades needed to reliably serve power at least economic cost. The PAC and PSC provide interstate collaborative and analytical support, something that is not readily done in states that do not participate in an RTO.
- MISO's Interconnection Process Workgroup (IPWG) are where generator interconnection improvements and discussion occurs. In the Subregional Planning Meetings, MISO shares project specific costs, anticipated installation dates, locations, and other details not usually available on a state-by-state basis.
- The Resource Adequacy Subcommittee (RASC) evaluates accreditation of generation resources including renewable, energy storage, and hybrid resources.
- MISO also hosts meetings and analysis regarding specific issues through ad hoc work groups or task forces such as the Energy Storage Task Force, Distributed Energy Resources, MTEP, LRTP, Renewable Energy Integration Impact Assessment, and Regional Transmission Overlay Study, among others.
- MISO also maintains an Independent Market Monitor (IMM), a FERC-approved and protected organization within MISO that independently verifies MISO's activities and plans, and then the IMM makes its own recommendations for MISO and its stakeholders to implement.

### Arctic Event Highlights Potential Benefits Lost to Mississippi

The February 2021 blackouts are a symptom of a larger problem: MISO's transmission expansion plans have been hamstrung. As mentioned previously, Entergy's joining MISO caused heads to turn in 2011, due to the mediocre connection with MISO North – just a narrow 1,000 megawatt path through Arkansas into Missouri. As part of a settlement agreement, that transfer limit between MISO North to MISO South has expanded to 3,000MW and MISO South to MISO North to 2,500MW of non-firm, as-is available transmission service.<sup>56</sup>

At the March 11<sup>th</sup>, 2021 meeting of the MISO Market Subcommittee, MISO staff provided an overview of the February 2021 Arctic Weather events.<sup>57</sup> MISO staff noted that the MISO North/South interface was close to or exceeding the Regional Directional Transfer (RDT) limit as the South was running out of generation to serve electric demand. MISO staff also indicated that MISO received a Transmission Loading Relief (TLR) notification from TVA and/or Southern Company that cut imports into MISO South, further exacerbating power problems in MISO South. None of this information would have been publicly available without MISO's transparency.

MISO's North/South interface has been a costly limitation in the entire MISO footprint, and is the subject of a Joint Operating Agreement with SPP whereby MISO agrees to pay SPP tens of millions of dollars annually. These "Market to Market", or M2M, expenditures are driven because MISO has to pay SPP to use its power lines to flow power between MISO North and MISO South.

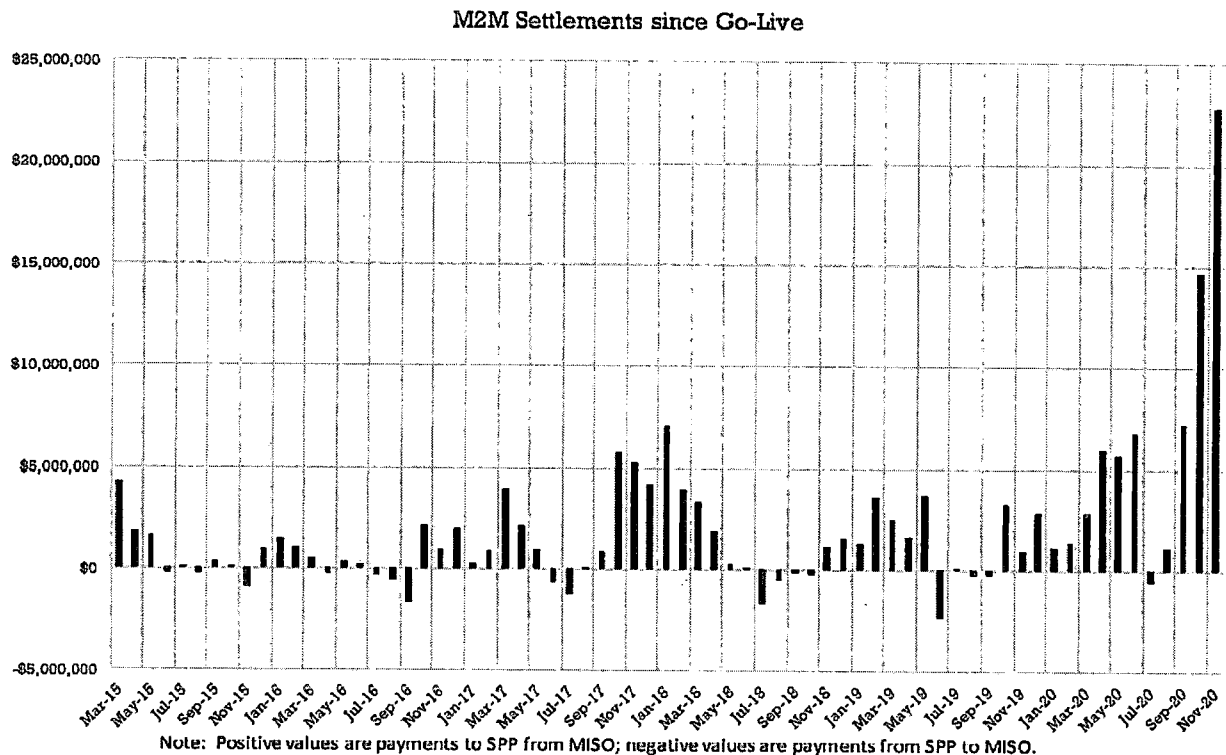
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<sup>56</sup> Organization of MISO States and SPP Regional State Committee (November 2, 2018). Seams White Paper. [[https://www.spp.org/documents/59006/spp-miso\\_rsc\\_oms\\_response\\_spp\\_miso\\_final\\_v3.pdf](https://www.spp.org/documents/59006/spp-miso_rsc_oms_response_spp_miso_final_v3.pdf)]

<sup>57</sup> JT Smith (March 11, 2021). Overview of February 2021 Arctic Weather. Midcontinent Independent System Operator. [<https://cdn.misoenergy.org/20210311%20MSC%20Item%2004%20Max%20Gen%20Feb%2015530356.pdf>]



## MISO is Paying Millions Annually Because of the MISO North/South Intertie Restrictions



Source: RTO Insider 2021<sup>58</sup>

While the February 2021 blackouts were certainly the worst outages in recent memory, MISO South has had several other close calls. MISO calls dangerous system conditions “maximum generation events”, or max gen events. MISO South has had max gen events in June 2016<sup>59</sup>, October 2016<sup>60</sup>, April 2017 (twice)<sup>61</sup>, January 2018<sup>62</sup>, September 2018<sup>63</sup>, May 2019<sup>64</sup>, August

<sup>58</sup> Tom Kleckner (January 12, 2021). SPP, MISO see \$22.8M in M2M Settlements. RTO Insider. [<https://rtoinsider.com/rto/spp-miso-m2m-settlements-183619/>]

<sup>59</sup> [http://www.pubmanitoba.ca/v1/proceedings-decisions/appl-current/pubs/2017%20mh%20gra/irs%20to%20iec/mh-daymark%20\(exports\)%20i%20-%201%20attachment3.pdf](http://www.pubmanitoba.ca/v1/proceedings-decisions/appl-current/pubs/2017%20mh%20gra/irs%20to%20iec/mh-daymark%20(exports)%20i%20-%201%20attachment3.pdf)

<sup>60</sup> Ibid.

<sup>61</sup> [https://www.potomaceconomics.com/wp-content/uploads/2017/09/IMM-Quarterly-Report\\_Spring-2017\\_Final.pdf](https://www.potomaceconomics.com/wp-content/uploads/2017/09/IMM-Quarterly-Report_Spring-2017_Final.pdf)

<sup>62</sup> <https://cdn.misoenergy.org/20180208%20MSC%20Item%2008%20Update%20on%20January%20Weather%20and%20Winter%20Storm%20Inga122372.pdf>

<sup>63</sup> <https://cdn.misoenergy.org/20181011%20MSC%20Item%2003%20Max%20Gen%20Event282648.pdf>

<sup>64</sup> <https://cdn.misoenergy.org/20190530%20RSC%20Item%2007%20May%2016%20EOP350208.pdf>

2020<sup>65</sup>, and now February 2021. While the various causes of a max gen event varies (generator outages, load forecast errors, transmission failures), the fact remains that better interconnection with MISO North and neighboring systems to MISO South helps reduce the threat to the bulk electric system.

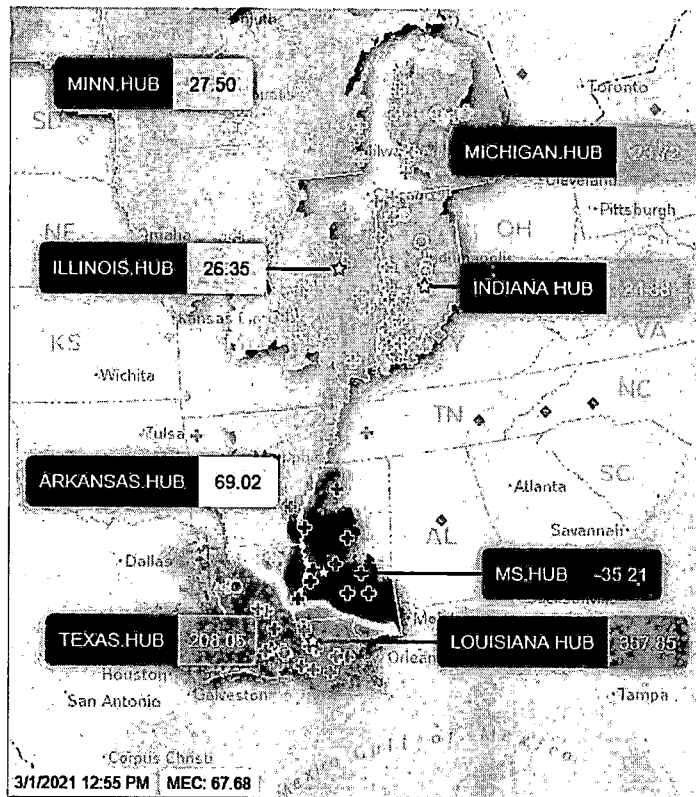
Even when maximum generation events do not occur in MISO South, but in MISO North, limited transmission ability between the North and South harms both regions. In July 2020, MISO declared a maximum generation event in MISO North, and the RTO's Independent Market Monitor (IMM) noted that, "From July 1-9, more than 1,700 MW on average were trapped in the South in the peak hours between 2 p.m. and 4 p.m. so their usefulness was limited." MISO South generators could have sold power to MISO North, likely at a windfall, but transmission constraints limited the market efficiency of the region's power flows. In short, MISO North risked losing power, and MISO South lost due to opportunity cost.

Beyond the serious effects of max gen events, transmission within MISO South is needed to better enable power flows from areas with cheap power to areas in need of those energy resources. Even as recently as March 1<sup>st</sup>, 2021, Mississippi had *negative* locational marginal prices (LMP), while Texas and Louisiana were experiencing prices over \$200/MWh. Texas and Louisiana residents lose out on lower-priced power, and Mississippi is unable to profit from selling power – a Lose/Lose situation.

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<https://cdn.misoenergy.org/20201008%20MSC%20Item%2003%20IMM%20Seasonal%20Review%20of%20Markets%20Presentation481344.pdf>



Source: MISO 2021

### Larger Market Reform Review Needed

In addition to the MS PSC's review of MISO, SREA recommends that the Commission broaden its review of the full utility infrastructure in the state, including in areas not in MISO. As mentioned previously, evidently both TVA and Southern Company cut imports into MISO South during the February Arctic Event, exacerbating MISO's max gen event. In 2018, a similar polar vortex wreaked havoc in MISO South, and elsewhere in the South. FERC noted in 2018 that, "By depending on the total RDT, which consisted of 1,000 MW firm transmission capacity plus 2,000 MW as-available non-firm transmission capacity, MISO ran the risk of curtailment of the "non-firm, as available" portion of the RDT to alleviate transmission overloads, which could result in stranded reserves along with the potential for firm load shed in the MISO South region. These risks

could increase further if emergency energy is unavailable or not deliverable from neighboring resources to provide reserves due to RDT curtailment.”

f. All relevant precedent, statutes, caselaw, regulations or regulatory policy

If Mississippi leaves MISO, there will be a considerable “exit fee” potentially costing tens of millions of dollars. The ability for Grand Gulf to sell power into Arkansas, Louisiana and New Orleans would likely be significantly curtailed without the ability and ease of using the MISO market to wheel power across state lines. The DOJ investigation into Entergy could ramp back up due to Entergy’s departure of an RTO plus retention of its transmission system.

### **III. Responses to Commission Requests**

The Order establishing this docket set a number of questions for parties to comment on. Many of the questions require detailed economic and power flow analysis that do not exist publicly and would likely cost hundreds of thousands of dollars to develop and analyze based on responses from a similar Missouri docket. If the MS PSC would like to investigate the various options proposed in the Order, SREA recommends the Commission conduct its own independent analysis and ask stakeholders to help scope out the analysis.

The original Order states, “While EML’s analysis indicates that historically RTO membership has produced significant benefits for customers, *it is less clear to this and other commissions* 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.” The “other commissions” cited in this original Order is just one, the Missouri PSC’s docket to evaluate RTO membership. Missouri’s PSC staff have filed their summary report and its report would be useful in this docket (see Attachment A). MISO is a voluntary organization and losing its members is a threat that is an

existential threat. It very much appears that the MS PSC staff and consultants are using this docket as a means to leverage cancelation of MISO's LRTP projects.

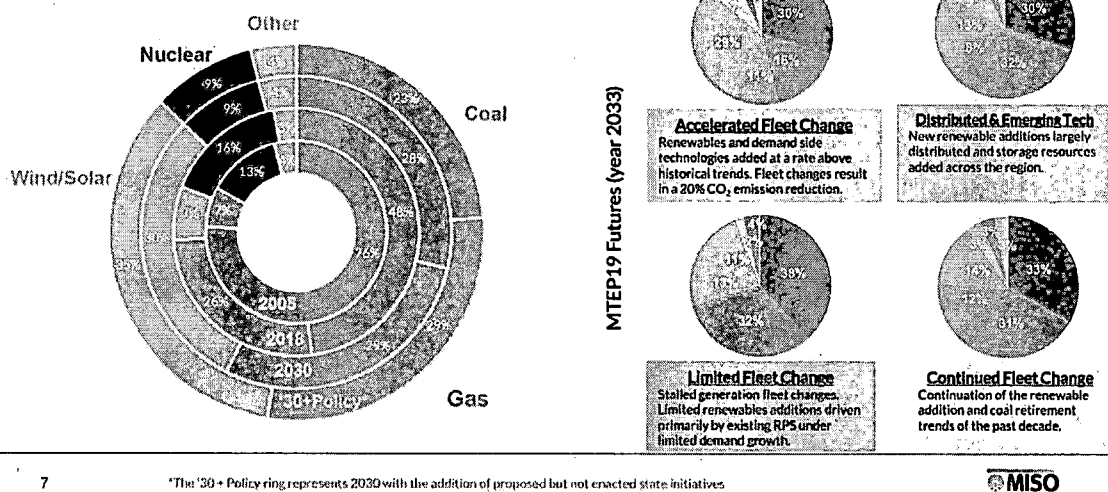
**Question: MISO's evolving transmission planning and cost allocation methodologies; including, but not limited, to MISO's assumptions about future generation resource portfolios and assumed increased demand tied to electrification.**

#### Futures

In MISO's MTEP19, the RTO evaluated four separate Futures. MISO and stakeholders noted that the proposed for Futures were substantially lagging industry trends for fossil fuel retirement and renewable energy penetration. Three out of four of those MTEP19 Futures assumed by 2033, MISO would achieve less than 15% renewable energy penetration footprint wide. MISO and its stakeholders decided to begin a new Futures development process for MTEP21. MISO used its member utilities' own IRPs to calculate renewable penetration levels and used those plans as MTEP21 Future 1. MISO's new Future 1 relies on utilities to provide accurate IRP analysis, and shows nearly 30% renewable penetration by the early 2030s. SREA believes the new MTEP21 Futures are better benchmarks for forecasting than the previous Futures.

## MTEP19's Four Futures Did Not Adequately Evaluate Future Changes

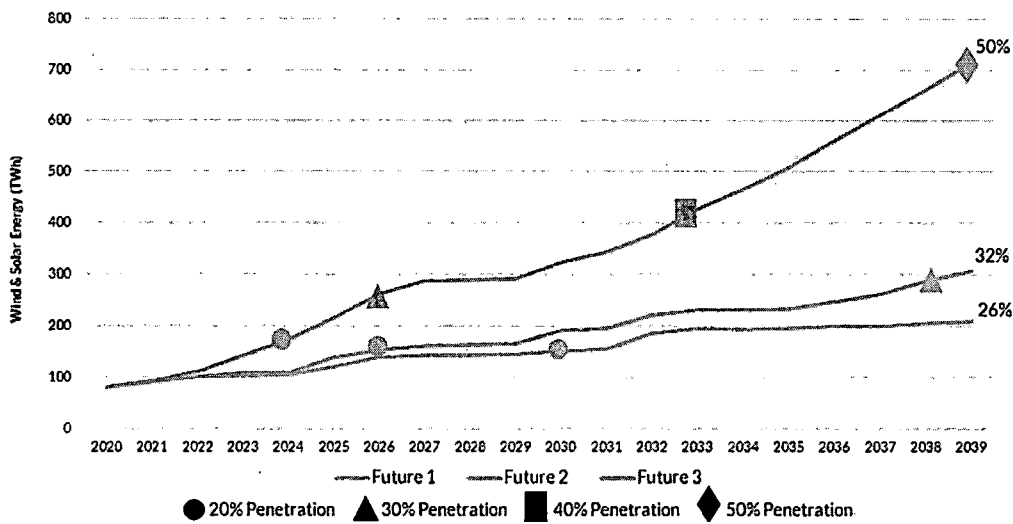
### Industry projections are already outpacing the MTEP Futures



Source: MISO 2019<sup>66</sup>

## MTEP21's Futures Better Represent Changes in the Electric Industry

### MISO Futures - Wind and Solar Generation



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<https://cdn.misoenergy.org/20190815%20MTEP%20Futures%20Workshop%20Presentation%20V2%20posted%2008%2032019372805.pdf>

<sup>67</sup> [https://cdn.misoenergy.org/MISO%20Futures\\_Summary%20Presentation538220.pdf](https://cdn.misoenergy.org/MISO%20Futures_Summary%20Presentation538220.pdf)

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While MISO's MTEP21 Future 1 is based on utility IRP's, it likely understates the growth of renewables because so many utilities in MISO South do not publish public IRP's. For example, Cooperative Energy has no public IRP, meaning MISO could not incorporate that utilities' plans. Also, MISO incorporates utility announced carbon reduction plans, such as Entergy's net zero carbon emission commitment. If utility carbon emission reduction plans are earnest, then MISO has an obligation to help its member utilities help plan for the future in the lowest cost and most efficient manner. MISO's MTEP21 Future 1 is likely undervaluing the contributions of renewable resources over the next two decades.

#### Cost Allocation

MISO's Transmission Expansion Planning process can roughly be split into two project types: smaller local projects and larger regional projects. Smaller local projects include Baseline Reliability Projects (BRP's), Generation Interconnection Projects (GIP's) and "Other" local projects. These local projects are paid for entirely by the local ratepayers and are generally assumed to be "reliability" based – safety, NERC requirements, and generally the ability to keep the lights on. Larger projects include Market Efficiency Projects (MEP's) and Multi-Value Projects (MVP's). These larger projects have broader economic benefits, so the cost allocation for these projects is based on a "beneficiary pays" principle – if multiple zones or regions benefit, the cost of the projects are paid for on a beneficiary ratio. The larger projects also must pass a Benefit/Cost (BC) ratio of 1.25, meaning that for every \$1 of costs, the projects must bring in at least \$1.25 of economic benefit. Starting in 2019, MISO began developing Long Range Transmission Planning (LRTP), which are large scale projects that would provide economic *and* reliability benefits. As such, MISO and its stakeholders are developing new cost allocation methodology to reflect the new LRTP projects.



***Question: 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 Vortex MISO's application of VOLL to certain de-energized load busses during force majeure events (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***

#### Generator Accreditation

MISO accredits power plant capacity on a summertime basis. That means, utilities in MISO have an incentive to make power plants available and operational during those peak summertime periods; however, all mechanical devices require maintenance. Utilities are increasing planning scheduled maintenance in “shoulder seasons” like spring and fall. During spring and fall, significant quantities of power generation are offline for maintenance, meaning that if weather forecasts are inaccurate or if additional power plants trip offline during those seasons, then the entire grid can quickly become stressed. MISO South has been experiencing more of these “max gen” events in non-summertime seasons, meaning that a seasonal generator accreditation is needed to help keep the lights on. As an extreme example, in the February 2021 blackouts, up to 44% of all of MISO South power generators were offline, most of which were offline due to unplanned, unscheduled, unanticipated outages. One of the generators that went offline during the February 2021 polar vortex was Entergy Texas’ brand new Montgomery County Power Station – a \$1 billion new combined cycle natural gas power plant that likely received full accreditation for the summer season, but had zero output during the coldest parts of February 2021.<sup>68</sup> Also, the Grand Gulf nuclear reactor likely also receives a high accreditation from MISO; however, that facility is highly

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<sup>68</sup> <https://www.springhappenings.com/entergy-texas-suffers-major-power-generation-failure-new-plant-shut-off-due-to-icing/>



unreliable for a nuclear reactor.<sup>69</sup> When MISO conducts its annual evaluations to determine if its regions have sufficient power plant capacity to meet peak demand, the capacity reported in MISO South by incumbent utilities is likely paper capacity and not actually capable of delivering power at the accredited levels when needed.

#### Value of Lost Load

If the Value of Lost Load (VOLL) is too low, MISO utilities consider it more economical to shed load than to ensure that generators are incentivized to enter the market. MISO's independent market monitor and other stakeholders have proposed increasing the VOLL to better ensure reliability across the region.<sup>70</sup> Regardless of whether VOLL is increased or not, ratepayers will pay one way or another, either through electric bills, or by losing power. The MS PSC should definitively state its preferred public policy whether using power outages as an alternative to transmission planning or other market products at MISO.

**Question: 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; v. Effects on local electric system reliability; vi. Effects of MISO Interconnection Queue project application management.**

Both MISO and EML develop annual Value Propositions for MISO membership. MISO finds over \$3.5 billion in annual benefits to its member companies. EML finds its annual MISO benefits range from approximately \$26 million to \$50 million annually. Both of those studies take into consideration wide area economic commitment and generation resource dispatch, effects on the quantity and cost of required capacity reserves, the effects on the quantity and the cost of

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<sup>69</sup> <https://www.eenews.net/stories/1063721867>

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[https://cdn.misoenergy.org/20200910%20MSC%20Item%2005b%20RAN%20Value%20of%20Lost%20Load%20\(I R071\)472095.pdf](https://cdn.misoenergy.org/20200910%20MSC%20Item%2005b%20RAN%20Value%20of%20Lost%20Load%20(I R071)472095.pdf)

operating reserves. As SREA previously mentioned, the MISO generation interconnection queue management is highly valuable to MISO ratepayers by standardizing interconnection processes across multiple states.

**Question: 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).**

The only public economic analysis regarding the Southeastern Energy Exchange Market (SEEM) was conducted on behalf of the SEEM utilities and found a roughly \$40 million/year benefit for the entire SEEM footprint.<sup>71</sup> The SEEM footprint is larger than all of MISO. MISO's Annual Value Proposition show a value of over \$3.5 billion in savings across a similarly sized footprint<sup>72</sup>, compared to the potential \$0.04 billion in annual savings from SEEM, SEEM is in no way comparable to the benefits of MISO. If Mississippi were to leave MISO in favor of SEEM, the annual benefits would drop to less than a half million dollars annually with SEEM compared to the \$26-\$50 million annual savings in MISO. Also, SEEM has not been approved by FERC, meaning this proposed power pool is not a viable alternative for Mississippi. Further, Mississippi would pay significant exit fees for departing MISO to join a less valuable market.

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<sup>71</sup> <https://cleanenergy.org/blog/seem-what-we-know-qa-style/>

<sup>72</sup> <https://www.misoenergy.org/about/miso-strategy-and-value-proposition/miso-value-proposition/>

### Comparisons of SEEM and Better Market Constructs

	SEEM	Energy Imbalance Market	Regional Transmission Org.
State Regulator Oversight	No	Yes	Yes
Stakeholder Participation	No	Yes	Yes
Independent Market Monitor	No	Yes	Yes
Generation Interconnection	No	No	Yes
Transmission Planning	No	No	Yes
Reliability Planning	No	No	Yes
Capacity Sharing	No	No	Yes
Est. Southern Savings	\$43m/yr	\$298 Billion by 2040	\$383.7 Billion by 2040

Sources: SEEM Filing 2021<sup>73</sup>, Vibrant Clean Energy 2020<sup>74</sup>, SREA

***Question: 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.***

As of right now, there are no “transmission investments to expand interregional transmission capability” that would be sited in Mississippi. Mississippi could be receiving larger benefits from MISO by not paying exorbitant hourly fees to DC consultants that work to restrict MISO’s transmission planning abilities, to the benefit of Entergy. In addition to problems at the MISO North/South intertie, Mississippi is transmission constrained, meaning its power generators cannot easily access even the rest of MISO South. When MISO South power prices are high

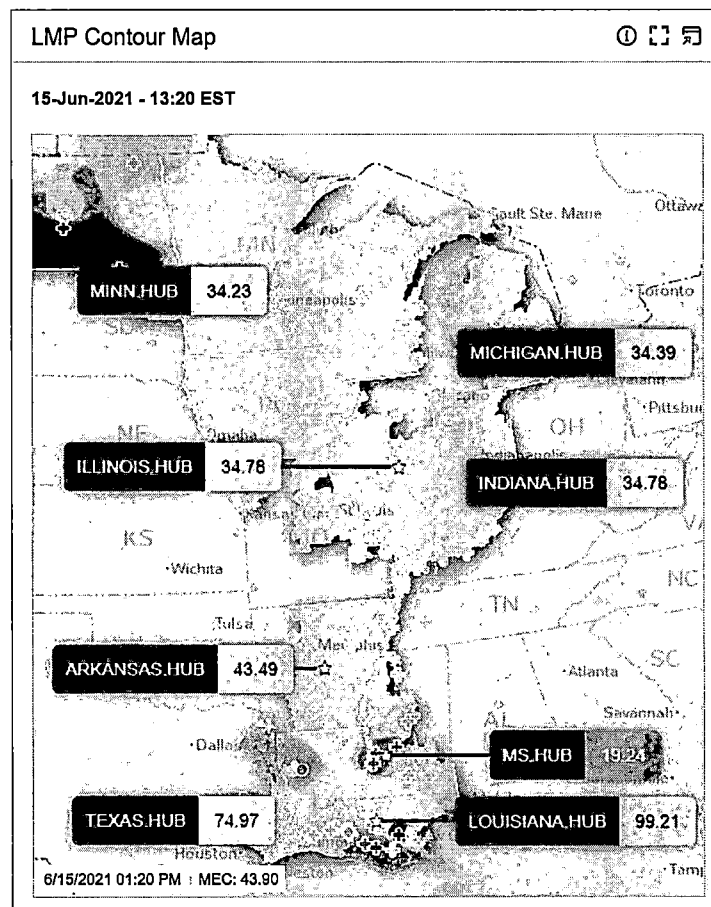
<sup>73</sup> Southern Company Services Inc. (February 12, 2021). Southern Company Services, Inc. Southeast Energy Exchange Market Agreement Docket No. ER21-1111.

[<https://elibrary.ferc.gov/eLibrary/filedownload?fileid=15715805>]

<sup>74</sup> Dr. Chris Clack (August 2020). Technical Report: Economic & Clean Energy Benefits of Establishing a Competitive Wholesale Electricity Market in the Southeast United States. [[https://vibrantcleanenergy.com/wp-content/uploads/2020/08/SERTO\\_WISdomP\\_VCE-EI.pdf](https://vibrantcleanenergy.com/wp-content/uploads/2020/08/SERTO_WISdomP_VCE-EI.pdf)]

outside of Mississippi, those high-priced areas would benefit from buying Mississippi's lower priced power, and Mississippi would benefit from better utilization of its existing power plants. In short, Mississippi often has excess supply of power generation than can be transmitted out-of-state, thus depressing prices. By fighting against the Regional Transmission Overlay Study, the Market Efficiency Projects, and the Long-Range Transmission projects, Mississippi is over-paying for excess generation which has nowhere to go.

### **Power Flows from Mississippi Are Constrained, also in Summer**



***Question: 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.***

SEEM is not a viable alternative to any RTO. SEEM has no transmission expansion planning process meaning there is no way for any utility within SEEM to forecast or plan transmission upgrades.

***Question: 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.***

The biggest "deal breaker" issues for departing MISO are MISO's exit fee, the DOJ investigation restarting, and the Grand Gulf Reactor's inability to dispatch to the rest of the Entergy states after departing the RTO.

#### **IV. Recommendations**

- Remain in MISO
- Support Long Range Transmission Planning
- Support improving the MISO North/South intertie
- Support improving MISO's Generation Interconnection process
- Issue clear public policy statements regarding Mississippi's vision for the future for the electric industry so MISO can adequately plan for Mississippi's vision
- Open a docket evaluating larger market reform for the remainder of Mississippi
- Request to MISO that meetings be recorded
- Audit Entergy for MISO-related expenditures including Entergy-hired consultants
- Audit Mississippi Public Service Commission Consultant invoices for alignment with Mississippi public policy