Fast and Fair - MISO's Existing Processes Can Meet Resource Adequacy Needs Without ERAS

Tyler Bergman • Feb. 14, 2025

Last summer, MISO and the Organization of MISO States (OMS) released a report indicating a capacity shortfall starting in the summer of 2025. They stated the shortfall could range from a "2.7 GW capacity shortfall to a 1.1 GW surplus, underscoring the need to accelerate resource additions, monitor large load additions, and delay resource retirements to reliably manage the anticipated growth in electricity demand." Enter the Expedited Resource Adequacy Study, now known as the Expedited Resource Addition Study (ERAS).

ERAS was introduced to MISO stakeholders last November as a way to address three significant issues of concern (and, reading between the lines, pave the way for the addition of new natural gas.) Specifically, ERAS is meant to address:

- Resource Adequacy shortfalls, as identified by MISO,
- the slow pace of projects moving through the interconnection queue process, and
- the pressing challenge of meeting the immediate and future large load needs in the region.

All these drivers are laudable, however, CGA believes ERAS is unnecessary because the existing storage projects that are already in the queue combined with expedited queue processing to meet MISO's requirements can be leveraged to resolve these concerns. Plus, this proposal leads to an undesirable phenomenon: queue jumping. More on that later.

Resource adequacy shortfalls are a myth

Despite the warning from the 2024-2025 MISO/OMS Survey, the Resource Adequacy shortfall is a myth.

The survey is a joint effort between MISO and OMS that looks out 5 years to assess resource needs for the entire system. The survey indicated a range of possibilities from an excess of 1.1 GW to a shortfall of 2.7 GW for the summer of 2025, and notes the shortage is "heavily dependent on the amount of generation coming online and processing through the queue as well as retirements."

MISO's ordinary methodology to estimate resources coming online was to ask utilities what they plan to build. Using this methodology, the study indicates an excess of capacity. Interestingly, MISO created a new methodology for this study, which used 3-year historical added capacity, averaged from 2020-2022. During this timeframe, no storage was built so in this study MISO is assuming there will be zero megawatts of storage built over the next five years. One can clearly see the fault in this logic simply by looking at MISO's own queue.

In fact, there are 60 gigawatts (GW) of storage in the MISO queue right now, which can be constructed in one year. This is enough storage capacity to meet MISO's resource adequacy requirements for five years. And there's another 50 GW of hybrid projects in the queue. Even when factoring in the 21%

completion rate, there are still 18 GW of capacity through storage and hybrids in the queue, and once the LRTP tranches are built, the completion rate should improve, and an increase to 35% would add another 29 GW of capacity. Clearly, this is more than enough storage to cover a projected 2.7 GW capacity shortfall.

Rules For Thee but Not for Me

The trouble with ERAS is, in short, ERAS as currently proposed doesn't play by the rules. At least not the rules everyone else must play by. There doesn't seem to be any other reason to allow this process than to create a pathway for adding new natural gas and enable "queue jumping," which allows certain projects to bypass the current interconnection queue process and skip ahead of projects that have been waiting in the queue for years.

There are five major reasons why the ERAS strategy should be abandoned.

1. **Disruption**. ERAS introduces disruption that results in delays and modeling discrepancies to an otherwise orderly, well-established, and effective interconnection queue process. And, importantly, the current system results in least-cost solutions for consumers. Conversely, the ERAS models point to solutions outside the queue such as fossil fuels instead of the more cost-effective, versatile, and faster-constructing resources that are waiting in the queue. This is demonstrated by the large number of projects currently in the queue ready to meet these additions.
2. **Lawsuits**. Legal and financial risks are inevitable as the potential for billions of dollars in lawsuits are filed from projects currently in the queue. Such lawsuits will further slow both the interconnection queue and projects within the "ERAS queue"
3. **Lost competition**. If utility preferences are allowed to replace "open access," this will significantly reduce competition, which will drive up prices for ratepayers.
4. **Delays**. ERAS will divert staff resources from the already backlogged DPP process while creating modeling conflicts within DPP & MTEP, further slowing queue processing. With MISO and Transmission Owners already dealing with staff shortages, adding ERAS will only increase delays and disrupt the progress already made in the interconnection queue.
5. **Vulnerability**. Gas is not the reliable fix it appears to be. Gas plants can take years to build while facing supply chain issues, volatile fuel prices, and challenges related to ensuring natural gas supply. ERAS uses the MTEP process on generator interconnection studies, leading to congestion and reliability gaps since MTEP was not designed to address the same factors as DPP, increasing the risk of congestion and grid instability.

The bottom line is that ERAS projects disrupt the queue and still don't resolve the large load issue because gas projects take 3-7 years to construct and there are few gas projects in the queue.

Establishing an expedited queue process to accommodate queue jumpers will take time to create, and even "out of queue cycle"/fast generator replacement and surplus processes take about one year of study time plus another 6 months for facilities studies. In addition, ERAS sets up a process that will fail to meet carbon reduction goals that many states in the MISO footprint have established because any gas plants built now will be in-place for 30 years.

What's the solution?

The Occam's Razor principle suggests that the simplest solution is almost always the best. And the simplest solution is to stick with MISO's existing Tariff, which already allows for expediting "serious"

projects, without the need for ERAS. The existing queue order and focus on proven solutions like the Provisional Generator Integration Agreement (PGIA), which maintains competition, efficiency, and reliability and can quickly interconnect the most certain, non-speculative projects, including gas. This approach is technology-neutral that inherently prioritizes the need and can achieve timely Commercial Operation Date (COD) while ensuring only the most ready projects go forward.

We must identify fast and fair solutions to meet large loads. It is CGA's belief that leveraging the existing processes, including advanced queued projects and the existing PGIA process, to expedite projects that can bring capacity online quickly will maintain open access competition and keep costs down. And that's good for everyone.