

1. What is the goal of the auction and how can electricity providers meet their capacity requirements?

Electricity providers, with oversight by states as applicable by jurisdiction, are responsible for their resource adequacy – that is, procuring sufficient resources in the right locations to meet customer demand within designated reliability standards.

Providers may demonstrate their resource adequacy several ways. In addition to purchasing capacity through the annual voluntary Planning Resource Auction, a provider may contract for capacity, or use resources the provider owns. The auction creates an open market place for capacity suppliers to compete to provide capacity to electric providers.

2. How are auction rules determined? Who decides what the rules will be?

MISO's rules for the Planning Resource Auction are part of MISO's Tariff, approved by the Federal Energy Regulatory Commission (FERC). MISO develops the rules and any proposed changes to them with its stakeholders in an open, public process. After stakeholder consultation and review, MISO presents the proposed rules to FERC, which can accept, reject or require MISO to modify the rules. Impacted parties can intervene in the proceeding, and may submit comments in support or protest for the record. Upon FERC approval, MISO follows the tariff rules in conducting the auction.

3. Why did Zone 4 clear at a higher price than the rest of the system and why did it clear higher than previous years?

The MISO footprint is comprised of nine resource zones. This year, electricity providers in Zone 4 (largely Illinois) procured more capacity through the auction (45% of capacity to meet requirements this year, compared to 35% last year) instead of using their own resources or contracts. This resulted in more price-sensitive offers, reflecting the economics of the resources within Zone 4, being submitted.

Every year, MISO conducts a study to determine how much capacity needs to come from resources internal to each zone. The outcome of this study for the 2015-16 planning year determined that Zone 4 needed at least 85% of its capacity from resources within the zone. The value is comparable to the average of all other zones (87%). Zone 4 was able to import 1,568 MW of lower-cost capacity from other zones. The balance of the capacity for the zone needed to come from resources internal to the zone. In Zone 4, the marginal unit required to meet this local requirement set the auction clearing price of \$150.00.

4. Does the Zone 4 price suggest a capacity shortage in the zone?

No. Over 3,000 MW of additional capacity was available, but at \$150 / MW-day price or higher.

5. Are there measures in place to ensure that participants don't engage in improper market behavior?

The Independent Market Monitor (IMM) is charged with impartially implementing market rules, evaluating the performance of the markets and identifying conduct by market participants or MISO that may compromise the efficiency or distort the outcomes of the markets. In fulfilling its role, the IMM is independent of MISO and must adhere to the tariff which is approved by FERC. The IMM ensured that the auction results are reliable and participants' behavior was in line with all tariff rules and procedures.