



OFFICE OF THE ATTORNEY GENERAL
STATE OF ILLINOIS

Lisa Madigan
ATTORNEY GENERAL

April 17, 2015

VIA ELECTRONIC MAIL and U.S. MAIL

Richard Doying
Executive Vice-President of
Operations & Corporate Services
Midcontinent Independent System Operator
720 City Center Drive
Carmel, IN 46032
rdoying@misoenergy.org

Re: Results of MISO's Third Annual Planning Resource Auction

Dear Mr. Doying:

On April 14, 2015, the Midcontinent Independent System Operator ("MISO") announced the results of its third annual Planning Resource Auction. Of the nine MISO zones, eight of them cleared at below \$3.50 per megawatt-day ("MW-day"). Zone 4, however, cleared at \$150/MW-day. Zone 4 consists of the central and southern portions of Illinois. In previous auctions, Zone 4 cleared at \$16.75 and \$1.05 per MW-day for 2014/15 and 2013/2014, respectively. In other words, this year's auction resulted in capacity prices for central and southern Illinois that are 9 times greater than last year and more than 40 times greater than other zones.

The results of this year's auction will have a substantial impact on Illinois electricity consumers. On behalf of the Office of Illinois Attorney General Lisa Madigan, I am writing to request MISO's response to the following questions:

1. Were there any design changes to the auction between this year and previous years? If so, please describe those changes, why they were made, and how they may have affected the Zone 4 results in this year's auction.
2. Did MISO make any changes to the 2015-2016 capacity auction to specifically address conditions in Zone 4, the Illinois region?
3. How is the structure for the auction explored, how are the rules developed, and who decides what the rules will be? Please describe the process, the approval steps, and who is involved in each step.

Richard Doying
April 17, 2015
Page 2

4. Why must the zonal capacity requirement only be met by resources located within the zone? Is the electrical grid not also supported by resources in areas that neighbor Zone 4, such as Missouri, Iowa, and Indiana?
5. Does MISO believe that the auction rules were followed in this year's auction? If the answer is yes, please explain how such a disparate result could occur for Zone 4 as compared to other zones in this year's auction and as compared to Zone 4 itself in prior years? If not, or if MISO is unsure, please identify any potential deviations from auction rules.
6. Please describe the role of the Market Monitor in the auction process and what the Market Monitor has done and will do, if anything, in response to the results of Zone 4 in this year's auction.
7. Were the offers and bidding strategies for Zone 4 different from previous years? Has the Market Monitor reviewed the bids for economic withholding or other unanticipated bidding behavior? If so, what were the results of that review?

Because the results of the 2015/2016 auction take effect on June 1st, we would appreciate a response by April 24, 2015.

Thank you for time and attention, and we look forward to your prompt response.

Sincerely,



Cara Hendrickson
Chief, Public Interest Division
(312) 814-1134
chendrickson@atg.state.il.us

cc: Kevin Vannoy
MISO Liaison, Supply Adequacy Working Group
kvannoy@misoenergy.org

David Patton
President, Potomac Economics
MISO Independent Market Monitor