UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Midcontinent Independent System Operator, Inc.	|	Docket No. ER23-2977-001

AMERICAN MUNICIPAL POWER, INC.'S, MISSOURI ELECTRIC COMMISSION'S, SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY'S, AND WPPI ENERGY'S PROTEST OF THE MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.'S DEFICIENCY LETTER RESPONSE

Pursuant to the Federal Energy Regulatory Commission's ("Commission") December 21, 2023, Combined Notice of Filing #1,[1] American Municipal Power, Inc. ("AMP"), Missouri Joint Municipal Electric Utility Commission d/b/a the Missouri Electric Commission ("MEC"), Southern Minnesota Municipal Power Agency ("SMMPA"), and WPPI Energy ("WPPI") (collectively, "Midwest TDUs") protest the Deficiency Letter Response filed in this proceeding by the Midcontinent Independent System Operator, Inc. ("MISO").[2] As discussed below, MISO's Deficiency Letter Response fails to cure the numerous flaws in its proposal in this proceeding to implement what MISO refers to as Reliability Based Demand Curves ("RBDCs").[3]

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[1] Combined Notice of Filing #1 (Dec. 21, 2023), eLibrary No. 20231221-3090.

[2] MISO, Response to Deficiency Letter for the Reliability Based Demand Curve (Dec. 21, 2023), eLibrary 20231221-5103 ("Deficiency Letter Response"). MISO's Deficiency Letter Response addresses the Commission's November 22, 2023 Deficiency Letter. FERC, Deficiency Letter (Nov. 22, 2023), eLibrary No. 20231122-3043 ("Deficiency Letter").

[3] MISO's original filing was made on September 29, 2023. MISO, Reliability Based Demand Curve (Sept. 29, 2023), eLibrary No. 20230929-5322 ("RBDC Filing").

I. PROTEST

MISO's RBDC Filing raises serious concerns and questions, as demonstrated in protests filed by Midwest TDUs and others and highlighted by questions posed in the Deficiency Letter. These range from whether it is just and reasonable to implement sloped demand curves in MISO in general, to whether various specific Tariff revisions MISO filed are sufficiently clear and transparent to provide required notice of how MISO will determine Commission-jurisdictional rates that are just, reasonable, and not unduly discriminatory.

MISO's Deficiency Letter Response fails to cure the many problems with its RBDC proposal. Despite the further revisions MISO makes to several of the relevant Tariff provisions, its RBDC proposal still contains numerous deficiencies. Critically, MISO's Deficiency Letter Response still fails to provide a coherent description of how MISO will implement the RBDC proposal—let alone demonstrate that it will do so in a way that results in just and reasonable rates. Moreover, rather than squarely address the Deficiency Letter's important questions in detail and provide necessary information, MISO largely provides conclusory statements, refers back to its original filing, or offer non-responses. For example, Question 6 of the Deficiency Letter gets at the core of MISO's proposal: how will MISO implement multiple sub-regional and seasonal RBDCs to produce just and reasonable rates in a consistent, transparent manner? MISO's brief answer falls far short of providing a clear description of how this complicated, opaque, yet all-important process will work. And, tellingly, MISO makes no attempt to tie its answer to actual Tariff language filed with the Commission.

Below Midwest TDUs address several notable shortcomings with MISO's Deficiency Letter Response, which fail to resolve the deficiencies previously identified.[4] Because MISO has failed to demonstrate that its proposed Tariff language, even as revised in its Deficiency Letter Response, is just, reasonable, and not unduly discriminatory, the Commission should reject it.

A. MISO's Deficiency Letter Response fails to show that its RBDC Opt Out mechanism is just and reasonable.

The Deficiency Letter identified a key issue with MISO's RBDC Filing in Question 7(a), which asks why MISO's proposal requires a Load-Serving Entity ("LSE") using the RBDC Opt Out to opt out of its *entire* Resource Adequacy Requirement, rather than a portion, during a three-year lock-in period. Rather than provide a direct answer, MISO lists general criteria it considered, without explaining how its proposal satisfies these criteria, and vaguely refers to "concerns raised by stakeholders."[5] This non-response fails to satisfy MISO's burden of demonstrating that its proposal is just and reasonable.

MISO also relies on the availability of the Fixed Resource Adequacy Plan ("FRAP") option for an LSE to meet its Resource Adequacy Requirement, but the FRAP is not equivalent of opting out of the RBDC construct. While under MISO's current

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[4] To the extent MISO's Deficiency Response does not address certain of the issues Midwest TDUs raised in our prior filings, we do not repeat those arguments here. This silence, however, does not mean that these concerns have been resolved. *See* Protest and Motion to Reject of American Municipal Power, Inc., Missouri Electric Commission, Southern Minnesota Municipal Power Agency, and WPPI Energy (Nov. 3, 2023), eLibrary No. 20231103-5186 ("Midwest TDUs Protest"); Motion for Leave to Respond and Response of American Municipal Power, Inc., Missouri Electric Commission, Southern Minnesota Municipal Power Agency, and WPPI Energy (Dec. 21, 2023), eLibrary No. 20231221-5306 ("Midwest TDUs December 21 Response").

[5] Deficiency Letter Response at 9.

resource adequacy construct an LSE using a FRAP knows how much of its Planning Reserve Margin Requirement ("PRMR") the FRAP will cover, that is not true in the context of MISO's RBDC proposal. Instead, under MISO's RBDC proposal, an LSE using a FRAP will *not* know how much of its Final PRMR the FRAP will cover and thus the extent of its exposure to RBDC prices. Indeed, MISO's inclusion of an opt-out implicitly concedes that the availability of the FRAP is not sufficient for its RBDC proposal to be just and reasonable.

In any event, that LSEs have options other than the RBDC Opt Out does not exempt the RBDC Opt Out from the Federal Power Act's requirement that it be just, reasonable, and not unduly discriminatory. For the reasons previously described by Midwest TDUs and others, a three-year, 100% commitment with an excessively punitive penalty up to four times that of the current Capacity Deficiency Charge is not just and reasonable.

MISO also emphasizes that the RBDC Opt Out can be satisfied "through any combination of self-supply and/or bilateral contracts with another resource owner."[6] But as discussed further below in Part I.B, the excessive RBDC Opt Out Deficiency Charge MISO has proposed raises unaddressed concerns about price gouging and market power abuse in the bilateral market.

Finally, MISO proposes new Tariff language stating that the proposed methodology for calculating the RBDC Opt Out Adder for LSEs that begin their three-year RBDC Opt Out starting in Planning Year 2025/2026 will be the same methodology

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[6] *Id.*

used for future Planning Years if the Commission does not approve a future MISO filing to establish a new methodology.[7] Although this revision addresses the ambiguity in the prior proposed language, it does not address the underlying substantive problem. MISO's filings fail to demonstrate the reasonableness of its intended-to-be-temporary methodology. Instead, MISO essentially concedes that its RBDC proposal includes a flawed methodology for the RBDC Opt Out Adder for Planning Year 2025/2026, and that this methodology is *not* just and reasonable in the long run. The potential of a future MISO filing—the content of which is unknown, and that the Commission may or may not accept—does nothing to cure these problems with the effectively incomplete proposal MISO has presented to the Commission.

B. MISO's Deficiency Letter Response fails to justify the dramatic proposed increase in the Capacity Deficiency Charge and the unduly punitive RBDC Opt Out Deficiency Charge.

In response to Deficiency Letter Question 13(a), MISO confirms that the maximum Capacity Deficiency Charge under its RBDC proposal "could be *four times* that allowed under the current construct."[8] This means that an LSE with a deficiency of one MW in each Season would pay a Capacity Deficiency Charge of 2.748 times the cost of new entry ("CONE") for the year under MISO's current Tariff (as high as $361,980/MW, based on MISO's most recent annual CONE filing[9]), whereas under MISO's new proposal it would pay *10.992 times CONE* (as high as *$1,447,921/MW*).

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[7] *Id.* at 10-11 (revising Tariff section 69A.9.1).

[8] *Id.* at 20 (emphasis added).

[9] MISO, Regarding Local Resource Zone CONE Calculation, *Midcontinent Indep. Sys. Operator, Inc.*, Docket No. ER24-37-000 (Oct. 5, 2023), eLibrary No. 20231005-5181.

This major substantive change is a far cry from merely "clarifying how the Capacity Deficiency Charge is calculated," as MISO characterized it in its RBDC Filing.[10]

MISO's belated acknowledgement of this aspect of its RBDC Filing does not demonstrate that it is just and reasonable. Indeed, MISO's only purported justification is the circular argument that this new penalty amount is intended "to ensure comparability between the [Capacity Deficiency Charge] and the RBDC Opt Out options"—i.e., consistency with the proposed new RBDC Opt Out Deficiency Charge.[11] But MISO could have ensured consistency by proposing an RBDC Opt Out Deficiency Charge equal to the current Capacity Deficiency Charge (i.e., 2.748 times CONE, applied as a one-time charge on an annual basis). MISO does not explain why it is just and reasonable to ensure consistency by increasing these deficiency charges up to four times higher than what the Commission previously approved as just and reasonable for the Capacity Deficiency Charge.

There are several reasons why MISO's excessive proposed Capacity Deficiency Charge and RBDC Opt Out Deficiency Charge amounts are *not* just and reasonable:

First, MISO has not shown that a *smaller* deficiency (e.g., addressing a deficiency in just one Season) justifies the same penalty amount that currently covers a deficiency in all four Seasons.[12]

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[10] RBDC Filing, Transmittal Letter at 48.

[11] Deficiency Letter Response at 21.

[12] MISO previously explained that its current Capacity Deficiency Charge "will reduce the LSE's PRMR (to a minimum of 0) for *each* Season." MISO, Compliance Filing Regarding Seasonal and Accreditation Requirements for the MISO Resource Adequacy Construct at 3-4, *Midcontinent Indep. Sys. Operator, Inc.*, Docket No. ER22-495-002 (Sept. 29, 2022), eLibrary No. 20220929-5122 (emphasis added).

Second, as noted in Part I.A above, MISO emphasizes that LSEs can satisfy their RBDC Opt Out obligations (and avoid the RBDC Opt Out Deficiency Charge) "through any combination of self-supply and/or bilateral contracts with another resource owner."[13] But nowhere does MISO address how this excessively high RBDC Opt Out Deficiency Charge may affect the ability to obtain supply in the bilateral market or result in undue market power abuses. An LSE that, for reasons beyond its control, finds itself unable to meet its full commitment for each Season of the three-year RBDC Opt Out Lock-In Period may well face a shakedown from sellers in order to avoid this exorbitantly high deficiency charge. The same is true of MISO's proposed increase in the Capacity Deficiency Charge, with respect to LSEs not using the RBDC Opt Out. The failure to address market power concerns is a fatal flaw. The Commission has previously rejected proposed changes to MISO's resource adequacy Tariff provisions solely because MISO's "proposal did not adequately address concerns regarding negative impacts on market dynamics."[14]

Third, "MISO notes that no LSE has elected to pay the [Capacity Deficiency Charge] in order to opt out of the [Planning Reserve Auction ('PRA')] to date."[15] But that fact undermines, rather than supports, MISO's proposed increase to these deficiency charges. It suggests that the current level of deficiency charges is more than sufficient "to ensure that LSEs are not unduly incentivized to choose the [Capacity Deficiency Charge]

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[13] Deficiency Letter Response at 9.

[14] *Midcontinent Indep. Sys. Operator, Inc.*, 183 FERC ¶ 61,112, P 18 (2023).

[15] Deficiency Letter Response at 21.

option."[16] MISO's proposed fourfold increase is therefore unduly excessive. And, as discussed above, that the RBDC Opt Out is one option for LSEs to meet their resource adequacy obligations does eliminate MISO's burden of demonstrating that its filing is just and reasonable.

C. MISO's proposal allows excessive cumulative prices that are not just and reasonable.

1. MISO has not shown that eliminating the 1.75 times CONE cumulative annual auction revenue cap is just and reasonable.

Question 11 of the Deficiency Letter asks about MISO's removal of the 1.75 times CONE cap on cumulative annual prices, a significant Tariff revision that Midwest TDUs identified in our Protest but that MISO largely ignored in its original filing.[17] While MISO's Deficiency Letter Response acknowledges this dramatic weakening of vital price protections for consumers, its cursory response fails to demonstrate that this proposal is just and reasonable.

Specifically, the current Tariff includes a "*1.75 x CONE* price cap for the cumulative annual price cap for an LRZ under the shortage and/or near shortage conditions described in Tariff section 69A.7.1.c.x."[18] In contrast, MISO's RBDC Filing provides that on "an annual basis, prices will not exceed *four times seasonal CONE* of an LRZ."[19] Although not clearly stated, it appears that MISO means that its proposal would allow all four Seasons to each clear at seasonal CONE,[20] resulting in cumulative auction

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[16] *Id.*

[17] *See* Midwest TDUs Protest at 21-24.

[18] Deficiency Letter Response at 15 (repeating Commission Question 11) (emphasis added).

[19] *Id.* at 16 (emphasis added).

[20] Seasonal CONE is the value that produces CONE when applied in one Seasons. For instance, if CONE is

prices of more than four times CONE. This new limit is more than *double* the current 1.75 times CONE cumulative limit that the Commission recently found "protect[s] ratepayers from substantially increased aggregate capacity costs across the Planning Year."[21].

MISO's brief response on this critically important issue is unavailing. For instance, MISO asserts that "any ex-post adjustment of prices" and "[a]dministrative price caps" reduce efficiency.[22] At that outset, generalized assertions of increased efficiency are not a basis for the Commission to allow rates that have not been shown to be just and reasonable. In any event, MISO's superficial argument rings hollow given both (1) its reliance on the upper limit included in its RBDC proposal,[23] and (2) the numerous administrative limits and caps that remain throughout MISO's Tariff.[24] Ultimately, the question before the Commission is whether MISO's dramatically weakened proposed protections against grossly excessive cumulative prices are just and reasonable.

$90,000/MW, Seasonal CONE for a Season with 90 days would be $1,000/MW-Day. Thus, clearing at seasonal CONE in each Season would result in four times CONE on an annual basis.

[21] *Midcontinent Indep. Sys. Operator, Inc.*, 180 FERC ¶ 61,141, P 81 (2022) ("MISO Seasonal Construct Order), *reh'g*, 182 FERC ¶ 61,096 (2023).

[22] Deficiency Letter Response. at 16.

[23] *Id.* (stating "on an annual basis, prices will not exceed four times seasonal CONE of an LRZ" and "MISO has not completely removed the cumulative annual price cap concept").

[24] For instance, MISO's own RBDC proposal includes an administratively-determined Local Clearing Requirement ("LCR") price adder, RBDCs based on administratively-determined CONE values, and retains ZRC offer limits. As Commissioner Christie has noted, the MISO's and other Regional Transmission Organization's capacity constructs "are not true markets at all but administrative constructs using an increasingly opaque, complex and questionable pricing mechanism." MISO Seasonal Construct Order, Christie, Comm'r, concurring P 3. MISO's selective efficiency arguments to remove provisions that protect consumers as part of its opaque RBDC proposal should squarely be rejected.

MISO also claims that the "possibility" of reaching its RBDC proposal's upper limit "is quite low."[25] But cumulative prices need not reach the upper limit of MISO's new proposal to far exceed the 1.75 times CONE cap that the Commission recently approved as just and reasonable. MISO does not provide any information about the likelihood of cumulative prices exceeding 1.75 times CONE under its RBDC proposal, or the likelihood that cumulative prices nearing the new upper limit.

Finally, MISO asserts that its new upper limit would be reasonable in the event that there are severe shortages in all four seasons.[26] Again, MISO provides no support or analysis whatsoever for this bold claim. Given that CONE represents the cost of new entry (unlike Net CONE, which is net of other revenues), the Commission should not accept on faith alone MISO's suggestion that double, triple, *or even quadruple* that amount is necessary to induce new generation. MISO itself concedes the necessity of "protect[ing] load from extremely high shortage pricing."[27] Yet its proposal falls far short of that goal.

MISO's lack of explanation and support for gutting the Tariff provisions protecting consumers from extreme prices is particularly glaring given that the Commission just recently found that the 1.75 times CONE limit to be a just and reasonable safeguard against "substantially increased aggregate capacity costs across the Planning Year."[28] The proposed elimination of this important consumer protection is a

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[25] Deficiency Letter Response at 16.

[26] *Id.*

[27] *Id.* at 17.

[28] MISO Seasonal Construct Order P 81.

substantial change that directly affects the justness and reasonableness of Commission-jurisdictional rates and could result in consumers and businesses in MISO bearing enormous costs. It is not the kind of rate change that MISO should attempt to slip by the Commission by burying it in its initial filing without explanation and glossing over in its Deficiency Letter Response without any support.

2. Errors in MISO's proposed Tariff language may exacerbate the excessive cumulative prices its proposal allows.

In response to Question 12(a), MISO provides a numerical example for how it would implement its proposed revisions to Tariff section 69A.7.1.c.x.[29] This example shows how MISO *intends* its proposal to operate (which allows for excessive cumulative prices and is therefore not just and reasonable, as discussed in Part I.C.1 immediately above). But MISO's response does not address the problem with its proposed *Tariff language* that Midwest TDUs previously identified.[30] The current Tariff states that price adjustments occur *in each Season* that is in shortage or near-shortage conditions. In contrast, MISO's new language regarding the LCR price adder removes that language and instead refers generally to the final Auction Clearing Price.[31] At best, this language is unclear as to whether the LCR price adder is added to all Seasons or just those in shortage or near-shortage conditions. At worst, it suggests that the LCR price adder is added to all Seasons, exacerbating the weakened protection against excessive cumulative prices.

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[29] Deficiency Letter Response at 17-19.

[30] Midwest TDUs Protest at 24.

[31] *See* Deficiency Letter Response at 16-17 (quoting language from proposed Tariff section 69A.7.1.c.(x)).

Although this drafting issue could likely be corrected through still further Tariff revisions, it is nevertheless very concerning. This problem is just one of many in MISO's proposed Tariff language, which is ultimately what is on file and binding, and it is symptomatic of MISO's failure to provide a clear, transparent, and accurate description of its proposed RBDC construct. There may well be numerous other problems that have not yet been identified. Under the Federal Power Act, the Commission must ensure MISO's proposed Tariff language is just, reasonable, and not unduly discriminatory, rather than hope these important details can be subsequently corrected through business practices not subject to Commission review, ad-hoc waiver filings, and further last-minute Tariff revisions.

D. MISO has not shown that its proposed Tariff language regarding state authority is sufficient to make its RBDC proposal just and reasonable.

MISO's Deficiency Letter Response revises several Tariff provisions with respect to state authority over Planning Reserve Margins ("PRMs"), confirming the deficiency of its original RBDC Filing. Although MISO now references the authority of states to override the MISO-established Final PRMR, it has not demonstrated that this language properly respects the important role of states in MISO's largely traditionally regulated region, which is necessary for its RBDC proposal to be just and reasonable.

For instance, MISO's newly proposed Tariff language in section 69A.7.6.iii provides that the role of states is limited to determining the Final PRMR.[32] As Midwest

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[32] Note, this appears to conflict with the Tariff language in section 68A.7.b, which states:

> The Transmission Provider will use the Transmission Provider Region PRM for the **Initial** PRMR calculation unless an alternate PRM is established by a state regulatory authority. In such event, the Transmission Provider will use the alternate PRM that a state regulatory authority has created for the geographic area in which the state has jurisdiction. The

TDUs explained in their Protest,[33] MISO's RBDC proposal ignores state-set PRMs in other key steps of the RBDC process, such as the development of the Marginal Reliability Impact ("MRI") curves that serve as the foundation for MISO's RBDC construct. MISO's new Tariff language does not address this point. Nor does its Deficiency Letter Response address why MISO has limited its incorporation of state authority in its RBDC process in this manner. Given the important role of state authority, this silence is insufficient to demonstrate that MISO's RBDC proposal is just and reasonable.

In addition, as further discussed below in Part I.E, MISO's newly proposed formula for calculating the Final PRMRs of LSEs that do not use the RBDC Opt Out still fails to account for state-determined Final PRMRs. This too is indicative of MISO's failure to properly consider and consistently account for the role of states in setting PRMs throughout its RBDC proposal.

E. MISO has yet to file clear, comprehensive Tariff language that provides the Commission and customers the required notice of how MISO will determine rates.

Although MISO's Deficiency Letter Response proposes some changes to its proposed Tariff language "to specify the *timing* for development and translation of the MRI curves and RBDCs,"[34] its revised Tariff language does not provide more details on the critical question of *how* MISO will develop and implement MRI curves and RBDCs.

> Transmission Provider will convert any state regulatory authority provided PRM to a comparable Unforced Capacity basis.

RBDC Filing, Tab A, Redline Tariff § 68A.7.b (bold and underline showing revisions to existing language proposed in RBDC Filing).

[33] Midwest TDUs Protest at 29.

[34] Deficiency Letter Response at 7 (emphasis added).

Midwest TDUs have previously explained that MISO has improperly omitted from the Tariff essential details about how it will implement its RBDC proposal and ultimately produce Commission-jurisdictional rates.[35] We do not repeat those arguments here, but note that MISO's Deficiency Letter Response does not address this fundamental problem.

MISO's Deficiency Letter Response also revises its proposed Tariff provision on PRA settlements (section 69A.7.6.a.ii), specifically the language regarding the calculation of Final PRMRs for LSEs that do not use the RBDC Opt Out.[36] MISO's new formula addresses the first two, more technical problems that Midwest TDUs' previously noted.[37] MISO's new language, however, does not address the two more substantive problems Midwest TDUs identified.

First, the provision fails to account for the possibility that two Sub-Regions may clear at different reserve margins.[38] MISO has not explained whether separate settlements must be conducted in each Sub-Region in this scenario and, if so, how it will do so.

Second, MISO's new formula does not appear to account for the possibility that some LSEs may have Final PRMRs set by a state. Attachment A to this Protest takes Example A from pages 13 and 14 of MISO's Deficiency Letter Response and adds a fifth LSE that has a state-set Final PRMR. Attachment A shows that MISO's new formula

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[35] Midwest TDUs Protest at 31-33; Midwest TDUs December 21 Response at 7-10.

[36] Deficiency Letter Response at 12-14 (revising proposed Tariff section 69A.7.6.a.ii).

[37] Midwest TDUs Protest at 34-37.

[38] *Id.* at 37. As noted previously, price separation may occur due to a binding transmission constraint between Sub-Regions, and it appears that MISO's RBDC proposal allows for price separation without a binding constraint. As explained in Midwest TDUs December 21 Response, throughout this proceeding MISO has failed to squarely address the serious concerns about whether its RBDC proposal permits price separation without a binding transmission constraint between Sub-Regions, and, if so, why that is just and reasonable.

produces incorrect results in this scenario because it allocates to LSEs with Final PRMRs determined based on the PRA clearing (i.e., LSEs with RBDC-determined Final PRMRs) the total PRA cleared capacity minus the Final PRMRs of LSEs using the RBDC Opt Out.[39] Instead, MISO should allocate to LSEs with RBDC-determined Final PRMRs the total PRA cleared capacity minus the Final PRMRs of *all* LSEs that do not have RBDC-determined Final PRMRs—i.e., *both* LSEs using the RBDC Opt Out *and LSEs with state-set PRMs*.

Again, this particular problem with MISO's proposed formula could likely be corrected. But it illustrates that the RBDC Filing, even as amended by the Deficiency Letter Response, is not yet fully developed, vetted, and explained. Midwest TDUs have pointed out numerous other aspects that are incorrect[40] and/or inadequately explained.[41] As a result, the record does not support a Commission finding that MISO's RBDC proposal is just and reasonable or that it will operate in a consistent, transparent manner that will produce just and reasonable rates.

CONCLUSION

For the reasons above, and in Midwest TDUs' original Protest and our December 21 Response filings, the Commission should reject MISO's RBDC Filing or

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[39] In terms of the language in MISO's proposed formula, the problem is that MISO subtracts from the "PRA Cleared Capacity" the "[sum of] Final PRMR for LSEs using the RBDC Opt Out." Deficiency Letter Response at 13.

[40] *See, e.g.*, *supra* Part I.C.2 (discussing the failure in MISO's proposed Tariff language to specify that the LCR price adder applies only in short or near-short Seasons).

[41] *See, e.g.*, *supra* Part I.B (discussing MISO's failure to justify or support its dramatic proposed increase in the Capacity Deficiency Charge and its excessive proposed RBDC Opt Out Deficiency Charge); Part I.C.1 (discussing MISO's failure to justify or support its proposed four times CONE cumulative price limit and its proposed elimination of the current 1.75 times CONE limit).

otherwise take actions to ensure that MISO's RBDC proposal does not become effective without changes that demonstrate that it is just and reasonable.

Respectfully submitted,

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ATTACHMENT A

Example for MISO Final PRMR Formula
(based on Scenario A of MISO's example in response to Question 10, pages 13-14 Deficiency Letter Response)

Table 1: Example of a system with 5 LSEs: 2 using RBDC Opt Out, 1 with state-set Final PRMR, 2 with Final PRMRs determined by PRA clearing

Assumptions: *PRM = 7%; RBDC Opt Out Adder = 3%; state-set PRM is 9%; RBDC clearing at 11% above Load Forecast*

LSE	Load Forecast (MW)	Initial PRMR (MW)	Final PRMR
A (RBDC Opt Out)	1,000	1,000 * (1 + 0.07) = 1,070	1,000 * (1 + 0.07 + 0.03) = 1,100
B (RBDC Opt Out)	1,000	1,000 * (1 + 0.07) = 1,070	1,000 * (1 + 0.07 + 0.03) = 1,100
C (state-set)	1,000	1,000 * (1 + 0.07) = 1,070	1,000 * (1 + 0.09) = 1,090
D	1,000	1,000 * (1 + 0.07) = 1,070	*Determined based on the PRA clearing*
E	1,000	1,000 * (1 + 0.07) = 1,070	*Determined based on the PRA clearing*
System Total	5,000	5,350	*Determined based on the PRA clearing*

Table 2: Calculation of Final PRMR for LSEs D and E above. Left column shows MISO's as-filed formula, right column shows corrected formula (steps [a] and [b] are the same; step [c] and final result differ)

[a]	PRA Cleared Capacity = 5,000 * (1 + 0.11) **= 5,550**	
[b]	(Initial PRMR of the LSE not using the RBDC Opt Out) / (∑ of Initial PRMR of all LSEs not using the RBDC Opt Out) = (1,070) / (2,140) **= 0.5**	
[c]	∑ of Final PRMR for LSEs using the RBDC Opt Out = 1,000 + 1,100 **= 2,200**	∑ of Final PRMR for LSEs using the RBDC Opt Out <u>and</u> LSEs with state-set Final PRMR = 1,100 + 1,100 + 1,090 **= 3,290**
final result	Final PRMR for a LSE not using the RBDC Opt Out = ([a] – [c]) * [b]) = (5,550 – 2,200) * 0.5 **= 1,675**	Final PRMR for a LSE not using the RBDC Opt Out = ([a] – [c]) * [b]) = (5,550 – 3,290) * 0.5 **= 1,130**

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing document to be served upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated on this 11th day of January, 2024.

/s/ Anree G. Little
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