Manual No. 012

Business Practices Manual
Transmission Settlements

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Revision History

Doc Number	Description	Revised by:	Effective Date
BPM-12-23	Annual Review Complete – No changes	E. Peddicord	09/01/2024
BPM-12-22	Section 3.1.6.4.7: Clarified the ESR exemption and when it applies. Section 3.1.6.4.7.1: Clarified calculation for ESR exemption. Section 3.1.7.4.4: Clarified the ESR exemption and when it applies. Section 3.1.7.4.4.1: Clarified calculation for ESR exemption. Section 3.1.8.2: Clarified the coordination between Transmission Owner and ESR with respect to reporting of network load.	E. Peddicord	04/01/2024
BPM-12-21	Section 2.1.3: Updated description of Schedule 2 to account for changes ordered in docket ER23-523; updated description of Attachment BB to account for changes ordered in docket ER23-2413 Section 3.1: Updated to include Schedules 26-E and 26-F Section 3.1.2.1: Modified description of Schedule 2 to account for changes ordered in docket ER23-523 Section 3.1.2.2: removed to account for changes ordered in docket ER23-523 Section 3.1.2.3: removed to account for changes ordered in docket ER23-523 Section 3.1.2.3.1: removed to account for changes ordered in docket ER23-523 Section 3.1.2.3.2: removed to account for changes ordered in docket ER23-523 Section 3.1.2.3.3: removed to account for changes ordered in docket ER23-523 Section 3.1.2.3.4: removed to account for changes ordered in docket ER23-523	E. Peddicord	10-15-2023

	Section 3.1.2.3.5: removed to account for changes ordered in docket ER23-523 Section 3.1.2.3.6: removed to account for changes ordered in docket ER23-523 Section 3.1.9.2: Modified link for Schedule 10 rates; removed outdated link to FERC website Section 3.1.28.2: Added 26-E, 26-F Section 3.1.29.2: Added 26-E, 26-F Section 3.1.33.3.1: Added rate design description for Schedule 33 Section 3.1.33.3.2: Added rate calculation for Schedule 33 Section 3.1.33.3.3: Added rate calculation for Schedule 33 transactions exiting the system Section 3.1.33.3.4: Added timing of Schedule 33 rate updates Section 3.1.33.3.5: Added Schedule 33 data requirements Section 3.1.33.3.6 : Added Schedule 33 service charge Section 3.1.33.4: Added Schedule 33 revenue distribution calculations Section 3.1.44.1: Modified Attachment BB overview to account for changes ordered in docket ER23-2413 Section 3.1.44.2: removed description of Attachment BB compensation to account for changes ordered in docket ER23-2413 Section 3.1.44.3: removed description of Attachment BB direct costs to account for changes ordered in docket ER23-2413 Section 3.1.44.4: removed description of charge calculations for Attachment BB to account for changes ordered in docket ER23-2413		

	Section 3.1.44.5: removed description of Attachment BB revenue distribution to account for changes ordered in docket ER23-2413		
BPM-12-20	Annual Review completed: Section 3.1.6.4.7 Electric Storage Resources (ESRs) has been added under Schedule 7 to include the megawatt exemption calculation. Section 3.1.7.4.4 Electric Storage Resources (ESRs) has been added under Schedule 8 to include the megawatt exemption calculation. Section 3.1.8.2 Data Requirements added clarifying ESR language related to Schedule 9. Section 3.1.21.3 Schedule 20 Service Charge Removed the references to Schedule 10FERC Section 3.1.32 Congestion Management: TLR – added references to Schedules 7, 26 and 45. Section 3.1.33 Schedule 26 Congestion Management: TLR was deleted and incorporated into Section 3.1.32. Section 3.1.44 Schedule 45 Congestion Management: TLR was deleted and incorporated into Section 3.1.32. Updated equation numbers throughout due to additions and/or deletions itemized above.	G. Bryant	JAN-01-2023
BPM-012-19	Annual Review completed: Minor revisions throughout document. Section 3.1.6.1 Added language related to Energy Storage Resource or a Stored Energy Resource – Type II. Section 3.1.6.4.5 Added Consolidation of Transmission Service.	G. Bryant	JAN-01-2022

	Section 3.1.6.4.6 Added Preemption-ROFR Process. Section 3.1.7.1 Added language related to Energy Storage Resource or a Stored Energy Resource – type II. Section 3.1.7.4.2 Added Consolidation of Transmission Service Section 3.1.8.2 Added “hour ending” after network load. Section 3.1.26.2 Changed “E4” to “S7” and updated timing which is dependent upon market settlements run schedule. Section 3.1.26.6 Removed “- ADP”) since this is no longer included in the charge calculation Changed “days” to “hours” in Eq 3.5, Eq 3.12 and Eq 3.29 in NITS calculation Removed Section 3.1.32 Unreserved Use since it was a duplicate of renumbered Section 3.1.48. Added Section 3.1.30 Schedule 26-E Cost Recovery for Interregional Market Efficiency Projects Constructed by MISO Transmission Owners Added Section 3.1.31 Schedule 26-F Cost Recovery for Interregional Market Efficiency Projects Constructed by PJM Interconnection, L.L.C. Transmission Owners Added ESR and SERII language to Section 3.1.X		
BPM-012-18	Annual Review completed: Global changes: • Removed references to MC/MR files and replaced with transmission statement due to launch of automated resettlement functionality effective November 1, 2020 • Changed references to FTP site to MISO Portal	G. Bryant	JAN-01-2021

	• Removed references to Profiles or Ancillary Profile detail • Changed MISO MDB to MISO database 2.1.4 Other Additional Services – updated language under MISC and INT to reflect automated resettlement functionality. 2.2.1 Monthly Settlement Runs – added resettlement functionality language 2.3 Transmission Settlements Resettlement Schedule added 3.1.8.4 Updated language to reflect changes due to new transmission statement 3.1.26.2 Schedule 26A changed S7 to E4 and 20th of month to last day of month 3.1.26.6 included itemized by customer and removed "roll up" language 3.1.48.1 Miscellaneous Adjustments Overview added resettlement functionality language 3.1.49.1 Interest Overview added resettlement functionality language		
BPM-012-17	Annual Review completed: Removed references throughout the document related to the launch of resettlement functionality. Changed the month of launch of the new settlement system from January 2019 to April 2019. Equations 3.5, 3.12 and 3.29 changed to conform to the calculation that the new settlement system is using. Section 2.3.2 added time bar language per FERC Docket ER18-1648-001 Section 3.1.21.3 removed reference to "average" rate to reflect what the new settlement system will be using.	G. Bryant	JAN-01-2020

	Section 3.1.26.4 Updated equation to accurately reflect what the calculation is doing. Please note that there has not been a change to the actual calculation and has been in the BPM since Schedule 26-A was added.		
BPM-012-r16	Annual Review completed: Minor revisions throughout document including updating equation numbers, changes in output and NITS calculation. Section 2.1.1 added Schedules 26C and 26D. Section 2.1.2 added Schedules 26C and 26D. Section 2.1.5 removed Schedule 42-A. Recovery complete. Section 2.1.6 added Schedule 42-A Section 2.2.1 added language on how updated billing determinants for NITS service will be handled by the new settlement system. Section 2.3 updated resettlement schedule Section 3.1 added Schedules 26C and 26D as well as documented that Schedule 42-A has ended due to full recovery. Section 3.1.8.4 added 30.9 Network Customer Owned Transmission Facilities Section 3.1.8.5 added 30.9 credit to Eq. 3.31 Section 3.1.9.2 updated website location of Schedule 10 rates Section 3.1.21.3 added where Schedule 20 is represented on invoices Section 3.1.26.2 added language on the timing of data that is used in Schedule 26-A charge calculation. Section 3.1.28 added Schedule 26C - Cost Recovery for Targeted Market Efficiency Projects Constructed by MISO Transmission Owners.	G. Bryant	JAN-01-2019

	Section 3.1.29 added Schedule 26D – Cost Recovery for Targeted Market Efficiency Projects constructed by PJM Interconnection, L.L.C. Transmission Owners. Section 3.1.40 updated to reflect that Schedule 42-A has ended and removed all other sections		
BPM-012-r15	Annual Review completed: Minor revisions throughout document including updating equation numbers. Section 1.3 added BPM17 and BPM21. Section 2.1.2 added comments that Schedule 10B ended December 31, 2008, added comments that Schedule 36 billing ended September 1, 2016, added comments to Schedule 42A that Full recovery achieved for Entergy Arkansas, Entergy Mississippi and Entergy Texas and rates reduced to zero effective May 1, 2017. Entergy Louisiana is still active. Added MISC or Miscellaneous Adjustment which will become effective with the launch of the new settlement system. Added interest which will be broken out separately upon launch of the new settlement system. Section 2.1.2. Deleted Schedule 36. Section 2.1.4 Added Miscellaneous Adjustments and Interest. Section 2.1.5 Added comments to Schedule 42A and deleted Schedule 47. Section 2.1.6 Added Schedule 10B, Schedule 36 and Schedule 47. Section 2.2.1 Minor changes as well as adding MC files to those that are only available on the FTP site. Section 2.3 Added Transmission Settlements Resettlement Schedule which will be active upon launch of the new settlement system which requires that the remaining paragraphs of Section 2 be renumbered.	G. Bryant	NOV-01-2017

	Section 3.1 Deleted Schedule 10B and Schedule 36 references and added comments to Schedules 42A and 47. Added sentence to describe that prior billing cycles will be processed via the schedule described in Section 2.3 upon launch of the new settlement system. Section 3.1.2 updated entire section based upon currently effective tariff language. Section 3.1.6 Added references to Schedule 26A and updated discount language to currently effective tariff language. Section 3.1.7 Added references to Schedule 26A and updated discount language to currently effective tariff language. Section 3.1.8.3 Added description to Schedule 9 Service Charge to document the charge calculation change that will occur once MISO transitions to the new settlement system and added Eq 3.30. Section 3.1.9.2 Added documentation on accounting percentages for Schedule 10 and split between FERC accounts. Section 3.1.9.4 Added definition of load factor. Section 3.1.11 Deleted Schedule 10-B language and added end date comment		
BPM-012-r14	Annual Review completed: Updated Schedule 2 to reflect FERC Order in Docket No. ER16-1266-000, removed the following phase “not sinking at the PJM seam” from Section 3.1.26.2 of Schedule 26-A, added language stating that Schedule 36 is no longer active per an Order issued in ER11-1844, added “Recovery Completed August 2016” to Schedule 47 and removed the Schedule 47 text and added Section 3.1.45 Unreserved Use.	G. Bryant	JAN-01-2017
BPM-012-r13	Annual Review completed.	G. Bryant	JAN-01-2016
BPM-012-r12	Incorporation of transmission line losses language in Section 3.1.8.1 per Docket No. ER15-197.	G. Bryant	JAN-01-2015
BPM-012-r11	Annual Review completed: Logo updated. Formatting changes to Sections 2.1.2 Base Transmission and Service, 2.1.3 Ancillary Services. Added Schedules 41, 42a, 42b and 47. Moved Schedule 33 from Base Transmission Service to Additional Services. Deleted Section	G. Bryant	SEP-01-2014

	3.1.32 Schedule 33 Congestion Management: TLR and added Section 3.1.41 Schedule 45 Congestion Management TLR		
BPM-012-r10	Updated to add Schedule 45 and also to incorporate Schedule 2 Tariff revisions and other minor formatting changes.	G. Bryant	SEP-01-2013
BPM-012-r9	Updated to include Schedule 39 as part of Schedule 26-A	G. Bryant	MAY-01-2013
BPM-012-r8	Updated to change Schedule 1 from a single system-wide rate to a zonal rate and a change to revenue distribution methodology. Change references of MISO OASIS to OASIS. Added language in Schedule 10 to include forecasted costs. Updated equation numbering. Annual Review completed.	G. Bryant	DEC-01-2012
BPM-012-r7	Updated to add new Schedule 1 revenue distribution methodology, add new Schedules 10-D, 10-G, 26-A, 34, 36, 37, 38 and other minor changes.	G. Bryant	JAN-01-2012
BPM-012-r6	Annual Review completed – NOV-23-2011	G. Bryant	DEC-31-2010
BPM-012-r6	MISO Rebranding Changes JUL-5-2011	E. Nicholson	DEC-31-2010
BPM-012-r6	Annual Review plus update 3.1.6.3.2 Firm Redirect (i.e., Redirection of Firm Service on a Firm Basis) to align with FERC Order, add the following: Schedule 23-FERC, Schedule 35, Attachments BB and JJ as well as language related to resales and full and partial transfers.	G. Bryant	DEC-31-2010
BPM-012-r5	Updated to add Schedule 26-B	G. Bryant	AUG-01-2010
BPM-012-r4	Updated to reflect document number change from 001 to 012	G. Bryant	DEC-08-2009
TS-BPM-001-r3	Update to add Schedule 33, move Schedules 3, 5 and 6 to the ASM Tariff, remove inactive Schedules: 14, 18, 19, 21 and 22, change control area to local balancing authority throughout, change net to gross in 50% split in revenue distribution for schedules 7, 8 and 1 along with other minor changes.	G. Bryant	AUG-04-2009
TS-BPM-001-r2	Update 3.1.6.3.2 Firm Redirect (i.e., Redirection of Firm Service on a Firm Basis	G. Bryant	AUG-04-2009
TS-BPM-001-r1	Updated BPM to reflect new name of ASM Tariff	C. Tinch	JAN-06-2009
TS-BPM-001	Update to new logo and template; baseline legal review for compliance with Tariff	V. Davis-Smith	JUN-13-2008

1. Introduction

This introduction to the Midcontinent Independent System Operator, Inc. (MISO) Business Practices Manual (BPM) for Transmission Settlements includes basic information about this and other MISO BPMs. The first section (Section 1.1) of this Introduction provides information about MISO BPMs. The second section (Section 1.2) is an introduction to this BPM. The third section (Section 1.3) identifies other documents in addition to the BPMs, which can be used by the reader as references when reading this BPM.

1.1 Purpose of the MISO Business Practices Manuals

The BPMs developed by MISO provide background information, guidelines, business rules, and processes established by MISO for the operation and administration of the MISO markets, provisions of transmission reliability services, and compliance with the MISO settlements, billing, and accounting requirements. A complete list of MISO BPMs is available for reference through MISO's website. All definitions in this document are as provided in the MISO Tariff, the NERC Glossary of Terms Used in Reliability Standards, or are as defined by this document.

1.2 Purpose of this Business Practices Manual

This Transmission Settlements BPM is specific to Transmission Settlements. The process for Transmission Settlements billing disputes can be found in the Transmission Settlements Billing Dispute Resolution BPM.

MISO prepares and maintains the Transmission Settlements BPM as it relates to the operation of the Transmission Settlements process. This BPM conforms and complies with MISO's Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff).

This BPM is intended to benefit both internal and external readers who may include:

- Federal and state regulators
- Generation Owners
- MISO employees
- MISO Transmission Customers/Market Participants
- MISO Transmission Owners/Providers
- Other regional transmission organizations and independent system operators
- Other Security Coordinators
- Other transmission providers
- Power marketers
- Wholesale and retail aggregators

1.3 References

Other reference information related to this BPM includes:

- *Agreement of Transmission Facilities Owners to Organize the Midcontinent Independent System Operator (MISO Agreement)*
- *BPM-013 Module B Transmission Service*
- *BPM-017 Transmission Settlements Billing Dispute Resolution*
- *BPM-019 Monthly Transmission Billing, Cash Clearing, and Revenue Distributing*
- *BPM-021 Transmission Pricing*
- *MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff)*

2. Transmission Settlements Overview

Transmission Settlements follows a calendar month billing cycle by which MISO determines what charges Transmission Customers have incurred and the revenue that needs to be distributed to Transmission Owners and/or Generation Owners. MISO operates two distinct settlement processes:

- ***Transmission Settlements*** **–** The Transmission Settlements process financially settles Transmission Customers' use of MISO's Transmission System and mandated, non-competitive Ancillary Services such as scheduling (Schedule 1) and voltage support (Schedule 2) on a monthly calendar basis. Transmission Customer charges for transmission and Ancillary Services are calculated based on the Tariff that has been approved by the Federal Energy Regulatory Commission (FERC). The collected funds are distributed to the Transmission Owners and the providers of the mandated Ancillary Services.
- ***Market Settlements*** – The Market Settlements process financially settles competitive transactional activities by and between Market Participants (MPs) within MISO's managed Transmission System (i.e., market operations footprint). MP charges and credits resulting from the Day-Ahead, Financial Transmission Rights (FTRs), and Real-Time Energy Markets are calculated based on the Tariff that has been approved by FERC. For more detailed information on MISO's Market Settlements process, please see *BPM - 05 for Market Settlements*. Effective January 6, 2009 with the start of the MISO Ancillary Services Market, Schedules 3, 5 and 6 have been incorporated into the Market Settlements process.

2.1. Transmission Schedules and Descriptions

2.1.1. Transmission Schedules

Transmission Settlements settle, as applicable, for the following schedules found in the Tariff:

Schedule/Attachment	Name
1	Scheduling, System Control, and Dispatch Service
2	Reactive Supply and Voltage Control From Generation or Other Source Service – effective December 1, 2022, not compensable within the standard power factor range
3	Regulation and Frequency Response Service – Moved to Ancillary Services Market effective January 6, 2009. Please refer to Market Settlements BPM or Market Settlements Calculation Guide (Formerly known as Attachment A)
5	Operating Reserve - Spinning Reserve Service – Moved to Ancillary Services Market effective January 6, 2009. Please refer to Market Settlements BPM or Market Settlements Calculation Guide (Formerly known as Attachment A)
6	Operating Reserve - Supplemental Reserve Service – Moved to Ancillary Services Market effective January 6, 2009. Please refer to Market Settlements BPM or Market Settlements Calculation Guide (Formerly known as Attachment A)
7	Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service
8	Non-Firm Point-To-Point Transmission Service
9	Network Integration Transmission Service
10 – Demand	ISO Cost Recovery Adder – Demand
10 – Energy	ISO Cost Recovery Adder – Energy
10-A	MISO Alternative Administrative Cost Adder – Expired November 30, 2013
10-B	Interim ISO Cost Recovery Adder – Ended December 31, 2008
10-C	Louisville Gas & Electric Company and Kentucky Utilities Company Administrative Cost Adder – Expired August 31, 2014
10-D	ATSI and Eligible Customer Alternative Schedule 10 Administrative Cost Adder
10-G	DEO/DEK and Eligible Customer Alternative Schedule 10 Administrative Cost Adder
10 – FERC	FERC Annual Charges Recovery
11	Wholesale Distribution Service
12	Gross Receipts Tax Adder – Effective but not incorporated into Transmission Settlements process

14	Regional Through and Out Rate – Effective February 2002 through January 2008
18	Sub-Regional Rate Adjustment – Effective October 2003 through September 2005
19	Zonal Transition Adjustment – Effective October 2003 through September 2005
20	Treatment of Station Power
21	Interim SECA Charge Applicable to PJM Entities – Effective December 2004 through March 2006
22	SECA charges to MISO zones, subzones, and Customers – Effective December 2004 through March 2006
23	Recovery of Schedule 10 Costs from Certain GFAs including Schedule 23-FERC
26	Network Upgrade Charge from Transmission Expansion Plan
26-A	Multi-Value Project Usage Rate
26-B	Shared Network Upgrade Charge
26-C	Cost Recovery for Targeted Market Efficiency Projects Constructed by MISO Transmission Owners
26-D	Cost Recovery for Targeted Market Efficiency Projects Constructed by PJM Interconnection, L.L.C. Transmission Owners
26-E	Cost Recovery for Interregional Market Efficiency Projects Constructed by MISO Transmission Owners
26-F	Cost Recovery for Interregional Market Efficiency Projects Constructed by PJM Interconnection, L.L.C. Transmission Owners
33	Blackstart Service
34	Allocation of Cost Associated with Reliability Penalty Assessments
35	HVDC Agreement Cost Recovery Fee
36	Regional Charge to Recover Costs of ITC*Transmission* Phase Angle Regulators from PJM and NYISO RTO Regions. No Longer Active per Order issued in ER11-1844. Billing discontinued September 1, 2016.
37	MTEP Project Cost Recovery for ATSI Zone
38	MTEP Project Cost Recovery for DEO/DEK Zone
41	Charge to Recover Costs of Entergy Storm Securitization Charges from Entergy Operating Pricing Zones
42A	Charge to Recover Accrued and Paid Interest Associated with Prepayments from Entergy Operating Companies' Pricing Zones. Full recovery achieved for Entergy Arkansas, Entergy Mississippi and Entergy Texas and rates reduced to zero effective May 1, 2017. Entergy Louisiana rates reduced to

	zero effective January 1, 2018. Recovery was completed December 31, 2017.
42B	Credit Associated with AFUDC from Entergy Operating Companies' Pricing Zones
45	Cost Recovery of NERC Recommendations or Essential Action
47	Entergy Operating Companies MISO Transition Cost Recovery – Recovery completed August 2016.
BB	Compensation for Rescheduling Generator Outages – effective September 16, 2023, modified to a market-based cost allocation approach.
JJ	Compensation for Rescheduling Transmission Outages
N/A	Unreserved Use
N/A	MISC or Miscellaneous Adjustment
N/A	Interest will be broken out separately upon launch of the new settlement system's resettlement functionality if processed via resettlement functionality

2.1.2. Base Transmission Service

Base Transmission Service under Transmission Settlements is considered to be covered by Schedules 7, 8, 9, 26, 26A, 26B, 26C, 26D, 26E, 26F, 37, 38, and 45 and described as follows:

Schedule	Tariff Name	Description
7	Firm Point-to-Point Transmission Service	Transmission Service under the Tariff that is reserved between specified Points of Receipt and Delivery pursuant to Module B of the Tariff. The minimum is one (1) day and maximum duration is specified in the service agreement.
8	Non-Firm Point-to-Point Transmission Service	Transmission Service under the Tariff that is reserved on an as available basis and is subject to Curtailment or Interruption as set forth in Module B. Non-Firm Point-to-Point Transmission Service is available on a stand-alone basis for periods ranging from one (1) hour to one (1) month.
9	Network Integration Transmission Service	Transmission Service that allows Network Customers to efficiently

		and economically utilize their Network resources (as well as other non-designated generation resources) to serve their Network Load located in a Transmission Owner's Local Balancing Authority or pricing zone pursuant to the rates, terms, and conditions set forth in Module B.
26	Network Upgrade Charge from Transmission Expansion Plan	Transmission charge for Network Upgrade Charge from Transmission Expansion Plan under the Regional Expansion Criteria and Benefits (RECB) provisions of the Tariff which is composed of Attachment FF, Attachment GG and Schedule 26.
26-A	Multi-Value Project Usage Rate ("MVP")	MVP is a transmission planning and cost allocation project category for projects that qualify based on multiple reliability and/or economic criteria affecting multiple transmission zones.
26-B	Shared Network Upgrade Charge	One time charge assessed to an Interconnection Customer with Shared Network Upgrade(s) as defined in Attachment X, subject to Option 2 under Attachment FF.
26-C	Cost Recovery for Targeted Market Efficiency Projects Constructed by MISO Transmission Owners	Transmission charge for Targeted Market Efficiency Projects (TMEPs) constructed by MISO Transmission Owners that have been approved by MISO Board of Directors as part of the MTEP process.

26-D	Cost Recovery for Targeted Market Efficiency Projects Constructed by PJM Interconnection, L.L.C. Transmission Owners	Transmission charge for Targeted Market Efficiency Projects (TMEPs) constructed by PJM that have been approved by MISO Board of Directors as part of the MTEP process.
26-E	Cost Recovery for Interregional Market Efficiency Projects Constructed by MISO Transmission Owners	Transmission charge for Interregional Market Efficiency Projects (IMEPs) constructed by MISO Transmission Owners that have been approved by MISO Board of Directors as part of the MTEP process.
26-F	Cost Recovery for Interregional Market Efficiency Projects Constructed by PJM Interconnection, L.L.C. Transmission Owners	Transmission charge for Interregional Market Efficiency Projects (IMEPs) constructed by PJM that have been approved by MISO Board of Directors as part of the MTEP process.
37	MTEP Project Cost Recovery for ATSI Zone	Transmission charge that provides the mechanism for recovering a portion of the MTEP Projects constructed or approved by the MISO Board of Directors (approved prior to ATSI exit from MISO) for construction by ATSI upon ATSI’s integration into PJM.
38	MTEP Project Cost Recovery for DEO/DEK	Transmission charge that provides the mechanism for recovering a portion of the MTEP Projects constructed or approved by the MISO Board of Directors (approved prior to DEO/DEK exit from MISO) for construction by DEO/DEK upon DEO/DEK’s integration into PJM.

45	Cost Recovery of NERC Recommendations or Essential Action	Transmission charge that provides a mechanism for Transmission Owners who are Registered Entities registered under the NERC Functional Model to recover costs for NERC Recommendations or Essential Action projects eligible under Attachment FF, Attachment GG and Schedule 45.

2.1.3. Ancillary Services

Ancillary Services under Transmission Settlements are used to both operate and maintain the reliability and security of the transmission grid. The following Ancillary Services are mandatory for all customers taking Transmission Service from MISO:

Schedule	Tariff Name	Description
1	Scheduling, System Control, and Dispatch	Scheduling and administering the movement of power into, out of, though, or within the MISO Balancing Authority
2	Reactive Supply and Voltage Control from Generation or Other Sources Service	Operating generating facilities to produce reactive power to maintain transmission voltages within acceptable limits (not compensable within standard power factor range)

Effective January 6, 2009 with the start of the MISO Ancillary Services Market, the following Ancillary Services fall under the new Tariff and have been incorporated into the Market Settlements process. Please refer to the Market Settlements BPM or the Market Settlements Calculation Guide (Formerly known as Attachment A). However, during the period of February 2002 through January 5, 2009 when Transmission Settlements had the option of settling these Ancillary Services, the following descriptions are valid. Ancillary Services are required, but may be purchased directly from the Point-of-Delivery Local Balancing Authority. MISO only settles for these services when they are provided via MISO.

Schedule	Tariff Name	Description
3	Regulation and Frequency Response	Committing on-line generation whose output is raised or lowered as necessary to follow the moment-to-moment changes in Load. This service is required to provide for continuous balancing and for maintaining scheduled interconnection frequency at 60Hz.
5	Spinning Reserve Service	The amount of generating capacity needed to serve Load immediately in the case of a system contingency. This may be provided by generation that is on-line and loaded less than capacity
6	Supplement Reserve Service	The amount of generating capacity needed to serve Load within a short period of time (10-30 minutes) in the case of a system contingency. This may be provided by generation that is on-line and loaded less than capacity, by quick-start generation, or by designated interruptible loads.

2.1.4. Other Additional Services

The remaining Tariff services are those that are meant to capture MISO operating costs, wholesale distribution service costs, gross receipt taxes, regional though and out, sub-regional rate adjustment, zonal transition adjustment, Seams Elimination Cost Adjustment (SECA) charges to PJM Interconnection, LLC (PJM) entities, SECA charges to MISO zones, subzones and customers, treatment of station power, allocation of cost associated with reliability penalty, and Compensation for Rescheduling Generator Outages, and Compensation for Rescheduling Transmission Outages.

The MISO Agreement also includes the following additional services that are not broken out by Schedule or Attachment:

Type	Tariff Name	Description
TLR	Congestion Management: Transmission Loading Relief	The curtailment of confirmed Point-to-Point schedules for line-loading relief. MISO operators will use the North American Electric Reliability Council (NERC) Interchange Distribution Calculator (IDC) tool to implement the TLR procedures when warranted by system conditions and all appropriate Market Re-Dispatch options have been employed.
Unreserved or Unauthorized Use	Unreserved or Unauthorized Use	MISO assesses charges for the overuse of transmission reservations, unauthorized use of the Transmission System, the overuse of Ancillary Services, non-compliance with MISO directives, and repeated Transmission System manipulation.
MISC	Miscellaneous Adjustment	Mechanism to process any prior period or miscellaneous adjustments that are not handled via the automated resettlement functionality. Effective November 1, 2020 for the settlement of the October 2020 billing cycle, MISO went live with automated resettlement functionality.
INT	Interest	Mechanism to break out any applicable interest that is applied to a resettlement. Effective November 1, 2020 for the settlement of the October 2020 billing cycle, MISO went live with automated resettlement functionality.

Other Schedules include:

Schedule	Tariff Name	Description
20	Treatment of Station Power	MISO calculates charges for Schedules 8, 10 (broken out into Demand, Energy and FERC) and 26 for a billing cycle in which a Generator has net negative output after the billing determinants are provided by Market Settlements.
33	Blackstart Service	Charge to facilitate reliable and complete system restoration following a shutdown of the bulk power Transmission System. Blackstart Service enables Transmission Operators to designate specific generation facilities as Blackstart Units whose location and capabilities are required to assist in re-energizing a specific portion of the Transmission System following a system-wide blackout.
34	Allocation of Cost Associated with Reliability Penalty	MISO mechanism for allocation of a reliability penalty assessed by NERC.
BB	Compensation for Rescheduling Generator Outages	MISO mechanism for providing compensation to a Generation Resource that has either agreed to voluntarily reschedule or has been required to reschedule, a Generator Planned Outage at MISO’s request – effective September 16, 2023, modified to a market-based cost allocation approach.
JJ	Compensation for Rescheduling Transmission Outages	MISO mechanism for providing compensation to a Transmission Owner that has been required by MISO to reschedule a Planned Transmission Outage.

2.1.5. Entergy Specific Services

On December 19, 2013, Entergy integrated their assets into the MISO footprint. As part of the integration, Entergy requested and received approval from FERC for the following Schedules to be incorporated into the MISO Tariff for monthly billing via Transmission Settlements.

Schedule	Tariff Name	Description
41	Charge to Recover Costs of Entergy Storm Securitization Charges from Entergy Operating Companies' Pricing Zones	MISO mechanism for collecting storm securitization charges from reservations sinking in Entergy
42-B	Credit Associated with AFUDC From Entergy Operating Companies' Pricing Zones	MISO mechanism for collecting AFUDC credits from network upgrades to the Entergy Operating Companies

2.1.6. Historical Schedules

The following schedules were previously active for a specific time period under Transmission Settlements and are contained here for historical reference.

Schedule	Tariff Name	Description
10-A	MISO Alternative Administrative Cost Adder	This Alternative Cost Administrative Cost Adder recognized prepayment of capital obligations for MISO start-up costs. Schedule 10-A expired November 30, 2013.
10-B	Interim ISO Cost Recovery Adder	On an interim basis, prior to Acquila, Inc.'s transfer of functional control of its transmission assets to MISO, MISO recovered a portion of its capital and operating costs pursuant to the terms of Schedule 10-B which ended December 31, 2008.
10-C	Louisville Gas & Electric Company and Kentucky Utilities Company Administrative Cost Adder	This Administrative Cost Adder recognized prepayment by Louisville Gas & Electric Company and Kentucky Utilities Company of financial obligations incurred by MISO as of the effective date of withdrawal by these entities. Schedule 10-C expired August 31, 2014.
14	Regional Through and Out Rate	MISO shall pass through, on a monthly basis, the Owners' revenues associated with MISO through and out rate designed to recover a portion of each Transmission Owner's lost revenue associated with the elimination of pancaked rates. This rate was effective February

		1, 2002 through January 31, 2008.
18	Sub-Regional Rate Adjustment	MISO rate which was applied to all drive-in and drive-within transactions, including Schedule 9. Schedule 18 provided two (2) years of replacement revenue by applying a surcharge to Transmission Service sinking within MISO. This rate was in effect from October 2003 through September 2005.
19	Zonal Transition Adjustment	MISO rate which was applied to all drive-in and drive-within transactions, including Schedule 9, with a Sink of AMRN, FE or NIPS. Schedule 19 provided two (2) years of replacement revenue by applying a surcharge to Transmission Service sinking in AMRN, FE and NIPS. This rate was in effect from October 2003 through September 2005.
21	Interim SECA Charge Applicable to PJM Entities	MISO rate which was the mechanism for recovery of lost revenues resulting from the elimination of the through and out rates for transactions between MISO and PJM. The rate was effective from December 1, 2004 through March 31, 2006. PJM customers were charged for this service and the revenue was passed to MISO Transmission Owners.
22	SECA Charges to MISO Zones, Subzones, and Customers	MISO rate which was the mechanism for recovery of the lost revenues resulting from the elimination of the through and out rates for transactions between

		MISO and PJM. The rate was effective from December 1, 2004 through March 31, 2006. MISO customers were charged for this service and revenue was passed to the PJM Transmission Owners.
36	Regional Charge to Recover Costs of ITC*Transmission* Phase Angle Regulators from PJM and NYISO RTO Regions – No Longer Active per Order issued in ER11-1844.	Transmission charge that provides the mechanism for recovering a portion of the revenue requirement associated with ITC*Transmission's* Phase Angle Regulators ("New PARs") at the Bunce Creek Station on the Michigan-Ontario interface from PJM and New York Independent System Operator ("NYISO") RTO regions.
42-A	Charge to Recover Accrued and Paid Interest Associated with Prepayments From Entergy Operating Companies' Pricing Zones	MISO mechanism for collecting accrued and paid interest associated with prepayments for network upgrades to the Entergy Operating Companies. Full recovery achieved for Entergy Arkansas, Entergy Mississippi and Entergy Texas and rates reduced to zero effective May 1, 2017. Entergy Louisiana rates reduced to zero effective January 1, 2018. Recovery completed December 31, 2017.
47	Entergy Operating Companies MISO Transition Cost Recovery	MISO mechanism for recovery of the deferred operation and maintenance costs and accrued carrying charges accumulated by the Entergy Operating Companies related to their integration into MISO. This schedule became effective June

		1, 2014. Recovery completed August 2016.

2.2. Transmission Settlements Timeline

2.2.1. Monthly Settlement Runs

Transmission Settlements follows a calendar month billing cycle. The settlement system retrieves the necessary data from the MISO database in order to calculate charges to Transmission Customers and calculate the revenue distribution to Transmission Owners/Generation Owners.

A preliminary run is available to Transmission Customers, Transmission Owners and Generation Owners on the second (2nd) business day following the end of a month of service. Effective November 1, 2020 for the settlement of the October 2020 billing cycle, MISO launched automated resettlement functionality. As part of that launch, MISO has developed a new transmission statement and has eliminated the monthly charge (MC) and monthly revenue (MR) files. The new transmission statement is provided in both a comma separated value (csv) text format and Excel format on the MISO Portal An email stating that the files are available for review is sent out once the files have been placed on the MISO Portal.

The final settlement run is available on the fifth (5th) business day following the end of a calendar month of service. The transmission statement file, in both text and Excel format, is placed on the MISO Portal. A notification email is sent out when the file is available for review.

On the fifth (5th) business day following the end of a calendar month of service, Transmission Settlements passes the charge and revenue data generated by the settlements system to the Oracle system of the MISO Finance Department. At that time, invoices are generated by the Finance Department and distributed via email. Invoices have terms of net seven (7) days. The transmission statement is not available via email but only on the MISO Portal. Please see the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing Business Practice Manual for additional information regarding the invoicing and payment terms.

Due to the nature of the billing data for Point-To-Point Transmission Service, most MISO services are billable at the end of the month for the service received. However, monthly charges for Network Integration Transmission Service (NITS) can be billed either using actual values or estimated values depending upon each Local Balancing Authority or pricing zone. If estimated values are used, the delta between what was originally billed and what should have been billed will be done upon receipt of actual value data from the Local Balancing Authority or pricing zone. Deltas will be processed following the established resettlement schedule for billing cycles after the launch of resettlement functionality. For months prior to the launch, deltas will be processed upon receipt and incorporated into the next applicable billing cycle via prior period adjustments or reflected on the pass-through tab of the transmission statement.

2.3. Transmission Settlements Resettlement Schedule

2.3.1 Resettlement Schedule

Effective November 1, 2020, MISO launched automated resettlement functionality for the processing of the October 2020 billing cycle. The resettlement schedule using the October 2020 billing cycle as the starting point is shown below:

RESETTLEMENT SCHEDULE

TS0	TS1	TS4	TS8	TS12
Oct-20				
Nov-20	Oct-20			
Dec-20	Nov-20			
Jan-21	Dec-20			
Feb-21	Jan-21	Oct-20		
Mar-21	Feb-21	Nov-20		
Apr-21	Mar-21	Dec-20		
May-21	Apr-21	Jan-21		
Jun-21	May-21	Feb-21	Oct-20	
Jul-21	Jun-21	Mar-21	Nov-20	
Aug-21	Jul-21	Apr-21	Dec-20	
Sep-21	Aug-21	May-21	Jan-21	
Oct-21	Sep-21	Jun-21	Feb-21	Oct-20

No other resettlements allowed except due to FERC Order

2.4. Transmission Settlements Billing Dispute Resolution

2.4.1. Billing Disputes

The Transmission Settlements Billing Dispute resolution process is handled on an on-going basis. For additional information regarding this process, please see the Transmission Settlements Billing Dispute Resolution BPM.

2.4.2. Time Bar for Submission of Disputes

Based upon an Order issued by FERC on October 31, 2018 in Docket No. ER18-1648-001, a specific time bar has been established for MISO related to the submission of disputes. The effective date of this Order is November 1, 2018. For additional information, please refer to Section 12A of the Tariff. Disputes not meeting these criteria will be rejected.

2.5 Confidentiality

MISO strictly adheres to all Confidential Information policies, and only discloses Confidential Information to third parties in accordance with these policies and as required by the Tariff and other BPMs.

MISO collects and uses Confidential Information only in connection with its authority under the Tariff and the retention of such information is in accordance with MISO's data retention policies.

2.5.1. Confidential Information

MISO safeguards all Confidential Information. The *Definitions BPM* defines Confidential Information as:

> "Any confidential, proprietary, or commercially sensitive information, or information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Transmission Customer, MP, or other User, which is designated as confidential by the entity supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise, that is received by MISO and is not disclosed except under the terms of a Confidential Information policy."

2.5.2. Disclosure to Agents

MISO may provide Confidential Information to its agents, representatives, or contractors to the extent that any such person or entity is bound by an obligation to maintain such confidentiality.

2.5.3. Disclosure to Third Parties

MISO may disclose Confidential Information to FERC or to other Third Parties as required by law as specified in the Tariff.

2.5.4. Transmission Settlements Governance

The MISO Transmission Settlements process is governed by the Tariff. MISO utilizes BPMs as well as procedures to clarify the implementation of the Tariff and provide guidance to Transmission Customers.

2.5.5. Open Access Transmission, Energy and Operating Reserve Market Tariff

The Tariff, as filed and amended with FERC, governs Transmission Settlements. Established business practices and procedures have been developed to ensure that all settlement processes, charge calculations, dispute procedures, and any other Transmission Settlement requirements specified in the Tariff have been implemented.

2.5.6. Business Practices Manual

The MISO Transmission Settlements department publishes and maintains this Transmission Settlements BPM to promulgate background information, guidelines, business rules and processes established by MISO for the administration and compliance of Transmission Settlements with MISO settlements, billing, and accounting requirements.

2.5.7. Procedures

MISO Transmission Settlements develops, implements, and maintains Procedures for administering Transmission Settlements business processes.

3. MISO Settlement Services

MISO provides a wide variety of services to its members, Transmission Customers, and others. These services include, among others:

- Transmission services, including transmission system capacity reservations and interchange scheduling
- Generation-provided services needed in support of Transmission Services, also known as Ancillary Services
- Congestion management services and how they apply to transmission line-loading relief

For more operational and technical information on all MISO services, refer to the corresponding MISO BPMs.

Services for which MISO will settle, bill, collect, and distribute revenues can be classified in two broad categories based on how they are presented in the Tariff and MISO Agreement. These categories are:

- Services based on MISO Tariff Schedules
- Services not included in the MISO Tariff Schedules

3.1 Services Based on MISO Tariff Schedules

There are over twenty-five (25) schedules or attachments in the Tariff for which Transmission Settlements is currently or has historically been responsible for settling; these are described in Section 3 of this BPM. Schedules 1 through 6 (excluding Schedule 4) are referred to as *Ancillary Service* schedules. However, effective January 6, 2009, Schedules 3, 5 and 6 became a part of the Ancillary Services Market and are incorporated into the Market Settlements process. Please refer to the Market Settlements BPM or Market Settlements Calculation Guide (Formerly known as Attachment A). Schedules 7, Schedule 8, Schedule 14, Schedule 9, Schedule 26, Schedule 26-A, Schedule 39, Schedule 26-B, Schedule 26C, Schedule 26D, Schedule 26-E, Schedule 26-F, Schedule 37, Schedule 38, and Schedule 45 are collectively referred to as *Transmission Services*. Schedule 14 ended effective January 31, 2008.

Schedules under the Tariff meant to capture MISO operating costs include Schedule 10 Demand, Schedule 10 Energy, Schedule 10-FERC, Schedule 10-D, Schedule 10-G, Schedule 23 – Recovery of Schedule 10 Costs from Certain GFAs broken out into Demand, Energy and FERC and Schedule 35.

Other active schedules include: Schedule 11 – Wholesale Distribution Service; Schedule 12 – Gross Receipts Tax Adder (effective but not incorporated into the Transmission Settlements process); Schedule 20 – Treatment of Station Power; Schedule 33 – Blackstart Service; and Schedule 34 - Allocation of Cost Associated with Reliability Penalty. There are also two attachments: Attachment BB - Compensation for Rescheduling Generator Outages and Attachment JJ – Compensation for Transmission Outages. Application of when charges associated with unreserved or unauthorized use are incurred are described in Module B of the Tariff.

On December 19, 2013, Entergy integrated their transmission assets into the MISO footprint. As part of that integration, Entergy requested and received approval from FERC for Schedules 41 – (“Charge to Recover Costs of Entergy Storm Securitization Charges from Entergy Operating Companies’ Pricing Zones”) and 42-A (“Charge to Recover Accrued and Paid Interest Associated with Prepayments from Entergy Operating Companies’ Pricing Zones”). Full recovery was achieved for Entergy Arkansas, Entergy Mississippi and Entergy Texas and rates were reduced to zero effective May 1, 2017. Entergy Louisiana achieved full recovery effective as of December 31, 2017 and rates were reduced to zero effective January 1, 2018.) and Schedule 42-B – Credit Associated with AFUDC from Entergy Operating Companies' Pricing Zones to be effective on that date. Entergy requested and received approval from FERC for Schedule 47 – Entergy Operating Companies MISO Transition Cost Recovery to become effective June 1, 2014. Recovery for Schedule 47 was completed August 2016.

Historical schedules not currently being billed by the Transmission Settlements include: Schedule 3 – Regulation and Frequency Response Service; Schedule 5 – Spinning Reserve Service; Schedule 6 – Supplemental Reserve Service; Schedule 14 – Regional Through and Out; Schedule 18 – Sub-Regional Rate Adjustment; Schedule 19 – Zonal Transition Adjustment; Schedule 21 – Interim SECA Charge Applicable to PJM Entities; and Schedule 22 – SECA charges to MISO zones, subzones, and Customers. Settlement of Schedules 3, 5 and 6 have moved from Transmission Settlements to the Ancillary Services Market effective January 6, 2009. Please refer to the Market Settlements BPM or Market Settlements Calculation Guide (Formerly known as Attachment A). Schedule 14 was in effect for a six (6) year transition period and expired January 31, 2008. Schedules 18 and 19 were in effect for two (2) years beginning October 1, 2003 and ending September 30, 2005. Schedules 21 and 22 were billed for eighteen (18) months beginning December 1, 2004 and ending on March 31, 2006. Schedule 36 is no longer active per an Order issued in FERC Docket ER11-1844. Recovery for Schedule 42-A was completed for all Entergy pricing zones effective as of December 31, 2017. Recovery for Schedule 47 was completed as of August 2016.

Transmission Services and associated Ancillary Service schedules are settled on the fifth (5^{th}) business day of the month for services taken in the previous month. Therefore, if a reservation crosses month-end boundaries, Transmission Settlements will only settle for service taken during the current bill month.

3.1.1 Schedule 1: Scheduling, System Control and Dispatch Service

3.1.1.1. Overview

MISO operations are designed such that the responsibilities for energy interchange scheduling, generation and transmission system control, and generation dispatching are shared between the MISO control center and the MISO Transmission Owner's Local Balancing Authority Operators.

The Tariff schedule for Scheduling, System Control and Dispatch service (Schedule 1) is designed to recover MISO Transmission Owners' costs of providing their share of these services in collaboration with MISO. MISO is responsible for arranging and tracking the use of these services, billing Transmission Customers, and distributing the revenues back to the corresponding Transmission Owners that provided the service. MISO Transmission Customers must purchase this service directly from MISO.

MISO Schedule 1 supersedes all individual MISO Transmission Owners' Schedule 1 charges. Effective August 28, 2012, Schedule 1 was changed from a single, system-wide Schedule 1 rate to a zonal rate for reservations sinking within the MISO footprint. Reservations sinking outside the MISO footprint will continue to be charged at a system-wide Schedule 1 rate. The Transmission Settlements system will automatically assess Schedule 1 charges to all approved Transmission Service reservations made on the OASIS system, based on the amount of Transmission Service reserved (called Reserved Capacity and measured in MW) for Point-To-Point Transmission Service under Schedules 7 and 8 and the monthly Network Service provided (measured as Network Load) for Schedule 9.

3.1.1.2 Data Requirements

The rate design for Schedule 1 service charges is described in the Schedule 1 Tariff. Effective August 28, 2012, Schedule 1 was changed to a zonal rate structure and is normalized as an annual rate. This annual rate will be calculated as follows:

Eq. 3.1 (1+2-3) divided by 4

Where:

1= The sum of all costs booked to FERC Account Nos. 561.1, 561.2, and 561.3 (excluding amounts recovered pursuant to Schedule 24) for the Transmission Owner or ITC providing Schedule 1 service (or the equivalent account(s) for Transmission Owners or ITCs that do not use FERC Account Nos. 561.1, 561.2, and 561.3) in the prior calendar or fiscal year in the case of Attachment O historical rate templates or, in the case of forward-looking Attachment O projected cost rate templates, estimates of such costs subject to true-up procedures provided in Section II.D of Schedule 1.

2= True-up Adjustment calculated in accordance with procedures in Section II.D of Schedule 1 if applicable.

3= Revenue collected by the Transmission Owner or ITC under Schedule 1 for firm transactions of less than one year, all non-firm transactions, and any other transactions whose loads are not included in the Attachment O Zonal Rate Divisor for the zone.

4= The Attachment O Zonal Rate Divisor for the zone (the divisor used for Schedules 7, 8 and 9 Zonal Rates).[1]

On Peak:

Annual Rate	Annual Rate calculated above
Monthly Rate	Annual Rate divided by 12
Weekly Rate	Annual Rate divided by 52
Daily Rate	Annual Rate divided by 260 (capped at weekly rate)
Hourly Rate	Annual Rate divided by 4,160 (capped at daily rate)

Off Peak:

Daily Rate	Annual Rate divided by 365
Hourly Rate	Annual Rate divided by 8,760

Service under Schedule 1 for Drive-Out and Drive-Through Transmission Service transactions shall be at a single, system-wide rate. The annual rate for this service will be calculated as follows:

Eq. 3.2 (5+6-7) divided by 8

Where:

[1] Loads that are included in the Attachment O Zonal Rate Divisor for the NSP Companies' pricing zone (zone 16), but are located in the OTP load balancing area and are charged the applicable OTP pricing zone (zone 18) Schedule 1 rate, shall be excluded from the zone 16 Schedule 1 rate divisor and included in the zone 18 Schedule 1 rate divisor for purposes of calculating the Schedule 1 rates in zones 16 and 18 unless and until agreement is reached as set forth in Section II Part D of Schedule 1.

5= The sum of all costs booked to FERC Account Nos. 561.1, 561.2, and 561.3 (excluding amounts recovered pursuant to Schedule 24) reported by each Transmission Owner and ITC providing Schedule 1 service (or the equivalent account(s) for Transmission Owners and ITCs that do not use FERC Account Nos. 561.1, 561.2, and 561.3) in the prior calendar or fiscal year in the case of Attachment O historical rate templates or, in the case of forward-looking Attachment O projected cost rate templates, estimates of such costs subject to true-up procedures provided in Section II.D of this Schedule 1.

6= The sum of all True-up Adjustments calculated in accordance with procedures in Section II.D of Schedule 1 if applicable.

7= Revenues collected by each Transmission Owner and ITC under this Schedule 1 for firm transactions of less than one year, all non-firm transactions, and any other transactions whose loads are not included in the Divisor on Page 1 of Attachment O for Drive-Out and Drive-Through Transmission Service.

8= The Divisor on Page 1 of Attachment O for Drive-Out and Drive-Through Transmission Service rates (the divisor used for Schedules 7 and 8 Drive-Out and Drive-Through Rates).

On Peak:

Annual Rate	Annual Rate calculated above
Monthly Rate	Annual Rate divided by 12
Weekly Rate	Annual Rate divided by 52
Daily Rate	Annual Rate divided by 260 (capped at weekly rate)
Hourly Rate	Annual Rate divided by 4,160 (capped at daily rate)

Off Peak:

Daily Rate	Annual Rate divided by 365
Hourly Rate	Annual Rate divided by 8,760

Rates calculated pursuant to Schedule 1 shall be calculated and put into effect on January 1 and June 1 of each year in concert with Attachment O rate updates.

Schedule 1 data requirements for Point-To-Point Transmission Services are different than the requirements for Network Integration Transmission Services.

The required data for settling Schedule 1 charges related to Point-To-Point Transmission Service, which can be obtained from OASIS database records, include the following:

- Point-of-Receipt (POR)
- Point-of-Delivery (POD)
- Source
- Sink
- Reservation Type
- OASIS AREF Number (a unique service reservation ID)
- Reserved Capacity (in MW) including profiles
- Date & Time of Commencement of Service (Start Date/Start Time)
- Date & Time of Conclusion of Service (Stop Date/Stop Time)
- Effective Price posted on the OASIS at the time of the reservation (including rates used for cap calculations)

The required data for settling Schedule 1 charges related to Network Integration Transmission Service includes:

- Point-of-Receipt (POR)
- Point-of-Delivery (POD)
- Source
- Sink
- Reservation Type
- OASIS Network Load Number (a unique service reservation ID)
- Monthly Network Load
- Date & Time of Commencement of Service (Start Date/Start Time)
- Date & Time of Conclusion of Service (Stop Date/Stop Time)
- Effective Price posted on the OASIS

3.1.1.3 Schedule 1 Service Charge

The Schedule 1 service charge is calculated for each profile or segment of a transmission reservation. The sum of all Schedule 1 charges per profile for a reservation is the total Schedule 1 charge for that reservation. This detail by AREF is available in the transmission statement. The Schedule 1 service charge for Point-To-Point Transmission Service internal to MISO is calculated as follows:

Eq. 3.3 $\textit{Schedule 1 Charge}_{PTP} = RC_{PTP} * ER_{S1} * Increment$

Where:

- ***Schedule 1 Charge_{PTP}* =** the charge for this service in U.S. dollars ($)
- RC_{PTP} = Reserved Capacity for each profile segment of the point-to-point reservation in MW
- ER_{S1} = Effective zonal rate included in the OASIS reservation profile segment in $/MW
- ***Increment* =** Duration of a reservation prorated to the billing cycle based on the appropriate product type. For example, for a weekly reservation for a 2-week period, ER_{S1} would be the weekly rate and the Increment would be 2.
- If a reservation crosses the applicable monthly billing cycle, the Schedule 1 charge will be prorated so that only charges for the applicable billing cycle are invoiced.

The Schedule 1 service charge for Point-To-Point Transmission Service external to MISO is calculated as follows:

Eq. 3.4 $\textit{Schedule 1 Charge}_{PTP} = RC_{PTP} * ER_{S1} * Increment$

Where:

- $\textit{Schedule 1 Charge}_{PTP}$ = the charge for this service in U.S. dollars ($)
- RC_{PTP} = Reserved Capacity for each profile segment of the point-to-point reservation in MW
- ER_{S1} = Effective MISO system-wide rate included in the OASIS reservation profile segment in $/MW
- ***Increment* =** Duration of a reservation prorated to the billing cycle based on the appropriate product type. For example, for a weekly reservation for a 2-week period, ER_{S1} would be the weekly rate and the Increment would be 2.
- If a reservation crosses the applicable monthly billing cycle, the Schedule 1 charge will be prorated so that only charges for the applicable billing cycle are invoiced.

An ancillary profile segment is generated for each reservation and shows the applicable capacity and rate used for each segment. If a product has On- and Off-Peak rates applied to it, this detail will be shown. Examples would be hourly or daily reservations. Hourly reservations are On-Peak for hours 6 – 22 and Off-Peak are hours 0 – 6, 23 and 24. Daily reservations use On-Peak rates for Monday through Friday and Off-Peak rates for Saturday and Sunday along with the NERC holidays.

The actual rate used during a billing cycle is shown on the transmission statement. The Schedule 1 service charge for Transmission Customer Monthly Network Load (MW) served under Schedule 9 of the MISO Tariff uses the monthly network Load for a Transmission Customer to calculate the appropriate Schedule 1 charges. The calculation includes the following:

Eq. 3.5 $\textit{Schedule 1 Charge}_{NITS} = (ER_{S1/\text{hours in the year}}) * NL * BD * 24$

Where:

- $\textit{Schedule 1 Charge}_{NITS}$ = the monthly charge for this Ancillary Service in $
- ER_{S1} = Effective zonal Schedule 1 yearly rate in $/MW divided by the hours in the year
- ***NL*** = Network Customer's Network Load is defined by the MISO Tariff as the Network Customer's integrated hourly Load (MW) coincident with the monthly reported peak Load of the Transmission Owner where the Network Customer Load is physically located. (MW)
- ***BD*** = the days in the billing cycle
- ***24 =*** the hours in a day

Effective with the April 2019 billing cycle, increment has been removed from the charge calculation for NITS service calculation. The Schedule 1 charge appears on the Non-TO Trust Transmission Customer Invoice which is comprised mainly of ancillary services that are mandatory for all customers taking transmission service from MISO. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full with terms of net seven (7). All disputed charges are subject to the MISO Transmission Settlements Billing Dispute Resolution BPM.

3.1.1.4 Schedule 1 Revenue Distribution

MISO passes through the revenues it receives pursuant to this Schedule 1 for transactions that sink in the MISO zones to the Transmission Owner or ITC providing the zonal Schedule 1 service where the transaction sinks.

Except in the case of ITC Service, which shall be governed by the ITC's Control Area Services and Operations Tariff, MISO distributes the revenues it receives pursuant to Schedule 1 in connection with Drive-Out and Drive-Through Transmission Service to the Transmission Owners and ITCs that provide Schedule 1 service in accordance with the revenue distribution provisions in Appendix C, Section III of the MISO Agreement.

Schedule 1 Transmission Service revenues for out and through reservations are distributed as follows:

1. Fifty percent (50%) of the collected Schedule 1 Transmission Service revenues are allocated across all MISO Transmission Owners in proportion to their transmission investments reported in the rate making formula templates of Attachment O of the MISO Tariff. Proportional shares are computed based on the data relevant to the gross book value of transmission assets of each Transmission Owner. The proportional shares are calculated as follows:

Eq. 3.6

$$R_{S1.1i} = \frac{TR_{S1t}}{2} \cdot \frac{GBV_i}{\sum_{z=1}^{n} GBV_z}$$

Where:

- $R_{S1.1i}$ = Revenue due to Transmission Owner *i* from Schedule 1 Step 1 revenue calculation
- TR_{S1t} = Total revenue from Schedule 1 on a given transaction *t*
- GBV_i = Gross book value of transmission owners in MISO. The gross book value of assets is updated and posted on OASIS at least twice a year
- n = Total number of Transmission Owners in MISO

2. The remaining fifty percent (50%) of the collected Schedule 1 Transmission Service revenues are allocated across all MISO Transmission Owners via a power flow-model producing transaction participation factors (TPFs). MISO develops these transaction participation factors from similar network models used in the calculations of Available Transmission Capacity (ATC) and network losses. These TPF values are stored and available in the MISO database for use in this calculation. A matrix of transaction participation factors is created for each Transmission Owner. The matrix has the following form:

Eq. 3.7 $$\begin{bmatrix} TPF_{1,1} & TPF_{1,2} & \cdots & TPF_{1,m} \\ TPF_{2,1} & TPF_{2,2} & \cdots & TPF_{2,m} \\ \vdots & \vdots & \ddots & \vdots \\ TPF_{m,1} & TPF_{m,2} & \cdots & TPF_{m,m} \end{bmatrix} \text{ such that } TPF_{j,k} \in [0,1]$$

Where:

- $TPF_{j,k}$ = Fractional transaction participation factor for a transaction that extends from Source_j to Sink_k
- m = Total number of transmission interconnection points to Local Balancing Authorities outside MISO

MISO updates the Transaction Participation Factor Matrices (TPFM) on a periodic basis and determines the correct set of TPFMs to apply to the appropriate Schedule 1 charges, depending on the seasons: winter and summer. Therefore the following formula calculates the Schedule 1 revenue distribution for Step 2:

Eq. 3.8 $$R_{S1.2i} = \frac{TR_{S1t}}{2} \cdot TPF_{j,k}$$

Where:

- $R_{S1.2i}$ = Revenue due to Transmission Owner *i* from the Schedule 1 Step 2 revenue distribution calculation
- TR_{S1t} = Total revenue from Schedule 1 on a given transaction *t*
- $TPF_{j,k}$ = Fractional participation factor for Transmission Owner *i* on a transaction that extends from Source_j to Sink_k based on the seasonal TPFM

  The total Schedule 1 revenue distribution for a transaction *i* is the sum of Step 1 and Step 2 computed as:

Eq. 3.9 $$R_{Total\text{-}b5} = R_{S1.1i} + R_{S1.2i}$$

Where:

- $R_{Total\text{-}b5}$ = Total revenue due to Transmission Owner *i* from the Schedule 1 Step 1 and Step 2 revenue distribution calculation
- $R_{S1.1i}$ = Revenue due to Transmission Owner *i* from Schedule 1 Step 1 revenue distribution calculation based on gross book value
- $R_{S1.2i}$ = Revenue due to Transmission Owner *i* from Schedule 1 Step 2 revenue distribution calculation based on fractional transaction participation factors

3.1.2 Schedule 2: Reactive Supply and Voltage Control From Generation or Other Sources Service

Reactive Supply and Voltage Control from Generation or Other Sources Service is also known as Schedule 2 Ancillary Service. This service must be provided for Transmission Service reservations on the MISO Transmission System. The amount of Reactive Supply and Voltage Control from Generation or Other Sources Service that must be supplied with respect to each transmission reservation will be determined by MISO based on the reactive power support needed to maintain transmission voltages within acceptable operating limits. These limits are those that are generally accepted in the region and consistently adhered to by MISO. Effective December 1, 2022, per docket ER23-523, Schedule 2 is no longer compensable within the standard power factor range.

3.1.3. Schedule 3: Regulation and Frequency Response Service (Moved to Ancillary Services Market effective January 6, 2009)

Please refer to the Market Settlements BPM or the Market Settlements Calculation Guide (Formerly known as Attachment A)

3.1.4 Schedule 5: Operating Reserve - Spinning Reserve Service (Moved to Ancillary Services Market effective January 6, 2009)

Please refer to the Market Settlements BPM or the Market Settlements Calculation Guide (Formerly known as Attachment A)

3.1.5 Schedule 6: Operating Reserve – Supplemental Reserve Service (Moved to Ancillary Services Market effective January 6, 2009)

Please refer to the Market Settlements BPM or the Market Settlements Calculation Guide (Formerly known as Attachment A)

3.1.6. Schedule 7: Firm Point-To-Point Transmission Service

3.1.6.1 Overview

MISO is required to provide long-term and short-term Firm Point-To-Point (PTP) Transmission Service according to the terms in Module B of the Tariff. Long-term and short-term Firm PTP Transmission Service is collectively referred to as *Firm PTP Transmission Service*, or *Schedule 7 service.* Schedule 7 service charges are assessed on all long-term and short-term firm PTP reservations (this includes drive-in, drive-within, drive-out, and drive-through PTP reservations).

MISO provides Schedule 7 service equal to the maximum amount of capacity that MISO agrees to transmit for the Transmission Customer over MISO's operated Transmission System between the Point(s) of Receipt (POR) and the Point(s) of Delivery (POD) as described in the approved OASIS reservation. This capacity is defined as Reserved Capacity and is expressed in terms of whole megawatts (MW). The Transmission Customer pays MISO a Schedule 7 charge based on the amount of Reserved Capacity purchased.

Firm service reservations that Sink in one of the PJM Sinks incur Schedule 7 charges with a zero rate. The only firm service reservations exempt from the Schedule 7 service charge are those contracts listed in the Tariff Attachment P (Grandfathered Agreements). MISO will not settle or bill for Grandfathered Agreement contracts except for Schedule 10 or Schedule 23 obligations.

Schedule 7 rates are defined for the following types of Firm Point-To-Point Transmission Service:

- Firm annual PTP – Transmission Service under the Tariff that is reserved between specified Points of Receipt and Delivery pursuant to Module B. The service starts at 00:00 and stops at 00:00 on the same date at least one year later, but must be requested in increments of full years.
- Firm monthly PTP – Transmission Service under the Tariff that is reserved between specified Points of Receipt and Delivery pursuant to Module B. The service begins at 00:00 on the first day of the calendar month and ends at 00:00 at least one month later, but less than twelve months later.
- Firm weekly PTP – Transmission Service under the Tariff that is reserved between specified Points of Receipt and Delivery pursuant to Module B. The service starts at 00:00 of any date and ends at 00:00 at least one week later, but less than four weeks later.

- Firm On-Peak daily PTP – Transmission Service under the Tariff that is reserved between specified Points of Receipt and Delivery pursuant to Module B. On-Peak days are Monday thru Friday.
- Firm Off-Peak daily PTP – Transmission Service under the Tariff that is reserved between specified Points of Receipt and Delivery pursuant to Module B. Off-Peak days are the NERC holidays plus Saturdays and Sundays.

The MISO Tariff provides for two categories of Schedule 7 rates:

- Zonal Rates; and
- MISO system-wide rates.

The applicable category of rates is based on the Sink listed on the OASIS Transmission Service reservation. MISO computes all Schedule 7 rates following the instructions in Attachment O. The rates shall be adjusted by MISO to reflect those charges collected under Schedule 26 and Schedule 26-A of the Tariff. These rates are revised at least twice each year. They may be revised more frequently as established in Appendix C Part II of MISO Agreement.

Schedule 7 zonal rates are applied to drive-in and drive-within firm transactions. The zones may only be changed as follows as consistent with the requirements of Appendix C, Section II, Paragraph A.1 of the MISO Agreement:

- To reflect the effectuation of a merger (or consolidation and reorganization); or
- To add a new Transmission Owner that operates a local balancing authority in existence on or before the date of the initial filing with the FERC to establish MISO; or
- To reflect the withdrawal from MISO of one or more Transmission Owners.

A MISO system-wide Schedule 7 rate is applied to all firm drive-out and drive-through transactions. Rates shall be adjusted by MISO to reflect those charges collected under Schedule 26 and Schedule 26-A of the Tariff. These rates are posted on OASIS.

The MISO Tariff provides for a price cap on Schedule 7 rates where the total demand charge in any week, pursuant to a reservation for daily delivery, shall not exceed the weekly rate times the highest amount in MW of the Reserved Capacity in any day during such week.

In calculating the rates under Attachment O for the Michigan Joint Zone and the Michigan Joint Zone Subzone, Michigan Electric Transmission Company, LLC, Wolverine Power Supply Cooperative, Inc. and Michigan Public Power Agency, and any additional Transmission Owners that may be included in the Michigan Joint Zone, the Transmission Owner's must quantify the Load in the Michigan Joint Zone served under ownership entitlements granting use of the METC transmission system associated with jointly-owned facilities consistent with FERC's directives in Docket No. ER02-2458-001.

This Load shall be submitted to MISO as a schedule appended to Attachment O, and shall adhere to the same calendar year or fiscal year reporting requirements as Attachment O and shall be consistent with the divisor from Attachment O.

MISO shall determine the Michigan Joint Subzone rate by dividing a) the sum of non-METC net revenue requirements from Attachment O, page 1, line 7, allocated to the Michigan Joint Zone by the sum of b) divisors from Attachment O, page 1, line 15, allocated to the Michigan Joint Zone, provided that there shall be no duplication of Load in the divisor, plus c) all Load served under ownership entitlements associated with jointly-owned facilities in the Michigan Joint Zone as appended to Attachment O. The Michigan Joint Zone Subzone rate shall be applied to all ownership entitlement Load.

The zonal rate for the Michigan Joint Zone shall be a) the METC net revenue requirement from Attachment O, page 1, line 7, divided by the sum of divisors from Attachment O, page 1, line 15, allocated to the Michigan Joint Zone, provided that there shall be no duplication of Load in the divisor and the METC divisor shall not include Load served under ownership entitlements, plus b) the rate for the Michigan Joint Zone Subzone. The Michigan Joint Zone Rate shall be applied to all loads within the Michigan Joint Zone, excluding the ownership entitlement Load paying the Michigan Joint Zone Subzone rate.

The MISO Tariff also provides for discounts in Schedule 7 rates.

- Any offer of a discount made by MISO must be announced to all Eligible Customers solely by posting on the OASIS;

In the event that MISO initiates Curtailment of confirmed Point-To-Point Transmission Service on the Transmission System due to a TLR event in accordance with Attachment Q, credit will be given to the Transmission Customer(s) that are actually requested to curtail their energy schedules associated with confirmed Point-To-Point Transmission Service. No credits will be given for: (1) TLR events external to the Transmission System; (2) Non-Firm Secondary Point-To-Point Transmission Service under a Firm point-to-point reservation; or (3) Next-Hour Transmission Service. Under no circumstances shall the amount credited exceed the amount the customer was actually curtailed, nor will credit be given for any hours other than those in which the Curtailment was requested.

Point-to-Point Transmission Service customers are not required to obtain Transmission Service for the receipt of Energy and transmission of such Energy associated with an Electric Storage Resource or a Stored Energy Resource – Type II when withdrawing Energy while providing Regulating Service or Down Ramp Capability.

3.1.6.2 HVDC Service

MISO is required to provide firm point-to-point transmission service for HVDC facilities in accordance with Section 27A of the Tariff. The provisions of Schedule 7 described herein apply to HVDC transmission service.

3.1.6.3 Data Requirements

The data necessary to calculate Schedule 7 charges is obtained from the Transmission Service reservation records obtained from the OASIS system and stored periodically in MISO database. The following data is obtained from each record in the OASIS system to determine the appropriate calculation for the Schedule 7 service:

- POR
- POD
- Source
- Sink
- Reservation Type
- AREF (a unique service reservation ID)
- Reserved Capacity (including profiles)
- Start Date/Start Time
- Stop Date/Stop Time
- Effective rate posted on OASIS

3.1.6.4 Standard rate, capped rate, or discounted rate

The Schedule 7 charge for Firm PTP Transmission Service is calculated as follows for all drive-in and drive-within (Sinks internal to MISO) reservations:

Eq. 3.15 $$Schedule\ 7\ Charge_{Sink\text{-}IN} = RC * ER_{S7Zone=Sink} * Increment$$

Where:

- $Schedule\ 7\ Charge_{Sink\text{--}IN}$ = the charge for this service for reservations with the Sink located in a MISO Zone in $
- RC = approved Reserved Capacity in MW
- $ER_{S7Zone=Sink}$ = Effective zonal rate for the zone corresponding to the reservation in $/MW
- $Increment$ = Duration of reservation prorated to the billing cycle based on the appropriate rate.

The Schedule 7 charge for Firm PTP Transmission Service for a Sink internal to MISO using a profile is as follows:

Eq. 3.16 $$Schedule\ 7\ Charge_{POD\text{-}PIN}(\sum(Cap_{profile} * Increment_{profile})) * ER_{S7Zone=POD}$$

Where:

- $Schedule\ 7\ Charge_{POD\text{-}PIN}$ = the charge for this service for reservations with a profile and the Sink located in a MISO Zone in $

- $\sum(Cap_{profile} * Increment_{profile})$ = the summation of the approved profiled Reserved Capacities in MW times the increment of each profile
- $ER_{S7Zone=POD}$ = Effective zonal rate for the zone corresponding to the reservation in $/MW

The Schedule 7 charge for Firm PTP Transmission Service is calculated as follows for all drive-out and drive-through (Sinks external to MISO) reservations:

Eq. 3.17 $$Schedule\ 7\ Charge_{Sink\text{-}OUT} = RC * ER_{System\text{-}wide} * Increment$$

Where:

- $Schedule\ 7\ Charge_{Sink\text{-}OUT}$ = the charge for this service for reservations with the POD located outside MISO Zone in $
- RC = Approved Reserved Capacity in MW
- $ER_{System\text{-}wide}$ = Effective MISO system-wide rate in $/MW
- $Increment$ = Duration of reservation prorated to the billing cycle based on the appropriate rate.

The Schedule 7 charge for Firm PTP Transmission Service for a sink internal to MISO using a profile is as follows:

Eq. 3.18 $$Schedule\ 7\ Charge_{Sink\text{-}OUT} = (\sum(Cap_{profile} * Increment_{profile}))*ER_{System\text{-}wide}$$

Where:

- $Schedule\ 7\ Charge_{Sink\text{-}OUT}$ = the charge for this service for reservations with the Sink located outside MISO Zone in $
- $\sum(Cap_{profile} * Increment_{profile})$ = the summation of the approved profiled Reserved Capacities in MW times the duration of each profile
- $ER_{System\text{-}wide}$ = Effective MISO system-wide rate in $/MW

A profile segment is generated for each reservation and shows the applicable capacity and rate used for each line. If a product has On- and Off-Peak rates applied to it, this detail will be shown. An example would be daily reservations. Daily reservations use On-Peak rates for Monday through Friday and Off-Peak rates for Saturday and Sunday along with the NERC holidays.

The Schedule 7 charge appears on the TO Trust Transmission Customer Invoice which contains the base transmission service charges. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges are subject to MISO Transmission Settlements Billing Dispute Resolution BPM.

3.1.6.4.1. Redirection of Firm Service on a Non-firm Basis

Firm Point-To-Point Transmission Service can be redirected (i.e. changing the source and/or sink) using the same reservation. However, the priority of this service when used on a redirected basis will be the lowest priority of service (i.e. non-firm secondary service) other than next hour service. The customer is responsible for creating the new 1-NS reservation which corresponds to this redirection of service. The following business rules apply:

- The secondary service MW amount cannot exceed the amount of the original request less any other schedules utilizing this same reservation either on a firm or non-firm (i.e. secondary) basis.
- If the customer redirects the firm service on a non-firm basis, either within the same pricing zone as the firm parent reservation or into a pricing zone with a firm zonal rate that is lower than or equal to the rate of the firm parent reservation, no additional charge may be assessed. For example, if the firm parent reservation is a daily product, the per MWh rate of that daily product will be used to calculate the charge for the non-firm redirected service. Under no circumstances will the rate of the redirected service be less than the rate of the firm parent reservation. Any service not redirected will be charged to the parent reservation at the original rate.
- An additional charge will be assessed when the non-firm service is redirected into a zone with a higher zonal rate than the parent reservation. The additional charge will be based on the difference between the two firm zonal rates. For example, if the parent reservation is a yearly product with a rate of $2.00 per MWh, and this reservation is redirected into a higher priced zone with a yearly product rate of $3.00 per MWh, the redirected service will be billed at the higher $3.00 MWh rate. This results in an additional charge of $1.00 per MWh. Any service not redirected will be charged to the parent reservation at the original rate.
- Secondary service will be approved at schedule time if sufficient ATC exists.
- An additional charge for Ancillary Service charges (Schedules 1 and 2, although 1 does not change by zone) will be assessed when the non-firm service is redirected

into a zone with a higher zonal rate than the parent reservation. The additional charge will be based on the difference between the two firm zonal rates.

- Curtailment of service will be conducted in accordance with NERC TLR procedures (non-firm secondary service will be deemed to have the lowest level of Point-To-Point Transmission Service other than next-hour service).
- The customer retains the right to schedule service on the original (firm) POR/POD source/sink basis with a firm priority subject to the same timing requirements that would apply to a new schedule on the original path.

3.1.6.4.2 Firm Redirect (i.e., Redirection of Firm Service on a Firm Basis)

MISO will allow a customer to change their source and/or sink Local Balancing Authority of their reservation on a firm basis. Any request to redirect on a firm basis is treated as a new request for service and will have the same timing requirements as a new request. The redirect of firm service on a firm basis will fall under a different pricing scheme as outlined below if the redirect sinks inside or outside of MISO in a pricing zone that has a lower transmission rate than the transmission rate in effect on the original path. A customer will initiate a redirect by utilizing the redirect functionality of the OASIS. The following business rules apply:

- For Firm service that is redirected on a short-term firm basis (less than twelve (12) full months) to a pricing zone that has a lower transmission rate than the transmission rate in effect on the original path the Transmission Customer shall pay, in addition to the amounts associated with the redirect path, an additional charge reflecting the difference in the firm transmission and applicable ancillary service rates between the original path and the redirect path for the duration its service is redirected. The customer does not pay for the original reservation for the MWhs that were redirected.
- If all or part of the transmission capacity on a constrained path becomes available as a result of a firm redirect originating on that path, redirecting customer(s) will receive a credit on a pro-rata MWh basis.
- All Firm Point-To-Point Transmission Service (i.e. this is not limited to long-term firm) can be redirected for a smaller amount or of lesser duration as the original request.
- The Transmission Customer pays for all costs associated with the redirected service and does not pay for the initial service for the period of time and capacity that was redirected.
- If the initial service had a direct assignment charge, the customer remains obligated to that charge. For example, a customer with long term firm PTP service that is paying monthly fixed charges for direct assignment facilities is not relieved of these fixed charges during the redirect time period.

- The customer may have a redispatch requirement for the initial reservation that was arranged as a bilateral agreement between the customer and a pair of generators. The redirect does not disturb those bilateral agreements. However, a redirect request having a lesser impact on the constrained facilities requiring redispatch under the initial reservation may cause the redispatch required during the period of the redirect to be reduced.
- Likewise, MISO may find a redispatch requirement exists in order for the customer to take redirect service. The customer will arrange a bilateral agreement with a pair of generators to have the redirect approved.
- A request cannot be redirected until it is a confirmed request.
- The same timing rules apply as to a new request.
- Approval of the redirection is subject to sufficient ATC. ATC is considered sufficient if the impact of the redirected request is equal to or less than the impact of the original reservation on all constrained facilities.
- The customer can continue utilizing the original reservation prior to the time the new redirected request is confirmed.
- Once the customer confirms the redirection, the customer cannot use the original reservation (for the period redirected and the amount redirected) on a firm basis unless they perform another redirection request (even to go back to the original reservation) and MISO can re-sell this capacity.
- If a customer desires to go back to the initial reservation after the redirect has been confirmed, this will be treated as a new request and will be granted if adequate ATC exists.
- The new request is subject to the firm conditional deadline and the new request will have an opportunity to match the longer term of service. If the new request is preempted prior to the conditional deadline and the customer does not agree to match, the customer will revert back to its original reservation. If the transmission capacity that was available from the original reservation during the redirect period has not been resold, the customer will preempt the resold capacity provided it is still within the conditional time period and is preempting for a longer term of service (i.e. monthly preempts weekly, weekly preempts daily and 2 days preempts 1 day). Otherwise, the customer no longer has Transmission Service during the redirect period.
- If the new request is preempted prior to the conditional deadline and the customer does not agree to match, the customer no longer has any Transmission Service during the redirect period and the customer does not have to pay for the service that was pre-empted.

- For redirects of long-term firm Transmission Service, the customer retains rollover rights on the initial reservation.
- Redirects can be made on a partial amount and for a partial period of the initial reservation. For example, a 100 MW firm reservation could be redirected to two 50 MW firm requests or to a 50 MW redirect and keep 50 MW of the initial reservation or 2 days of weekly firm could be redirected to daily firm.
- Redirects must fit within the start time, end time and capacity of the initial reservation.
- A customer can have a redirect request embedded within a previously approved redirected reservation. However, the requirement still exists that the start time, end time and capacity of the redirect request must fit within the previously approved redirected reservation.

3.1.6.4.3 Resale of Transmission Service

A MISO point-to-point transmission customer may resell all or a portion of its rights under its Service Agreement as defined in the Tariff, however, this service can only be sold to an eligible customer under the Tariff. The following practices apply:

- Compensation to the Reseller shall be at rates established by agreement with the Assignee. The Assignee must execute a Service Agreement with MISO prior to the date on which the reassigned service commences that will govern the provision of reassigned service. MISO credits or charges the Reseller, as appropriate, for any differences between the price reflected in the Assignee's Service Agreement and the Reseller's Service Agreement with MISO.
- If the Assigned does not change any Point-of-Receipt or Points-of-Delivery or any other term or condition set forth in the original Service Agreement, the Assignee will receive the same service and priority, as did the Reseller.
- The Reseller will be held responsible for all terms and conditions of the Regional Tariff. MISO will continue to bill the Reseller.
- Resellers may use the OASIS to post transmission capacity available for resale.
- From a settlements perspective, Resale reservations are treated exactly as an Original transmission reservation and all applicable schedules that would have been assessed to the Original transmission reservation apply to the Resale transmission reservation.

3.1.6.4.4 Partial Transfer of Transmission Service

The Partial Transfer request type of service on the OASIS is used to request transferring a portion, but not all, capacity, and all rights, and obligations, including financial liability, from one Transmission Customer to another Transmission Customer.

From a settlements perspective, Partial Transfer reservations are treated exactly as an Original transmission reservation and all applicable schedules that would have been assessed to the Original transmission reservation now apply to the Partial Transfer transmission reservation.

3.1.6.4.5 Consolidation of Transmission Service

A Transmission Customer may request the combination via OASIS of multiple firm point-to-point parent reservations for which they are the owner into a single transmission reservation but this functionality does not apply to request type RESALE and must be for like service points and have the same service increment.

Once consolidated, a Transmission Customer may Redirect or resell the consolidated reservation.

A consolidated reservation will be treated like an original reservation during the settlements monthly process.

Refer to Business Practice Manual 13 – Transmission Service for more information.

3.1.6.4.6. Preemption-ROFR Process

OASIS functionality supports the Preemption of previously queued short-term requests or reservations by a valid competing request. These are handled in a first-come-first-served order based upon queue time. *Refer to Business Practice Manual 13 – Transmission Service for more information.*

3.1.6.4.7 Electric Storage Resources (ESRs) Exemption

Based upon FERC Order No. 841 and Module B of the Tariff, withdrawals of Energy by an ESR that is dispatched by MISO to provide Regulating Service or Down Ramp Capability may qualify for an exemption from transmission charges. When an ESR qualifies for an exemption, the original OASIS reservation capacity is reduced by the exempted amount, and the TSR Billable Capacity is used in all charge calculations.

3.1.6.4.7.1 Calculation of ESR Reduction in OASIS Capacity for Firm PTP Transactions

Eq. 3.19 *TSR Billable Capacity* = *Original TSR Capacity – ESR Exemption*

Where:

- *TSR Billable Capacity* – Megawatt capacity used in charge calculations.
- *Original TSR Capacity* – The original confirmed capacity on the OASIS TSR (reservation)
- *ESR Exemption* – Megawatt volume reduction to original TSR capacity where qualifying hours have a Resource Load Profile (“Res_Lp_Vol”) value of greater than zero and a Ramped Regulation Deployment (“Reg_Depl”) value of less than zero, as provided by Market Settlements, and comply with TSR requirements as noted in BPM 13 – Transmission Service, Section 16. Please see the Post Operating Processor 5 Minute Calculation Guide for details on the calculation of Res_Lp_Vol and Reg_Depl.

3.1.6.5 Schedule 7 Revenue Distribution

All schedule 7 revenues collected by MISO are distributed back to MISO Transmission Owners. The provisions contained in MISO Agreement, Appendix C Part III, Section A, govern this revenue distribution.

Transmission Owners located within a zone that has more than one (1) Transmission Owner (i.e. Wabash Valley, IMPA and Cinergy in Zone 5), shall appoint a single Transmission Owner or designee to receive the revenues allocated to the zone. The designated Transmission Owner is charged with distribution of those revenues pursuant to a separate agreement of the Transmission Owners within the zone. The following rules apply to all Schedule 7 revenue distribution:

- The revenues collected by MISO for Schedule 7 Transmission Service provided to serve retail electric Load in a state with choice are fully distributed to the Host Zone Transmission Owner. (Host Zone refers to the zone where Load is physically connected to MISO transmission network. The Host Zones correspond to the price zones.) The distribution occurs in this manner regardless of whether the customers comprising such retail Load have exercised the right to choose a retail supplier.

- Revenues collected by MISO for Schedule 7 Transmission Service where the reservation involved generation source(s) and Load(s) physically located within the same Host Zone (POR = POD) are fully distributed to the Host Zone Transmission Owner. The distribution occurs in this manner regardless of whether the Transmission Owner or another entity controls the generation source.
- Revenues collected by MISO for Schedule 7 Transmission service for delivery directly to a wholesale requirements customer or a former wholesale requirements customer is distributed to the Host Zone.
- Revenues collected by MISO for a drive-in Schedule 7 reservation, where a Border Transmission Owner purchases power from outside MISO for a delivery to its direct connect zone and the Border Transmission Owner pays MISO for such Transmission Service to support the purchase, are fully distributed to the Border Transmission Owner.
- All other types of Schedule 7 Transmission Service reservations revenues are distributed according to a methodology consisting of the three following steps:

1. Fifty percent (50%) of the collected Schedule 7 Transmission Service revenues are allocated across all MISO Transmission Owners in proportion to their transmission investments reported in the rate making formula templates of Attachment O of the MISO Tariff. Proportional shares are computed based on the data relevant to the gross book value of transmission assets of each Transmission Owner. The proportional shares are calculated as follows:

Eq. 3.20

$$R_{S7.1i} = \frac{TR_{S7t}}{2} \cdot \frac{GBV_i}{\sum_{z=1}^{n} GBV_z}$$

Where:

- $R_{S7.1i}$ = Revenue due to Transmission Owner *i* from Schedule 7 Step 1 revenue calculation
- TR_{S7t} = Total revenue from Schedule 7 on a given transaction *t*
- GBV_i = Gross book value of transmission owners in MISO. The gross book value of assets is updated and posted on the OASIS at least twice a year
- n = Total number of Transmission Owners in MISO

2. The remaining fifty percent (50%) of the collected Schedule 7 Transmission Service revenues are allocated across all MISO Transmission Owners via a power flow-model producing transaction participation factors (TPFs). MISO develops these transaction participation factors from similar network models used in the calculations of Available Transmission Capacity (ATC) and network losses. These TPF values are stored and available in MISO ICCS for use in this calculation. A matrix of transaction participation factors is created for each Transmission Owner. The matrix has the following form:

Eq. 3.21 $$\begin{bmatrix} TPF_{1,1} & TPF_{1,2} & \cdots & TPF_{1,m} \\ TPF_{2,1} & TPF_{2,2} & \cdots & TPF_{2,m} \\ \vdots & \vdots & \ddots & \vdots \\ TPF_{m,1} & TPF_{m,2} & \cdots & TPF_{m,m} \end{bmatrix} \text{ such that } TPF_{j,k} \in [0,1]$$

Where:

- $TPF_{j,k}$ = Fractional transaction participation factor for a transaction that extends from Source_j to Sink_k
- m = Total number of transmission interconnection points to Local Balancing Authorities outside MISO

MISO updates the Transaction Participation Factor Matrices (TPFM) on a periodic basis and determines the correct set of TPFMs to apply to the appropriate Schedule 7 reservations, depending on the seasons: winter and summer. Therefore the following formula calculates the Schedule 7 revenue distribution for Step 2:

Eq. 3.22 $$R_{S7.2i} = \frac{TR_{S7t}}{2} \cdot TPF_{j,k}$$

Where:

- $R_{S7.2i}$ = Revenue due to Transmission Owner *i* from the Schedule 7 Step 2 revenue distribution calculation
- TR_{S7t} = Total revenue from Schedule 7 on a given transaction *t*

- $TPF_{j,k}$ = Fractional participation factor for Transmission Owner *i* on a transaction that extends from Source$_j$ to Sink$_k$ based on the seasonal TPFM

The total Schedule 7 revenue distribution for a transaction *i* attributable to Bullet 5 is the sum of Step 1 and Step 2 computed as:

Eq. 3.23 $R_{Total\text{-}b5} = R_{S7.1i} + R_{S7.2i}$

Where:

- $R_{Total\text{-}b5}$ = Total revenue due to Transmission Owner *i* from the Schedule 7 Step 1 and Step 2 revenue distribution calculation
- $R_{S7.1i}$ = Revenue due to Transmission Owner *i* from Schedule 7 Step 1 revenue distribution calculation based on gross book value
- $R_{S7.2i}$ = Revenue due to Transmission Owner *i* from Schedule 7 Step 2 revenue distribution calculation based on fractional transaction participation factors

There are six exceptions to revenue distribution for Schedule 7 listed in Section 3.1.7.6.

3.1.7. Schedule 8: Non-firm Point-To-Point Transmission Service

3.1.7.1 Overview

MISO is required to provide Non-Firm Point-To-Point (PTP) Transmission Service according to the terms in Module B of the Tariff. Schedule 8 service charges are assessed on all non-firm PTP reservations; this includes drive-in, drive-within, drive-out and drive-through reservations.

MISO provides Schedule 8 service equal to the Reserved Capacity approved by MISO during the Transmission Service reservation process. The Transmission Customer pays MISO a Schedule 8 charge based on the amount of Reserved Capacity purchased.

The only non-firm service reservations exempt from Schedule 8 service charge are those non-firm contracts listed in the MISO Tariff Attachment P (Grandfathered Agreement). MISO will not settle or bill for Grandfathered Agreements except for their Schedule 10 or Schedule 23 obligations.

Schedule 8 rates are defined for the following types of Non-Firm Point-To-Point Transmission Service:

- Non-firm monthly PTP – Transmission Service under the Tariff that is reserved on an as-available basis and is subject to Curtailment or Interruption as set forth in Module B. The service begins at 00:00 on the first day of the calendar month and ends at 00:00 at least one month later, but less than twelve months later.
- Non-firm weekly PTP – Transmission Service under the Tariff that is reserved on an as-available basis and is subject to Curtailment or Interruption as set forth in Module B. The service starts at 00:00 of any date and ends at 00:00 at least one week later, but less than four weeks later.
- Non-firm on-peak daily PTP – Transmission Service under the Tariff that is reserved on an as-available basis and is subject to Curtailment or Interruption as set forth in Module B. On-peak days are Monday thru Friday.
- Non-firm off-peak daily PTP – Transmission Service under the Tariff that is reserved on an as-available basis and is subject to Curtailment or Interruption as set forth in Module B. Off-Peak days are the NERC holidays plus Saturdays and Sundays.
- Non-firm on-peak hourly PTP – Transmission Service under the Tariff that is reserved on an as-available basis and is subject to Curtailment or Interruption as set forth in Module B. On-peak hours are hour 6 ending through hour 22 ending (16 peak hours per weekday) on Monday thru Friday.
- Non-firm off-peak hourly PTP – Transmission Service under the Tariff that is reserved on an as-available basis and is subject to Curtailment or Interruption as set forth in Module B. Off-peak hours are the first six and last two hours of weekdays and all 24 hours of NERC holidays plus Saturdays and Sundays.

The MISO Tariff provides for two categories of Schedule 8 rates:

- Zonal Rates and
- MISO system-wide rates.

The applicable category of rates is based on the location of the Sink listed on the OASIS Transmission Service reservation. MISO computes all Schedule 8 rates following the instructions in Attachment O – MISO Formulaic Rates of the MISO Tariff and Appendix C Part II of the MISO Agreement. The zonal rates shall be adjusted by MISO to reflect those charges collected under Schedule 26 and Schedule 26-A of the Tariff. They may be revised more frequently as established in Appendix C Part II of the MISO Agreement.

Schedule 8 zonal rates are applied to drive-in and drive-within non-firm transactions. Additional zones may be added if additional transmission owners transfer control of their facilities to MISO. The zones may only be changed as follows:

- To reflect the effectuation of a merger (or consolidation and reorganization), or
- To add a new transmission owner that operates a local balancing authority in existence on or before the date of the initial filing with the FERC to establish MISO, or
- To reflect the withdrawal from MISO of one or more transmission owners.

A MISO system-wide Schedule 8 rate is applied to all non-firm drive-out and drive-through transactions. These rates are calculated in accordance with Attachment O, adjusted to reflect charges collected under Schedule 26 and Schedule 26-A of the Tariff and are posted on the OASIS.

The Tariff provides for a price cap on Schedule 8 rates where the total demand charge in any week, pursuant to a reservation for daily delivery, shall not exceed the weekly rate times the highest amount in MW of the Reserved Capacity in any day during such week. The Tariff provides for a price cap on Schedule 8 rates where the total demand charge in any one day, pursuant to a reservation for hourly delivery, shall not exceed the daily rate times the highest amount in MW of the Reserved Capacity in any hour during such day.

In calculating the rates under Attachment O for the Michigan Joint Zone and the Michigan Joint Zone Subzone, Michigan Electric Transmission Company, LLC, Wolverine Power Supply Cooperative, Inc. and Michigan Public Power Agency, and any additional Transmission Owners that may be included in the Michigan Joint Zone, must quantify the Load in the Michigan Joint Zone served under ownership entitlements granting use of the METC transmission system associated with jointly-owned facilities consistent with FERC's directives in Docket No. ER02-2458-001.

This Load shall be submitted to MISO as a schedule appended to Attachment O, and shall adhere to the same calendar year or fiscal year reporting requirements as Attachment O and shall be consistent with the divisor from Attachment O.

MISO shall determine the Michigan Joint Subzone rate by dividing a) the sum of non-METC net revenue requirements from Attachment O, page 1, line 7, allocated to the Michigan Joint Zone by the sum of b) divisors from Attachment O, page 1, line 15, allocated to the Michigan Joint Zone, provided that there shall be no duplication of Load in the divisor, plus c) all Load served under ownership entitlements associated with jointly-owned facilities in the Michigan Joint Zone as appended to Attachment O. The Michigan Joint Zone Subzone rate shall be applied to all ownership entitlement Load.

The zonal rate for the Michigan Joint Zone shall be a) the METC net revenue requirement from Attachment O, page 1, line 7, divided by the sum of divisors from Attachment O, page 1, line 15, allocated to the Michigan Joint Zone, provided that there shall be no duplication of Load in the divisor and the METC divisor shall not include Load served under ownership entitlements, plus b) the rate for the Michigan Joint Zone Subzone. The Michigan Joint Zone Rate shall be applied to all loads within the Michigan Joint Zone, excluding the ownership entitlement Load paying the Michigan Join Zone Subzone rate.

The Tariff also provides for discounts in Schedule 8 rates.

- Any offer of a discount made by MISO must be announced to all Eligible Customers solely by posting on the OASIS.

In the event that MISO initiates Curtailment of confirmed Point-To-Point Transmission Service of the Transmission System due to a TLR event in accordance with Attachment Q, credit will be given to the Transmission Customers that are actually requested to curtail their energy schedules associated with confirmed Point-To-Point Transmission Service. No credits will be given for: (1) TLR events external to the Transmission System; (2) Non-Firm Secondary Point-

To-Point Transmission Service under a Firm Point-To-Point reservation; or, (3) Next-Hour Transmission Service. Under no circumstances shall the amount credited exceed the amount the customer was actually curtailed nor will credit be given for any hours other than those in which the Curtailment was requested.

Point-to-Point Transmission Service customers are not required to obtain Transmission Service for the receipt of Energy and transmission of such Energy associated with an Electric Storage Resource or a Stored Energy Resource – Type II when withdrawing Energy while providing Regulating Service or Down Ramp Capability.

3.1.7.2 HVDC Service

MISO is required to provide firm point-to-point transmission service for HVDC facilities in accordance with Section 27A of the Tariff. The provisions of Schedule 8 described herein apply to HVDC transmission service.

3.1.7.3 Data Requirements

The data necessary to calculate Schedule 8 charges is obtained from the Transmission Service reservation records obtained from the OASIS system and stored periodically in MISO database. The following data is required in order the Schedule 8 transmission charge to be calculated:

- POR
- POD
- Source
- Sink
- Reservation Type
- AREF (a unique service reservation ID)
- Reserved Capacity
- Start Date/Start Time
- Stop Date/Stop Time
- Effective Rate posted on OASIS

3.1.7.4 Schedule 8 Service Charge

The Schedule 8 charge for Non-Firm PTP Transmission Service is calculated as follows for all drive-in and drive-within (Sinks internal to MISO) reservations:

Eq. 3.24 $Schedule\ 8\ Charge_{Sink\text{--}IN} = RC * ER_{S8Zone=Sink} * Increment$

Where:

- $Schedule\ 8\ Charge_{Sink\text{-}IN}$ = the charge for this service for reservations with the Sink located in a MISO Zone in $
- RC = Approved Reserved Capacity for each profile segment in MW
- $ER_{S8Sinke=POD}$ = Effective zonal rate for the zone corresponding to the reservation in $/MW
- $Increment$ = Duration of reservation prorated to the billing cycle based on the appropriate rate

The Schedule 8 charge for Non-Firm PTP Transmission Service is calculated as follows for all drive-out and drive-through (PODs external to MISO) reservations:

Eq. 3.25 $Schedule\ 8\ Charge_{Sink\text{-}OUT} = RC * ER_{System\text{-}wide} * Increment$

Where:

- $Schedule\ 8\ Charge_{Sink\text{-}OUT}$ = the charge for this service for reservations with the Sink located outside MISO Zone in $
- RC = Approved Reserved Capacity for each profile segment in MW
- $ER_{System\text{-}wide}$ = Effective MISO system-wide rate in $/MW
- $Increment$ = Duration of reservation prorated to the billing cycle based on the appropriate rate

A profile segment is generated for each reservation and shows the applicable capacity and rate used for each line. If a product has On- and Off-Peak rates applied to it, this detail will be shown. Examples would be hourly or daily reservations. Hourly reservations are On-Peak for hours 6 – 22 and Off-Peak are hours 0 – 6, 23 and 24. Daily reservations use On-Peak rates for Monday through Friday and Off-Peak rates for Saturday and Sunday along with the NERC holidays.

The Schedule 8 charge appears on the TO Trust Transmission Customer Invoice which contains the base transmission service charges. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges are subject to MISO Transmission Settlements Billing Dispute Resolution BPM.

3.1.7.4.1 Resale of Transmission Service

A MISO point-to-point transmission customer may resell all or a portion of its rights under its Service Agreement as defined in the Tariff, however, this service can only be sold to an eligible customer under the Tariff. The following practices apply:

- Compensation to the Reseller shall be at rates established by agreement with the Assignee. The Assignee must execute a Service Agreement with MISO prior to the date on which the reassigned service commences that will govern the provision of reassigned service. MISO credits or charges the Reseller, as appropriate, for any differences between the price reflected in the Assignee's Service Agreement and the Reseller's Service Agreement with MISO.
- If the Assigned does not change any Point-of-Receipt or Points-of-Delivery or any other term or condition set forth in the original Service Agreement, the Assignee will receive the same service and priority, as did the Reseller.
- The Reseller will be held responsible for all terms and conditions of the Regional Tariff. MISO will continue to bill the Reseller.
- Resellers may use the OASIS to post transmission capacity available for resale.

- From a settlements' perspective, Resale reservations are treated exactly as an Original transmission reservation and all applicable schedules that would have been assessed to the Original transmission reservation now apply to the Resale transmission reservation.

3.1.7.4.2 Partial Transfer of Transmission Service

The Partial Transfer request type of service on the OASIS is used to request transferring a portion, but not all, capacity, and all rights, and obligations, including financial liability, from one Transmission Customer to another Transmission Customer.

From a settlement's perspective, Partial Transfer reservations are treated exactly as an Original transmission reservation and all applicable schedules that would have been assessed to the Original transmission reservation apply to the Partial Transfer transmission reservation.

3.1.7.4.3 Preemption-ROFR Process

OASIS functionality supports the Preemption of previously queued short-term requests or reservations by a valid competing request. These are handled in a first-come-first-served order based upon queue time. *Refer to Business Practice Manual 13 – Transmission Service for more information.*

3.1.7.4.4 Electric Storage Resources (ESRs) Exemption

Based upon FERC Order No. 841 and Module B of the Tariff, withdrawals of Energy by an ESR that is dispatched by MISO to provide Regulating Service or Down Ramp Capability may qualify for an exemption from transmission charges. When an ESR qualifies for an exemption, the original OASIS reservation capacity is reduced by the exempted amount, and the TSR Billable Capacity is used in all charge calculations.

3.1.7.4.4.1 Calculation of ESR Reduction in OASIS Capacity for Non-Firm PTP Transactions

Eq. 3.26 *TSR Billable Capacity* = *Original TSR Capacity – ESR Exemption*

Where:

- *TSR Billable Capacity* – Megawatt capacity used in charge calculations.

- *Original TSR Capacity* – The original confirmed capacity on the OASIS TSR (reservation)
- *ESR Exemption* – Megawatt volume reduction to original TSR capacity where qualifying hours have a Resource Load Profile ("Res_Lp_Vol") value of greater than zero and a Ramped Regulation Deployment ("Reg_Depl") value of less than zero, as provided by Market Settlements, and comply with TSR requirements as noted in BPM 13 – Transmission Service, Section 16. Please see the Post Operating Processor 5 Minute Calculation Guide for details on the calculation of Res_Lp_Vol and Reg_Depl.

3.1.7.5 Schedule 8 Revenue Distribution

All Schedule 8 revenues collected by MISO are distributed back to MISO Transmission Owners. The provisions contained in MISO Agreement, Appendix C Part III, Section A, govern this revenue distribution.

Based on the provisions applicable to Schedule 8, five revenue distribution rules are discussed below.

One common revenue distribution rule applicable to all Schedule 8 revenues states that the transmission owners located within a zone that has more than one (1) Transmission Owner (i.e. Wabash Valley, IMPA and Cinergy in Zone 5), shall appoint a single Transmission Owner or designee to receive the revenues allocated to the zone. The designated Transmission Owner is charged with distribution of those revenues pursuant to a separate agreement of the Transmission Owners within the zone. The following rules apply to all Schedule 8 revenue distribution:

- The revenues collected by MISO for Schedule 8 Transmission Service provided to serve retail electric Load that had the right to choose a different supplier under a state retail access program or legislation are fully distributed to the Host Zone Transmission Owner. The distribution occurs in this manner regardless of whether the customers comprising such retail Load have exercised the right to choose a retail supplier.
- Revenues collected by MISO for Schedule 8 Transmission Service where the reservation involved generation source(s) and Load(s) physically located within the same Host Zone (POR = POD) are fully distributed to the Host Zone Transmission Owner. The distribution occurs in this manner regardless of whether the Transmission Owner or another entity controls the generation source.

- Revenues collected by MISO for Schedule 8 Transmission Service for delivery directly to a wholesale requirements customer or a former wholesale requirements customer is distributed to the Host Zone.
- Revenues collected by MISO for a drive-in Schedule 8 reservation where a Border Transmission Owner purchases power from outside MISO for a delivery to its zone and the Border Transmission Owner pays MISO for such Transmission Service to support the purchase are fully distributed to the Border Transmission Owner.
- All other types of Schedule 8 Transmission Service reservation revenues are distributed according to a methodology consisting of the three following steps:

1. Fifty percent (50%) of the collected Schedule 8 Transmission Service revenues are allocated across all MISO Transmission Owners in proportion to their transmission investments reported in the rate making formula templates of Attachment O of the MISO Tariff. Proportional shares are computed based on the data relevant to the gross book value of transmission assets of each Transmission Owner. The proportional shares are calculated as follows:

Eq. 3.26

$$RA_{S8.1i} = \frac{TR_{S8t}}{2} \cdot \frac{GBV_i}{\sum_{z=1}^{n} GBV_z}$$

Where:

- $R_{S8.1i}$ = Revenue due to Transmission Owner *i* from Schedule 8 Step 1 revenue calculation
- TR_{S8t} = Total revenue from Schedule 8 on a given transaction *t*
- GBV_i = Gross book value of Transmission Owners in MISO. The gross book value of assets is updated and posted on the OASIS on January 1 and June 1 of every year.
- n = Total number of MISO Transmission Owner Members

2. The remaining fifty percent (50%) of the collected Schedule 8 Transmission Service revenues are allocated across all MISO Transmission Owners via a power flow-model producing transaction participation factors (TPFs). MISO develops these transaction participation factors from similar network models used in the calculations of Available Transmission Capacity (ATC) and network losses. These TPF values are stored and available in MISO ICCS for use in this calculation. A matrix of

transaction participation factors is created for each Transmission Owner. The matrix has the following form:

Eq. 3.27 $$\begin{bmatrix} TPF_{1,1} & TPF_{1,2} & \cdots & TPF_{1,m} \\ TPF_{2,1} & TPF_{2,2} & \cdots & TPF_{2,m} \\ \vdots & \vdots & \ddots & \vdots \\ TPF_{m,1} & TPF_{m,2} & \cdots & TPF_{m,m} \end{bmatrix} \text{ such that } TPF_{j,k} \in [0,1]$$

Where:

- $TPF_{j,k}$ = Fractional transaction participation factor for a transaction that extends from Source_j to Sink_k
- m = Total number of transmission interconnection points to local balancing authorities outside MISO

MISO updates the Transaction Participation Factor Matrices (TPFM) on a periodic basis and determines the correct set of TPFM to apply to the appropriate Schedule 8 reservations, depending on the seasons: winter and summer. Therefore the following formula calculates the Schedule 8 revenue distribution for Step 2:

Eq. 3.28 $$R_{S8.2i} = \frac{TR_{S8t}}{2} \cdot TPF_{j,k}$$

Where:

- $R_{S8.2i}$ = Revenue due to Transmission Owner *i* from the Schedule 8 Step 2 revenue distribution calculation
- TR_{S8t} = Total revenue from Schedule 8 on a given transaction *t*
- $TPF_{j,k}$ = Fractional participation factor for transmission owner *i* on a transaction that extends from Source_j to Sink_k based on the seasonal TPFM

The total Schedule 8 revenue distribution for a transaction *i* attributable to Bullet 5 is the sum of Step 1 and Step 2 computed as:

Eq. 3.29 $$R_{Total\text{-}b5} = R_{S8.1i} + R_{S8.2i}$$

Where:

- $R_{Total\text{-}b5}$ = Total revenue due to Transmission Owner *i* from the Schedule 8 Step 1 and Step 2 revenue distribution calculation
- $R_{S8.1i}$ = Revenue due to Transmission Owner *i* from Schedule 8 Step 1 revenue distribution calculation based on gross book value
- $R_{S8.2i}$ = Revenue due to Transmission Owner *i* from Schedule 8 Step 2 revenue distribution calculation based on fractional transaction participation factors

There are six exceptions to revenue distribution for Schedule 8 listed in Section 3.1.7.6.

3.1.7.6 Exceptions to Revenue Distribution of Schedules 7 and 8

These exceptions are shown on the transmission statement. The number on the file corresponds to the number shown on the transmission statement.

1. Revenues collected by MISO for Transmission Services involving retail electric Load that had the right to choose a different supplier under a state retail access program or legislation, shall be fully distributed to the Host Zone, regardless of whether the customers comprising such retail electric Load have exercised such right to choose.
2. Revenues collected by MISO for Transmission Services associated with power transactions where the generation source(s) and Load(s) are physically located within the same Host Zone shall be fully distributed to that Host Zone whether the generation source is controlled by the Owner or another entity.
3. Revenues collected by MISO for Network Transmission Service shall be fully distributed to the Host Zone.
4. Revenues collected by MISO for drive-in Point-To-Point Transmission Service shall be fully distributed to the Border Transmission Owner if that Owner purchases power from outside MISO for delivery to its Zone and pays MISO for such Transmission Service to effectuate that purchase.
5. Except by mutual agreement of the parties to a Grandfathered Agreement, MISO shall not collect or distribute any revenues for Transmission Service related to such agreements during the Transition Period. The Owner providing the Transmission Service under a Grandfathered Agreement shall continue to receive payment directly from the customer under the Grandfathered Agreement. Nothing contained in this paragraph affects any rights of any party to unilaterally make application to FERC to alter, amend, or terminate a Grandfathered Agreement.

6. Revenues collected by MISO for Point-To-Point Transmission Service for delivery directly to a wholesale requirements customer or a former wholesale requirements customer shall be distributed to the Host Zone.

3.1.8 Schedule 9: Network Integration Transmission Service

3.1.8.1 Overview

MISO is required to provide Network Integration Transmission Service (NITS) according to the terms in Module B of the Tariff. Monthly Demand Charges for Schedule 9 service are assessed by MISO on all actual monthly Network Integration Transmission Service usage by Network Customer. The Monthly Demand Charge is defined as the NITS Schedule 9 charges.

All registered MISO Transmission Customers granted Network Integration Transmission Services from MISO purchase Schedule 9 service from MISO. Transmission Customers purchasing NITS from MISO are also called Network Customers. This Transmission Service allows Network Customers to efficiently and economically utilize their Network Resources (as well as other non-designated generation resources) to serve their Network Load.

MISO provides Schedule 9 service equal to the Network Customer's monthly usage of MISO transmission system capacity and energy. This usage is determined by identifying the Network Customer's demand equivalent to its monthly Network Load.

A Network Customer's monthly Network Load is its hourly Load (60 minute, Hour); provided, however, the Network Customer's monthly Network Load will be its hourly Load coincident with the monthly peak of the pricing zone or system where the Network Customer's Load is physically located.

Each entity (the host Transmission Owner of a pricing zone, or system, where applicable) reporting monthly peak Load files to MISO Transmission Settlements will calculate a Loss Percentage for its Transmission Pricing Zone or system that will be applied to Network Loads prior to reporting. A Loss Percentage for each Transmission Pricing Zone or system will be calculated using the Transmission Pricing Zone's or system's monthly peak hour for each month for a 12-consecutive-month historical period (The historical period will be the most recent twelve months of data prior to the filing to update the entity's Attachment O data.) and will be based on S105 values for withdrawals and State Estimator losses reported on the Residual Load Account Statement. The statement is provided by MISO Energy Markets Settlements, and the data will be provided to reporting entities for the purpose of calculating loss percentages. Updated Loss

Percentages will be effective for 12 months. Each reporting entity will update its Loss Percentage coincident with its annual Attachment O update and will post its updated Loss Percentage on MISO's website.

It will be the responsibility of the entity (the host Transmission Owner of a pricing zone, or system, where applicable) to update the Loss Percentage calculation method as described herein coincident with its next annual Attachment O update following January 1, 2015, and the updated Loss Percentage calculation will become effective coincident with the beginning of the next Attachment O rate year and will remain in effective 12 months.

Entities that have not participated in the MISO market long enough to accumulate 12 months of S105 statements will provide a loss percentage and a methodology to MISO for approval. The formula, using 12 consecutive months of historical data, for calculating the Loss Percentage is:

$$LP = \sum_{12} Losses_{SE} \Bigg/ \left[\sum_{12} Withdrawals + \sum_{12} Losses_{SE} \right]$$

Divide the Network Load, including applicable load served by behind the meter generation adjusted for Grandfathered Load that has not been adjusted for Transmission Losses by one minus the Loss Percentage as follows:

Billing Network Load = Non Loss Adjusted Network Load / (1-LP)

Each load reporting entity (the host Transmission Owner of a pricing zone or system) should report Billing Network Load for each network contract to MISO for monthly billing purposes. Please note the reporting Billing Network Load, in addition to being the load used to calculate Schedule 9 Network Service billing, will also be used to calculate all other Transmission and Ancillary Services charges that are applicable to Network Service.

Please note that MISO Transmission Owners may elect to bill their Network Customers directly for Network Service (Schedule 9) in which case they have the ability to establish charging methodologies that may not coincide with the methodologies used by MISO.

Prior to June 1, 2011, if a Network Customer is a customer in the American Transmission Systems, Inc. zone, the hourly Load will be voltage differentiated as Load utilizing transmission facilities 138 kV and above, and Load utilizing transmission facilities below 138 kV. Load utilizing transmission facilities at 138 kV and above will be equal to 100% of the Network Customer's monthly Network Load. The monthly Network Load for purposes of assessing the service charge for transmission facilities below 138 kV for a Network, other than retail choice providers and providers of last resort, shall be specifically metered. For retail choice providers and providers of last resort, the Network Customer's total monthly Network Load utilizing transmission facilities below 138 kV shall be the sum of the Network Customer's monthly Network Load deemed to be utilizing transmission facilities below 138 kV in each state-approved service territory in American Transmission Systems, Inc.

A Network Customer's monthly Network Load deemed to be utilizing transmission facilities below 138 kV service in each state approved service territory of American Transmission Systems, Inc. shall be the Network Customer's ratio of the Network Load in such service territory multiplied by the total Load within this zone deemed to be utilizing transmission facilities below 138 kV in such service territory, adjusted for specifically metered Load. The percentage of Load in each state approved service territory that is deemed to be utilizing transmission facilities below 138 kV shall be determined annually pursuant to an American Transmission Systems, Inc. Load flow analysis.

The Network Customer pays MISO the Schedule 9 Monthly Demand Charge based on the amount of Network Load served.

Network Customers taking Schedule 9 service to serve their Bundled Load shall not pay charges pursuant to Schedules 1 and Schedule 9. Notwithstanding the previous sentence, Ameren Service Company, acting as a Transmission Customer taking Transmission Service to serve Ameren Energy, Inc., as agent for and on behalf of Union Electric Company (d/b/a AmerenUE and Ameren Energy Generating Company), for serving their Bundled Load in the State of Missouri shall not pay charges pursuant to Schedule 2.

3.1.8.2 Data Requirements

Schedule 9 Rates are zonal rates and applied on a monthly basis to all NITS. The application of the appropriate zonal rates is determined by MISO based on the location of the Sink listed on the OASIS Transmission Service reservation. MISO computes all Schedule 9 rates following the instructions described in Attachment O – MISO Formulaic Rates of the MISO Tariff and Appendix C Part II of MISO Agreement. Prior to June 1, 2011, Transmission Customers with Load in American Transmission Systems, Inc. shall pay the 138kV and above Transmission Service rate. Transmission Customers with Load in American Transmission Systems, Inc. shall also pay the below 138 kV Transmission Service rate for its Load that is served or deemed to be served by transmission facilities below 138 kV. These rates are revised at least twice each year on or before January 1 and June 1 or more frequently as established in Appendix C Part II of MISO Agreement. Schedule 9 annual rates are posted publicly on the OASIS.

In calculating the rates under Attachment O for the Michigan Joint Zone and the Michigan Joint Zone Subzone, Michigan Electric Transmission Company, LLC, Wolverine Power Supply Cooperative, Inc. and Michigan Public Power Agency, and any additional Transmission Owners that may be included in the Michigan Joint Zone, must quantify the Load in the Michigan Joint Zone served under ownership entitlements granting use of the METC transmission system associated with jointly-owned facilities consistent with FERC's directives in Docket No. ER02-2458-001.

This Load shall be submitted to MISO as a schedule appended to Attachment O, and shall adhere to the same calendar year or fiscal year reporting requirements as Attachment O and shall be consistent with the divisor from Attachment O.

MISO shall determine the Michigan Joint Subzone rate by dividing a) the sum of non-METC net revenue requirements from Attachment O, page 1, line 7, allocated to the Michigan Joint Zone by the sum of b) divisors from Attachment O, page 1, line 15, allocated to the Michigan Joint Zone, provided that there shall be no duplication of Load in the divisor, plus c) all Load served under ownership entitlements associated with jointly-owned facilities in the Michigan Joint Zone as appended to Attachment O. The Michigan Joint Zone Subzone rate shall be applied to all ownership entitlement Load.

The zonal rate for the Michigan Joint Zone shall be a) the METC net revenue requirement from Attachment O, page 1, line 7, divided by the sum of divisors from Attachment O, page 1, line 15, allocated to the Michigan Joint Zone, provided that there shall be no duplication of Load in the divisor and the METC divisor shall not include Load served under ownership entitlements, plus b) the rate for the Michigan Joint Zone Subzone. The Michigan Joint Zone Rate shall be applied to all loads within the Michigan Joint Zone, excluding the ownership entitlement Load paying the Michigan Join Zone Subzone rate.

MISO Agreement provides for a transition period of six years during which, only the zonal rates can be used to charge for Schedule 9 service. Single MISO system wide rates for Schedule 9 will be available only after the transition period ends and if the conditions set forth in Appendix C Section II Paragraph B of MISO Agreement exist. MISO zonal rates are the same as identified for schedules 7 and 8. The zones may only be changed as follows:

- To reflect the effectuation of a merger (or consolidation and reorganization); or

- To add a new Transmission Owner that operates a local balancing authority in existence on or before the date of the initial filing with the FERC to establish MISO; or
- To reflect the withdrawal from MISO of one or more Transmission Owners.

The zonal rate structure may also be changed after the transition period has expired. There are no rate caps available for Schedule 9 service.

The Schedule 9 charges are obtained by applying the effective annual Schedule 9 zonal rate to the Network Customer's Load. By definition, a Network Customer's Network Load can only be determined after the fact, when all Transmission Owners report the Network Customer's monthly peak loads coincident with their zonal peak. This may not be coincident to MISO's peak Load.

- Unless specifically designated as Point-To-Point Transmission Service, all Network Customer Load is reported as Network Load. This includes Grandfathered Load or Load served by Behind-the-Meter Generation. Based upon FERC Order No. 841 and Module B of the Tariff, when an Electric Storage Resource ("ESR") is charging it becomes load to the Transmission System unless the ESR is charging to provide Regulating Service or Down Ramp Capability.
- Network Resource output under Point-To-Point Transmission Service does not contribute to Network Customer Network Load. All other output is to be included as Customer Network Load. Station power may be Network Load if the generator has signed a Network Integration Transmission Service Agreement.
- Unmetered Network Load shall be estimated by the Transmission Owner or Local Balancing Authority.
- When an ESR is charging to provide Regulating Service or Down Ramp Capability, it may qualify for an exemption from transmission charges. In all other circumstances, an ESR is responsible for any transmission charges that would apply.
- The owner of the ESR must work with the Transmission Owner where the ESR is physically located to ensure that accurate billing determinants are provided to MISO for network service. This coordination will ensure when the ESR is providing an exempted service as described herein and in Module B of the Tariff, that these values are not included in the network load calculation.

MISO collects data files from each Transmission Owner or Local Balancing Authority that contains the necessary data to determine a Network Customer's monthly Network Load. Network Integration Transmission Service customers are charged based on their contribution to the Local Balancing Authority peak Load of the peak Load in the zone where their Load resides. Local Balancing Authorities submit monthly metered Load ratio shares for their peak Load each month to cover network integration Transmission Service loads, grandfathered contracts and other eligible loads such as loads served by Behind the Meter Generation.

The peak Load file is due on the first day of the month, prior to 12 am (midnight). If actual meter values are not available, an estimated peak Load will be accepted if provided by the Local Balancing Authorities. Estimated customer peak network load values must add up to the LBA reported total network load which should be hour ending. If data is not received by the third business day, an e-mail will be sent to the appropriate contacts of the respective companies that have not provided peak Load values. If peak Load data is not received by Day 3, then the estimated data will be used for the final settlement run.

If estimated Network Load values are used, Transmission Owners will submit actual Network Load values once known and submitted per the resettlement schedule contained in 2.3 Transmission Settlements Resettlement Schedule.

The Schedule 9 charges applicable to a Network Customer depend on the location of its Network Load. If a Network Customer has Load in separate zones, MISO applies the effective annual rate for each zone in which its Load is located and then aggregates the charges on a Network Customer basis.

3.1.8.3 Schedule 9 Service Charge

The steps for computing Schedule 9 service charges are as follows:

1. Identify all registered Network Customers from the OASIS.
2. Determine MISO zones where each Network Customer is serving Load.
3. Determine the Network Load corresponding to each Network Customer in each of those zones.
4. Apply the appropriate Schedule 9 yearly zonal rate to each Network Customer's corresponding Network Load.
5. Aggregate the Schedule 9 charges for the Network Customers and obtain the Monthly Demand Charge as defined in section 3.1.8.1.

The Monthly Demand Charge for Schedule 9 service can be calculated as follows:

Eq. 3.30 Schedule 9 ChargeNITS = (ERS9z/hours in the year) * NL * BD * 24

Where:

- ER_{S9z} = Schedule 9 effective yearly zonal rate ($/MW) for zone *z* divided by the hours in the year
- NL = Network Customer's Network Load (MW) in zone *z*
- BD = Days in the billing cycle
- 24 = The hours in a day

Effective with the April 2019 billing cycle, increment has been removed from the charge calculation for NITS service calculation.

Billing for Schedule 9 charges requires that the billing data necessary to calculate a Network Customer's monthly Network Load be available to MISO. Because MISO is not the Network Customer Load metering agent, MISO depends on the various metering agents to collect revenue quality meter data, process it according to their own internal procedures, produce the necessary reports and data files with the data, and send the data files to MISO.

The process of reading the meters, accumulating the data and finally sending the required data files to MISO on a monthly basis introduces a time lag between the month that Schedule 9 service was provided and the time MISO has the data to calculate the Monthly Demand Charge. Schedule 9 charges are assessed in the monthly billing cycle following the receipt of the required data.

The Schedule 9 charge appears on the TO Trust Transmission Customer Invoice which contains base transmission service charges. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges are subject to the MISO Transmission Settlements Billing Dispute Resolution BPM.

3.1.8.4 Tariff Section 30.9 Network Customer Owned Transmission Facilities

The Network Customer that owns existing transmission facilities that are integrated with the Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of MISO or ITC to serve its power and transmission customers. For facilities added by the Network Customer subsequent to July 13, 2007, the Network Customer shall receive credit for such transmission facilities added if such facilities are integrated into the operations of MISO's facilities; provided however, the Network Customer's transmission facilities shall be presumed to be integrated if such transmission facilities, if owned by the Transmission Provider, would be eligible for inclusion in the Transmission Provider's annual transmission revenue requirement as specified in Attachment O. Calculation of any credit under this subsection shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties. This crediting provision does not apply to Network Customer transmission facilities that are reflected in the rates for service under the Tariff.

Transmission Owners in the MISO footprint that have 30.9 customers have either elected to handle this crediting mechanism via their revenue sharing agreement or have asked that MISO handle the credit process. Prior to the launch of the new settlement system, MISO settlement staff handled the crediting process via manual adjustments. Under the new settlement system, MISO has automated this functionality.

Section 30.9 Network Customers dollar amounts are shown on the transmission statement.

3.1.8.5 Schedule 9 Revenue Distribution

All Schedule 9 revenues collected by MISO are distributed back to MISO Transmission Owners. The provisions contained in the MISO Agreement, Appendix C Part III, Section A, require that all revenues collected by MISO for Schedule 9 service be fully distributed to the Host Zone Transmission Owner.

One common revenue distribution rule applicable to all Schedule 9 revenues states that the transmission owners located within a zone that has more than one (1) Transmission Owner (i.e. Wabash Valley, IMPA and Cinergy in Zone 5), shall appoint a single Transmission Owner or designee to receive the revenues allocated to the zone. The designated Transmission Owner is charged with distribution of those revenues pursuant to a separate agreement of the Transmission Owners within the zone.

The revenue distribution attributable to Schedule 9 charges are as follows:

Eq. 3.31 $R_{TOi=Zi} = TR_{Zi - 30.9\ Credit}$

Where:

- $R_{TOi=Zi}$ = Revenue distribution share of the Transmission Owner TO*i* corresponding to the same zone Zi
- TR_{Zi} = Total revenue collected by MISO from Schedule 9 charges corresponding to zone Zi
- i = A particular Transmission Owner zone number or identification
- *30.9 Credit – if applicable, the 30.9 dollar amount reduces the Schedule 9 revenue*

3.1.9 Schedule 10: MISO Cost Adder

3.1.9.1 Overview

This service charge provides the mechanism for recovering costs associated with running MISO, which are not recovered under Schedule 1. These costs include:

- MISO's deferred pre-operating costs;
- Costs associated with the building and operating the Control Center, including capital costs and operating expenses; and
- Costs for administering the Tariff.

For capital costs, MISO does not recover for a rate of return on equity, but instead it recovers its actual costs of financing any such capital costs.

There are currently five (5) Schedule 10 charges that relate to Transmission Settlements: Schedule 10, Schedule 10-B, Schedule 10-D, Schedule 10-G and Schedule 10-FERC. The difference between the three is based on pre-existing conditions and the services taken from MISO. During the Transition Period, the total Schedule 10 Demand and Energy rates were capped at 15 cents/MWh.

In the event that a Transmission Owner withdraws its transmission facilities (Withdrawing Entity) from the operational control of MISO, the Withdrawing Entity shall pay its share of all Schedule 10-related financial obligations incurred and payments applicable to time periods prior to the effective date of such withdrawal (the Schedule 10 Withdrawal Obligation) as required by Article Five, Section II(B) of the MISO Agreement. The withdrawing Transmission Owner may, at the Transmission Owner's election, pay the Schedule 10 Withdrawal Obligation amortized over five (5) years including interest based on the FERC-mandated interest rate for refunds, or (ii) pay the entire Schedule 10 Withdrawal Obligation in lump sum at the time of withdrawal.

Beginning with the July 2003 billing cycle, MISO started calculating two (2) Schedule 10 rates, a Demand rate and an Energy rate. The two rates are necessary because each will be multiplied by a different type of billing determinant. The Demand rate will be multiplied by billing units of Reserved Capacity for point-to-point service and Network Load for NITS service, and the Energy rate will be multiplied by billing units of MWhs of scheduled energy.

3.1.9.2 Data Requirements

Schedule 10 Demand service is assessed on Reserved Capacity or Network Load associated with a MISO approved Schedule 7, 8, and 9 Transmission Service reservation.

The Schedule 10 rate is calculated by MISO on a monthly basis and accounts for:

- MISO budgeted or forecasted costs and Transmission Service projections for the current billing month and,
- MISO actual costs and actual Transmission Service provided for the previous month.

During the Transition Period, the Tariff established a cap on the ISO Cost Adder rates of $0.15/MWh on a 100% demand basis. The recovery of monthly costs that may exceed the cap is deferred until after the Transition Period ends (six years or January 31, 2008). Recovery of deferred costs is defined in Schedule 10 of the Tariff. The Schedule 10 monthly rates are posted on the MISO website at the following location:
misoenergy.org>About MISO>Financial Statements>10-16-17 Rate ForecastsHere is the accounting percentage for Schedule 10 and the FERC accounts:

MISO Tariff Schedule	% Allocation of Billed Line Item to:		
	FERC ACCT # 561.4	FERC Acct # 561.8	FERC Acct # 575.7
Schedule 10	90.4%	6.5%	3.1%

The data necessary to calculate Schedule 10 charges is the same information used to calculate Schedule 7, 8, and 9 service charges. The Schedule 10 obligation (reserved capacity or network Load) must be converted to MWH in order to compute the charge.

3.1.9.3 Schedule 10 Demand Charge

For each Transmission Customer the Schedule 10 charge is computed as follows:

Eq. 3.32 $Sch10DemandCharge_i = ER_{10} * BD * Increment\ in\ Hours$

Where:

- $Sch10DemandCharge_i$ = The Schedule 10 Demand Charge for Transmission Customer i in $
- ER_{10} = The effective Schedule 10 Demand rate
- BD = The capacity Billing Determinant for the reservation. Equal to the reserved capacity used in the Schedule 7 or 8 charge for point-to-point reservations. Equal to the Network Load used in the Schedule 9 charge for network integration reservations
- $Increment\ in\ Hours$ = The duration of the reservation in hours of the billing cycle

For each Transmission Owner or Appendix I Entity the following Demand charge will be assessed:

Eq. 3.33 $$Charge_{10} = (Charge_{TO} = R_{10MON} * ((TOMoPeak * TO\%) - \sum SCH_{PTP}) * Increment\ )$$

Where:

- $Charge_{1O}$ = The Schedule 10 Demand charge to a Transmission Owner or Appendix I Entity in $
- R_{10Mon} = The Effective Monthly Schedule 10 Demand rate in $/MWH
- $TOMoPeak$ = The monthly peak of the Transmission Owner where the Transmission Owner Network Load is located
- $TO\%$ = The percent of the Transmission Owner's peak Load that represents the Transmission Owner as a customer
- SCH_{PTP} = The sum of all Schedules, at the hour coincident with the Transmission Owner's monthly peak, for Point-To-Point Transmission Service made by marketers to serve native Load
- $Increment$ = The duration of the reservation in hours of the billing cycle

The Schedule 10 demand charge appears as a line item on the MISO Cost Adder Invoice. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges are subject to MISO Transmission Settlements Billing Dispute Resolution BPM.

3.1.9.4 Schedule 10 Energy Charge

For each Transmission Customer the Schedule 10 Energy charge is computed as follows:

Eq. 3.34 $Sch10EnergyCharge_i = ER_{10} * BD * Increment\ in\ Hours * LF$

Where:

- $Sch10EnergyCharge_i$ = The Schedule 10 Energy Charge for Transmission Customer *i* in $
- ER_{10} = The effective Schedule 10 Energy rate for the correct reservation duration
- BD = The capacity billing determinant for the reservation. Equal to the reserved capacity used in the Schedule 7 or 8 charge for point-to-point reservations. Equal to the Network Load used in the Schedule 9 charge for network integration reservations
- $Increment\ in\ Hours$ = The duration of the reservation in hours in the billing cycle
- LF = Applicable Load Factor (used to estimate energy consumption) Prior year energy data is obtained from each Transmission Owner and used to estimate current energy consumption (Definition: A load factor is the ratio of the amount of electrical energy used, during an interval of time, compared to how much energy would have been used if the load for every hour of the interval of time equaled the peak load for the period.

For each Transmission Owner or Appendix I Entity the following Energy charge will be assessed:

Eq. 3.35 $\mathrm{Charge}_{10} = (Charge_{TO} = R_{10MON} * ((TOMoPeak * TO\%) - \sum SCH_{PTP}) * Increment * LF)$

Where:

- $Charge_{TO}$ = The Schedule 10 Energy charge to a Transmission Owner or Appendix I Entity in $
- R_{10Mon} = The Effective Monthly Schedule 10 Energy rate in $/MWH
- $TOMoPeak$ = The monthly peak of the Transmission Owner where the Transmission Owner Network Load is located
- $TO\%$ = The percent of the Transmission Owner's peak Load that represents the Transmission Owner as a customer

- SCH_{PTP} = The sum of all Schedules, at the hour coincident with the Transmission Owner's monthly peak, for Point-To-Point Transmission Service made by marketers to serve native Load
- $Increment$ = The duration of the reservation in hours in the billing cycle
- LF = Applicable Load Factor (used to estimate energy consumption) Prior year energy data is obtained from each Transmission Owner and used to estimate current energy consumption.

The Schedule 10 Energy charge appears as a line item on the MISO Cost Adder Invoice. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges are subject to the MISO Transmission Settlements Billing Dispute Resolution BPM.

The total Schedule 10 charge for both demand and Energy is the sum of the Demand charge and the Energy charge computed as:

Eq. 3.36 $Schedule10_{Total} = Sch10DemandCharge_i + Sch10EnergyCharge_i$

Where:

- $Schedule10_{Total}$ = The total charge for Transmission Customer *i* in $
- $Sch10DemandCharge_i$ = The Schedule 10 Demand charge for Transmission Customer *i* in $
- $Sch10EnergyCharge_i$ = The Schedule 10 Energy charge for Transmission Customer *i* in $

3.1.9.5 Schedule 10 Revenue Distribution

All revenues collected for service under Schedule 10 Demand and Energy are retained by MISO.

3.1.10 Schedule 10-A MISO Alternate Administrative Cost Adder (Expired November 30, 2013)

3.1.11 Schedule 10-B Interim ISO Cost Recovery Adder (Ended December 31, 2008)

3.1.12 Schedule 10-C Louisville Gas & Electric Company and Kentucky Utilities Company Administrative Cost Adder (Expired August 31, 2014)

3.1.13 Schedule 10-D ATSI and Eligible Customer Alternative Schedule 10 Administrative Cost Adder

3.1.13.1 Overview

This Administrative Cost Adder recognizes prepayment by American Transmission Systems Inc. (ATSI) and Eligible Customer of financial obligations incurred by MISO as of the effective date of withdrawal by ATSI. Use of this Schedule is restricted to ATSI and Eligible Customers and is designed to recover MISO's Schedule 10 related administrative costs net of the pre-paid financial obligations. It is used in lieu of Schedule 10 for all of ATSI and Eligible Customer Transmission Service reservations.

3.1.13.2 Data Requirements

Schedule 10-D service is assessed on Reserved Capacity or Network Load associated with MISO approved Schedule 7, 8, and 9 Transmission Service reservation.
The Schedule 10-D rate is calculated by MISO on a monthly basis and accounts for:

- MISO budgeted or forecasted costs and Transmission Service projections for the current billing month and,
- MISO actual costs and actual Transmission Service provided for the previous month, less a credit for ATSI's payment of its withdrawal payment.

The data necessary to calculate the Schedule 10-D charges is the same information used to calculate Schedule 7, 8, and 9 service charges. The Schedule 10-D obligation (reserved capacity or Network Load) must be converted to MWH in order to compute the charge.

3.1.13.3 Schedule 10-D Charge

For each transmission reservation, the Schedule 10-D charge is computed as follows:

Eq. 3.37 $$Schedule10\text{-}D\ Charge_i = ER_{10\text{-}D} * BD * Increment$$

Where:

- $Schedule10\text{-}D\ Charge_i$ = The Schedule 10-D Charge for transmission reservation
- $ER_{10\text{-}D}$ = The effective Schedule 10-D rate in \$/MWh
- BD = The capacity billing determinant for the reservation. Equal to the reserved capacity used in the Schedule 7 or 8 charge for point-to-point reservations. Equal to the Network Load used in the schedule 9 charge for network integration reservations
- $Increment$ = The duration of the reservation in hours in the billing cycle

The Schedule 10-D charge appears as a line item on the MISO Cost Adder Invoice. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges are subject to the MISO Transmission Settlements Billing Dispute Resolution BPM.

3.1.13.4 Schedule 10-D Revenue Distribution

All revenue collected for service under Schedule 10-D is retained by MISO.

3.1.14 Schedule 10-G DEO/DEK and Eligible Customer Alternative Schedule 10 Administrative Cost Adder

3.1.14.1 Overview

This Administrative Cost Adder recognizes prepayment by DEO/DEK and Eligible Customer of financial obligations incurred by MISO as of the effective date of withdrawal by DEO/DEK. Use of this Schedule 10-G is restricted to DEO/DEK and Eligible Customers and is designed to recover MISO's Schedule 10 related administrative costs net of the pre-paid financial obligations. It is used in lieu of Schedule 10 for all of DEO/DEK and Eligible Customer Transmission Service reservations.

3.1.14.2 Data Requirements

Schedule 10-G service is assessed on Reserved Capacity or Network Load associated with MISO approved Schedule 7, 8, and 9 Transmission Service reservations.
The Schedule 10-G rate is calculated by MISO on a monthly basis and accounts for:

- MISO budgeted costs and Transmission Service projections for the current billing month and,
- MISO actual costs and actual Transmission Service provided for the previous month, less a credit for DEO/DEK's payment of its withdrawal payment.

The data necessary to calculate the Schedule 10-G charges is the same information used to calculate Schedule 7, 8, and 9 service charges. The Schedule 10-G obligation (reserved capacity or Network Load) must be converted to MWH in order to compute the charge.

3.1.14.3 Schedule 10-G Charge

For each transmission reservation, the Schedule 10-G charge is computed as follows:

Eq. 3.38 $Schedule10\text{-}G\ Charge_i = ER_{10\text{-}G} * BD * Increment$

Where:

- $Schedule10\text{-}G\ Charge_i$ = The Schedule 10-G Charge for transmission reservation
- $ER_{10\text{-}G}$ = The effective Schedule 10-G rate in $/MWh
- BD = The capacity billing determinant for the reservation. Equal to the reserved capacity used in the Schedule 7 or 8 charge for point-to-point reservations. Equal to the Network Load used in the schedule 9 charge for network integration reservations
- $Increment$ = The duration of the reservation in hours in the billing cycle

The Schedule 10-G charge appears as a line item on the MISO Cost Adder Invoice. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges are subject to the MISO Transmission Settlements Billing Dispute Resolution BPM.

3.1.14.4 Schedule 10-G Revenue Distribution

All revenue collected for service under Schedule 10-G is retained by MISO.

3.1.15 Schedule 10-FERC – FERC Annual Charges Recovery

3.1.15.1 Overview

As a public utility, MISO under the Tariff is subject to annual charges assessed by FERC in accordance with Article 382 of FERC's regulations (Annual FERC Assessment). This FERC Annual Charges Recovery serves as the mechanism by which MISO recovers its obligation to FERC for its annual charge. The annual charge is based upon usage of transmission of electric energy in interstate commerce as reported on FERC Form 582.

3.1.15.2 Data Requirements

Schedule 10-FERC is assessed monthly to Transmission Customers based on their MWh of Transmission Service during a monthly billing cycle and is assessed on Reserved Capacity or Network Load associated with a MISO approved Schedule 7, 8, and 9 Transmission Service reservation.

The Schedule 10-FERC rate is derived by MISO on a yearly basis:

- From a forecast of upcoming Annual FERC Assessment divided by a forecast of the MWhs of Transmission Service to be used over the twelve (12) month period of time associated with the upcoming Annual FERC Assessment.
- The annual rate per MWh shall include a true-up component to account for any difference between the amount owed and the amount collected over the previous twelve (12) month period.

The data necessary to calculate the Schedule 10-FERC charges is the same information used to calculate Schedule 7, 8, and 9 service charges. The Schedule 10 obligation (reserved capacity or network Load) must be converted to MWh in order to compute the charge.

3.1.15.3 Schedule 10-FERC Charge

For each Transmission Customer the Schedule 10-FERC charge is computed as follows:

Eq. 3.39 $$Schedule10\text{-}FERCCharge_i = ER_{10\text{-}FERC} * BD * Increment$$

Where:

- $Schedule10\text{-}FERCCharge_i$ = The Schedule 10-FERC Charge for Transmission Customer *i* in $
- $ER_{10\text{-}FERC}$ = The effective Schedule 10-FERC rate in $/MWh
- BD = The capacity Billing Determinant for the reservation. Equal to the Reserved Capacity used in the Schedule 7 or 8 charge for point-to-point reservations. Equal to the Network Load used in the Schedule 9 charge for network integration reservations
- $Increment$ = The duration of the reservation in hours in the billing cycle

The Schedule 10-FERC charge appears as a line item on the MISO Cost Adder Invoice. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges are subject to the MISO Transmission Settlements Billing Dispute Resolution BPM.

3.1.15.4 Schedule 10-FERC Revenue Distribution

All revenue collected for service under Schedule 10-FERC is deposited as received in a segregated bank account and shall earn interest at MISO's overnight bank rate. The interest earned monthly on all funds in this segregated bank account shall be used to reduce the next Month's Schedule 10 billing rate for all Transmission Customers. Once the invoice is received from FERC, the funds deposited in the segregated bank are used to pay it.

3.1.16 Schedule 11: Wholesale Distribution Service

3.1.16.1 Overview

The Transmission Owner providing the service determines the Transmission Customer's monthly obligation due to this service. The Transmission Owner provides MISO with all the necessary determinants and computations to charge for the use or service to a Transmission Customer. The specific terms of such obligation between the Transmission Owner and the Transmission Customer are documented in the MISO Service Agreement.

All rates and charges for this use or service shall be on file with the appropriate regulatory agency as required by law or regulation. To the extent that a service agreement containing provisions for this service is required to be filed with FERC, MISO will work with the appropriate Transmission Owner(s) to provide, along with the filing, adequate cost support to justify the customer-specific rates and charges being assessed for this service. However, MISO will not calculate these charges.

Pass-Through charges are assessed at the end of each month. MISO passes-through such charges submitted by the Transmission Owner that provided the service directly to the Transmission Customer's monthly bill. The Pass-Through charge appears as a Schedule 11 line item on the Non-TO Trust Invoice which is comprised mainly of ancillary services that are mandatory for all customers taking transmission service from MISO. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full to MISO within the time-periods described in the Billing and Accounting Manual. All disputed charges are subject to the MISO Transmission Settlements Billing Dispute Resolution BPM.

3.1.16.2 Data Requirements

All necessary information about the use and/or service, including all Transmission Customer specific rates and charges, is provided by the Transmission Customer (and/or Transmission Owner) as part of the Service Agreement executed between the Transmission Customer and MISO. However, MISO will not calculate the charges for this service.

3.1.16.3 Schedule 11 Service Charge

The Transmission Owner providing the Wholesale Distribution Service determines the Transmission Customer's monthly obligation due to this service. The Transmission Owner provides MISO with the actual charge/refund to pass through to the Transmission Customer. However, all the necessary determinants and computations to charge Schedule 11 service to a Transmission Customer are done by the Transmission Owner. The specific terms of such obligation between the Transmission Owner and the Transmission Customer are documented in the MISO Service Agreement.

All rates and charges for Wholesale Distribution Service shall be on file with the appropriate regulatory agency as required by law or regulation. To the extent that a service agreement containing provisions for Wholesale Distribution Service is required to be filed with FERC, MISO will work with the appropriate Transmission Owner(s) to provide, along with the filing, adequate cost support to justify the customer-specific rates and charges being assessed for this service.

Schedule 11 charges are assessed at the end of each month. MISO passes-through such charges submitted by the Transmission Owner that provided the service directly to the Transmission Customer's monthly bill. The Schedule 11 charge appears as a line item on the Non-TO Trust Invoice. For additional information, please refer to the Monthly Transmission Billing, Cash Cleaning and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges are subject to the MISO Transmission Settlements Billing Dispute Resolution BPM.

3.1.16.4 Schedule 11 Revenue Distribution

MISO passes through all revenues it receives from Schedule 11 service to the Transmission Owner that provided this service, and delivered the appropriate billing information to MISO for the service. Refer to 3.1.46 Miscellaneous Adjustments for the handling of prior period adjustments.

3.1.17 Schedule 12: Gross Receipt Tax Adder (Effective but not incorporated into Transmission Settlements)

3.1.17.1 Overview

Each Transmission Customer that does not demonstrate to MISO that it is exempt from the charges under this Schedule shall, in addition to the other charges for Transmission Service, pay the charge set forth in this Schedule to recover gross receipt taxes (GRT). GRT are charges levied by a taxing authority on either a Transmission Owner or on MISO on the basis of the entity's gross revenues attributed to a particular service. The taxing authority may impose such liability on the entity directly or as a collection agent for the liability from an end-use customer.

The gross receipt tax adder (Schedule 12 service) is designed to recover any tax liabilities levied on MISO or on Transmission Owners for revenues generated under a taxing authority's jurisdiction.

MISO recognizes the following factors concerning the collection of gross receipt taxes:

- A Transmission Owner would rely on MISO to collect GRT if it did not have the necessary transaction data to calculate the appropriate tax.
- Transactional data would be needed in unique circumstances in which GRT would need to be collected based on the transaction's marginal contribution to the Transmission Owner's revenue.
- The Transmission Owner is allowed by regulation to recover its costs. Therefore, the Transmission Owner recovers the cost of taxes on gross receipts based on each customer's contribution to the Transmission Owner's revenue.
- If the tax to be collected is effectively a sales tax, then:
  - MISO should not impose state or local taxes on interstate commerce if MISO's goal is to facilitate regional transactions on the electric transmission system.
  - Transmission Customers who can prove tax exemption in a state/locality may not have sales tax applied to them in that state/locality. Each Transmission Customer that does not demonstrate to MISO that it is exempt from the charges under this Schedule 12 must pay the charge set forth in Schedule 12 to recover gross receipts taxes. Transmission Customers that can demonstrate they are exempt under state or local law may petition MISO for exemption of the tax.
  - Taxes should be applied based on the locality of the point of use – the POD.

- In collecting on behalf of a Transmission Owner for its gross receipts taxes, MISO, acting as a pass-through entity, will provide the tax collected to the Transmission Owner. It is the responsibility of the Transmission Customer to pay for its own GRT liability. MISO will provide detail in its settlements invoice that describes the source of the tax collections and the state/locality to which they are due.

3.1.17.2 Data Requirements

The information needed to calculate Schedule 12 charges will be kept in a collection of tables. They will include:

- Transmission Owners expecting MISO to collect GRT
- Customers exempt and the locality of the exemption
- State/locality and the percentage of the PORs and PODs residing within that area
- Transmission Owners and the percentage of their facilities located in a POR or POD

3.1.17.3 Schedule 12 Service Charge

For each transmission reservation being settled and for each Transmission Owner receiving revenue from the reservation and for each state/locality collecting GRT in which the Transmission Customer is not tax exempt, if the TO expects MISO to collect GRT and if it cannot be shown that the transaction crossed a state boundary, then apply this formula:

Eq. 3.40 $GRT_a = TR_{TOi} * R_a * F_{TOiPODx} * POD_{ax}$

Where:

- GRT_a = The gross receipt tax owed to state/locality *a* by Transmission Owner *i in* $
- TR_{TOi} = The total revenue distributed to Transmission Owner *i* for a transaction in $
- R_a = The gross receipt tax rate for state/locality *a*
- $F_{TOiPODx}$ = The percentage of facilities owned by Transmission Owner *i* in POD *x*
- POD_{ax} = The percentage of POD *x* in state/locality *a*

If billed, the Schedule 12 charge would appear as a line item on the Non-TO Trust Invoice which is comprised mainly of ancillary services that are mandatory for all customers taking transmission service from MISO. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges are subject to the MISO Transmission Settlements Billing Dispute Resolution BPM.

3.1.17.4 Schedule 12 Revenue Distribution

MISO passes through all revenues it receives from Schedule 12 service to the Transmission Owner that provided this service.

3.1.18 Schedule 14: Regional Through and Out Rate (Effective February 2002 through January 2008)

3.1.19 Schedule 18: Sub-Regional Rate Adjustment (Effective October 2003 through September 2005)

3.1.20 Schedule 19: Zonal Transition Adjustment (Effective October 2003 through September 2005)

3.1.21 Schedule 20: Treatment of Station Power

3.1.21.1 Overview

A Generation Owner may obtain Station Power for its Facility through any of the following sources: a) from the same Facility (*i.e.*, On-Site Self-Supply); b) from a remote Facility owned by the same entity that owns such Facility (*i.e.*, Remote Self-Supply); provided that, if an entity owns a portion of a jointly-owned Facility, it may remotely self-supply its other Facility up to the amount of Energy from such jointly-owned Facility if: i) the entity has the right to call upon that Energy for its own use; and (ii) such Energy entitlement is not characterized as a sale from the jointly-owned Facility to any of its owners; or c) from a third party pursuant to an applicable retail rate or tariff (*i.e.*, Third-Party Supply).

During any Month when the Net Output of a Facility is positive as a result of either the On-Site Self-Supply or Remote Self-Supply of Station Power, the Generation Owner shall be deemed not to have engaged in the retail purchase of electric Energy with respect to Station Power service hereunder.

The determination of Net Output above will apply only to determine whether the Facility self-supplied Station Power during the Month and will not affect the price of Energy sold or consumed by the Generation Owner at any Bus during any Hour during the Month. For each Hour when a Facility has positive net output and delivers Energy into the Transmission System, the Generation Owner will be paid the Locational Marginal Price (LMP) at its Bus for that Hour for the net Energy delivered (i.e., minus On-Site Self-Supply of Station Power). Conversely, for each Hour when a Facility has negative net output and has received Station Power from the Transmission System, the Generation Owner will pay the LMP at its Bus for that Hour for all of the Energy consumed.

MISO will determine the extent to which each affected Facility during the Month self-supplied its Station Power requirements or obtained Station Power from third-party providers (including affiliates) and will incorporate that determination in its accounting and billing for the Month. The Generation Owner must provide MISO with sufficient information to allow MISO to implement Schedule 20. To the extent that a Transmission Owner or MISO has primary access to relevant meter data, it must cooperate with the Generation Owners regarding metering arrangements and verification of data to implement Schedule 20.

A Generation Owner may remotely self-supply Station Power from its generation facilities located outside the Transmission Provider Region during any Month only if such generation facilities in fact run during such Month and the Generation Owner separately has reserved Transmission Service and schedule delivery of the Energy from such resource in advance into the Transmission Provider Region.

3.1.21.2 Data Requirements

General – A Generation Owner that supplies its Facility with Station Power via On-Site Self-Supply will be deemed not to have used, and will not incur any charges for, Transmission Service to provide such Station Power. In the event, and to the extent, that a Generation Owner obtains Station Power for its Facility through Remote Self-Supply or Third-Party Supply during any Month, Generation Owner shall use and pay for hourly Non-Firm Point-To-Point Transmission Service for the transmission of Energy in an amount equal to the Facility's negative Net Output from Generation Owner's Facility(ies) having positive Net Output. Unless the Generation Owner makes other arrangements with MISO in advance, such Transmission Service shall be provided under and subject to the charges and other terms and conditions of Non-Firm Point-To-Point Transmission Service as specified in Module B, Section II, Paragraph 14 with an obligation to pay congestion and losses; provided, however, that no reservation shall be necessary for such Transmission Service and the terms and charges under Schedules 1 through 6 of the Tariff shall not apply. In the event a Generation Owner has other permissible transmission arrangements that involve a Transmission Owner providing for use of transmission facilities directly by the Generation Owner, the Transmission Owner shall be responsible for taking Transmission Service under the Tariff to satisfy its obligations to provide for delivery of Station Power and shall pay any applicable zonal Transmission Service rate under Schedules 7, 8 or 9 and all other charges applicable to such Transmission Service under the Tariff. In the event the Generation Owner has existing rights to use an ITC's facilities, the Generation Owner shall be responsible for taking Transmission Service under the Tariff but shall not be liable for any applicable zonal Transmission Service rate under Schedules 7, 8 or 9 of the Tariff. Such Generation Owner, with existing rights to use an ITC's facilities, shall be responsible for all other charges under the Tariff applicable to such Transmission Service. The amount of Energy that a

Generation Owner transmits in conjunction with the Remote Self-Supply of Station Power will not be affected by any other sales, purchases, or transmission of capacity or Energy by or for such Generation Owner under any other provision of the Tariff.

Generation Owners shall be responsible for making all appropriate metering arrangements for Station Power Transmission Service requirements to enable MISO to implement Schedule 20. The Generation Owner shall also be responsible for timely submission of accurate, complete and verified metering information to MISO, which shall have the right to audit such submissions. MISO determines whether a Generation Owner's metering information is sufficiently accurate, complete and verifiable for purposes of implementing Schedule 20. MISO has the sole responsibility for determining whether a facility self-supplied Station Power during a Month.

3.1.21.3 Schedule 20 Service Charge

Station Power is charged Schedule 8, 10 (broken out into Demand and Energy) and 26.
The Schedule 8 and 26 rates that are used to calculate the Schedule 8 and 26 charges are the hourly zonal rates for the billing cycle in which the Generator had a negative Net Output.
The appropriate Schedule 8, 10 (broken out into Demand and Energy) and 26 rates are applied to the MWh of negative Net Output as provided from Market Settlements data.

If billed, the Schedule 20 charge would appear as a line item on the Non-TO Trust Invoice under the Miscellaneous Adjustment. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges are subject to the MISO Transmission Settlements Billing Dispute Resolution BPM.

3.1.21.4 Schedule 20 Revenue Distribution

- Revenue is distributed as outlined in the revenue distribution sections of Schedules 8, 10 and 26.

3.1.22 Schedule 21: Interim SECA Charge Applicable to PJM Entities (Effective December 2004 through March 2006)

3.1.23 Schedule 22: SECA Charges to MISO Zones, Sub-zones and Customers (Effective December 2004 through March 2006)

3.1.24 Schedule 23: Recovery of Schedule 10 Costs from Certain GFAs

3.1.24.1 Overview

Schedule 23 provides a mechanism for the direct cost recovery of Schedule 10 charges to customers under Carved-Out GFAs or Grandfathered Agreements. For purposes of this Schedule 23, the Carved-Out GFAs, shall be the Grandfathered Agreements which the Commission carved-out from MISO's Tariff in its September 16, 2004 order in Docket No. E04-691 and which are listed on Attachment 1.

3.1.24.2 Schedule 23 Demand Charge

For each Transmission Customer, the Schedule 23 charge is computed as follows:

Eq. 3.41 $Sch23DemandCharge_i = ER_{23} * BD * Increment$

Where:

- $Sch23DemandCharge_i$ = The Schedule 23 Demand Charge for Transmission Customer *i* in $
- ER_{23} = The effective Schedule 23 Demand rate
- BD = The capacity Billing Determinant for the reservation which is equal to the Network Load provided by the Local Balancing Authority
- $Increment$ = The duration of the reservation in hours during the billing cycle

The Schedule 23 demand charge appears as a line item under MISO Cost Adder on the Transmission Customer Invoice summary. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges are subject to the MISO Transmission Settlements Billing Dispute Resolution BPM.

3.1.24.3 Schedule 23 Energy Charge

For each Transmission Customer, the Schedule 23 Energy charge is computed as follows:

Eq. 3.42 $Sch23EnergyCharge_i = ER_{23} * BD * Increment * LF$

Where:

- $Sch23EnergyCharge_i$ = The Schedule 23 Energy Charge for Transmission Customer *i* in $
- ER_{23} = The effective Schedule 23 Energy rate
- BD = The capacity Billing Determinant for the reservation which is equal to the Network Load provided by the Local Balancing Authority
- $Increment$ = The duration of the reservation in hours during the billing cycle
- LF = Applicable Load Factor (used to estimate energy consumption) Prior year energy data is obtained from each Transmission Owner and used to estimate current energy consumption

The Schedule 23 Energy appears as a line item under the MISO Cost Adder Invoice. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges are subject to the MISO Transmission Settlements Billing Dispute Resolution BPM.

The total Schedule 23 charge for both Demand and Energy is the sum of the Demand Charge and the Energy Charge computed as:

Eq. 3.43 $Schedule23_{Total} = Sch23DemandCharge_i + Sch23EnergyCharge_i$

Where:

- $Schedule23_{Total}$ = The total charge for Transmission Customer *i* in $
- $Sch23DemandCharge_i$ = The Schedule 23 Demand charge for Transmission Customer *i* in $
- $Sch23EnergyCharge_i$ = The Schedule 23 Energy charge for Transmission Customer *i* in $

3.1.24.4 Schedule 23 FERC Charge

For each Transmission Customer, the Schedule 23 FERC charge is calculated as follows:

Eq. 3.44 $Sch23FERCCharge_i = ER_{23} * BD * Increment$

Where:

- $Sch23FERCCharge_i$ = The Schedule 23 FERC Charge for Transmission Customer *i* in $
- ER_{23} = The effective Schedule 23 FERC rate
- BD = The capacity Billing Determinant for the reservation which is equal to the Network Load provided by the Local Balancing Authority
- $Increment$ = The duration of the reservation in hours during the billing cycle

The Schedule 23 FERC charge appears as a line item under MISO Cost Adder Invoice. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges are subject to the MISO Transmission Settlements Billing Dispute Resolution BPM.

3.1.24.5 Schedule 23 Revenue Distribution – Demand and Energy Charges

All revenues collected for service under Schedule 23 Demand and Energy are retained by MISO.

3.1.24.6 Schedule 23 FERC Revenue Distribution

All revenues collected for service under Schedule 23-FERC are deposited as received in a segregated bank account and shall earn interest at MISO's overnight bank rate. The interest earned monthly on all funds in this segregated bank account shall be used to reduce the next month's Schedule 10 billing rate for all Transmission Customers. Once the invoice is received from FERC, the funds deposited in the segregated bank account are used to pay it.

3.1.25 Schedule 26: Network Upgrade Charge from Transmission Expansion Plan

3.1.25.1 Overview

Network Upgrade charge from Transmission Expansion Plan falls under the Regional Expansion Criteria and Benefits (RECB) provisions of the MISO Tariff which is composed of Attachment FF, Attachment GG and Schedule 26.

Attachment FF – Transmission Expansion Planning Protocol describes the process used by MISO in the consideration and development of the MISO Transmission Expansion Plan (MTEP) projects, which fall into three categories: Baseline Reliability Projects, new Transmission Access Projects, and Regionally Beneficial Projects.

Attachment GG sets forth the method for calculating and collecting the charges associated with the Network Upgrades and for distributing the revenues associated with such charges.

MISO is authorized to classify transmission projects and regionally allocate costs associated with these projects. Costs associated with each project are calculated by utilizing Attachment GG (Rate Formulae) of the relevant transmission provider(s).

Under Schedule 26, Transmission Customers shall compensate MISO via the current Network Upgrade Charge ("NUC"). This is a transmission charge that is in addition to any other charges that a Transmission Customer is responsible for under Schedules 7, 8 and 9.

Grandfathered Agreements shall not be assessed Schedule 26 charges.

3.1.25.2 Schedule 26 Charge

Schedule 26 follows the same billing methodology as followed for the following products:

- Schedule 7 – Firm Point-To-Point Transmission Service **–** Section 3.1.6.4
- Schedule 8 – Non-Firm Point-To-Point Transmission Service – Section 3.1.7.4
- Schedule 9 – Network Integration Transmission Service (NITS). – Section 3.1.8.3

Please see those sections of this BPM for additional detail on charge calculations. However, there are some MISO Transmission Owners that continue to process their own Schedule 9 billing. For entities that fall into this exception, please refer to the charge billing methodology for Schedule 1.

The Schedule 26 charge appears as a line item on the Transmission Customer TO Trust Invoice which contains base transmission service charges. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges should follow the guidelines outlined in the Transmission Settlements Billing Dispute Resolution BPM.

3.1.25.3 Schedule 26 Revenue Distribution

All schedule 26 revenues collected by MISO are distributed to the Transmission Owner(s) as follows:

- The revenues collected by MISO for Schedule 26 Transmission Service provided are fully distributed based on a Transmission Owner's proportionate share of the Total NUC collected each billing cycle.
- Revenue distribution is the same for all reservations whether external or internal to MISO.

3.1.26 Schedule 26-A Multi-Value Project Usage Rate

3.1.26.1 Overview

The Multi-Value Project ("MVP") modifications to the Tariff were made as part of an ongoing, comprehensive review of MISO's Regional Expansion Criteria and Benefits ("RECB") provisions for transmission cost allocation. The MVP is a new transmission planning and cost allocation project category for projects that qualify based on multiple reliability and/or economic criteria affecting multiple transmission zones. Primary drivers for development of this project category were the need to integrate location-constrained resources and large quantities of remote generation resources. Its cost allocation methodology is believed to be better suited to projects benefiting multiple regions than previously effective rules because it allocates project costs among multiple beneficiaries across a larger area (in the case of MVP cost allocation, the entire MISO footprint). A qualifying project cannot be of merely local benefit to the region, as in the case of a Generator Interconnection Project ("GIP").

The advent of the MVP project category did not displace Baseline Reliability Projects ("BRP") ("RECB I") or Market Efficiency Projects ("MEP") ("RECB II"). Certain Network Upgrades continue to be subject to direct assignment.

Please note a terminology difference between Schedule 26-A and other Transmission Settlements schedules in this BPM. All schedules except Schedule 26-A refer to the transmission user as 'customer'. In Schedule 26-A, the parties responsible for MVP costs are not transmission customers per se, but owners of net load, export and wheel volume within the MISO footprint. Therefore, in all references to the 'customer' of Schedule 26-A charges, the term 'Market Participant' will be used.

3.1.26.2 Schedule 26-A Charge

All Market Participants ("MP"s) are subject to Schedule 26-A charges based on their Monthly Net Actual Energy Withdrawal ("MNAEW") volume. This volume comprises the sum of load volume, and export and wheel-through physical schedule volume, net of volume exempted by any pertinent Grandfathered Agreement ("GFA") and ESR load. This volume is multiplied by the Monthly Usage Rate ("MUR") of each MVP project with a revenue entitlement for the month being billed. The MUR is derived by dividing the product of the MVP Project Annual Revenue Requirement and a Normalized Weighting Factor reflective of the billing month in the previous Revenue Requirement Year load curve by the sum of all liable Market Participant MNAEW volume, including any volume exempted by pertinent GFAs and ESR load. (The MUR is discussed more granularly below.) Any under-recovery of Network Upgrade costs for MVP projects will be a result of this inclusion of GFA-exempted MNAEW volume in the MUR denominator.

The Schedule 26-A charge is assessed monthly to MPs active during the month being billed. The data used in the Day 2 files is based upon data that reflects the last few days of the monthly billing cycle dependent upon the market settlements run schedule and represents the S7 data and may include state estimator values. The data used in the Day 5 files is based upon any updated data that has been received. It is also assessed to those MPs who have exited the MISO, for any MVP project that had been approved for cost recovery prior to their exit date, using their pre-exit MNAEW data. A new Asset Owner (AO) will only be required to pay for MVP projects which were approved on or after the date they joined MISO.

A Transmission Settlement invoice will be created for each Market Participant with MNAEW volume in the invoiced calendar month. Transmission Owners (“TO”s) with MVP Annual Revenue Requirements will also receive the collected revenue from MP MVP billings for their projects. The charges and collected revenue will appear on the Schedule 26-A tab of each entity’s statement.

The Schedule 26-A charge appears as a line item on the Transmission Customer TO Trust Invoice which contains base transmission service charges. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full according to the term of net 7. All disputed charges shall follow the guidelines for market settlements on the MISO Portal.

3.1.26.3 Schedule 26-A Billing Cycle

MVP billing for a given calendar month will be completed in a cycle of 5 months, reflecting the relation to Market Settlements cycles of S7, S14, S55 and S105 billings. The S105 Market Settlements billing for the last day of a given calendar month, after which no further changes to real-time metered data and physical schedules can occur, falls in the 5th month of the MVP cycle. The 5 months in the cycle will be reflected on the Schedule 26-A tab and follow the new resettlement cycle described in 2.3.

3.1.26.4 Schedule 26-A Usage Rate

The MUR for any MVP project with revenue requirements will be calculated as follows:

Eq. 3.45 $MUR_p = ((ARR_p*NWF)) / (MNAEW_p+GFA+ESR)$

Where:

- MUR_p = the Monthly Usage Rate for a given project and billing month
- (ARR_p*NWF) = the Monthly Revenue Requirement. This is the Annual Revenue Requirement, calculated in accordance with Attachment MM, for any given project (ARR_P) multiplied by a Normalized Weighting Factor (NWF), derived dividing the total Net Actual Energy Withdrawal volume for this month last year by total Net Actual Energy Withdrawal volume for last year.
- $(MNAEW_p+GFA+ESR)$ = the total Monthly (Net Actual Energy) Withdrawal Volume for all obligated MPs, including any Grandfathered volume associated with the obligated MPs and ESR volumes.

3.1.26.5 Schedule 26-A Revenue Distribution

Attachment MM sets forth the method for calculating and collecting the annual revenue requirement associated with each MVP project. Attachment MM includes specific instructions for the calculation of MVP revenue requirements in addition to a revenue requirement template (Attachment MM template). Transmission Owners constructing MVPs that wish to recover the associated costs must follow the specific provisions of Attachment MM including the provisions of the Attachment MM template. In addition, Transmission Owners constructing MVPs must calculate the MVP revenue requirement utilizing the same test period utilized in the preparation of Attachment O and provide a completed Attachment MM template to MISO in conjunction with Attachment O. Projects included in the Attachment MM template must be in-service prior to or during the test period. If the Transmission Owner receives FERC approval to include specific MVP projects that are recorded to construction work in progress (CWIP) but not yet in-service in the Attachment MM annual revenue requirement calculation, those projects may be included in Attachment MM revenue requirement template provided the Transmission Owner supplies MISO with evidence of FERC approval.

3.1.26.6 Schedule 26-A Initial Billing MVP Monthly Revenue Collection from Market Participants and Disbursement to MVP Project-Owning Transmission Owners

On each monthly Transmission Settlement statement for a TO, the Schedule 26-A tab of the transmission statement file will contain the Initial Billing collected revenue credit amount, for any given project "p" to which the TO has a revenue entitlement. The target amount for collection, the Monthly Revenue Requirement, is calculated as described above, in the Eq. 3.44 term "((ARR_p*NWF))". The actual amount collected, described in Eq. 3.46 below will be itemized by customer and not be a roll-up of the amounts collected from all obligated MPs during the billing. Similarly, on each monthly Transmission Settlement statement for a Market Participant, the Schedule 26-A tab of the transmission statement will contain the Initial Billing MVP charge, which will be the product of the obligated Monthly Net Actual Energy Withdrawal ("MNAEW") volume attributable to the MP's market activity for a given project in billing month times that project's MUR for the month. This amount is described in Eq. 3.45, below.

Eq. 3.46 $RC_p = MUR_p * MNAEW_p$

Where:

- RC_p = Revenue collections for a given project and billing month
- MUR_p = the MVP Usage Rate ("MUR") for a given project and billing month
- $MNAEW_p$ = the Monthly Net Actual Energy Withdrawal for a given project and billing month, excluding volume covered by Grandfathered Agreements

3.1.26.7 Schedule 26-A Incremental (True-Up) Billings

Each of the resettlements described in 2.3 may result in an incremental charge amount depending largely on changes in RT metered load reflected in the MNAEW volume since the previous billing. The true-up incremental billing amount is calculated as:

Eq. 3.47 $TB_p = (MNAEW_p * MUR_p) - \sum(PMB_p)$

Where:

- TB_p = Incremental true-up billing amount for a given project and billing month
- $MNAEW_p$ = Obligated MNAEW volume for a given project and billing month true-up, excluding volume covered by Grandfathered Agreements. On a TO Transmission

Settlements statement, this will be the sum of all obligated Market Participant volume; on a Market Participant Transmission Settlements statement, this will be the volume for which that MP is obligated for the given project.

- MUR_p = the MVP usage rate for a given project and billing month true-up$\sum(PMB_p)$ = the sum of all previous billings for a given project and billing month for this market entity (TO or MP).

3.1.26.8 Multi-Value Project (MVP) Financial Obligations and Cost Recovery for Withdrawing Transmission Owners

Withdrawing Transmission Owners ("WTO"s) is defined as an owner of transmission facilities that withdraws its transmission facilities from the operational control of MISO after July 16, 2010. A Schedule 39 MVP is (1) approved by MISO's Board of Directors after the WTO's integration date into MISO and prior to the WTO's exit from MISO; and (2) constructed by or to be constructed by a WTO or by a MISO Transmission Owner and listed in the Appendices of Schedule 39.

3.1.26.9 Monthly Charge Owed by Withdrawing Transmission Owner

WTOs, or where applicable, their agents, shall be billed for their monthly Schedule 39 obligations, as calculated in Section III.B of Schedule 39. These billings will be performed in conjunction with and utilize the same methodology as Schedule 26-A MVP Billing.

3.1.26.10 Distribution of Schedule 39 Remittances by Withdrawing Transmission Owners or Their Agents

Schedule 39 remittances made by WTOs or their agents from billings in accordance with Schedule 39, Section III.C and pursuant to the WTO's settlement agreement, shall be distributed to MVP project owners using Schedule 26-A procedures.

3.1.26.11 Submission of Schedule 39 MVP Project Annual Revenue Requirements

WTO who own MVP projects are required to submit the Annual Revenue Requirements for these projects to MISO by May 1 of each year for the upcoming June 1 through May 31 rate year. The pertinent list of such projects is located in the Appendix of the Schedule 39 applicable to a particular WTO. Such projects shall be included in the calculation of the annual Schedule 26-A rate, as set forth in Schedule 39, Section IV.A.

3.1.26.12 Remittances to Schedule 39 MVP Project Owner

As stipulated by agreed-upon settlement procedures, MISO remits each month to a project-owning WTO or, where appropriate, its agents, payments made by MVP responsible parties and shall receive these proportional to their annual *pro rata* share of all MVP project requirements as determined under Attachment MM.

3.1.27 Schedule 26-B Shared Network Upgrade Charge

3.1.27.1 Overview

The Shared Network Upgrade charge is a one-time charge assessed to an Interconnection Customer with Shared Network Upgrade(s), as defined in Attachment X, subject to Option 2 under Attachment FF. Shared Network Upgrades are identified in Appendix A of the Interconnection Customer's Generator Interconnection Agreement.

3.1.27.2 Schedule 26-B Charge

The one-time charge shall be assessed subject to the terms stated in the Generator Interconnection Agreement.

The Schedule 26-B charge appears as a line item on the Transmission Customer TO Trust Invoice which contains base transmission service charges. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. All charges shall be paid by the payment terms shown under the Remittance Information section. All disputed charges should follow the guidelines outlined in the Transmission Billing Dispute Resolution BPM.

3.1.27.3 Schedule 26-B Revenue Distribution

All revenue collected shall be distributed to the appropriate Interconnection Customer(s) as determined under Attachment X.

3.1.28 Schedule 26-C Cost Recovery for Targeted Market Efficiency Projects Constructed by MISO Transmission Owners

3.1.28.1 Overview

Provides a mechanism for collecting the revenue requirements for Targeted Market Efficiency Projects (TMEPs) constructed by MISO Transmission Owners.

3.1.28.2 Applicability

This charge will be in addition to charges under Schedules 7, 8, 9, 26, 26-A, 26-B, 26-D, 26-E, 26-F, and 39. Grandfathered Agreements, including the provision of Transmission Service, shall not be assessed charges pursuant to Schedule 26-C.

The Transmission Customer is not be charged for Transmission Service (1) where the generation source is located within the Transmission Provider Region and the load is located outside of the Transmission Provider Region; and (2) where both the generation source and the load are located outside of the Transmission Provider Region.

3.1.28.3 Schedule 26-C Charge

Schedule 26-C charge will be calculated by allocating the monthly revenue requirement by MISO pricing zone to each customer within the MISO zone taking NITS and/or Point-to-Point Transmission Service. The allocations of the monthly revenue requirement will be based on each customer's monthly pro-rata share of the total monthly load for the MISO pricing zone. The monthly loads will be comprised of (i) the NITS loads and (ii) any Point-to-Point load for any reservation on OASIS used to serve load in that MISO zone.

The NITS load will be equal to the Network Customer's Monthly Network Load as determined in accordance with Module B, Section 34.2 of the Tariff multiplied by the number of hours in the month. The Point-to-Point load will be equal to the Reserved Capacity for the Point-to-Point Transmission Service reservation multiplied by the duration, in hours, of the reservation within the month. The MISO zones are the same MISO zones identified in Schedule 26.

Customers taking Transmission Service in one of the five American Transmission Company (ATC) pricing zones will be considered to be one zone for the calculation of Schedule 26-C charges.

A monthly flat charge will be assessed to PJM for the revenue requirements for the TMEPs constructed by MISO Transmission Owners.

The Schedule 26-C charge appears as a line item on the Transmission Customer TO Trust Invoice which contains base transmission service charges. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges should follow the guidelines outlined in the Transmission Settlements Billing Dispute Resolution BPM.

3.1.28.4 Schedule 26-C Revenue Distribution

Each month, amounts PJM remits to MISO along with amounts collected by MISO from MISO Transmission Customers shall be distributed to MISO Transmission Owners in proportion to their pro-rata share of the total MISO TMEP revenue requirements.

3.1.29 Schedule 26-D Cost Recovery for Targeted Market Efficiency Projects constructed by PJM Interconnection, L.L.C. Transmission Owners

3.1.29.1 Overview

Provides a mechanism for collecting the revenue requirements for Targeted Market Efficiency Projects (TMEPs) constructed by PJM Interconnection, L.L.C. (PJM) Transmission Owners

3.1.29.2 Applicability

This charge will be in addition to charges under Schedules 7, 8, 9, 26, 26-A, 26-B, 26-C, 26-E, 26-F, and 39. Grandfathered Agreements, including the provision of Transmission Service, shall not be assessed charges pursuant to Schedule 26-D.

The Transmission Customer shall not be charged for Transmission Service (1) where the generation source is located within the Transmission Provider Region and the load is located outside of the Transmission Provider Region; and (2) where both the generation source and the load are located outside of the Transmission Provider Region.

3.1.29.3 Schedule 26-D Charge

Schedule 26-D charge will be calculated by allocating the monthly revenue requirement by MISO pricing zone to each customer within the MISO zone taking NITS and/or Point-to-Point Transmission Service. The allocations of the monthly revenue requirement will be based on each customer's monthly pro-rata share of the total monthly load for the MISO pricing zone. The monthly loads will be comprised of (i) the NITS loads and (ii) any Point-to-Point load for any reservation on OASIS used to serve load in that MISO zone.

The NITS load will be equal to the Network Customer's Monthly Network Load as determined in accordance with Module B, Section 34.2 of the Tariff multiplied by the number of hours in the month. The Point-to-Point load will be equal to the Reserved Capacity for the Point-to-Point Transmission Service reservation multiplied by the duration, in hours, of the reservation within the month. The MISO zones are the same MISO zones identified in Schedule 26.

Customers taking Transmission Service in one of the five American Transmission Company (ATC) pricing zones will be considered to be one zone for the calculation of Schedule 26-D charges.

The Schedule 26-D charge appears as a line item on the Transmission Customer TO Trust Invoice which contains base transmission service charges. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges should follow the guidelines outlined in the Transmission Settlements Billing Dispute Resolution BPM.

3.1.29.4 Schedule 26-D Revenue Distribution

All amounts collected by MISO from MISO Transmission Customers shall be distributed to PJM.

3.1.30 Schedule 26-E Cost Recovery for Interregional Market Efficiency Projects Constructed by MISO Transmission Owners

3.1.30.1 Overview

Provides a mechanism for collecting the revenue requirements for Interregional Market Efficiency Projects ("IMEPs") constructed by MISO Transmission Owners.

3.1.30.2 Applicability

This charge will be in addition to charges under Schedules 7, 8, 9, 26, 26-A, 26-B, 26-C, 26-D, 26-F, and 39. Grandfathered Agreements, including the provision of Transmission Service, shall not be assessed charges pursuant to Schedule 26-E.

The Transmission Customer shall not be charged for Transmission Service (1) where the generation source is located within the Transmission Provider Region and the load is located outside of the Transmission Provider Region; and (2) where both the generation source and the load are located outside of the Transmission Provider Region.

3.1.30.3 Schedule 26-E Charge

Schedule 26-E charge will be calculated by allocating the monthly revenue requirement by MISO pricing zone to each customer within the MISO zone taking NITS and/or Point-to-Point Transmission Service. The allocations of the monthly revenue requirement will be based on each customer's monthly pro-rata share of the total monthly load for the MISO pricing zone. The monthly loads will be comprised of (i) the NITS loads and (ii) any Point-to-Point load for any reservation on OASIS used to serve load in that MISO zone.

The NITS load will be equal to the Network Customer's Monthly Network Load as determined in accordance with Module B, Section 34.2 of the Tariff multiplied by the number of hours in the month. The Point-to-Point load will be equal to the Reserved Capacity for the Point-to-Point Transmission Service reservation multiplied by the duration, in hours, of the reservation within the month. The MISO zones are the same MISO zones identified in Schedule 26.

Customers taking Transmission Service in one of the five American Transmission Company (ATC) pricing zones will be considered to be one zone for the calculation of Schedule 26-E charges.

A monthly flat charge will be assessed to PJM for the revenue requirements for the IMEPs constructed by MISO Transmission Owners.

The Schedule 26-E charge appears as a line item on the Transmission Customer TO Trust Invoice which contains base transmission service charges. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges should follow the guidelines outlined in the Transmission Settlements Billing Dispute Resolution BPM.

3.1.30.4 Schedule 26-E Revenue Distribution

Each month, amounts PJM remits to MISO along with amounts collected by MISO from MISO Transmission Customers shall be distributed to MISO Transmission Owners in proportion to their pro-rata share of the total MISO IMEP revenue requirements.

3.1.31 Schedule 26-F Cost Recovery for Interregional Market Efficiency Projects constructed by PJM Interconnection, L.L.C. Transmission Owners

3.1.31.1 Overview

Provides a mechanism for collecting the revenue requirements for Interregional Market Efficiency Projects (IMEPs) constructed by PJM Interconnection, L.L.C. (PJM) Transmission Owners

3.1.31.2 Applicability

This charge will be in addition to charges under Schedules 7, 8, 9, 26, 26-A, 26-B, 26-C, 26-D, 26-E, and 39. Grandfathered Agreements, including the provision of Transmission Service, shall not be assessed charges pursuant to Schedule 26-F.

The Transmission Customer shall not be charged for Transmission Service (1) where the generation source is located within the Transmission Provider Region and the load is located outside of the Transmission Provider Region; and (2) where both the generation source and the load are located outside of the Transmission Provider Region.

3.1.31.3 Schedule 26-F Charge

Schedule 26-F charge will be calculated by allocating the monthly revenue requirement by MISO pricing zone to each customer within the MISO zone taking NITS and/or Point-to-Point Transmission Service. The allocations of the monthly revenue requirement will be based on each customer's monthly pro-rata share of the total monthly load for the MISO pricing zone. The monthly loads will be comprised of (i) the NITS loads and (ii) any Point-to-Point load for any reservation on OASIS used to serve load in that MISO zone.

The NITS load will be equal to the Network Customer's Monthly Network Load as determined in accordance with Module B, Section 34.2 of the Tariff multiplied by the number of hours in the month. The Point-to-Point load will be equal to the Reserved Capacity for the Point-to-Point Transmission Service reservation multiplied by the duration, in hours, of the reservation within the month. The MISO zones are the same MISO zones identified in Schedule 26.

Customers taking Transmission Service in one of the five American Transmission Company (ATC) pricing zones will be considered to be one zone for the calculation of Schedule 26-F charges.

The Schedule 26-F charge appears as a line item on the Transmission Customer TO Trust Invoice which contains base transmission service charges. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges should follow the guidelines outlined in the Transmission Settlements Billing Dispute Resolution BPM.

3.1.31.4 Schedule 26-F Revenue Distribution

All amounts collected by MISO from MISO Transmission Customers shall be distributed to PJM.

3.1.32 Congestion Management: TLR

3.1.32.1 Overview

In the event of an emergency or unexpected conditions, Firm Point-To-Point Transmission Energy schedules can be curtailed or cut in whole or in part based on time, capacity or a combination of time and capacity. In the event of a curtailment, the Transmission Customer will receive a credit on the transmission schedule equal to the amount of service which was curtailed. In some cases, the service may be allocated to start at a different start time than originally confirmed on the reservation. If this should occur the Transmission Customer will see both the curtailment credit and allocation re-charge in the monthly charge settlement file. This applies to Schedule 7, 26 and 45.

3.1.32.2 Data Requirements

The data used for TLRs is provided by the NERC IDC and loaded by MISO Security Coordinators for use in the MISO settlement system.

3.1.32.3 Curtailment Credit

A transmission reservation can be curtailed in whole or in part based on time, capacity or a combination of time and capacity. The Transmission Customer receives a credit related to the transmission charge on the curtailed reservation.

3.1.32.4 Calculation of TLR Credit

Eq. 3.48 $$Credit = \frac{Rate * CurtailedMW * Duration}{Hours_{Total}}$$

Where:

- *Credit* – The amount of the refund owed to the Transmission Customer ($)
- *Rate* – The rate is the transmission rate of the curtailed reservation
- *Curtailed MW* – The amount that the schedule was cut in this duration (MW)
- *Duration* – The amount of time in which this directive was valid (hours)
- $Hours_{Total}$ – The total number of hours in the reservation for the month (hours)

3.1.33 Schedule 33 Blackstart Service

3.1.33.1 Overview

Blackstart Service is necessary to facilitate reliable and complete system restoration following a shutdown of the bulk power Transmission System. Blackstart Service enables Transmission Operators to designate specific generation facilities as Blackstart Units whose location and capabilities are required to assist in re-energizing a specific portion of the Transmission System following a system-wide blackout.

All Transmission Customers are subject to charges for Blackstart Service pursuant to Schedule 33.

A Blackstart Unit Owner must be a Tariff Customer to qualify for payments under this Schedule 33. A qualifying Blackstart Unit Owner or a Transmission Operator may contract with an entity inside or outside of the Transmission Provider Region for supply of Blackstart Service if such Blackstart Service is consistent with the Transmission Operator's System Restoration Plan, NERC reliability standards, and the minimum requirements of Schedule 33.

3.1.33.2 Provision of Blackstart Service

A Blackstart Unit shall be considered capable of providing Blackstart Service when it meets the criteria established by NERC and the applicable Regional Entity, has been included in the Transmission Operators System Restoration Plan and/or entered into the database of the applicable Regional Entity's Blackstart Capacity Plan.

The Transmission Operators are responsible for identifying to MISO the Blackstart Units that are included in each of their individual System Restoration Plans and that are required for the reliable restoration of the Transmission System in each of the Transmission Pricing Zones. Blackstart Units will be identified by the Transmission Operators pursuant to criteria established by NERC and the applicable Regional Entity, and in conjunction with the coordination of the Transmission Operator's System Restoration Plans by the MISO acting in its capacity as the Reliability Coordinator.

To be eligible for compensation under this Schedule 33, Blackstart Unit Owners initially shall commit to provide Blackstart Service for a minimum term of a continuous three-year period either by submitting an executed Service Agreement to MISO using Attachment NN to the Tariff or by entering into an agreement for such service with a Transmission Operator, and submitting an executed Service Agreement to MISO using Attachment NN to the Tariff. Subject to the terms of the applicable contract, a Blackstart Unit Operator may terminate this three-year commitment only upon written notice to the Transmission Operator and MISO, given at least two years before the date the commitment period ends, absent an event of Force Majeure as defined in Section 10.1 of the Tariff. A Transmission Operator may terminate a Blackstart Unit's designation by providing written notice of such termination to the Blackstart Unit owner and MISO at least two years before the date the commitment period ends.

In the event that neither the Blackstart Unit Owner nor the Transmission Operator exercises its right to terminate by providing a two year written notice of termination, the commitment to provide Blackstart Service will be extended automatically for an additional year to maintain a rolling three-year commitment. In the event that a Blackstart Unit Owner fails to fulfill its three year rolling commitment to provide Blackstart Service, the right to receive Blackstart Service revenues associated with the non-performing Blackstart Unit shall cease effective upon the date that such commitment ceases.

3.1.33.3 Schedule 33 Charge

3.1.33.3.1 Rate Design

The MISO Tariff provides for two types of rates applicable to Schedule 33 service. The first is applicable to transactions where the sink is internal to MISO, and the second is where the sink is external to MISO:

MISO rates for Transmission Service provided where the location of the Load serviced (sink) is within or internal to MISO vary according to the Transmission Pricing Zone in which the Load (sink) is located.

3.1.33.3.2 Rates for Blackstart Service provided to Load within the Transmission System

MISO shall determine the rates by

1. Summing the annual revenue requirements for Blackstart Service, for Blackstart Units in each respective Transmission Pricing Zone, less revenue allocated to each Transmission Pricing Zone's Blackstart Units from transactions exiting the Transmission System for the prior 12-month calendar period, to determine the yearly Blackstart Service revenue requirement;
2. Multiplying the annual blackstart revenue requirement determined in step 1 above by one-twelfth (1/12) to obtain the monthly blackstart revenue requirement for the Transmission Pricing Zone; and
3. Dividing the monthly Blackstart Service revenue requirement determined in step 2 above by the Attachment O, Page 1, Line 15 rate divisor for each Transmission Pricing Zone to derive a monthly rate; and similarly deriving from that monthly rate the rates for weekly, daily, and hourly service. For those Transmission Pricing Zones not utilizing Attachment O to derive rates for base Transmission Service, MISO uses the same rate divisor used in calculating base transmission rates for Schedule 7 (the MISO Single System-Wide Rates) unless an alternate divisor is specified by a Commission order as the Schedule 33 rate divisor.

For those Blackstart Unit Owners having a cost-based rate schedule on file with FERC that does not include an annual revenue requirement (*i.e.,* a stated rate), MISO calculates the rates in each respective Transmission Pricing Zone by adding the incremental rates as calculated in steps 1 – 3 above to the stated rates.

MISO calculates the rates annually, effective June 1. Rates are calculated as soon as reasonably practicable for any new Blackstart Units with Commission approved Blackstart revenue requirements. MISO assigns Blackstart charges and distribute revenue in the billing cycle following the effective date of any new or revised rates.

3.1.33.3.3 Rates for Blackstart Service for Transactions Exiting the Transmission System

A single MISO average rate is used for Transmission Service provided where the location of the Load serviced (sink) is outside or external to MISO's Transmission System. The MISO average rate is calculated by:

1. Summing the annual revenue requirements for Blackstart Service, as determined pursuant to Section V for all Transmission Pricing Zones to determine the yearly systemwide Blackstart Service revenue requirement; and
2. Dividing the annual system-wide revenue requirement determined in step 1 above by the Attachment O divisor used for calculating the Schedule 7, Part (2) Single-System Rate, or use a divisor as specified by Commission order, to derive a monthly rate; and deriving from that monthly rate the rates for yearly, weekly, daily and hourly service.

In those instances where a Blackstart Unit has a cost-based rate schedule on file with the Commission that does not include an annual revenue requirement (i.e., a stated rate), MISO calculates the average rate by weighting the respective rates calculated in Section V together with the stated rates, using the rate divisor previously mentioned in Section VI.A.3. The average rate will be the sum of the load weighted rates.

3.1.33.3.4 Timing of Rate Updates

MISO calculates the rates annually effective June 1. Rates will also be calculated as soon as reasonably practicable for the addition of any new Blackstart Units with Commission approved Blackstart revenue requirements. MISO assigns Blackstart charges and distribute revenue in the billing cycle following the effective date of any new or revised rates.

3.1.33.3.5 Data Requirements

Because Schedule 33 is applied to all MISO provided Transmission Service reservations, the data necessary to calculate the billing determinants is grouped in the same fashion as for Schedule 1. The Schedule 33 charge depends on the type of Transmission Service reservation (PTP or NITS) and the location of the sink.

3.1.33.3.6 Schedule 33 Service Charge

The Schedule 33 service charge is calculated for each profile or segment of a transmission reservation and this detail is available in the transmission statement. The charge is based on the Transmission Pricing Zone where the Load is located. For drive-out and drive-through service, the Schedule 33 charge is an Average Rate as described above. The Schedule 33 service charge for a drive-in or drive-within (sink internal to MISO) Point-To-Point Transmission Service is calculated as follows:

Eq. 3.10 $Schedule\ 33\ Charge_{PTP\ IN} = RC_{PTP} * ER_{CAS2} * Increment$

Where:

- $Schedule\ 33\ Charge_{PTP\ IN}$ = the charge for this Ancillary Service in $
- RC_{PTP} = Reserved Capacity for each profile segment of the point-to-point reservation in MW
- ER_{CAS2} = Effective Schedule 33 rate for the Transmission Pricing Zone in which the sink is located. The effective rate will be provided by the OASIS reservation record in $/MW.
- $Increment$ = Duration of reservation prorated to the billing cycle based on the appropriate rate. For example, for a weekly reservation for a 2-week period, ER_{CAS2} would be the weekly rate and the *Increment* would be 2 weeks.

A profile segment is generated for each reservation and shows the applicable capacity and rate used for each line. If a product has On- and Off-Peak rates applied to it, this detail will be shown. Examples where this would apply are hourly or daily reservations. Hourly reservations are On-Peak for hours 6 – 22 and Off-Peak are hours 0 – 6, 23 and 24. Daily reservations use On-Peak rates for Monday through Friday and Off-Peak rates for Saturday and Sunday along with the NERC holidays.

Schedule 33 service charge for drive-out and drive-through (Sink external to MISO) Point-To-Point Transmission Service is calculated as follows:

Eq. 3.11 $Schedule\ 33\ Charge_{PTP\ OUT} = RC_{PTP} * ER_{MISOS2} * Increment$

Where:

- $Schedule\ 33\ Charge_{PTP\ OUT}$ = the charge for Ancillary Service in $
- RC_{PTP} = Reserved Capacity for each profile segment of the reservation in MW
- ER_{MISOS2} = MISO weighted average rate for Schedule 33 in $/MW
- *Increment* = Duration of reservation prorated to the billing cycle based on the appropriate weighted average rate

A profile segment is generated for each reservation and shows the applicable capacity and rate used for each line. If a product has On- and Off-Peak rates applied to it, this detail will be shown. Examples where this would be applicable are hourly or daily reservations. Hourly reservations are On-Peak for hours 6 – 22 and Off-Peak are hours 0 – 6, 23 and 24. Daily reservations use On-Peak rates for Monday through Friday and Off-Peak rates for Saturday and Sunday along with the NERC holidays.

Schedule 33 service charge for Network Integration Transmission Service is as follows:

Eq. 3.12 $Schedule\ 33\ Charge_{NITS} = ER_{CANITS/hours\ in\ the\ year}) * NL * BD * 24$

Where:

- $Schedule\ 33\ Charge_{NITS}$ = the monthly charge for this Ancillary Service in $
  - ER_{CANITS} = Effective Schedule 33 Yearly Network Rate for the Transmission Pricing Zone where the Network Load is located (sink in $/MW) divided by hours in the year
  - *NL = Network Customer's Network Load*
  - *BD* = the days in the billing cycle
  - ***24*** = the hours in a day

Revenue is distributed based upon the following formulas:

- Point-to-point reservations where the sink is internal to MISO
- NITS reservations

Eq. 3.13 $R_{Service\ Provider} = TR_2 * BU_i / BU_{Total}$

Where:

- R_{SP}= Revenue distribution for service provider granting service
- TR_2 = Total revenue for Schedule 33 charges on a given transaction

- BU_i = Each approved Blackstart Unit *pro rata* share of the relative rates within the Transmission Pricing Zone
- BU_{Total} = Total Blackstart Unit rates within the Transmission Pricing Zone

For drive-through or drive-out service, MISO shall distribute to each Blackstart Unit owner a *pro rata* allocation of the amounts collected for its share of its gross annual revenue requirement among all Blackstart Unit providing service under this Schedule 33.

Eq. 3.14 $R_i = TR_{33} (BU_i/BU_{total})$

Where:

- R_i = Revenue distribution for Transmission Pricing Zone i
- TR_{33} = Total revenue for Schedule 33 charges on a given transaction
- BU_j = Each approved Blackstart Unit *pro rata* share
- BU_{Total} = Total Blackstart Unit rates within MISO
- i = A particular Transmission Pricing Zone

The Schedule 33 charge appears as a line item on the Transmission Customer Non-TO Trust Invoice which contains the ancillary service charges. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payment in full according to the terms of net 7. All disputed charges should follow the guidelines outlines in the Transmission Billing Dispute Resolution BPM.

3.1.33.4 Schedule 33 Revenue Distribution

All Schedule 33 revenues collected by MISO are distributed to the Blackstart Unit Owner(s) that have been certified under the Blackstart Service provisions. The revenues collected by MISO for Schedule 33 Transmission Service provided are fully distributed based on a Blackstart Unit Owner’s proportionate share of the Total Blackstart Units annual revenue requirement collected each billing cycle.

Revenue is distributed based upon the following formulas:

- Point-to-point reservations where the sink is internal to MISO
- NITS reservations

Eq. 3.13 $R_{Service\ Provider} = {}_{TR33} * BU_i / BU_{Total}$

Where:

- R_{SP}= Revenue distribution for service provider granting service
- $TR33$ = Total revenue for Schedule 33 charges on a given transaction
- BU_i = Each approved Blackstart Unit *pro rata* share of the relative rates within the Transmission Pricing Zone
- BU_{Total} = Total Blackstart Unit rates within the Transmission Pricing Zone

For drive-through or drive-out service, MISO shall distribute to each Blackstart Unit owner a *pro rata* allocation of the amounts collected for its share of its gross annual revenue requirement among all Blackstart Unit providing service under this Schedule 33.

Eq. 3.14 $R_i = TR_{33} (BU_i/BU_{total})$

Where:

- R_i = Revenue distribution for Transmission Pricing Zone i
- $TR33$ = Total revenue for Schedule 33 charges on a given transaction
- BU_j = Each approved Blackstart Unit *pro rata* share
- BU_{Total} = Total Blackstart Unit rates within MISO
- i = A particular Transmission Pricing Zone

3.1.34 Schedule 34 Allocation of Cost Associated with Reliability Penalty Assessments

3.1.34.1 Overview

This service charge provides the mechanism for recovering costs associated with reliability penalty assessments to MISO. If there is an assessment of a monetary penalty against MISO as the Registered Entity for a confirmed violation of a NERC Reliability Standard(s), either: (1) as a result of MISO's own conduct or omission; or (2) as a result of a violation by another entity for whom MISO is the Registered Entity where the entity is not on the NERC Compliance Registry and therefore cannot be directly assessed a penalty by NERC, a Regional Entity, or the Commission because of its status. The cost of the penalties may be directly assigned or spread across Transmission Customers when the violation cannot be directly assigned.

3.1.34.2 Schedule 34 Charge

The monetary penalty will be distributed once MISO has made a filing under section 205 of the Federal Power Act proposing a methodology to allocate a portion of or all of the costs of the penalty among the Transmission Customers and it is accepted by the Commission.

The Schedule 34 charge appears as a line item on the MISO Cost Adder Invoice. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing and Revenue Distributing BPM. The customer will remit all payments in full according to the term of net 7. All disputed charges are subject to the MISO Transmission Settlements Billing Dispute Resolution BPM.

3.1.34.3 Schedule 34 Revenue Distribution

The funds collected for penalty assessments are distributed to the proper entity(s).

3.1.35 Schedule 35 HVDC Agreement Cost Recovery Fee

3.1.35.1 Overview

This service charge provides the mechanism for recovering costs associated with providing HVDC Agreement services. Such costs shall be recovered from Transmission Customers who have executed HVDC Service Agreements pursuant to Section 27A of the Tariff. The costs recovered pursuant to the terms of this Schedule 35 are for the same set of services for which the administrative costs are recovered pursuant to Schedule 10 of the Tariff. Revenue received under this Schedule 35 shall be used to reduce the costs to be recovered under Schedule 10 of the Tariff.

3.1.35.2 Schedule 35 Charge

For each Transmission Customer taking service pursuant to Section 27A of the Tariff, the Schedule 35 charge is computed as follows:

Eq. 3.50 $$Sch35Charge_i = CR_i * RC_i * HR_i$$

Where:

- $Sch35Charge_i$ = The Schedule 35 Charge associated with a Section 27A Point-to-Point Transmission Service reservation
- CR_i = The capacity rate established in accordance with Part II, Section A under Schedule 10 of the Tariff

- RC_i = The reserved capacity for a Section 27A Point-to-Point Transmission Service reservation
- HR_i = the duration, in hours, of the reservation within the month

The Schedule 35 charge appears as a line item under MISO Cost Adder Invoice. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing and Revenue Distributing BPM. The customer will remit all payments in full according to the term of net 7. All disputed charges are subject to the MISO Transmission Settlements Billing Dispute Resolution BPM.

3.1.35.3 Schedule 35 Revenue Distribution

All revenues collected for service under Schedule 35 are retained by MISO.

3.1.36 Schedule 36 Regional Charge to Recover Costs of ITC Transmission Phase Angle Regulators from PJM and NYISO RTO Regions – No Longer Active per Order Issued in ER11-1844.

3.1.37 Schedule 37 MTEP Project Cost Recovery for ATSI Zone

3.1.37.1 Overview

This service charge provides the mechanism for recovering a portion of the MTEP Projects constructed or approved by the MISO Board of Directors for construction by ATSI prior to ATSI's integration into PJM.

3.1.37.2 Schedule 37 Charge

MISO shall bill PJM, as the designated agent of ATSI solely for the purposes of Schedule 37, the monthly amount of the annual revenue requirements as calculated in Section III.B of Schedule 37 and in accordance with, and subject to, the billing and payment provisions described in Section 7 of the MISO Tariff.

3.1.37.3 Schedule 37 – Allocation of Annual Revenue Requirements to the ATSI Zone

The MISO shall calculate the monthly portion of the annual revenue requirements under Section III.A of Schedule 37 for each MTEP Project constructed or approved by the MISO Board of Directors for construction by MISO Transmission Owners that will be allocated to the ATSI Zone. This will be calculated as:

Eq. 3.51 $$Schedule\ 37\ Charge_i = A\ times\ B\ divided\ by\ C$$

Where:

- A = Each MTEP Project's revenue requirements derived in Section III.A of Schedule 37
- B = The percentage for the ATSI Zone calculated in accordance with the cost allocation methodology under Attachment FF of the MISO Tariff as approved by FERC with respect to that MTEP Project, at the time the project was approved by the MISO Board of Directors; and
- C = 12

The Schedule 37 charge appears as a line item on the MISO TO Trust Invoice. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing and Revenue Distributing BPM. The customer will remit all payments in full according to the term of net 7. All disputed charges are subject to the MISO Transmission Settlements Billing Dispute Resolution BPM.

3.1.37.4 Schedule 37 Revenue Distribution

All revenues collected for service under Schedule 37 are remitted to MISO Transmission Owners including PJM as agent for ATSI.

3.1.38 Schedule 38 MTEP Project Cost Recovery for DEO/DEK Zone

3.1.38.1 Overview

This service charge provides the mechanism for recovering a portion of the MTEP Projects constructed or approved by the MISO Board of Directors for construction by DEO/DEK upon DEO/DEK's integration into PJM.

3.1.38.2 Schedule 38 Charge

MISO shall bill PJM, as the designated agent of DEO/DEK solely for the purposes of Schedule 38, the monthly amount of the annual revenue requirements as calculated in Section III.B of Schedule 38 and in accordance with, and subject to, the billing and payment provisions described in Section 7 of the MISO Tariff.

3.1.38.3 Schedule 38 - Allocation of Annual Revenue Requirements to the DEO/DEK Zone

For each MTEP Project, MISO shall calculate the monthly portion of the annual revenue requirements under Section III.A and Section III.B of Schedule 38 separately attributable to each of DEO and DEK. This will be calculated as:

Eq. 3.52 $$\textit{Schedule 38 Charge}_i = (A+B) \text{ times } C \text{ divided by } D$$

Where:

- A = The portion of each MTEP Project's revenue requirement derived in Section III.A of Schedule 38 allocated to the Historic Duke Zone in accordance with the cost allocation methodology specified in Sections II and III of Attachment FF of the MISO Tariff;
- B = The portion of each MTEP Project's revenue requirement derived in Section III.B allocated to the Historic Duke Zone in accordance with Schedule 37;
- C = the Duke MTEP Project Cost Allocator Percentage of DEO or DEK (as applicable) set forth in Section II.A of Appendix 1 of this Schedule 38; and
- D = 12

The Schedule 38 charge appears as a line item on the MISO TO Trust Invoice. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing and Revenue Distributing BPM. The customer will remit all payments in full according to the term of net 7. All disputed charges are subject to the MISO Transmission Settlements Billing Dispute Resolution BPM.

3.1.38.4 Schedule 38 Revenue Distribution

All revenues collected for service under Schedule 38 are remitted to MISO Transmission Owners including PJM as agent for DEO/DEK.

3.1.39 Schedule 41: Charge to Recover Costs of Entergy Storm Securitization Charges from Entergy Operating Companies' Pricing Zones

3.1.39.1 Overview

Schedule 41 provides for the recovery of the storm securitization charges consistent with settlement agreements approved by FERC in Docket Nos. ER10-984 and ER11-3274. The Entergy Operating Companies (the Entergy Operating Companies are Entergy Louisiana, LLC, Entergy Texas, Inc., Entergy Arkansas, Inc., Entergy Mississippi, Inc., Entergy Gulf States, L.L.C., and Entergy New Orleans, Inc.) pursued a broad range of initiatives at its retail commissions to recover hurricane and ice storm restoration costs from 2005-2009, including the issuance of securitization bonds. The securitization process results in the effective removal of the cost of securitized assets from the books of the applicable Entergy Operating Companies

3.1.39.2 Schedule 41 Charge

Schedule 41 follows the same billing methodology as followed for the following products:

- Schedule 7 – Firm Point-To-Point Transmission Service **–** Section 3.1.6.4
- Schedule 8 – Non-Firm Point-To-Point Transmission Service – Section 3.1.7.5
- Schedule 9 – Network Integration Transmission Service (NITS). – Section 3.1.8.3

Please see those sections of this BPM for additional detail on charge calculations.

The Schedule 41 charge appears as a line item on the Transmission Customer Non-TO Trust Invoice which contains base ancillary service charges. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges should follow the guidelines outlined in the Transmission Settlements Billing Dispute Resolution BPM.

3.1.39.3 Schedule 41 Revenue Distribution

All revenues that MISO collects under this Schedule shall be remitted to the applicable Entergy Operating Company.

3.1.40 Schedule 42-A: Charge to Recover Accrued and Paid Interest Associated with Prepayments from Entergy Operating Companies' Pricing Zones (Effective December 13, 2013 through December 31, 2017)

3.1.41 Schedule 42-B: Credit Associated with AFUDC from Entergy Operating Companies' Pricing Zones

3.1.41.1 Overview

This Schedule 42-B provides for payment of credits to the Entergy transmission service customers on the Allowance for Funds Used During Construction ("AFUDC") associated with network upgrades.

3.1.41.2 Schedule 42-B Charge

Schedule 42-B follows the same billing methodology as followed for the following products:

- Schedule 7 – Firm Point-To-Point Transmission Service **–** Section 3.1.6.4
- Schedule 8 – Non-Firm Point-To-Point Transmission Service – Section 3.1.7.5
- Schedule 9 – Network Integration Transmission Service (NITS). – Section 3.1.8.3

Please see those sections of this BPM for additional detail on charge calculations.

The Schedule 42-B charge appears as a line item on the Transmission Customer Non-TO Trust Invoice which contains base ancillary service charges. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges should follow the guidelines outlined in the Transmission Settlements Billing Dispute Resolution BPM.

3.1.41.3 Schedule 42-B Payment of Credit

All credits shall be remitted to all Network Integration Service and Point-to-Point Transmission Service reservations taking service in the applicable Entergy Operating Companies' pricing zones by the applicable Entergy Operating Company. However, the credits herein are not applicable to transmission reservations made by the Entergy Operating Companies.

3.1.42 Schedule 45: Cost Recovery of NERC Recommendations or Essential Action

3.1.42.1 Overview

Under Schedule 45, Transmission Customers compensate MISO for the current NERC Recommendation or Essential Action Charge (NREAC) for Reserved Capacity at the sum of the applicable charges set forth below in addition to all other charges for Transmission Service for which the Transmission Customer is responsible under the Tariff. The rates are calculated using the formula included in Attachment ZZ of the Tariff**.**

Grandfathered Agreements shall not be assessed Schedule 45 charges.

3.1.42.2 Schedule 45 Charge

Schedule 45 follows the same billing methodology as followed for the following products:

- Schedule 7 – Firm Point-To-Point Transmission Service **–** Section 3.1.6.4
- Schedule 8 – Non-Firm Point-To-Point Transmission Service – Section 3.1.7.5
- Schedule 9 – Network Integration Transmission Service (NITS). – Section 3.1.8.3

Please see those sections of this BPM for additional detail on charge calculations. However, there are some MISO Transmission Owners that continue to process their own Schedule 9 billing. For entities that fall into this exception, please refer to the charge billing methodology for Schedule 1.

The Schedule 45 charge appears as a line item on the Transmission Customer TO Trust Invoice which contains base transmission service charges. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing, and Revenue Distributing BPM. The customer will remit all payments in full according to the terms of net 7. All disputed charges should follow the guidelines outlined in the Transmission Settlements Billing Dispute Resolution BPM.

3.1.42.3 Schedule 45 Revenue Distribution

All revenues collected by MISO as part of this Schedule 45 shall be distributed 100% to each Transmission Owner – Registered Entity (TO-RE) in proportion to their annual pro-rata share of the total Attachment ZZ revenue requirement for the Transmission Pricing Zone or Zones associated with the NERC Recommendation or Essential Action.

3.1.43 Schedule 47: Entergy Operating Companies MISO Transition Cost Recovery (Recovery Completed August 2016)

3.1.44 Attachment BB Compensation for Rescheduling Generator Outages

3.1.44.1 Overview

Per docket ER23-2413, effective September 16, 2023, Compensation for Rescheduling Generator Outages has been modified to a market-based cost allocation approach. Please refer to Market Settlements BPM for details on Attachment BB calculations.

3.1.45 Attachment JJ Compensation for Rescheduling Transmission Outages

3.1.45.1 Overview

In the ordinary course of their operations, elements of the Transmission System periodically require temporary removal from operation in order to perform routine or scheduled maintenance and to install new transmission elements. In discharging its responsibility to manage the Transmission System to maintain system reliability, MISO coordinates Planned Transmission Outages. In order to prevent or manage abnormal system conditions or to prevent or limit equipment damage or the loss of facilities or supply that could adversely affect the reliability of the Transmission System, MISO may need to instruct a Transmission Owner to defer such Planned Transmission Outages provided that such instruction to reschedule must be given in a reasonably timely manner and consistent with Good Utility Practice.

The rescheduling by Transmission Owners of a previously scheduled Planned Transmission Outage in anticipation of an Emergency or Emergency System Conditions, pursuant to a directive by MISO, can give rise to certain costs for which Transmission Owners may be entitled to compensation.

3.1.45.2 Compensation

The Transmission Owner that has been required by MISO to reschedule a Planned Transmission Outage at MISO's direction shall be entitled to be compensated as described below.

3.1.45.3 Direct Costs

MISO charges Transmission Customers in order to compensate the Transmission Owner for any reasonable and direct additional costs that such Transmission Owner incurs as a result of MISO's rescheduling of a Planned Transmission Outage. "Direct costs" should include costs associated with demobilization/ mobilization associated with a revoked Planned Transmission Outage and costs associated with an accelerated return to service, such as overtime and specialized work practices that may be invoked to shorten a Planned Transmission Outage that is under way. A Transmission Owner shall not be compensated for any lost profits attributable to foregone potential additional sales associated with such rescheduling.

3.1.45.4 Attachment JJ Charge Calculation

MISO calculates the appropriate reallocation of Rescheduling Costs and assign charges to the Transmission Customers in the next billing cycle after the Rescheduling Costs have been verified by MISO. Each Transmission Customer taking either Firm Point-to-Point Transmission Service or Network Integration Transmission Service during the relevant time period in which Rescheduling Costs have been incurred by the Transmission Owner, shall be charged, and shall pay, its *pro rata* share of such Rescheduling Costs based on either its Reserved Capacity or its Network Load, as applicable.

Attachment JJ charges are included as part of the Schedule 11 process which appears as a line item on the Non-TO Trust Invoice. For additional information, please refer to the Monthly Transmission Billing, Cash Clearing and Revenue Distributing BPM. The customer will remit all payments in full according to the term of net 7. All disputed charges are subject to the MISO Transmission Settlements Billing Dispute Resolution BPM.

3.1.45.5 Attachment JJ Revenue Distribution

Revenue shall be provided to the Transmission Owner.

3.1.46 Unreserved Use

3.1.46.1 Overview

MISO assesses charges for the overuse of transmission reservations, unauthorized use of the Transmission System, the overuse of Ancillary Services, the non-compliance with MISO directives, and repeated Transmission System manipulation.

3.1.46.2 Charges

Data documenting incidents of overuse or unauthorized use are provided to Transmission Settlements from Tariff Administration and Scheduling. These billing determinants are used in the charge calculation. Offending customers will receive charges for Schedules 1, 2 7 and/or 8 based upon the next increment of service. For instance, an hourly incident of overuse charges will be calculated for a daily product and a 200% multiplier will be used for all calculations. Overuse charges are based upon the highest MWs of overuse.

3.1.46.3 Revenue Distribution

All revenue from incidents of overuse or unauthorized use are distributed to all non-offending customers during a billing cycle on a pro-rata allocation.

3.1.47 Miscellaneous Adjustments

3.1.47.1 Overview

MISO launched automated resettlement functionality effective November 1, 2020 for the processing of the October 2020 billing cycle. Resettlements required for periods prior to the launch date will continue to be processed via Miscellaneous Adjustments.

3.1.47.2 Charge Calculation

The charge calculation will be done using the appropriate calculation depending upon the adjustments being made.

3.1.47.3 Revenue Distribution

Revenue distribution will be done using the appropriate revenue distribution methodology that is done for the charge being adjusted.

3.1.48 Interest

3.1.48.1 Overview

Due to the launch of resettlement functionality, any interest that is required for any billing cycles on or after November 1, 2020 will be broken out and identified separately within the transmission statement. For those billing cycles prior to the launch interest will be calculated outside of the resettlement functionality of the settlement system and incorporated into the Miscellaneous Adjustment process described above.