

Schedule 49
Cost Allocation for Available System Capacity Usage

This Schedule recovers the costs incurred by the Transmission Provider under Articles II and IV of the Offer of Settlement filed on October 13, 2015, in Docket Nos. EL14-21, ER14-1174, EL11-34-002 and EL14-30, as approved by the Commission in *Southwest Power Pool, Inc.*, 154 FERC ¶ 61,021 (2016) (“MISO/SPP/Joint Parties Settlement”), as may be amended, or any successor or replacement agreement, and the settlement agreement in Docket No. ER21-530-000, as accepted by the Commission on October 21, 2021.

I. TERMS AND DEFINITIONS

Contract Path Capacity - MISO, at the time this Schedule 49 becomes effective, has a contract path between MISO Midwest and MISO South that provides the contractual rights to transfer energy in the amount of 1,000 MW between MISO South and MISO Midwest via the transmission facilities operated by MISO under the MISO Tariff. The Contract Path Capacity may be increased or decreased pursuant to the terms of the MISO/SPP/Joint Parties Settlement, as may be amended, or any successor or replacement agreement.

Midwest Non-Binding Importing Percentage – The monthly or annual percentage determined by the MISO market flow volumes (in MWh) in the South to Midwest direction during all hours in which the applicable Regional Directional Transfer (RDT) constraint does not bind in the day ahead and real-time markets and the hourly real-time MISO market flow is above the Contract Path Capacity divided by the total bidirectional MISO market flow volumes (in MWh) in which the applicable RDT constraint does not bind in the day ahead and real time markets and the hourly real-time MISO market flow is above the Contract Path Capacity in both the South to Midwest and Midwest to South directions. Monthly volumes will be used for the monthly cost allocation and annual volumes will be used for the annual settlement calculations in Section II below.

Midwest Modified Market Load Ratio Share - The factor calculated as the sum of Actual Energy Withdrawals, Export Schedules and Post-integration Pseudo-tie volume of a Market Participant at all of its MISO Midwest Commercial Pricing Nodes divided by the sum of all the Actual Energy Withdrawals, Export Schedules and Post-integration Pseudo-tie volume at all Commercial Pricing Nodes in the MISO Midwest.

MISO Midwest (or Midwest) – Is generally understood to be the historical MISO footprint prior to the integration of MISO South on December 19, 2013.

MISO South (or South) – Is understood to be the area that was integrated into MISO as of December 19, 2013. It comprises “the Balancing Authority Areas (BAAs) operated by the Entergy Operating Companies (including, but not limited to, Entergy Arkansas, Inc., Entergy

Mississippi, Inc., Entergy Louisiana, LLC, Entergy New Orleans, Inc., Entergy Texas, Inc., and Entergy Gulf States Louisiana, L.L.C. (collectively, Entergy)); Louisiana Energy and Power Authority; Lafayette Utilities System; the Southern Mississippi Electric Power Association; Cleco Corporation; and NRG/Louisiana Generating. LLC (including the Arkansas municipalities of West Memphis, North Little Rock, and Conway).

Modified Market Load Ratio Share - The factor calculated as the sum of Actual Energy Withdrawals, Export Schedules and Post-integration Pseudo-tie volume of a Market Participant at all Commercial Pricing Nodes divided by the sum of all the Actual Energy Withdrawals, Export Schedules and Post-integration Pseudo-tie volume at all Commercial Pricing Nodes in the Transmission Provider Region.

Monthly Excess Congestion Settlement Factor – The factor utilized in monthly settlements to apportion Settlement Agreement Costs between Modified Market Load Ratio Share and sub-regional allocation. This factor will be posted on the Transmission Provider’s website and may be updated periodically in order to minimize the Annual Settlement.

Monthly Settlement Charges – The charges assessed to a Market Participant under Section II of this Schedule for months in a calendar year.

Post-integration Pseudo-tie – Generation pseudo-tied out of the Transmission Provider Region, with an external Interface Sink Point, and defined in the Commercial Model with an initial effective date on or after January 1, 2014. Post-integration Pseudo-tie volume shall be zero for Operating Days before September 1, 2016.

Regional Directional Transfer (RDT) Excess Congestion – Day ahead congestion on the RDT constraint net of any FTR credits that are due to FTR holders based on FTR positions held across the RDT interface plus any real-time excess congestion on the RDT constraint.

Settlement Agreement Costs – Costs incurred by the Transmission Provider as a result of payments or credits the Transmission Provider is obligated to make under Articles II and IV of the MISO/SPP/Joint Parties Settlement.

South Non-Binding Importing Percentage – The monthly or annual percentage determined by the MISO market flow volumes (in MWh) in the Midwest to South direction during all hours in which the applicable RDT constraint does not bind in the day ahead and real-time markets and the hourly real-time MISO market flow is above the Contract Path Capacity divided by the total bidirectional MISO market flow volumes (in MWh) in which the applicable RDT constraint does not bind in the day ahead and real time markets and the hourly real-time MISO market flow is above the Contract Path Capacity in both the South to Midwest and Midwest to South directions. Monthly volumes will be used for the monthly cost allocation and annual volumes will be used for the annual settlement calculations in Section II below.

South Modified Market Load Ratio Share – The factor calculated as the sum of Actual Energy Withdrawals, Export Schedules, and Post-integration Pseudo-tie volume of a Market Participant at all of its MISO South Commercial Pricing Nodes divided by the sum of all the Actual Energy Withdrawals, Export Schedules, and Post-integration Pseudo-tie volume at all Commercial Pricing Nodes in the MISO South.

II. COST ALLOCATION METHODOLOGY

Monthly Cost Allocation Methodology: For each month an amount equal to the Monthly Excess Congestion Settlement Factor multiplied by the Settlement Agreement Costs shall be allocated to Market Participants based on their Modified Market Load Ratio, the remaining Settlement Agreement Costs shall be allocated based on: (1) the Midwest Non-Binding Importing Percentage and their Midwest Modified Market Load Ratio Share; and (2) the South Non-Binding Importing Percentage and their South Modified Market Load Ratio Share, as follows:.

Monthly Cost Allocation Formula:

Midwest Market Participant:

$$\begin{aligned} & \text{Monthly Excess Congestion Settlement Factor} * \text{Settlement Agreement Costs} * \text{Modified} \\ & \text{Market Load Ratio Share} + (1 - \text{Monthly Excess Congestion Settlement Factor}) * \\ & \text{Settlement Agreement Costs} * \text{Midwest Non-Binding Importing Percentage} * \text{Midwest} \\ & \text{Modified Market Load Ratio Share} \end{aligned}$$

South Market Participant:

$$\begin{aligned} & \text{Monthly Excess Congestion Settlement Factor} * \text{Settlement Agreement Costs} * \text{Modified} \\ & \text{Market Load Ratio Share} + (1 - \text{Monthly Excess Congestion Settlement Factor}) * \\ & \text{Settlement Agreement Costs} * \text{South Non-Binding Importing Percentage} * \text{South Modified} \\ & \text{Market Load Ratio Share} \end{aligned}$$

Annual Settlement Methodology: At the end of each calendar year a settlement may take place for each Market Participant based on the level of excess congestion observed on the RDT constraint in the Day-Ahead and Real-Time Energy and Operating Reserve Markets. This process will begin with the term starting on February 1, 2022, subject to Section III of this Schedule 49, but for each year thereafter RDT excess congestion values will be applied for each full calendar year.

At the end of each calendar year the RDT Excess Congestion will be calculated. This value will determine the amount of costs that will be allocated according to the Modified Market

Load Ratio Share for the footprint. This annual settlement accounts for this value as well as the Midwest Non-Binding Importing Percentage and the South Non-Binding Importing Percentage.

Annual Settlement Formula:

Midwest Market Participant Settlement:

*(Min (RDT Excess Congestion, Settlement Agreement Costs) * Modified Market Load Ratio Share) + (Max (Settlement Agreement Costs – RDT Excess Congestion, 0) * Midwest Non-Binding Importing Percentage * Midwest Modified Market Load Ratio Share) – Σ (Monthly Settlement Charges) MISO Midwest, Calendar Year*

South Market Participant Settlement:

*(Min (RDT Excess Congestion, Settlement Agreement Costs) * Modified Market Load Ratio Share) + (Max (Settlement Agreement Costs – RDT Excess Congestion, 0) * South Non-Binding Importing Percentage * South Modified Market Load Ratio Share) – Σ (Monthly Settlement Charges) MISO South, Calendar Year*

III. COST ALLOCATION FOR THE PERIOD FROM FEBRUARY 1, 2021 THROUGH JANUARY 31, 2022.

The Transmission Provider shall use the methodology set forth in Sections I and II of this Schedule 49 to reallocate the Settlement Agreement Costs incurred during the period from February 1, 2021 through January 31, 2022, as set forth in the settlement agreement accepted in Docket No. ER21-530-000 by the Commission's order issued on October 21, 2021. Calendar year calculations for this period's Annual Settlement will exclude January 2021 and include January 2022.

VI. COST ALLOCATION FOR THE PERIOD FROM FEBRUARY 1, 2022 THROUGH DECEMBER 31, 2022.

The Transmission Provider shall use the methodology set forth in Sections I and II of this Schedule 49 to allocate the Settlement Agreement Costs incurred during the period from February 1, 2022 through December 31, 2022. Calendar year calculations for the 2022 Annual Settlement will exclude January 2022.

V. COST ALLOCATION FOR SUBSEQUENT CALENDAR YEARS.

Transmission Provider shall use the methodology set forth in Sections I and II of this Schedule 49 to allocate the Settlement Agreement Costs incurred during all future periods from January 1 through December 31 of that calendar year.