

## **SCHEDULE 26-C**

### **COST RECOVERY FOR TARGETED MARKET EFFICIENCY PROJECTS CONSTRUCTED BY MISO TRANSMISSION OWNERS**

#### **I. Definitions**

Any capitalized terms used in this Schedule 26-C shall have the meaning as defined in Module A of the MISO Tariff, except that for purposes of this Schedule 26-C the term “MISO Transmission Owner” shall be understood to include any MISO Transmission Owner or ITC in MISO responsible for the construction of Targeted Market Efficiency Projects under the MISO Tariff. Additional definitions for this Schedule 26-C are as follows:

A. MISO Zones - The Transmission Pricing Zones MISO uses to develop transmission rates and allocate revenues.

B. PJM - PJM Interconnection, LLC.

C. PJM Tariff - The PJM Open Access Transmission Tariff, including all schedules or attachments thereto, as amended from time to time. The term PJM Tariff shall endure to include any successor tariff or rate schedule approved by the Commission.

D. PJM Transmission Owner - Any Transmission Owner in PJM responsible for the construction of TMEPs under the PJM Tariff.

E. TMEP – A Targeted Market Efficiency Project as defined in MISO Attachment FF, Section II.F and approved by the MISO Board of Directors for inclusion in Appendix A of the MTEP.

#### **II. Introduction and Purpose**

This Schedule 26-C sets forth the methodology for collecting the revenue requirements

for TMEPs constructed by MISO Transmission Owners. This includes the following:

- A. The manner in which the MISO Transmission Owners will derive the annual revenue requirements for TMEPs constructed by MISO Transmission Owners.
- B. The manner in which MISO will apportion annual revenue requirements to MISO Zones.
- C. The method by which MISO will collect charges from MISO Transmission Customers for TMEPs constructed by MISO Transmission Owners.
- D. The method by which MISO will submit annual revenue requirements to PJM for collection under the PJM Tariff for TMEPs constructed by MISO Transmission Owners.
- E. The manner in which MISO will distribute revenues received from MISO Transmission Customers and PJM for TMEPs constructed by MISO Transmission Owners.

Only charges related to TMEPs constructed by MISO Transmission Owners will be collected under Schedule 26-C. Charges related to TMEPs constructed by PJM Transmission Owners will be collected under Schedule 26-D.

### **III. Applicability**

- A. The charges under Schedule 26-C shall be in addition to any 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.
- B. The Transmission Customer shall not be charged pursuant to this Schedule 26-C 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.

**IV. MISO Transmission Owners TMEP Revenue Requirements**

**A. Derivation of Annual Revenue Requirements**

The MISO Transmission Owners shall periodically update the annual revenue requirements for TMEPs constructed by MISO Transmission Owners in accordance with the provisions of Attachment GG of the MISO Tariff. These updates will follow the timing of MISO annual rate updates that are effective January 1 and June 1 of each year, or as needed.

**B. Apportionment of Annual Revenue Requirements**

MISO shall calculate the annual revenue requirements under Section IV.A for each TMEP constructed by MISO Transmission Owners. Each year, MISO shall include all eligible TMEPs by Transmission Owner and/or ITC in Appendix A of the MTEP in accordance with the provisions of Attachment FF. The costs of each TMEP shall be allocated between MISO and PJM in accordance with Section 9.4.4.2.5 of the Joint Operating Agreement between MISO and PJM. MISO shall calculate the annual revenue requirement to be apportioned to each MISO Zone in accordance with the cost allocation methodology set forth in Attachment FF, Section III.A.2.h and Attachment FF-6.

**C. Collection of Revenue Requirements from MISO Transmission Customers**

The total MISO TMEP annual revenue requirement apportioned to a MISO Zone shall be the sum of each MISO Transmission Owner's TMEP revenue requirement apportioned to that MISO Zone, in accordance with Attachment GG. MISO will calculate each MISO Customer's monthly charge by allocating the monthly revenue requirement by MISO 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 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 this 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 Services 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.

**D. Collection of Revenue Requirements from PJM**

Prior to January 1 and June 1 each year, MISO shall provide PJM with the annual revenue requirements for the TMEPs constructed by MISO Transmission Owners. Each month MISO shall provide PJM with an invoice for the revenue requirements for the TMEPs constructed by MISO Transmission Owners. MISO will identify revenue received from PJM as Schedule 26-C revenue for revenue distribution purposes.

**E. Distribution of Schedule 26-C Revenue to MISO Transmission Owners**

Each month, amounts PJM remits to MISO pursuant to agreed-upon settlement procedures will be added to amounts collected by MISO, as described in Section IV.C of this Schedule 26-C, to determine the total Schedule 26-C revenue to be distributed to MISO Transmission Owners. MISO shall distribute Schedule 26-C revenue received to MISO Transmission Owners in proportion to their pro-rata share of the total MISO TMEP revenue

requirements determined pursuant to Section IV.A above.