



Settlements and ADR Time Bars

Market Subcommittee

February 8, 2018

Purpose and Key Takeaways



Purpose

- Update stakeholders on proposed Tariff revisions establishing time limits for disputes, corrections and Alternate Dispute Resolution process

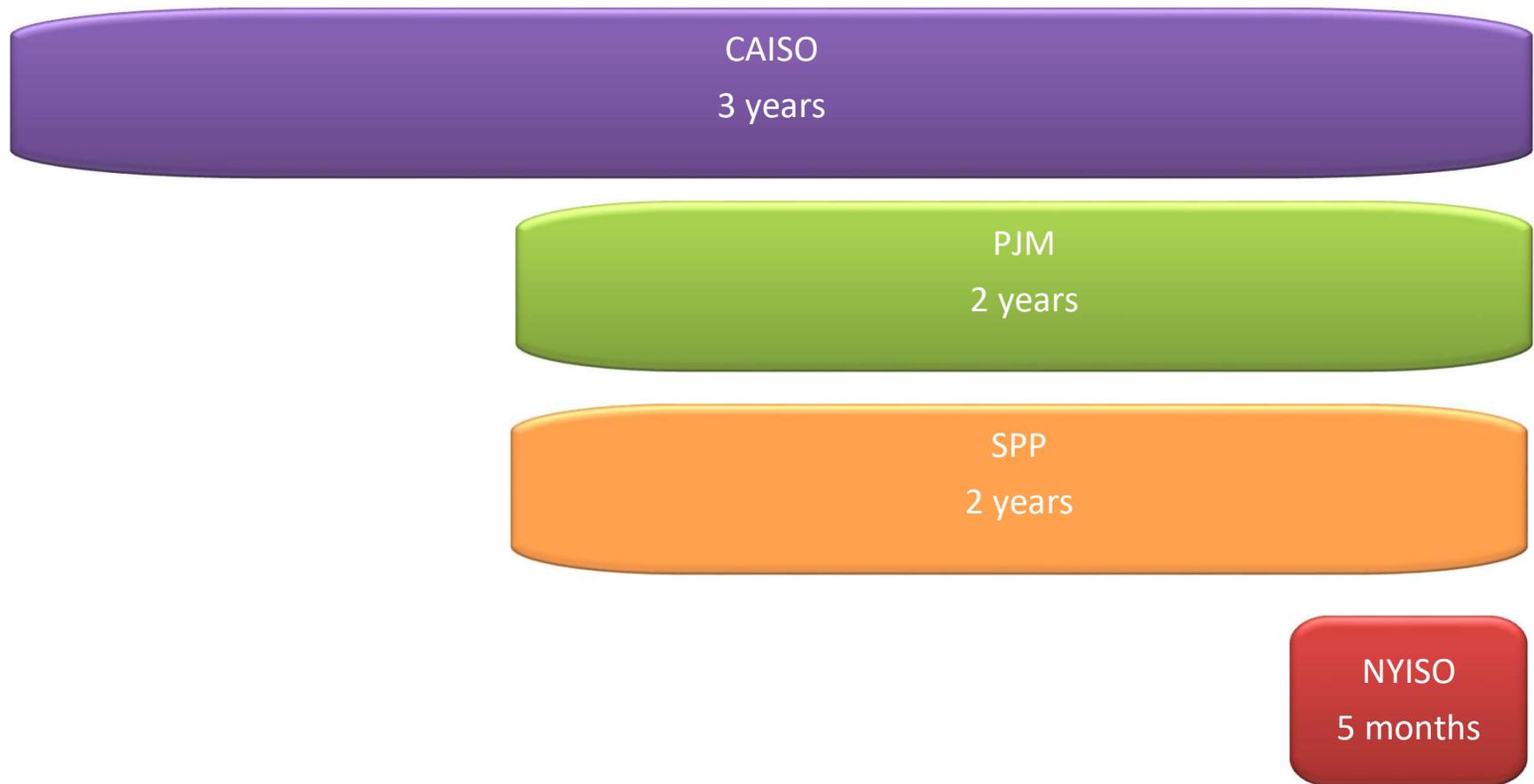
Key Takeaways

- Propose a 1-year time bar for settlement disputes and corrections
- Propose a 30-day time bar for informal and formal ADRs
- Proposal promotes market certainty, facilitates accuracy in corrections of settlement statements, and prevents stale claims
- With input of stakeholders incorporated, aiming for a May filing with FERC

Issue Summary

- MISO's Tariff does not have provisions that categorically bar settlement disputes raised after a long time
- MISO's Tariff does not expressly state time limits for informal and formal Alternative Dispute Resolution ("ADR") proceedings
- Proposal is for both Transmission and Market Settlements
- Absence of ADR and settlement time bars can result in market uncertainty, and complicated resettlements long after settlement disputes or informal ADRs were denied
- Other RTOs have categorical time bars

RTO Time Bars Range of 5-36 Months



Time Bars Provide Benefits and Manage Risks

| Benefits Provided | Risks Managed |
|--|---|
| Corrections are more reliably based on available records | Errors may remain undiscovered for a long time |
| Encourages promptness of claims | Passage of time results in complexities in providing correction |
| Financial / Market certainty | Correction of stale claims unduly disrupt market certainty |
| In line with general legal principles | |

Settlements Proposed Solution

- Revise Tariff to adopt a one-year settlement time bar, counted from issuance of settlement statement (new section 10.8 and related section 12 changes)
- Language is similar to categorical time bar language of PJM and SPP
- Transition: Errors in settlement statements issued up to one year **before** effective date of MISO's proposed settlement time bar can be basis for settlement claims within one year **after** effective date of settlement time bar
 - Example of one-year transitional look-back: If a settlement statement was issued on July 1, 2017, it can be a basis for a settlement dispute filed on July 1, 2018.

ADR Proposed Solution

- Revise Tariff (Section 12 and Attachment HH) to adopt ADR time bars:
 - Informal ADR: 30 calendar days from denial of settlement dispute
 - Formal ADR: 30 calendar days from denial of informal ADR dispute.
- Transition: Settlement disputes and informal ADRs denied up to 30 calendar days **before** effective date of MISO's proposed settlement time bar can be basis for informal or formal ADRs, respectively, within 30 calendar days **after** effective date of ADR time bars
- Example of 30-day transitional look-back: If a settlement dispute was denied on June 1, 2018, an informal ADR dispute can be commenced on July 1, 2018

Resettlements Impact

- The proposal will require optional resettlements beyond the normal settlement cycles
 - s7, s14, s55, s105 for Market Settlements
 - Current month and then months 1, 4, 8, 12 for Transmission Settlements
- Propose 60-day optional resettlements to resolve disputes that are outside the normal settlement cycles
 - Seek feedback on a dollar threshold
- Meter data submission timelines will not change
- Business Practice Manual updates will be provided to highlight timing of new optional resettlements and dispute processes

Next Steps

- Stakeholder comments and feedback to:
 - John Weissenborn (jweissenborn@misoenergy.org)
- Feedback requested:
 - Proposed Time Bars
 - Tariff language proposed
 - Settlements process impact
- MISO will present in March MSC final proposal based on comments
- MISO to submit its FERC filing on or about May 1, 2018, seeking a July 1, 2018 effective date
- Updates to MISO's ADR BPM-023 will be made after FERC's order approving Tariff revisions