



JTIQ Cost Allocation

RECBWG

January 23, 2024

Re-uploaded 3/5/24 to add legend to slide 9

Purpose: Provide an update on the JTIQ cost allocation direction and MISO specific impact of current path forward.



- MISO and SPP continue to adjust to reflect the availability of DOE GRIP grant funds and the sharing of costs and risks between MISO and SPP.
- The updated direction reflects feedback associated with the distribution of costs, risks and entitlements.
- 100% of E&C costs are allocated to the ICs and O&M is recovered from load.
- The backstop funding mechanisms will cover the potential mismatch between when JTIQ costs are recoverable and when the ICs are committed to pay.
- MISO's current queue indicates that sufficient generation will be available to fund the JTIQ Portfolio .

MISO and SPP continue to adjust to reflect the availability of DOE GRIP grant funds and the sharing of costs and risks between MISO and SPP.

Key Parameters

- **Repeatable planning process.**
 - JOA will reflect JTIQ as a replacement for Affected System Studies.
- **DOE Funding is a one-time, key input to cost allocation.**
 - Funding will be used to offset load commitment first, then apply to the rest of the portfolio.
- **Significant portion of JTIQ investment is in MISO, presenting a challenge in equitably sharing of dollars & risk between the two RTOs.**

Recent Updates

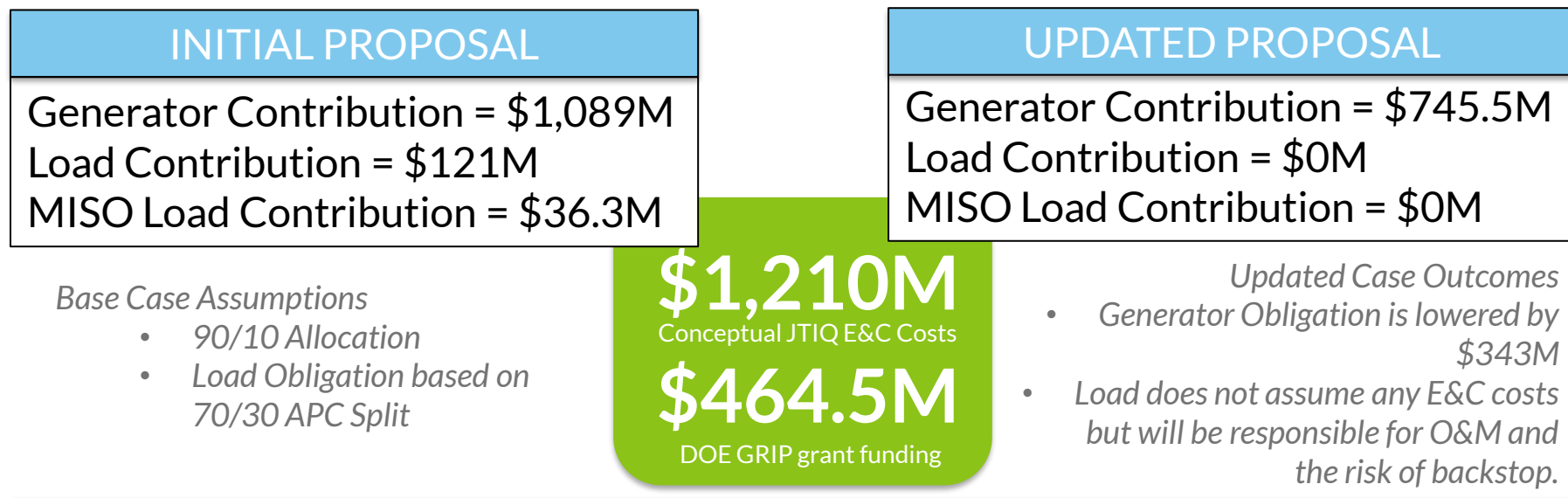
- **100% of costs for the JTIQ portfolio will be allocated to Interconnection Customers.**
 - This follows SPP's existing cost allocation methodology for GIPs.
- **All O&M will be borne by the constructing zone.**
 - O&M for projects located in MISO will be recovered from the constructing zone.
- **Backstop will be constructing region load**
 - MISO's backstop for JTIQ projects will be MISO's footprint.
- **Entitlements will be allocated to the constructing region**

Key Takeaway: While the focus is to maintain a repeatable process where JTIQ replaces the affected system studies, the RTOs acknowledge that any future portfolio will require revisiting the cost allocation.

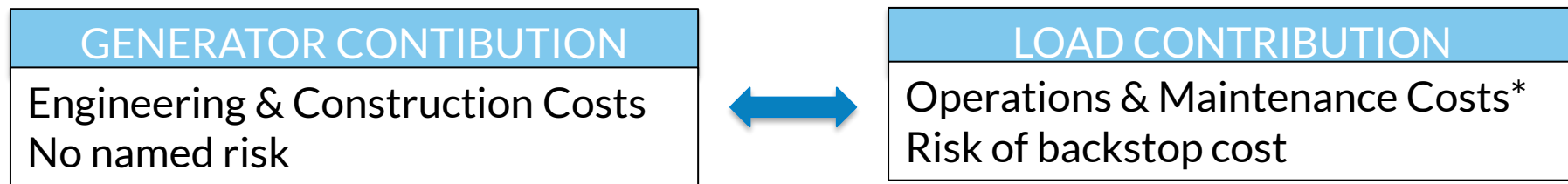
The updated direction reflects feedback associated with the distribution of costs, risks and entitlements.

	Update	Rationale	MISO Impact
E&C Cost Allocation Methodology	100% Allocation to Interconnection Customers	- Reflects that the projects are planned to serve generator interconnection. - Recognizes that DOE funds would be used to offset load costs first, and fully cover load's 10% allocation of previous 90/10 design. - The 100% allocation to generators is still a lower investment for generators due to the DOE grant.	- Follows cost allocation for Generator Interconnection Projects (GIP) below 345kV instead of projects above 345kV for MISO, and now matches the GIP allocation for SPP. - O&M costs are adjusted to reflect the 100% allocation - Recognizes that any filing would reflect the allocation specific to this JTIQ portfolio and commit to reviewing cost allocation for future portfolios.
Operations & Maintenance	O&M recovered in constructing TO Zone	- Consistent with existing process and FERC policy providing for O&M related to GIPs to be recovered from load. - MISO and SPP desire for a common rate design. - With no E&C being pro-rata shared by all MISO load, there should be no pro rata distribution of O&M to all MISO load.	Operations and Maintenance costs will be recovered in constructing zone of the JTIQ project.

100% of E&C costs are allocated to the ICs and O&M is recovered from load.



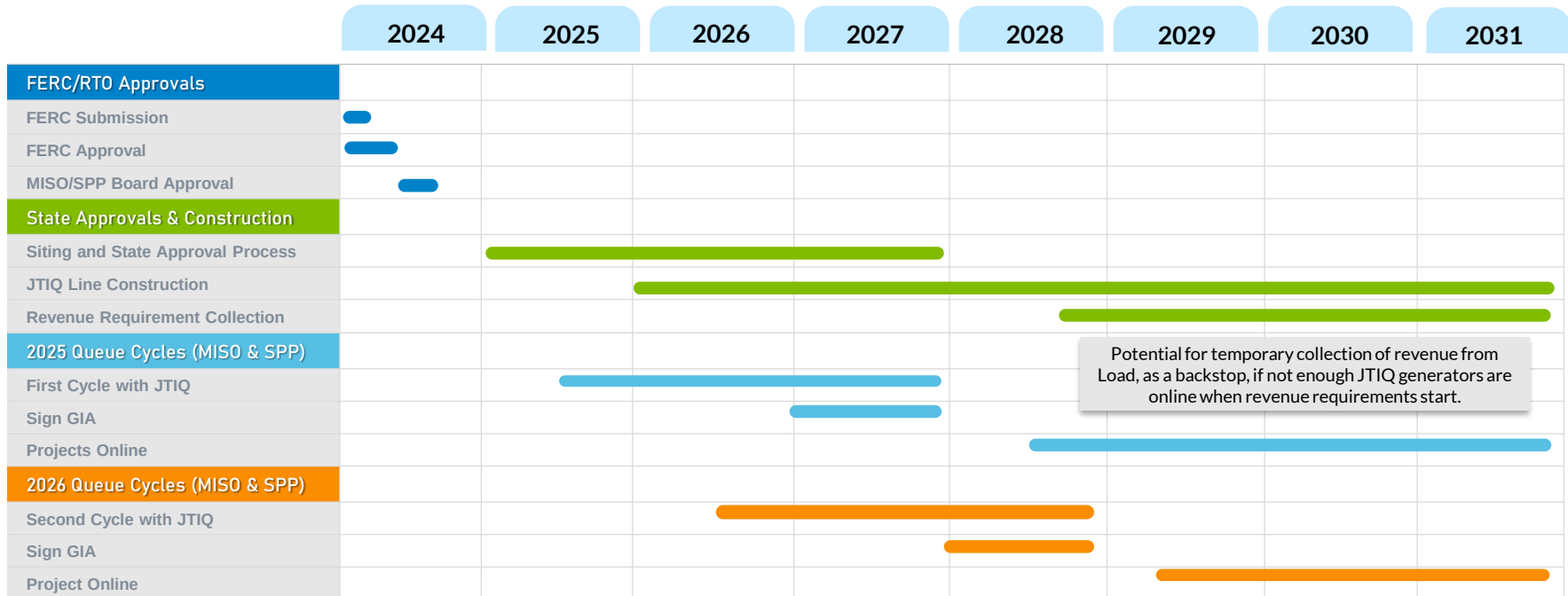
Both load and generators contribute to the success of the JTIQ Portfolio



The updated direction reflects feedback associated with the distribution of costs, risks and entitlements.

	Update	Rationale	MISO Impact
Backstop	All backstop funding (temporary and long-term) will be recovered in the constructing RTO. This aligns with entitlement allocation below.	• Reduces risk that load in one RTO is supplementing transmission in the other. • Avoids rate complexity of splitting the backstop between temporary and long-term and between both RTOs.	• If not, enough generation signs up to cover the costs of JTIQ, all MISO load will serve as the ultimate backstop for MISO JTIQ transmission projects. • Given the current size of the queue and future projections, the use of load as a backstop is unlikely.
Entitlements under Appendix G of Congestion Management Process	All entitlements are assigned to the constructing RTO.	• Concern existed that RTOs should share entitlements on new transmission capacity based on any sharing of costs between the two RTOs.	• Roughly 66% of the investment in JTIQ is in the MISO region, allowing for the same share of JTIQ entitlements.

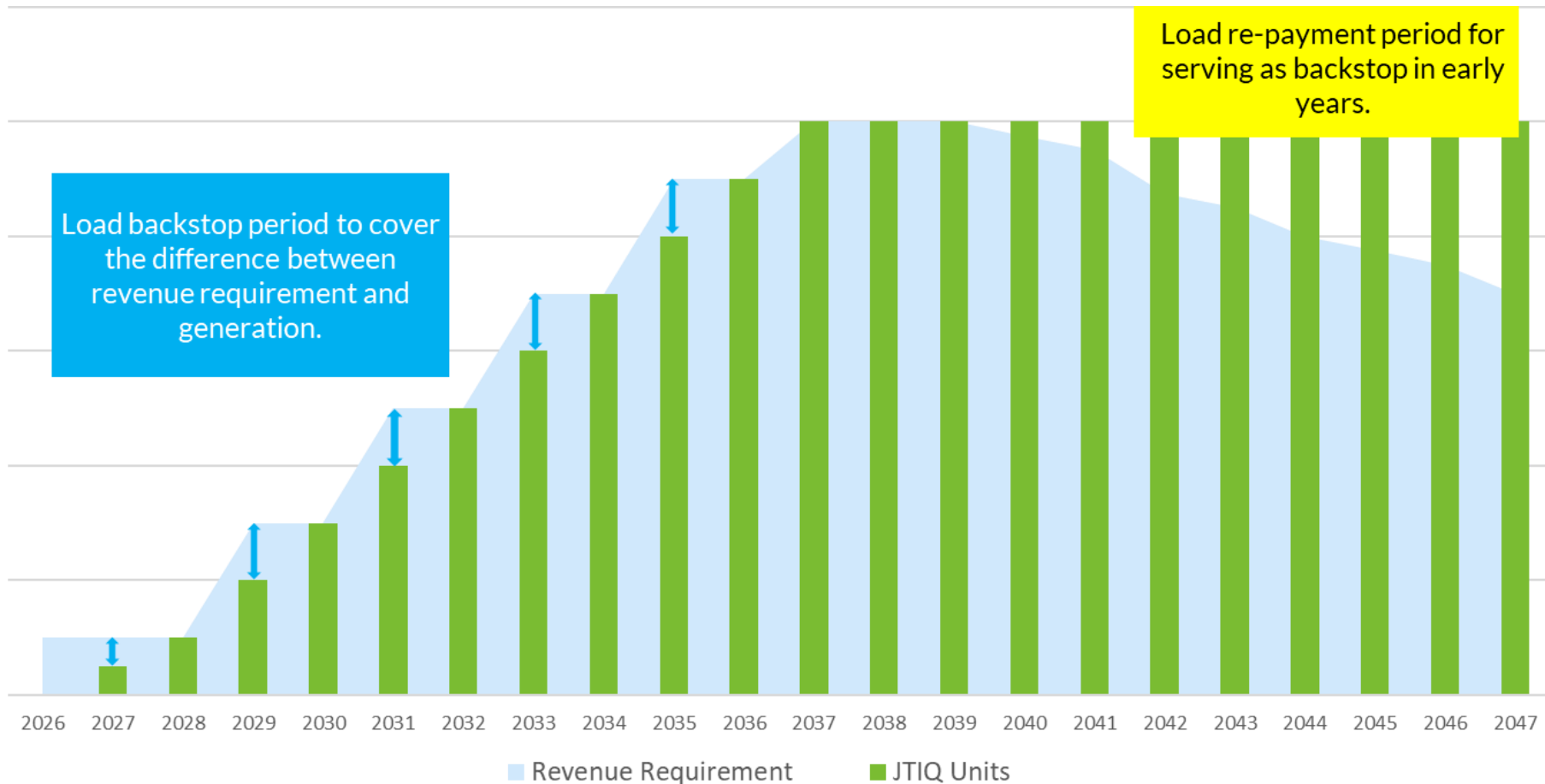
The backstop mechanism is intended to cover the difference between the JTIQ portfolio costs and generation signed up that contributes to JTIQ costs. It is intended to capture a possible range of commitment from load in the event it is necessary.



KEY TAKEAWAYS

- The backstop mechanism is intended to cover the difference between the JTIQ portfolio costs and generation signed up that contributes to JTIQ costs.
- In the near term, as generator is signing up, there may be a need for load to pay for the projects after construction. However, as the generation signs up the load will be reimbursed in the later years.

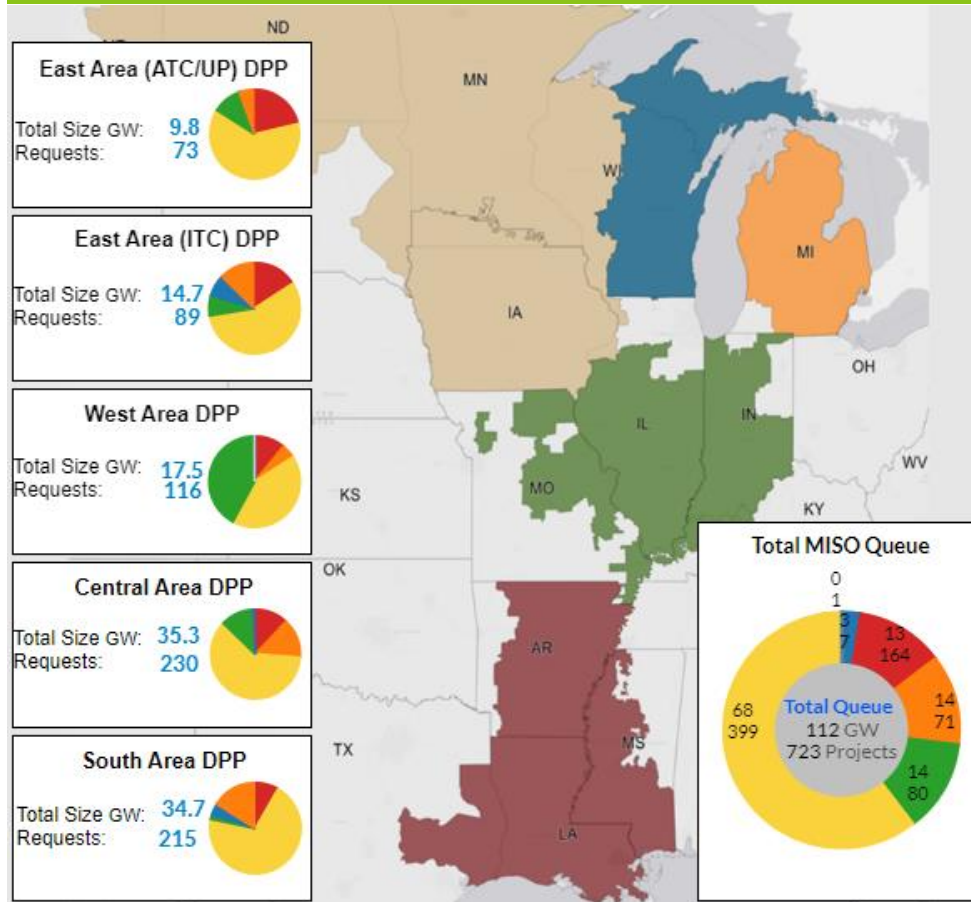
The backstop funding mechanisms will cover the potential mismatch between when JTIQ costs are recoverable and when the ICs are committed to pay.



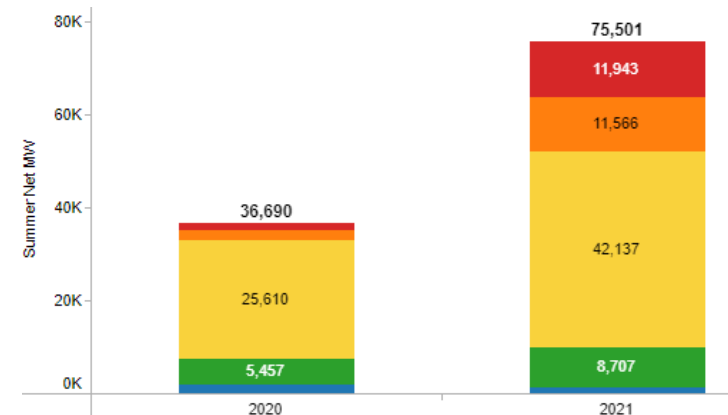
*For illustrative purposes only – Not representative of all possible scenarios and outcomes.

MISO's current queue indicates that sufficient generation will be available to fund the JTIQ Portfolio .

MISO's Active Queue

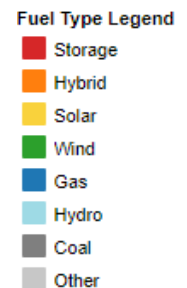


Active Projects by Year



KEY TAKEAWAYS

- Assuming the current queue serves as a proxy for future buildout, MISO's queue alone would be enough to meet the threshold for subscription for JTIQ projects*
- Current trends make the risk of backstop minimal, if any.



*More information on the Subscription approach will be shared at the Planning Advisory Committee on January 24, 2024.



Questions?

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