

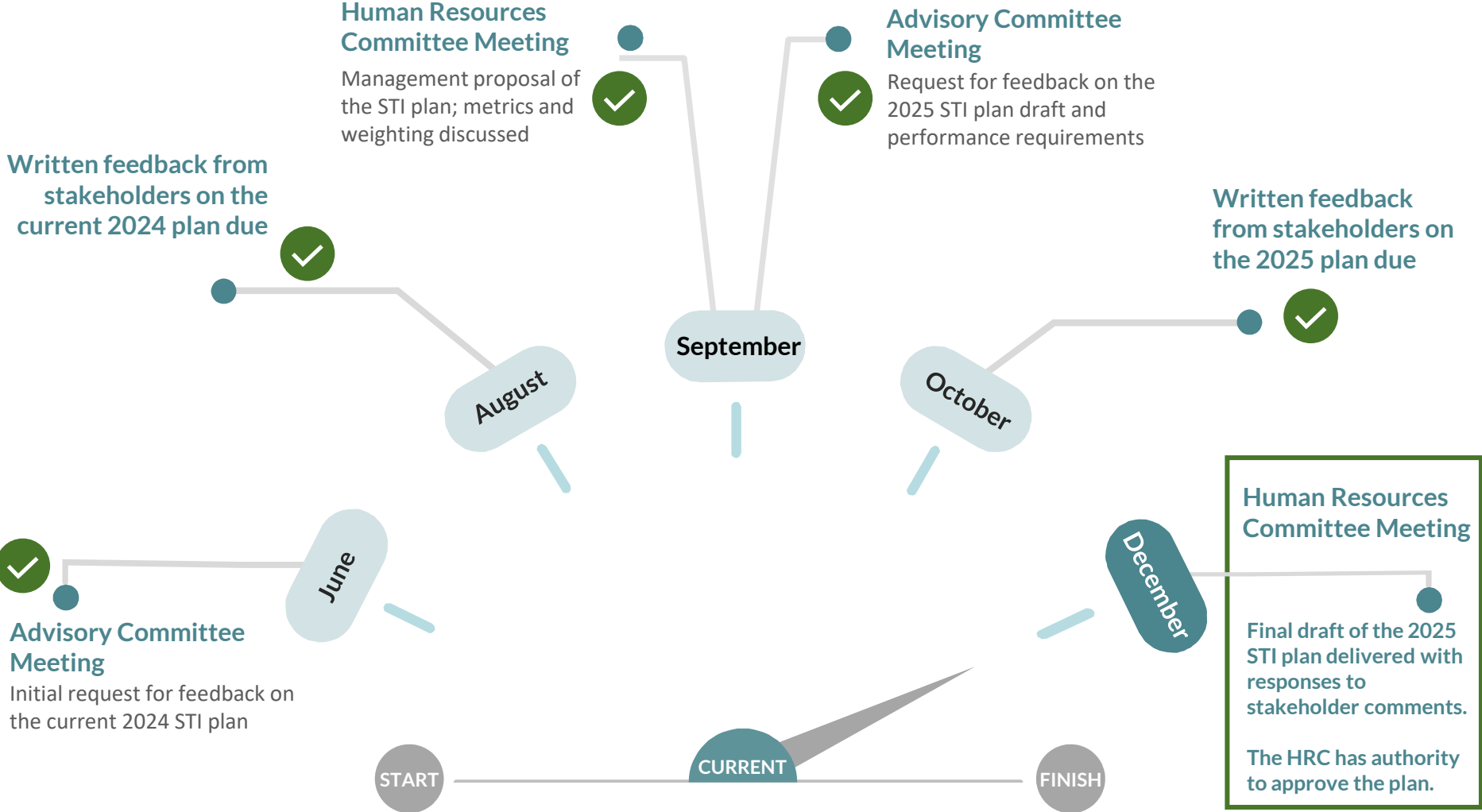


2025 Short-Term Incentive Plan Proposed Metrics

Human Resources Committee
of the Board of Directors

December 4, 2024

2025 Short-Term Incentive Plan Development Timeline



Summary of recommended adjustments to 2025 Metrics

Final 2025 Proposal	2024	2025 Sept Submission	2025 Dec Submission
1.A Reliability	Target: Compliant with CPS1 and BAAL, RBCE, and IROL* Excellent: BAAL and IROL resolution timeline 10% faster than allowed by NERC	Weight increased from 15% to 17.5%	Increase excellent performance requirement for BAAL and IROL resolution timeline from 10% to 15% faster than allowed by NERC
1.B Security	Cyber incident review Implement 1, 2 or 3 Initiatives	Removed initiatives from metric	No change from Sept
2.A Compliance	No more than 5, 3, or 0 NERC or FERC audit findings resolved as high impact	Weight increased from 5% to 7.5%	No change from Sept
2.B Compliance Initiatives	Implement 1, 2 or 3 Initiatives	Removed initiatives from metric Weight reduced from 5% to 0%	No change from Sept
3 Unit Commitment Efficiency (Real-Time Operations)	87.5% 89.5% 91.5%	Improvements to Optimal Dispatch Calculator 92% 93.5% 95%	No change from Sept
4 Market Efficiency (Market Operations)	7 months achieved at least 90% 8 months achieved at least 90% 10 months achieved at least 90%	No change from 2024	8 months achieved at least 90% 9 months achieved at least 90% 11 months achieved at least 90%
5 System Availability – Incidents / Unavailability	4 Incidents/5 Unavailability Hours 3 Incidents/4 Unavailability Hours 2 Incidents/3 Unavailability Hours	3 Incidents/4 Unavailability Hours 2 Incidents/3.5 Unavailability Hours 1 Incidents/3 Unavailability Hours	2 Incidents/4 Unavailability Hours 1 Incidents/3 Unavailability Hours 0 Incidents/2 Unavailability Hours
6 Financial Control – Base / Investment Budget	Base ±1.5% / Investment ±6% Base ±0.8% / Investment ±5% Base ±0.5% / Investment ±3%	Base ±3% / Investment ±7% Base ±2% / Investment ±5% Base ±1.5% / Investment ±3%	No change from Sept
7 Customer Experience – Relationship / Interaction	Relationship Index: 78% 80% 82%	No change from 2024	No change from Sept

*See slide 5 for explanation of standards

Structure/Weight Change

Performance Requirement Change

2025 Incentive Goals & Metrics

		Weight	Threshold	Target	Excellent
OPERATIONAL METRICS	1.A. Reliability	17.5%	0%	17.5%	26.25%
	1.B. Security	5%	0%	5%	5%
	2. Compliance	7.5%	3.75%	7.5%	11.25%
	3. Unit Commitment Efficiency	10%	5%	10%	15%
	4. Market Funding Efficiency	10%	5%	10%	15%
	5.A. System Availability - Incidents	2.5%	1.25%	2.5%	3.75%
	5.B. System Availability - Unavailability	2.5%	1.25%	2.5%	3.75%
	6.A. Financial Control - Base	5%	2.5%	5%	7.5%
	6.B. Financial Control - Investment	5%	2.5%	5%	7.5%
	7. Customer Experience	5%	2.5%	5%	7.5%
STRATEGIC ELEMENTS	8.1 Market Redefinition	7.5%	5%	7.5%	10%
	8.2 Operations of the Future	7.5%	5%	7.5%	10%
	8.3 Transmission Evolution	7.5%	5%	7.5%	10%
	8.4 System Enhancements	7.5%	5%	7.5%	10%
TOTAL PLAN SCORE		100%	43.75%	100%	142.5%

1 | Reliability & Security

Weight	Performance Requirements		
	Threshold	Target	Excellent
1.A. Reliability 17.5%	Review reliability performance associated with key North American Electric Reliability Corporation (NERC) standards focused on: <ul style="list-style-type: none"> a) Grid Frequency: Control Performance Standard 1 (CPS1)¹ b) Continuous Grid Balance & Stability: Balancing Authority ACE Limit (BAAL)² c) Grid Imbalance & Instability Response: Reportable Balancing Contingency Event (RBCE)³ d) Safe & Efficient Electricity Flow: Interconnection Reliability Operating Limits (IROL)⁴ 		
	No payout awarded for reliability metric if performance is below Target requirement.	Compliant with CPS1 and BAAL, zero RBCE violations caused by MISO Balancing Authority and zero violations (IROL).	Compliant with CPS1, zero RBCE violations caused by MISO Balancing Authority, take measures to prevent BAAL and IROL and if events arise, resolve in a timeline 10% 15% faster than set by NERC for BAAL and IROL.
1.B. Cyber Security 5%	Review of cyber incidents causing financial or operational impacts ⁵		
	No payout awarded for cyber security metric if performance is below Target requirement.	No cyber incidents causing financial or operational impacts to the grid or MISO markets.	

Guidance on Determining Performance:

¹ Control Performance Standard 1 (CPS1) is a rolling 12-month measure of performance. This metric requires MISO to be compliant for each 12-month period throughout the year.

² Balancing Authority ACE Limit (BAAL) is measured in real-time; any exceedance of BAAL limits for greater than 30 minutes is a violation.

³ An RBCE is an event that causes sudden imbalances that could destabilize the grid; a violation occurs if the event is not resolved within 15 minutes.

⁴ A violation of Interconnection Reliability Operating Limits (IROL) is when we are unable to mitigate these observed conditions (loading of 125%) within the NERC defined period of 30 minutes.

⁵ At the completion of the year, the officers with oversight of the relevant areas shall provide a full disclosure of all security matters impacting this goal to the Human Resources Committee of the Board during Executive review and provide a recommendation on the severity and impact to the organization of any findings. The MISO Board of Directors will use this recommendation and their discretion to determine an appropriate impact on the incentive payout for this Goal.



2 | Compliance

Weight	Performance Requirements		
	Threshold	Target	Excellent
2. Compliance 7.5%	Executives and Board of Directors (BoD) review reports received, including, but not limited to, compliance reports on North American Electric Reliability Corporation (NERC) standards and Federal Energy Regulatory Commission (FERC) Tariff requirements and an overall assessment of our culture of compliance. The BoD considers all inputs (including executive management’s summary narrative) as part of their review and determination of a metric score rating overall.		
	No more than 5 audit findings ¹ resolved as high impact, including all NERC and FERC audits (not including items self-reported ²).	No more than 3 audit findings ¹ resolved as high impact, including all NERC and FERC audits (not including items self-reported ²).	No audit findings ¹ resolved as high impact, including all NERC and FERC audits (not including items self-reported ²).

Guidance on Determining Performance:

At the completion of the year, the officers with oversight of the relevant areas shall provide a full disclosure of all compliance matters impacting this goal to the Human Resources Committee of the Board and provide a recommendation on the severity and impact to the organization of any findings. The MISO Board of Directors will use this recommendation and their discretion to determine an appropriate impact on the incentive payout for this Goal.

¹Audit findings are assessed for incentive plan in the year they are closed out by the auditing entity.

²No impact is assessed for self-reported items unless they are repeat violations within two years of closeout of prior violation, willful conduct, or result from a systemic failure to develop internal controls. The Board will be informed of all self-reports and the processing of self-reports by the relevant reliability entities.



3 | Unit Commitment Efficiency (Real-Time Operations)

Weight	Historic Performance (Backcast)	Performance Requirements														
		Threshold	Target	Excellent												
10%	<p>2023 and 2024 performance calculated based on most current optimal dispatch calculator version</p> <table border="1"> <caption>Unit Commitment Efficiency Data</caption> <thead> <tr> <th>Year</th> <th>Efficiency (%)</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>91.0%</td> </tr> <tr> <td>2021</td> <td>87.5%</td> </tr> <tr> <td>2022</td> <td>91.0%</td> </tr> <tr> <td>2023</td> <td>95.3%</td> </tr> <tr> <td>2024 Oct YTD</td> <td>93.4%</td> </tr> </tbody> </table>	Year	Efficiency (%)	2020	91.0%	2021	87.5%	2022	91.0%	2023	95.3%	2024 Oct YTD	93.4%	<p>92% of ideal commitment and dispatch costs, annual cumulative.</p>	<p>93.5% of ideal commitment and dispatch costs, annual cumulative.</p>	<p>95% of ideal commitment and dispatch costs, annual cumulative.</p>
		Year	Efficiency (%)													
2020	91.0%															
2021	87.5%															
2022	91.0%															
2023	95.3%															
2024 Oct YTD	93.4%															
		<p>If there is a major operational event in 2025, we will report it, discuss the impacts with the board and rely upon their discretion.</p> <p>Note: MISO will be exploring a month-to-date view of Unit Commitment Efficiency and will share the results alongside our YTD calculated performance during 2025.</p>														

Guidance on Determining Performance:

This metric is designed to ensure MISO effectively commits generation in its forward and intraday processes to meet demand and mitigate constraints. The metric has been a part of the plan since 2007. Historically, the metric for Unit Commitment was developed using excess capacity as a proxy for efficiency. In 2020, MISO began using an enhanced metric, using data from the new Optimal Dispatch Calculator tool to measure the financial impact of commitment and dispatch decisions. MISO’s current metric is an objective, cost-based measure that captures the deviation from ideal commitment and dispatch to meet load reliably and efficiently and provides greater visibility into performance drivers.

Measured costs include 1) commitment and dispatch costs for energy, 2) ancillary services procurement and scarcity costs, and 3) constraint management and violation costs. The metric will objectively compare the actual cost of MISO’s commitment and dispatch actions compared to optimal performance across the year; i.e., Actual Cost less Optimal Cost divided by Actual Cost. Performance against this metric will motivate efficient use of capacity and reduce uplift charges.



4 | Market Funding Efficiency

Weight	Historic Performance	Performance Requirements														
		Threshold	Target	Excellent												
10%	<table border="1"> <caption>Historic Performance Data</caption> <thead> <tr> <th>Year</th> <th>Score</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>8</td> </tr> <tr> <td>2021</td> <td>9</td> </tr> <tr> <td>2022</td> <td>8</td> </tr> <tr> <td>2023</td> <td>8</td> </tr> <tr> <td>2024 Oct YTD</td> <td>10</td> </tr> </tbody> </table>	Year	Score	2020	8	2021	9	2022	8	2023	8	2024 Oct YTD	10	<p>7 8 months achieve Market Funding Efficiency scoring is at least 90%.</p>	<p>8 9 months achieve Market Funding Efficiency scoring is at least 90%.</p>	<p>10 11 months achieve Market Funding Efficiency scoring is at least 90%.</p>
Year	Score															
2020	8															
2021	9															
2022	8															
2023	8															
2024 Oct YTD	10															

Guidance on Determining Performance:

The Market Funding Efficiency (MFE) metric is a monthly calculation to identify the absolute value of any Financial Transmission Right funding and Excessive Congestion Funding deviations which will be summed throughout the calendar year and measured against the Total FTR Target Credit. The metric is calculated as follows:

- Monthly Market Funding Efficiency = (FTR Target Credits – ABS(Financial Transmission Rights Deviation + Real Time Excess Congestion Charge Fund Deviation)) / FTR Target Credits

To calculate the Yearly MFE, the following performance measurement is utilized.

- Each month with a score above 90% will count towards the performance requirement.



5 | System Availability (Information Technology)

Weight	Historic Performance	Performance Requirements														
		Threshold	Target	Excellent												
Incidents 2.5%	<table border="1"> <caption>Incident Data</caption> <thead> <tr> <th>Year</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>2</td> </tr> <tr> <td>2021</td> <td>3</td> </tr> <tr> <td>2022</td> <td>2</td> </tr> <tr> <td>2023</td> <td>1</td> </tr> <tr> <td>2024 Oct YTD</td> <td>1</td> </tr> </tbody> </table>	Year	Count	2020	2	2021	3	2022	2	2023	1	2024 Oct YTD	1	MISO critical services will have no more than 3 2 unplanned incidents exceeding 30 minutes (each) of unavailability per year.	MISO critical services will have no more than 2 1 unplanned incidents exceeding 30 minutes (each) of unavailability per year.	MISO critical services will have no more than 1 0 unplanned incident exceeding 30 minutes (each) of unavailability per year.
Year	Count															
2020	2															
2021	3															
2022	2															
2023	1															
2024 Oct YTD	1															
Unavailability 2.5%	<table border="1"> <caption>Unavailability Data</caption> <thead> <tr> <th>Year</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>3.3</td> </tr> <tr> <td>2021</td> <td>4.0</td> </tr> <tr> <td>2022</td> <td>3.2</td> </tr> <tr> <td>2023</td> <td>3.5</td> </tr> <tr> <td>2024 Oct YTD</td> <td>1.2</td> </tr> </tbody> </table>	Year	Hours	2020	3.3	2021	4.0	2022	3.2	2023	3.5	2024 Oct YTD	1.2	Maximum total unplanned unavailability: 4 hours (99.95% availability)	Maximum total unplanned unavailability: 3.5 3 hours (99.96% 99.97% availability)	Maximum total unplanned unavailability: 3 2 hours (99.97% 99.98% availability)
Year	Hours															
2020	3.3															
2021	4.0															
2022	3.2															
2023	3.5															
2024 Oct YTD	1.2															

Guidance on Determining Performance:
 2025 critical services: Energy Management System (EMS) and Day-Ahead Real Time (DART).



6 | Financial Control

Weight	Historic Performance	Performance Requirements														
		Threshold	Target	Excellent												
Net Base Budget Variance 5%	<table border="1"> <tr> <th>Year</th> <th>Variance</th> </tr> <tr> <td>2020</td> <td>-2.9%</td> </tr> <tr> <td>2021</td> <td>-1.5%</td> </tr> <tr> <td>2022</td> <td>3.3%</td> </tr> <tr> <td>2023</td> <td>1.8%</td> </tr> <tr> <td>2024 Sep YTD</td> <td>-2.5%</td> </tr> </table>	Year	Variance	2020	-2.9%	2021	-1.5%	2022	3.3%	2023	1.8%	2024 Sep YTD	-2.5%	± 3% budget	± 2% budget	± 1.5% budget
Year	Variance															
2020	-2.9%															
2021	-1.5%															
2022	3.3%															
2023	1.8%															
2024 Sep YTD	-2.5%															
Net Project Investment Budget Variance 5%	<table border="1"> <tr> <th>Year</th> <th>Variance</th> </tr> <tr> <td>2020</td> <td>1.2%</td> </tr> <tr> <td>2021</td> <td>-5.5%</td> </tr> <tr> <td>2022</td> <td>-8.8%</td> </tr> <tr> <td>2023</td> <td>-0.7%</td> </tr> <tr> <td>2024 Sep YTD</td> <td>-6.1%</td> </tr> </table>	Year	Variance	2020	1.2%	2021	-5.5%	2022	-8.8%	2023	-0.7%	2024 Sep YTD	-6.1%	± 7% budget	± 5% budget	± 3% budget
Year	Variance															
2020	1.2%															
2021	-5.5%															
2022	-8.8%															
2023	-0.7%															
2024 Sep YTD	-6.1%															

Guidance on Determining Performance:

These goals are intended to promote the wise use of financial resources committed to MISO. The Net Base Operations Budget and Net Project Investments Budget goals measure our ability to complete scheduled work at scheduled costs. The focus is on accurate and predictable business planning and operations.

The financial metrics, post 2024, will account for the impact of external funding directly reimbursing expenses incurred.

- Net Base Operations Budget for metric purposes = Base Operating Costs less direct cost reimbursement less incentive compensation and property taxes.
- Net Investments Budget for metric purposes = Project Investments less direct cost reimbursement.



7 | Customer Experience

Weight	Historic Performance	Performance Requirements														
		Threshold	Target	Excellent												
Customer Relationship Index 5%	<table border="1"> <caption>Customer Relationship Index Performance</caption> <thead> <tr> <th>Year</th> <th>Performance (%)</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>81%</td> </tr> <tr> <td>2021</td> <td>81%</td> </tr> <tr> <td>2022</td> <td>81%</td> </tr> <tr> <td>2023</td> <td>80%</td> </tr> <tr> <td>2024 Oct YTD</td> <td>79%</td> </tr> </tbody> </table>	Year	Performance (%)	2020	81%	2021	81%	2022	81%	2023	80%	2024 Oct YTD	79%	78% of survey respondents provide an average rating of 5 or better on a 7-point scale.	80% of survey respondents provide an average rating of 5 or better on a 7-point scale.	82% of survey respondents provide an average rating of 5 or better on a 7-point scale.
		Year	Performance (%)													
2020	81%															
2021	81%															
2022	81%															
2023	80%															
2024 Oct YTD	79%															
Rolling average questions focused on MISO-value delivery, alignment to our Mission and Vision, and overall customer effort. <i>Note: In 2023, a third-party consultant validated that the level of the performance requirements outlined above are demanding standards and well above Utility and Energy benchmarks for satisfaction.</i>																

Guidance on Determining Performance:

The Customer Relationship Index is intended to measure the value of MISO’s strategic relationship with our stakeholder community. In 2025, the customer relationship survey consists of six questions focused on MISO’s ability to achieve the strategic vision and our commitment to partnership and flexibility. Responses to these questions are rated on a scale from 1 to 7 (1 being the least favorable response and 7 being the most favorable response). Response scores from 5 to 7 are scored as favorable. The survey is distributed on a quarterly basis, and the composite score is measured on a rolling 12-month average.



8.1 | Market Redefinition

Changes since September HRC are annotated in red

Weight	Description	Required Performance		
		Threshold: Complete 1 initiative Target: Complete 2 initiatives Excellent: Complete 3 initiatives		
7.5%	Develops significant market enhancements and optimizations to ensure continued reliability and value in anticipation of the changing resource mix, more frequent extreme weather events, and increasing electrification. This Strategic Element is focused on two areas of value delivery: <ul style="list-style-type: none"> • Energy and Ancillary Services Markets • Resource Adequacy Construct 	1. Implement Complete Site Acceptance Testing for real-time Ambient Adjusted Ratings...	in order to...	maximize use of the transmission system
		2. Deliver a roadmap for enhancing ancillary service deliverability...	in order to...	better manage risk and uncertainty with market-based tools
		3. Deliver a roadmap to improve quality of resource adequacy risk analysis tools... Define requirements to update resource adequacy risk analysis...	in order to...	deliver more accurate quantification of resource adequacy risks more accurately reflect risk of evolving resource portfolio

8.2 | Operations of the Future

Weight	Description	Required Performance	
		Threshold: Complete 1 initiative Target: Complete 2 initiatives Excellent: Complete 3 initiatives	
7.5%	<p>Advance the skills, processes and technologies needed to ensure MISO can effectively manage the grid of the future under increased complexity.</p> <p>This Strategic Element is focused on two areas of value delivery:</p> <ul style="list-style-type: none"> • Grid Management • Control Room and Operator Readiness 	1. Implement the centralized outage process system integration layer...	<p><i>in order to...</i></p> <p>facilitate the quick study and restudy of outages under multiple scenarios, assessing risk and responding to that risk quickly, effectively and efficiently</p>
		2. Prototype a process that utilizes net uncertainty and associated risk to define dynamic ramp and regulation requirement using artificial intelligence-driven models...	<p><i>in order to...</i></p> <p>manage increasingly complex uncertainties through markets</p>
		3. Upgrade control room data historian to enable expansion to support Reliability Imperative initiatives Use newly available data in upgraded control room data historian to prototype new performance monitoring...	<p><i>in order to...</i></p> <p>empower control room operators with greater information and insights when reacting to operational challenges increase insights for control room operators</p>

8.3 | Transmission Evolution

Changes since September HRC are annotated in red

Weight	Description	Required Performance		
		Threshold: Complete 1 initiative Target: Complete 2 initiatives Excellent: Complete 3 initiatives		
7.5%	<p>Advance innovative planning processes to support utility and state resource plans, while improving system resiliency, reliability and efficiency.</p> <p>This Strategic Element is focused on two areas of value delivery:</p> <ul style="list-style-type: none"> • Enable Resource Fleet • Enable Transmission 	<p>1. Map MISO’s regional and interregional processes related to FERC Order 1920 and create roadmap for additional gaps...</p>	<p><i>in order to...</i></p>	<p>provide evidence of compliance with the FERC order and coordinate with neighbors on more efficient interregional planning</p>
		<p>2. Evaluate Long Range Transmission Planning framework necessary to initiate definition of MISO North and Central regions’ transmission needs Issue a series of core, long-term resource and load outlooks and resulting Future scenarios to reflect underlying key drivers in planning horizons...</p>	<p><i>in order to...</i></p>	<p>further identify transmission needs that will lead to efficient, reliable, least-cost grid enhancements that will enable the significant fleet change occurring in MISO and to inform State and Load Serving Entities (LSE) planning for resource adequacy</p>
		<p>3. Implement new technology and create automation that enables an efficient Develop new proposals to enable timely interconnection of new generation to meet state and member resource plans...</p>	<p><i>in order to...</i></p>	<p>reduce the time required for new resources to connect to the grid to secure interconnection agreements</p>



8.4 | System Enhancements

Weight	Description	Required Performance		
		Threshold: Complete 1 initiative Target: Complete 2 initiatives Excellent: Complete 3 initiatives		
7.5%	<p>Creates flexible, upgradeable and secure systems that integrate advanced technologies to process increasingly complex information and evolve with the industry.</p> <p>This Strategic Element is focused on three areas of value delivery:</p> <ul style="list-style-type: none"> Digital Transformation and Agility Data and Analytics Cyber Security 	1. Complete design of the future settlements system...	in order to...	improve performance and useability of the settlements system, support FERC requests, ease adoption of market changes, and move to more supportable, maintainable technologies
		2. Complete Site Acceptance Testing (SAT) Begin Factory Acceptance Testing (FAT) for the Look Ahead Commitment (LAC) study mode...	in order to...	improve unit commitment efficiency through the implementation performance, security, and modularity of the Real-Time Market Clearing Engine
		3. Implement infrastructure for redefined scope of Bulk Electrical System (BES) Cyber System Categorization as governed by NERC CIP-002* standard...	in order to...	optimize infrastructure design while increasing our security posture for critical assets

*NERC = North American Electric Reliability Corporation. CIP = Critical Infrastructure Protection. The purpose of CIP-002 is to ensure that critical cyber assets within the BES are properly identified, categorized, and protected.

Appendix

MISO Response to Stakeholder Comments on 2025 STI Plan

Stakeholder comments	MISO response
<p>From: WEC Energy Group</p> <p>WEC Energy Group appreciates the opportunity to comment on MISO's 2025 Short Term Incentives (STI). As an active stakeholder, WEC Energy Group has experienced situations whereby the STI have driven the stakeholder process and timeline rather than the underlying policy. For example, the performance measures within the four Strategic Elements evaluates the "completion" of one to three defined initiatives that encompass policy issues. Where those policy issues require interaction through the stakeholder process, the stakeholder process should drive the timeline for "completion" rather than MISO's STI. More often than not, we have experienced compressed timelines for "completion" of a policy issue that would benefit (in the form of a more refined proposal) from additional time within the stakeholder process. Stakeholder requests to lengthen completion timelines are at odds with the Strategic Elements STIs and result in frustration and protracted regulatory proceedings.</p>	<p>Thank you for your feedback on the 2025 plan elements. MISO continues to be committed to engaging our stakeholder community as we move forward with our Reliability Imperative initiatives. Our processes are designed to ensure that our stakeholders are given the opportunity to provide feedback on proposed policy changes.</p> <p>With the Reliability Imperative, MISO must also make sure that initiatives are implemented in a timeline that meets the pace of change in our region. As we set our 5-Year Plan and the associated Short-Term Incentive Plan Strategic Elements, our evaluation of the critical milestones includes a balance of both aspects.</p>

MISO Response to Stakeholder Comments on 2025 STI Plan

Stakeholder comments	MISO response
<p>From: WPPI Energy</p> <ul style="list-style-type: none">• What is the basis for the maximum number of audit findings (5, 3) at the Threshold and target levels (respectively)?• How does initiative 8.1.3 “Deliver a roadmap for enhancing ancillary service deliverability in order to better manage risk and uncertainty with market-based tools” differ from the Operations of the Future initiative 8.2.2 “Prototype a process that utilizes net uncertainty and associated risk to define dynamic ramp and regulation requirement in order to manage increasingly complex uncertainties through markets”?• Initiative 8.3.2. Given the MISO North and Central subregions are already the subject of two Long Range Transmission Planning Tranches (1 and 2.1), “initiate” is inaccurate.• FYI, we find it surprising that the settlements system needs to be redesigned so soon. Market and transmission settlement systems were recently replaced, April 16, 2018, and October 2020, respectively.	<p>Thank you for your review of MISO’s 2025 Short-Term Incentive Plan metrics and strategic elements.</p> <p>As we set performance requirements for each metric, we evaluate levels based on a few key inputs. We look at MISO’s historical performance and compare those values to peer performance where available. We then look at any changes in the industry or region that would have an impact to a particular metric going forward. Through this evaluation, we work to balance between performance metrics being achievable and challenging. All of these factors were weighed as we set the compliance metric for 2025.</p> <p>The Reliability Imperative requires MISO to invest and create new ways of meeting the challenges of today and tomorrow. This is evident when we look at the initiatives you highlighted relating to net uncertainty, ancillary services, and our core technology systems. The challenges our grid is facing today are much different than what we have seen historically. To continue to ensure reliability, we need to enhance our tools (net uncertainty) that enable us to better evaluate the risk level which directly impacts the actions taken through our markets. Just as our risk evaluation must adapt to our changing grid, we must also assess the ability of our ancillary services to meet the current and future grid risks including local deliverability.</p> <p>Our current settlement system reached its limitations on performance, scalability, and supportability to accommodate rapidly changing current and future grid needs. Enhancements to our current system are required to meet new and emerging requirements that surpass our previous expected needs known back in 2018 when the existing system was launched.</p>

MISO Response to Stakeholder Comments on 2025 STI Plan

Stakeholder comments	MISO response
<p>From: MISO Transmission Owners</p> <p>The MISO Transmission Owners thank MISO for the opportunity to provide additional feedback on the 2025 Short-Term Incentive (STI) Plan Goals [1] following MISO’s presentation at the September 2024 Advisory Committee Meeting.</p> <p>The Owners provide the following comments for MISO’s consideration:</p> <p>I. Recommended Incentive Goals and Metrics Slide (General)</p> <p>The Owners request that MISO revert to its practice of redlining all applicable proposed changes and provide a year-to-year redlined comparison in subsequent years. [2] Please compare pdf page 7 of MISO’s September 2024 Advisory Committee presentation to pdf page 5 of MISO’s September 2023 Advisory Committee presentation. [3] In 2023 (for the 2024 STI Plan Goals), MISO provided a redline view of any proposed changes to weighting of performance metrics for relevant operational metrics, included the specific, individual impact that any such revisions had on threshold, target, and excellent performance metrics, as well as any related changes to Total Plan Score. Although MISO did provide some clarifying notes calling out proposed change, MISO did not provide a redline review of proposed changes in this 2024 slide for the 2025 STI Plan Goals.</p>	<p>Operational Metrics</p> <p>Thank you for your support on many of the changes that MISO has proposed for our 2025 Short-Term Incentive Plan operational metrics.</p> <p><i>(Response continued on the following slide)</i></p>

MISO Response to Stakeholder Comments on 2025 STI Plan

Stakeholder comments	MISO response
<p>From: MISO Transmission Owners (continued)</p> <p>II. Reliability & Security; Compliance and Cyber Security</p> <p>The Owners support revisions related to the weighting of the Reliability and Security and Compliance metrics but suggest that MISO provide a link to its most recent Enterprise Risk Criteria so that stakeholders may have ready access to the information required to appreciate the definition of materiality that MISO proposes to use as a key performance requirement. Providing stakeholders with this information will provide additional objectivity and transparency for this proposed revision.</p> <p>On the pdf pages 7-9 of MISO’s September 2024 Advisory Committee presentation, MISO sets forth its operational metrics for 1 Reliability and Security and 2 Compliance. For 2025, MISO is proposing to increase the weight of operational metric 1.A. Reliability by 2.5% (from 15% to 17.5%), to increase the weighting of 2. Compliance by 2.5% (from 5% to 7.5%), and to delete 2.B. Compliance Initiatives, which was previously weighted at 5%. The performance requirements for Reliability and Security and Compliance remain unchanged. The effect of MISO’s proposed changes is to more heavily weight Reliability, and to decrease the weighting of Compliance in aggregate in 2025 as compared to 2024 by redistributing the 5% weight gained from deleting 2b. Compliance Initiatives to Reliability & Security (increases from 20% to 22.5%) and Compliance (increases from 5% to 7.5%). The Owners support these proposed revisions to MISO’s incentive goals for 2025. Reliability & Security and Compliance are critical considerations for MISO and increasing the weighting only serves to further highlight the importance of these goals. The Owners support MISO’s decision to delete the 2.B. Compliance Initiatives operational metric to achieve this re-weighting because the 2.B. Compliance Initiatives performance requirements were ambiguous, as compared to the more stringent performance requirements for 1.A. Reliability and 2. Compliance. This reweighting thus not only emphasizes more important considerations, it also increases the objectivity and transparency of the performance requirements that MISO will use to determine whether its performance satisfies relevant performance requirements.</p>	<p>Pertaining to the updated weightings and initiative removal for Reliability, Security, and Compliance metrics; MISO thanks the Transmission Owners for their review and support.</p> <p>With a continuous improvement mindset, for the Reliability metric, we are proposing to increase the Excellent performance requirement to require that resolution timelines be 15% faster than those set by NERC rather than the 10% initially proposed.</p> <p><i>(Response continued on the following slide)</i></p>

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Stakeholder comments	MISO response
<p>From: MISO Transmission Owners (continued)</p> <p>On pdf page 8 of MISO’s September 2024 Advisory Committee presentation, MISO proposes several changes to the performance requirements for operational metric 1.B. Cyber Security. The first proposed change is to delete a performance requirement that MISO track two criteria: review of cyber incidents “causing financial or operational impacts;” and completion of planned “initiatives enhancing system security.” The second change is to delete the performance requirements for implementing one, two, or three “initiative[s] enhancing system security” in order to obtain threshold, target, and excellent performance requirements, respectively. The result of the revisions to the performance requirement for the Cyber Security operational metric proposed for 2025 is that “payout will be awarded if there are no MISO cyber incidents causing material impacts[] to the grid or MISO markets,” with “material impacts” being defined through a footnote reference to MISO’s Enterprise Risk Criteria. The Owners support MISO’s revisions to simplify and clarify the performance requirements related to the Cyber Security operational metric. Similar to the Owners’ comments regarding operational metric 2.5 Compliance Initiative, above, the performance requirements related to “initiatives enhancing system security” were too ambiguous and should be removed. The Owners also support MISO’s decision to effectively make the Cyber Security operational metric a binary goal with a 5% payout only if there are no MISO cyber incidents causing material impacts to the grid or MISO markets (and a 0% payout if there is).</p>	<p>Regarding your feedback on the proposed Cyber Security metric, MISO has removed “material” and will now include all incidents as management reviews with the Board of Directors.</p> <p><i>(Response continued on the following slide)</i></p>

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Stakeholder comments	MISO response
<p>From: MISO Transmission Owners (continued)</p> <p>II. Unit Commitment Efficiency and Market Funding Efficiency</p> <p>The Owners support MISO’s efforts to fine-tune these critical performance requirements on a year-to-year basis, and in particular support the balance that MISO has struck for 2025. On pdf Page 10 of MISO’s September 2024 Advisory Committee presentation, MISO proposes to modify three performance requirements for its Unit Commitment Efficiency (Real Time Operations) operational metric for 2025. Specifically, MISO proposes to increase the performance requirement for the threshold performance requirement from 87.5% to 92% of ideal commitment and dispatch costs, annual cumulative; to increase the performance requirement for the target performance requirement from 89.5% to 93.5%, and to increase the excellent performance requirement from 91.5% to 95%. The Owners note that MISO has effectively revised these performance requirements on a year-to-year basis in recent years, which is appropriate. MISO’s proposed revisions incentivize appropriate performance and do not make the performance requirements either too easy, or too difficult, to obtain. Referring to the historic performance (backcast) figures provided, MISO’s performance has trended up over the past two years (and 2024 year-to-date) (91%, 95.3%, and 93.9%, respectively), with MISO’s performance (87.5%) in 2021 now appearing to be an outdated and outlier result.</p>	<p>MISO thanks the Transmission Owners for their review and support of the refined performance requirements for Unit Commitment Efficiency.</p> <p>For our latest recommendation and much like the Reliability metric, we are proposing to increase difficulty for the 2025 performance requirements for Market Funding Efficiency to require 8 months (Threshold), 9 months (Target), and 11 months (Excellent) achieving 90% or greater funding efficiency.</p> <p><i>(Response continued on the following slide)</i></p>

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Stakeholder comments	MISO response
<p>From: MISO Transmission Owners (continued)</p> <p>III. System Availability</p> <p>The Owners recommend that MISO revise the Incidents subgoal performance requirements for threshold, target, and excellent performance to 2 unplanned incidents, 1 unplanned incident, and 0 unplanned incidents, respectively.</p> <p>On pdf page 12 of MISO’s September 2024 Advisory Committee presentation, MISO proposes to revise performance requirements for its System Availability (Information Technology) operational metric. Specifically, for the “Incidents” sub-goal of the System Availability operational metric, MISO proposes to decrease the number of unplanned incidents exceeding 30 minutes (each) of unavailability per year (from 4 to 3 for threshold, from 3 to 2 for target, and from 2 to 1 for excellent.) For the “Unavailability” sub-goal of the System Availability operational metric, MISO proposes to decrease the maximum hours of total unplanned availability (from 5 to 4 hours for threshold, from 4 to 3.5 hours for target, and to leave the number of hours at 3 for excellent.) With respect to the Incidents sub-goal, the Owners suggest that MISO revise the performance requirements further to appropriate incentivize performance (i.e., make sure that this sub-goal is neither too easy, nor too difficult, to obtain).</p> <p>The Owners recommend that MISO revise the Incidents subgoal performance requirements for threshold, target, and excellent performance to 2 unplanned incidents, 1 unplanned incident, and 0 unplanned incidents, respectively. Referring to the historic performance backcast data provided by MISO, dating back to 2020, the Owners’ suggested approach appears to be a more appropriate weighting of performance requirements for the Incidents sub-goal. With respect to the Unavailability sub-goal, and again with reference to the historic performance backcast data provided by MISO, MISO has struck the appropriate balance for performance requirements for this sub-goal and the Owners recommend that no further revisions be made.</p>	<p>After reviewing this feedback, MISO is proposing that the performance requirements for System Availability – Incidents be adjusted to 2 (Threshold), 1 (Target), and 0 (Excellent) which aligns with your suggested revisions.</p> <p>Continuing to raise the bar on performance, MISO is also proposing adjustment to the "Unavailability" sub-goal to 4 hours (Threshold), 3 hours (Target), and 2 hours (Excellent) of total unavailability.</p> <p><i>(Response continued on the following slide)</i></p>

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Stakeholder comments	MISO response
<p>From: MISO Transmission Owners (continued)</p> <p>IV. Financial Control</p> <p>MISO’s proposed changes to the performance requirements for its Base Budget and Investment Budget variances for 2025 strike an appropriate balance.</p> <p>On pdf page 13 of MISO’s September 2024 Advisory Committee presentation, MISO has proposed revisions to performance requirements for its Financial Control operational metric for 2025. Specifically, for the Base Budget Variance sub-goal, MISO has proposed to increase the permissible amount of deviation from its Base Budget (from +/- 1.5% to 3% for threshold, from +/- .8 to 2% for target, and from +/- .5% to 1.5% for excellent, respectively.) For the Investment Budget Variance sub-goal, MISO has proposed to increase the permissible amount of deviations from its Investment Budget (from +/- 6% to 7% for “threshold.”) The historic performance backcast information provided by MISO dating back to 2020 for both sub-goals shows the volatility of MISO’s historic performance with respect to meeting its Base and Investments budgets. The Owners appreciate that MISO has been proactive and transparent regarding its budget, and particularly so in recent years. The Owners also appreciate the number and severity of the challenges that face MISO and its stakeholders, and the impact that these challenges have on MISO’s budget. It is important that MISO appropriately incentivize performance regarding Financial Control on a year-to-year basis.</p> <p>As we have in the past, the Owners stress to MISO the importance of operating within its budget to the extent possible given prevailing circumstances. Going forward, the Owners encourage MISO to strike an appropriate balance with its short-term incentives, and particularly with respect to Financial Controls and with the passage of time and with more experience navigating relevant challenges, manage budget volatility in the years ahead.</p>	<p>Thank you for the feedback. MISO continues to take our fiduciary responsibility seriously and will remain transparent with our members.</p> <p><i>(Response continued on the following slide)</i></p>

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Stakeholder comments	MISO response
<p>From: MISO Transmission Owners (continued)</p> <p>V. Strategic Elements</p> <p>MISO has proposed to update the specifics of its four Strategic Elements for 2024: Market Redefinition, Operations of the Future, Transmission Evolution, and System Enhancements. The Owners are key strategic partners with MISO and understand the importance of MISO furthering these four constituent components of its Reliability Imperative. Generally speaking, MISO’s proposed revisions to all four Strategic Elements for 2024 appear to be timely, appropriately tailored, and reasonably attainable.</p> <p>However, with respect to the Market Redefinition Strategic Element, the Owners note that “implement[ation] of real-time Ambient Adjusted Ratings” is one of three enumerated initiatives eligible to satisfy the relevant performance metric. The Owners note further that MISO publicly disclosed in September that the 2025 compliance date is in jeopardy and that MISO will continue to evaluate the timing of its FERC Order No. 881 compliance requirements. The Owners recommend that MISO select another initiative that it is better positioned to obtain. In addition, the other two enumerated initiatives for the Market Redefinition Strategic Element appear to be too broadly-drafted to serve as fair or effective measures of qualification for incentive rewards, in that they only call for the delivery of a “roadmap.” The initiatives set forth in each of the other three Strategic Elements are much more detailed in comparison to those set forth by MISO in the Market Redefinition Strategic elements.</p> <p>VI. Conclusion</p> <p>The Owners appreciate the opportunity to provide these comments to MISO and support the MISO Board always retains discretion to change relevant performance requirements or incentive goals in an equitable manner to reflect various circumstances that are outside MISO’s control. The Owners’ goal in providing comments is to assist MISO in developing a suite of STI goals for 2025 that provide appropriate and realistically obtainable incentives.</p>	<p>Strategic Elements</p> <p>FERC Order 881: Ambient Adjusted Rating’s – The 2025 initiative only includes the work MISO has planned in 2025. Additional work needs to occur to fully comply with FERC Order 881, which influences MISO’s disclosure of risk to the compliance date.</p> <p>Roadmaps & defining requirements – MISO’s Reliability Imperative is a long-term plan with many components. These components have various stages that go across different timelines across the years. Because of this, there will be years that have more milestones that are associated with design than implementation. 2024 is a good example of a year that was focused more on implementation with the Value of Loss Load and Reliability Based Demand Curve work. In other years, like 2025, MISO must focus on intentional planning for the future by evaluating and understanding options. This results in the ultimate outcome of roadmaps and defined requirements that will be implemented in subsequent years.</p>

MISO Response to Stakeholder Comments on 2025 STI Plan

Stakeholder comments	MISO response
<p>From: Xcel Energy</p> <p>Xcel Energy thanks MISO for the opportunity to provide feedback on the 2025 Short-Term Incentive (STI) Plan Goals. Xcel Energy is providing feedback on Strategic Element 8.3 on Transmission Evolution. Xcel Energy is encouraged that LRTP is included as a Strategic Element. However, as written, the goal is not specific or measurable.</p> <p>MISO’s proposed Required Performance reads: Evaluate Long Range Transmission Planning framework necessary to initiate definition of MISO North and Central regions’ transmission needs... in order to... further identify transmission needs that will lead to efficient, reliable, least-cost grid enhancements that will enable the significant fleet change occurring in MISO.</p> <p>Xcel Energy recommends this strategic element be revised to: Commence Long Range Transmission Planning Tranche 2.2 in the first quarter of 2025 to identify projects that can be included as an appendix to MTEP 2025... in order to... advance efficient, reliable, least-cost grid enhancements to the transmission roadmap to address the needs of the Midwest region and enable the significant fleet change occurring in MISO.</p>	<p>MISO thanks Xcel Energy for their feedback.</p> <p>The initiative related to Long Range Transmission Planning has been updated to reflect the futures work. A critical component of Long Range Transmission Planning is a set of Futures. With the amount of change to underlying inputs of our Futures, it is necessary to refresh them in 2025 before starting another tranche.</p>

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Stakeholder comments	MISO response
<p>From: Fresh Energy</p> <p>Fresh Energy supports the feedback submitted by Chris Plante for the WEC Energy Group. The only thing we add (which we believe is consistent with WEC Energy Group's feedback) is that while the STI is an important lever in ensuring MISO meets critical needs in a timely manner, MISO should still consider how it can improve the STI mechanism so as to better avoid imbalanced outcomes that sometimes place the STI itself ahead of the issues that MISO and stakeholders are trying to resolve.</p>	<p>Thank you for your feedback on our 2025 plan elements. MISO continues to be committed to engaging our stakeholder community as we move forward with our Reliability Imperative initiatives. Our processes are designed to ensure that our stakeholders are given the opportunity to provide feedback on proposed policy changes.</p> <p>With the Reliability Imperative, MISO must also make sure that initiatives are implemented in a timeline that meets the pace of change in our region. As we set our 5-Year Plan and the associated Short-Term Incentive Plan Strategic Elements, our evaluation of the critical milestones includes a balance of both aspects.</p>