



# FTR/ARR Markets Enhancements Proposal (MSC-2025-5)

Market Subcommittee

July 10, 2025

# Purpose & Key Takeaways



**Purpose:** Discuss the ARR/FTR Markets Enhancement topics and workplan

## **Key Takeaways:**

- Issue MSC-2025-5 adopted and assigned to MSC on May 22, 2025
- Seeking holistic enhancements to address challenges with MISO's ARR/FTR processes
- Parallel paths to address enhancements that can be implemented quickly, allowing discussions/analysis on other enhancements

# Issue MSC-2025-5 adopted on May 22, 2025 to identify holistic ARR/FTR market enhancements

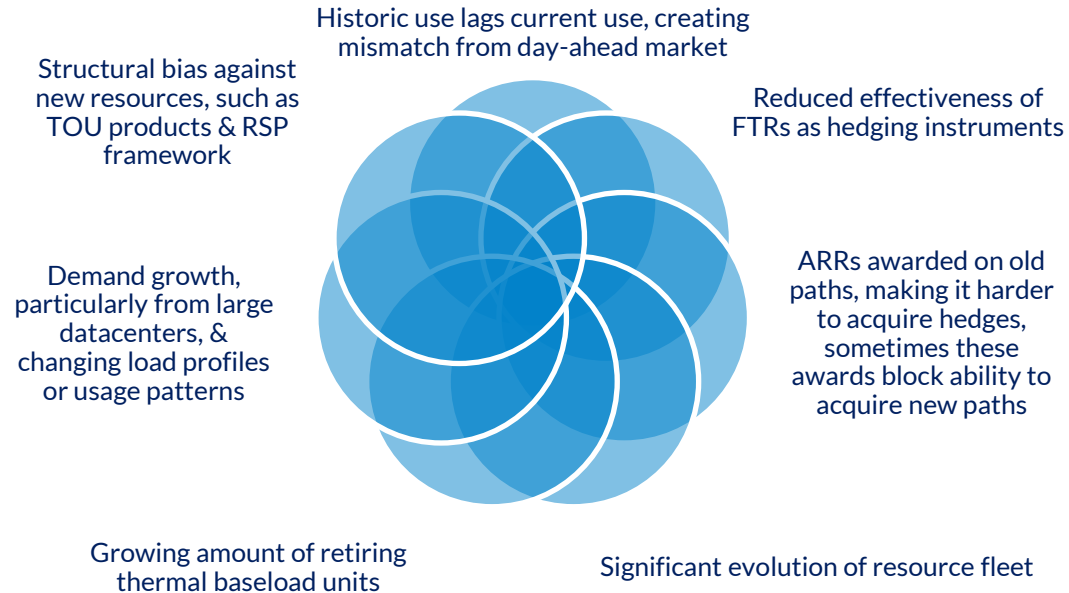
- Continue efforts related to evaluating and making changes to MISO's ARR and FTR market rules and processes by considering recommendations and inputs from LEI, IMM, and MISO stakeholders
  - Previously, MISO retained London Economics International LLC (LEI) to provide an independent review of its ARR/FTR market
  - The IMM has made recommendations through its annual State of the Market Report to improve ARR/FTR Market processes
  - Some stakeholders expressed concern about decreasing congestion revenue for transmission customers, issues related to the transitioning generation fleet, and a need for additional market products

# Core issue driving need for enhancements, must be clearly understood prior to seeking solutions

## Core issue:

- Historical use and congestion
- Provides undue advantage to older fleet, through structural mechanisms such as the Reserved Source Point (RSP) framework

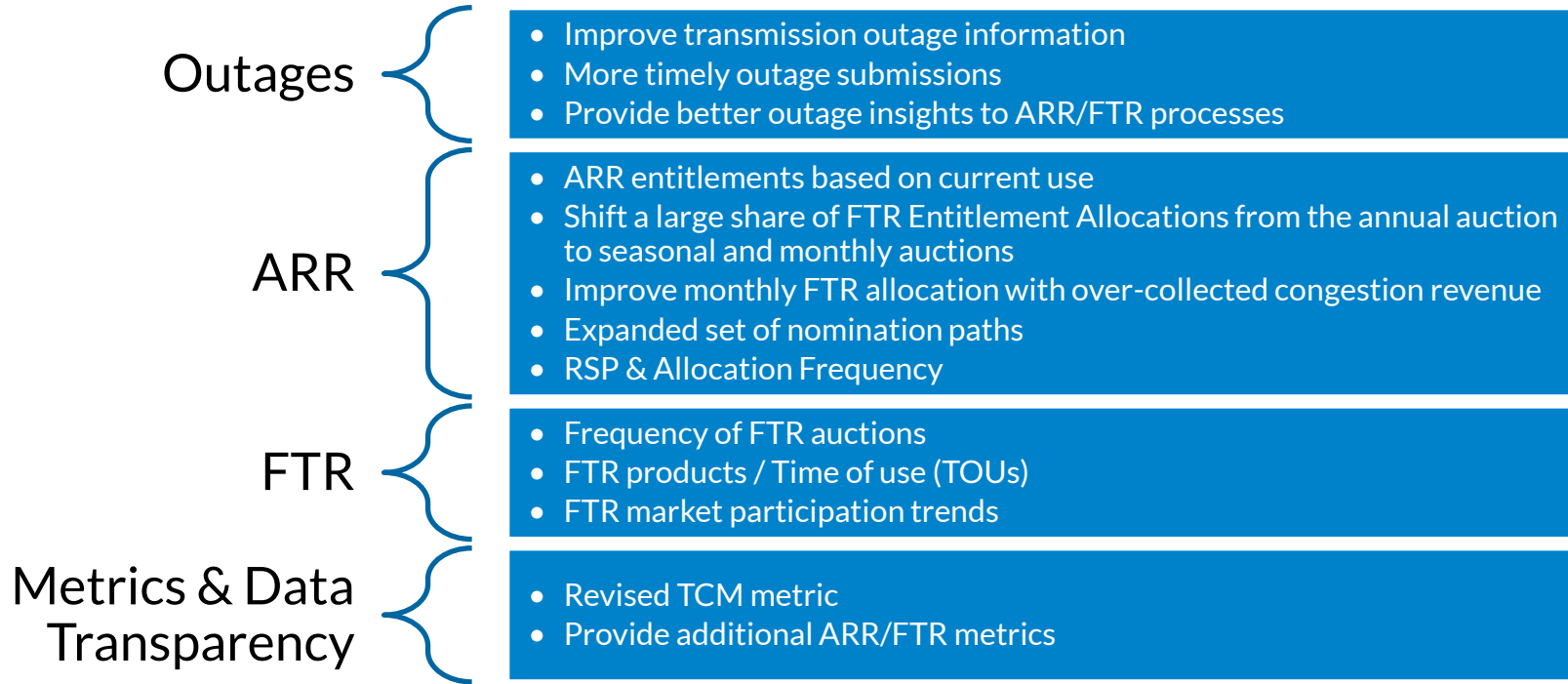
## Confluence of factors



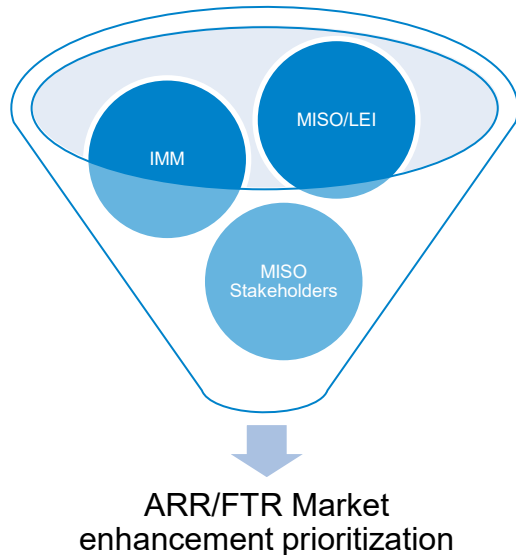
# In addressing core issue, holistic enhancements must meet the following objectives

- Ensure LSEs/MPs have access to the financial hedges necessary to protect rate-payers
- Improve FTR market performance – participation, model accuracy (e.g., outages, model updates), results, funding, and increased alignment to the day-ahead market
- Better position the ARR/FTR markets to function efficiently with the evolving energy usage and congestion patterns, driven by the ongoing fleet transition and datacenter load increases

# Topics to be discussed in 2025-2026 timeframe



# Previous discussions have yielded numerous market enhancement recommendations/proposals



- MISO/LEI<sup>+</sup>:
  - In 2023, London Economics International (LEI) conducted ARR-FTR market evaluation
  - 9 FTR market enhancements resulted from this evaluation
- MISO Stakeholders<sup>\*</sup>:
  - In 2023-2024, WPPI, representing the Coalition of Utilities with an Obligation of Serve (CUOS), proposed two ARR/FTR market enhancements
- The Independent Market Monitor (IMM)<sup>^</sup>
  - At present, two IMM recommendations are part of SOM

# Multiple recommendations previously presented formally, in addition to stakeholder feedback

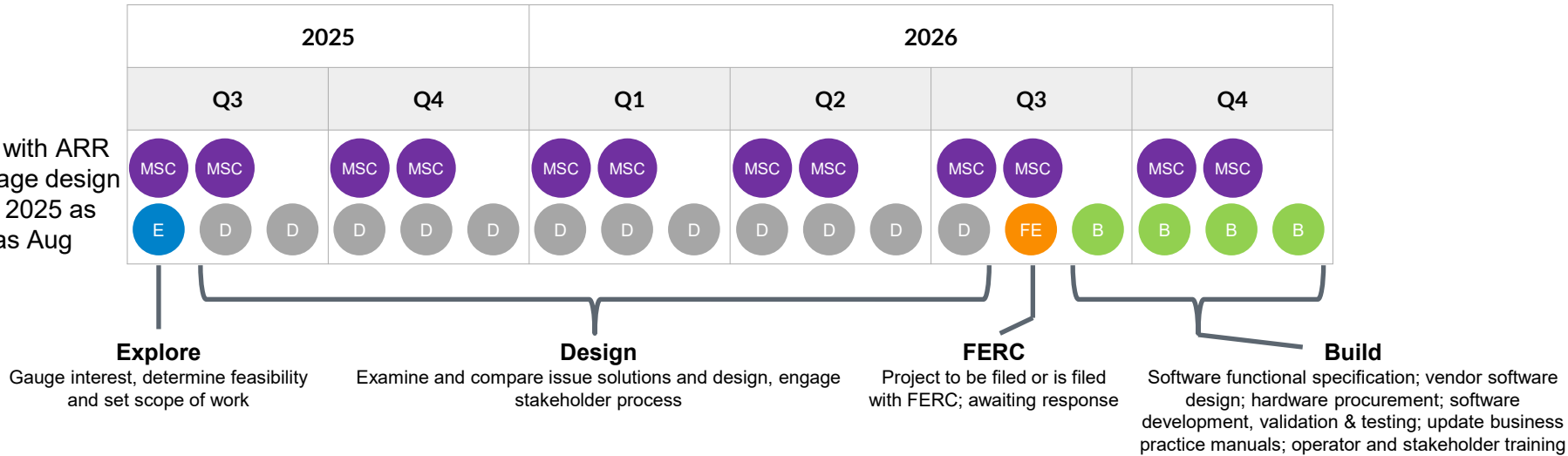
Source	Recommended Enhancements
IMM SOM 2024-2	Shift a large share of transmission capability from the annual ARR allocation and FTR auction to seasonal and monthly auctions
IMM SOM 2023-1	Align aggregate pricing nodes from the FTR market through real-time
LEI	ARR entitlements based on current use
	Expanded set of nomination paths
	Additional FTR products / periods
	More timely outage submissions
	Grant entitlements for expanded net capacity
	FTR market participation trends
	Monthly allocation process
	Additional TCM (all ARR SS v. no ARR SS)
	FTR market's DA predictive capability
WPPI/CUOS	Improve transmission outage information
	Improve monthly FTR allocation with over-collected congestion revenue

# Need to address other operational and administrative challenges

- May require lengthier discussions with stakeholders – due to the complexity or controversial nature of the proposed/recommended enhancement
- May require coordination with other MISO teams or stakeholder entities
- May require changes to the Tariff, lengthening the time to implement due to tariff/filing drafting, pre-filing reviews, and FERC's filing process
- May require modifications or enhancements to MISO's iHedge/Hedge tool, requiring budgeting, procurement, contracting, development, and testing
  - Dependent on resource availability at both Resource Innovations (previously Nexant) and MISO
- May require modifications or enhancements to other MISO tools, technology, or system architectures
- May necessitate special implementation timing to transition from the current ARR/FTR process to the enhanced process

# Proposed workplan for 2025-2026 timeframe

Begin with ARR & Outage design in Q3, 2025 as soon as Aug MSC



Parallel paths to address enhancements that can be implemented quickly

Some ARR/FTR enhancements may be relatively quick and easy to implement  
 These will be pursued as quickly as possible parallel to lengthier topics/enhancements

Potential ARR/FTR enhancements that may be implemented quickly will be brought up in Aug MSC

# Stakeholder Feedback Request

- MISO is requesting feedback on the ARR/FTR market enhancement workplan by **July 25<sup>th</sup>, 2025**
- Dashboard Issue ID#: **MSC-2025-5**
- Feedback requests and responses are managed through the Feedback Tool on the MISO website: <https://www.misoenergy.org/stakeholder-engagement/stakeholder-feedback/>

# Contact Information

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