

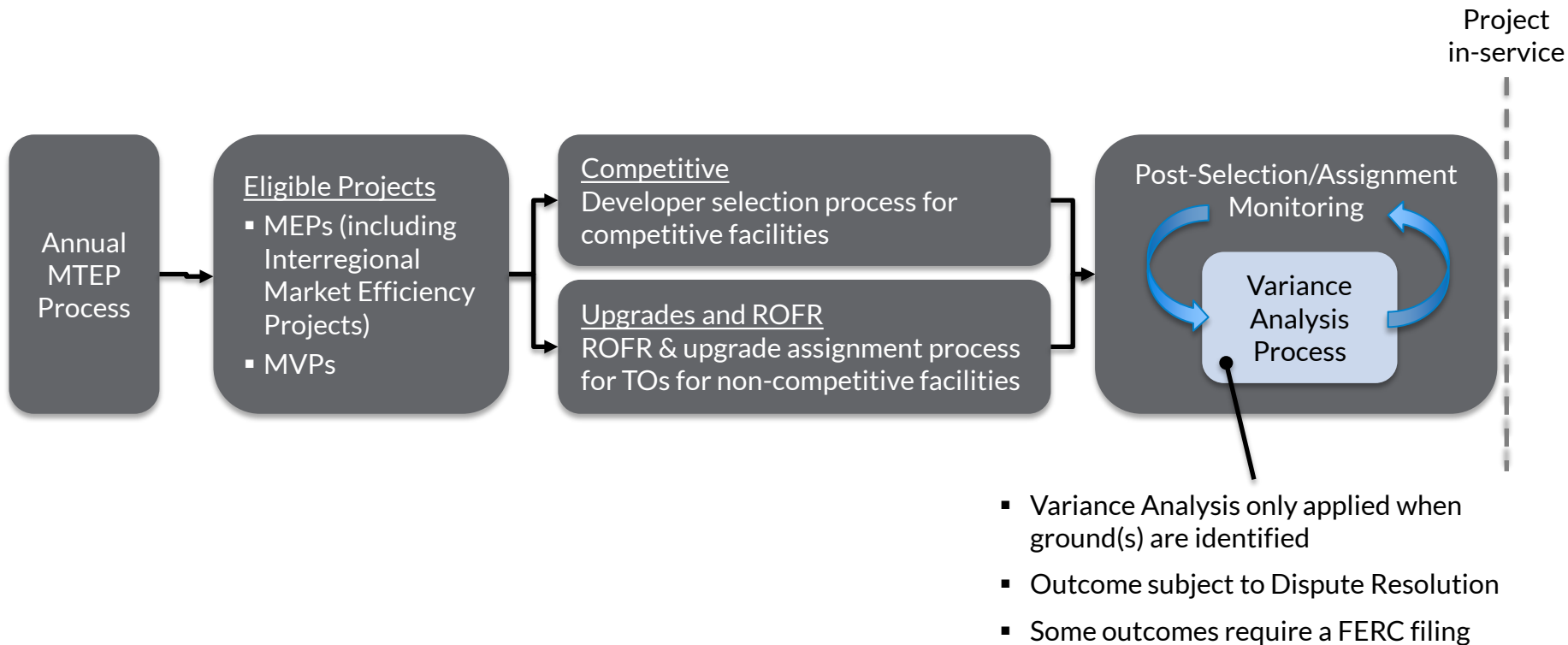


Variance Analysis Overview Transmission Cost Containment (RECBWG-2024-1)

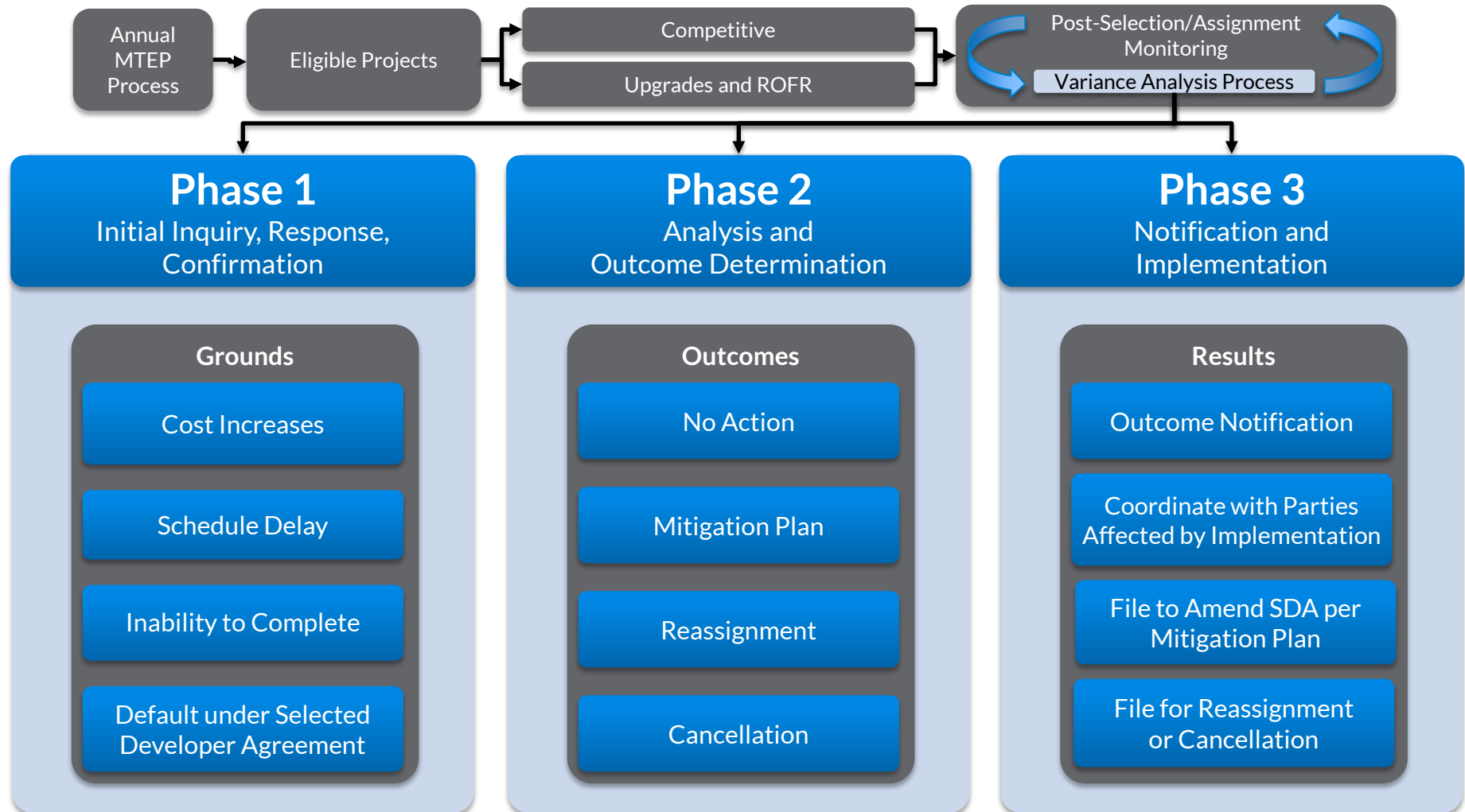
Regional Expansion Criteria and
Benefits Working Group (RECBWG)

October 7, 2025

Variance Analysis is MISO's process for addressing challenges that arise during project development of Eligible Projects



MISO's Variance Analysis Framework has 3 phases



Grounds for starting Variance Analysis are numerous

Phase 1

Initial Inquiry, Response,
Confirmation

Grounds

Tariff description paraphrase

Cost Increases

- Cost either has exceeded or is projected to exceed the Baseline Cost Estimate by $\geq 25\%$
- Cost increases absorbed by SD through cost-containment do not trigger

Schedule Delay

- In-service date ("ISD") is or is projected to be delayed beyond ISD established in MTEP Appendix A
- Delays trigger process only if they create significant risk for NERC reliability standards violations or other material issues; material issues include service obligations and economic or public policy needs

Inability to Complete

- Inability to secure necessary approvals, permits, certificates, financing, resources, needed expertise and/or third-party support, property rights, rights of way, or other essential elements
- Notification by Selected Developer of inability or unwillingness to complete, abandonment of facilities, loss of QTD status, or MISO determination that reassignment is necessary

Default under Selected Developer Agreement*

- MISO determination that a Selected Developer is in Default under a Selected Developer Agreement pursuant to the terms thereof
- MISO notification of Breach initiates Default process; Selected Developer response due within 30 days of notification; cure typically required within 90 days or as negotiated

* Per MISO Tariff, Attachment FF, Section IX.H, MISO "may utilize Project Financial Security to cover the costs of Variance Analysis resulting from Default under the Selected Developer Agreement."

Following analysis, MISO determines the most suitable Outcome

Phase 2 Analysis and Outcome Determination

Outcomes

Tariff description paraphrase

No Action

- MISO may determine to take no action after Variance Analysis is completed
- MISO will consider, but is not limited to: (a) the causes, reasons, circumstances, and events leading to VA, including degree of fault of SD/TO; (b) potential impacts to reliability, economic or public policy; (c) degree of completion of facilities; (d) costs of other outcome compared to no action

Mitigation Plan

- MISO may allow a SD/TO to alleviate the ground(s) for the VA through a mitigation plan
- MISO will consider, but is not limited to: (a) extent to which grounds for VA can be remedied through mitigation; (b) willingness of SD/TO to implement/pay for mitigation; (c) SD/TO resources and ability to implement mitigation; (d) whether TO that would receive reassigned facilities would be better able to alleviate the grounds for VA

Reassignment

- MISO may determine to reassign Competitive Transmission Facilities
- MISO will consider, but is not limited to: (a) whether a mitigation plan would be sufficient to alleviate grounds for VA; (b) the actions incumbent TO would have to take to complete facilities; (c) incremental costs of reassignment; (d) extent of potential delay and potential impacts on reliability

Cancellation

- MISO may determine to cancel Eligible Projects and/or facilities comprising such projects
- To reach the conclusion that cancellation is the best option, MISO will consider all of the criteria and considerations described in previous Tariff sections on No Action, Mitigation Plan, and Reassignment

Following Outcome selection, additional steps are taken to implement the desired Variance Analysis Outcome

Phase 3 Notification and Implementation

*Implementation subject to
Dispute Resolution provisions**

Results

Tariff description paraphrase

Outcome Notification

- MISO will inform the Selected Developer or Transmission Owner and any other “affected parties” of the Variance Analysis Outcome in writing
- MISO will also post a description of the Variance Analysis Outcome and the reason(s) it was selected on its website, redacting any confidential information and/or CEII

Coordinate with Parties Affected by Implementation

- MISO will implement the Variance Analysis Outcome in coordination with the Selected Developer(s), incumbent Transmission Owner(s), and any other affected parties

File to Amend SDA per Mitigation Plan

- If Variance Analysis Outcome results in a mitigation plan that alters the schedule, cost, design, or scope of a Competitive Transmission Facility, MISO (and, optionally, the Selected Developer) will amend the Selected Developer Agreement to reflect the changes
- MISO and Selected Developer will collaboratively file the amended, executed Selected Developer Agreement (SDA), or MISO will file the amended SDA unexecuted

File for Reassignment or Cancellation

- If result is Reassignment or Cancellation, MISO shall file a Notice of Termination with FERC to terminate the Selected Developer Agreement
- In the event that MISO discusses confidential information in administrative or judicial proceedings, MISO may request that information be treated as confidential and non-public

* Per MISO Tariff, Attachment FF, Section IX.B, the CTEC “shall have the exclusive and final authority to oversee and implement Variance Analysis, including the decision to implement any of the appropriate Variance Analysis Outcomes pursuant to Section IX.E of this Attachment FF. Such exclusive and final authority shall: (1) be subject to the Dispute Resolution provisions of Section IX.G of this Attachment FF and to Attachment HH; and (2) shall not prejudice any rights of obligations the Transmission Provider, Selected Developer(s), and incumbent Transmission Owner(s) have to make filings before the Commission.

Robust communication occurs throughout all 3 phases of Variance Analysis

Phase 1

Initial Inquiry, Response, Confirmation

Communications & Activities

1

Initial Inquiry

2

Response

3

Confirmation of Grounds to SD/TO

Phase 2

Analysis and Outcome Determination

4

Limited Public Notice of Analysis

5

RFIs to SD/TOs & 3rd-Parties as needed

6

Analysis

Outcome Determination

7

Phase 3

Notification and Implementation

8

Notice to SD/TO

8

Public Notice

9

Filings and Agreements

Must be same day

Includes notification and discussion, as needed depending on variance analysis scope, at Planning Advisory Committee and via an email sent to the MISO Planning Superlist

Variance Analysis public notices are posted on MISO's website

Variance Analysis public postings – misoenergy.org > Planning > MTEP

The screenshot displays the MISO Transmission Expansion Plan (MTEP) website. The top navigation bar includes links for Meet MISO, Engage, Markets and Operations, Planning, Legal, and Extranet. The breadcrumb trail shows the path: Home > Planning > Transmission Planning > MTEP. The main heading is "MISO Transmission Expansion Plan (MTEP)". Below this, a paragraph explains that the annual MTEP is the culmination of a comprehensive, stakeholder-inclusive planning process to build and maintain an electric infrastructure to meet local and regional reliability standards, enable competition among wholesale capacity and energy suppliers in the MISO markets, and allow for competition among transmission developers. Another paragraph states that MTEP includes projects from local reliability planning, regional (or long range transmission planning), and interregional planning.

A sidebar on the left contains a list of document categories, each with a plus icon: Overview, MTEP25, MTEP26, Application Process, Project Tracking and Monitoring, and Get Involved and FAQs. Below this is a "Documents" section with a list of document categories: Infeasible Long Term Transmission Rights Analysis Results, MTEP Portal, MTEP Reports, Eligible Project Quarterly Status Reports, TO Planning Criteria, Variance Analysis, Expedited Project Review Requests, and MTEP. The "Variance Analysis" link is highlighted with a callout box from the text on the left. The main content area shows the "MTEP" heading and a message: "In order to view documents related to MTEP, continue using the navigation on the left".

On the right side, there are two sections: "Quick Links" and "Related Documents". The "Quick Links" section includes links for Subregional Planning Meeting (SPM), MTEP Portal Access, Eligible Projects, Long Range Transmission Planning, Multi-Value Projects, and Planning Advisory Committee. The "Related Documents" section lists several documents with their dates and a "Follow" button: MISO Transmission Cost Estimate Workbook for MTEP25 (09/26/2025), AECC TO Planning Criteria (09/21/2025), Statement of Guiding Principles - System Planning (07/09/2025), BPM 020 Transmission Planning (06/17/2025), and MISO Transmission Cost Estimation Guide for MTEP25 (06/04/2025). A "Show More" link is at the bottom of this section.

Eligible Projects (i.e., MVP) have additional reporting requirements to enhance transparency of project progression

- Quarterly Project dashboard includes:
 - Regulatory filings
 - Construction progress
 - Explanation for variances/changes
- MVP dashboard

MISO Help Center Knowledge Base MTEP My Support TO Rate Documents

Power BI > Eligible Projects Quarterly Status Report

Eligible Projects Quarterly Status Report

MISO Eligible Project Quarterly Status Reports 9/30/2025 7:05:34 AM Report Refresh Time

PROJECT INFORMATION				FACILITIES INCLUDED IN THE REPORT			
Project Name	All	Developer	All	Period Ending	2025	9/30	States
LIFECYCLE STATUS				COST			
MTEP ISD	06/01/2024	Baseline Cost	\$21,880,453.895	06/01/2024	Forecasted Cost	\$21,880,453.895	
Variance (Months)	0	Variance \$ (USD)	\$0 (0.00%)	06/01/2024	Prior Forecasted Cost	\$21,880,453.895	
Prior Variance (Months)	0	Prior Variance \$ (USD)	\$0 (0.00%)	M2 - Appendix A	Expenditures To Date \$		
Milestones		Expenditures To Date %	0.00%				
CONSTRUCTION PROJECT REPORTING				EXPLANATION OF VARIANCE IN ESTIMATED PROJECT COSTS			
Activity	Foundation	Structure Belling	Conductor Installed (IT)				
Total (Project)							
Completed To Date							
% Completed							
RATE FILINGS							
Submitted	Open	Description					
EXPLANATION OF SCHEDULE VARIANCE / CHANGE IN BD				REGULATORY STATUS			

- [BPM – 020 Transmission Planning - Section 4.2.3 Project Reporting Guidelines](#)
- [Quarterly Project Status Reports](#) – Help Center > MTEP > Reports > Eligible Projects Quarterly Status Report

Questions?

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Appendix

Project Status Reporting and Variance Analysis References

Resource and Link	Link Location
Tariff - Section IX Variance Analysis in Attachment FF Transmission Expansion Planning Protocol	misoenergy.org > Legal > Tariff > Attachments
Business Practices Manual 020 – Transmission Planning Section 4.2.3 Project Reporting Guidelines Section 8 Variance Analysis	misoenergy.org > Legal > Business Practices Manuals
Quarterly Project Status Reports	misoenergy.org > Help Center > MTEP > Reports > Eligible Projects Quarterly Status Report
Variance Analysis	misoenergy.org > Planning > MTEP > Variance Analysis