



February 2026 VOLL Pricing

May 21, 2026

Market Subcommittee

Purpose & Key Takeaway

Purpose

To discuss whether setting prices at the Value of Lost Load (VOLL) is an efficient price signal when MISO temporarily runs short of rampable generation outside a declared emergency

Key Takeaways

- Many stakeholders have asked why there are intervals of VOLL pricing when MISO hasn't declared an Energy Emergency Alert 3 (EEA)
- Steep net load ramps and increasing uncertainty create conditions that have led to temporarily running short of rampable generation
- When this happens the market solution violates offered ramp rates to respect the global power balance constraint and the ramp penalty pushed MEC to VOLL
- Loss of load risk is not elevated during non-emergency occurrences and a price spike to \$10k leads to less reliable and efficient market outcomes
- MISO recommends changes to avoid this outcome and let shortage pricing and payback of inadvertent interchange to achieve equitable outcomes

April MSC Liaison Report Slide: VOLL Pricing on February 26, 2026

MISO has received questions about two intervals of system-wide Value of Lost Load (VOLL) pricing just before 6pm on 2/26. LMPs were capped at the VOLL of \$10k consisting of MEC = \$10k, MCC = \$0 and MLC = \$0 for all pricing nodes per BPM-002 Attachment D section 7.3.7.1:

7.3.7.1 Global Energy Deficit or EEA3

In the unlikely event of a global Energy deficit or declared EEA3 event, all commercial node LMPs for the Dispatch Interval will be set equal to the VOLL. In addition, the MECr will be set equal to the VOLL and the marginal loss component and marginal congestion component of all LMPs will be set to zero.

- This occurs a few times a year (two intervals in 2026, zero in 2025, five in 2024) when the market solution can't maintain the power balance, causing a global Energy deficit.
- On 2/26, the primary drivers were steep net load ramps and wind generation well below forecast, which combined exhausted rampable generation in those two intervals.
- The Tariff requires MISO to use BPMs to provide implementation details for the administration of MISO's markets and authorizes the use of price caps up to the VOLL.
- Other approaches to pricing temporary Energy deficits because of ramp constraints could be explored if important to stakeholders.

System-wide MEC at the LMP cap of \$10k leaves no room for the market to help manage transmission constraints, MEC at VOLL should be used in an EEA3

- If MISO can't dispatch to meet the target power balance without violating ramp rates then that contributes to Area Control Error (ACE) and can create inadvertent interchange
- Review of ACE during these ramp shortages doesn't vary much from what is seen normally and can be both positive and negative (verify)
- MISO holds itself to a higher standard (120% vs. 100%) than what is required by NERC for CPS 1 to ensure we are a good neighbor on the Eastern Interconnect
- Ramp rate violations often occur when MISO is not in a declared Emergency and is not at elevated risk of load shed though the violations are correlated with temporary reserve shortages which tend to create RT price spikes
- Inadvertent energy is tracked and paid back physically in MW terms and financially via revenue neutrality settlements addressing the energy imbalance
- It makes sense to have high penalties in the engine to avoid solutions that don't dispatch into expensive MWs but there isn't a need to dramatically spike prices with an administrative penalty for a short-lived ramp constraint

ACE excursion exceeding 1GW as seen on 2/26 also occurs during normal operating conditions such as May 14th, reserve shortage pricing is appropriate



Stakeholder Feedback Request

- MISO requests feedback on **\$10k VOLL Pricing** (temporary shortage of rampable generation) by June 4, 2026
 - Ramp rate violations often occur when MISO is not in a declared Emergency and is not at elevated risk of load shed. They result in MEC set at the \$10k LMP cap and loss of MCC & MLC price signals
 - Please provide feedback on the following:
 - What does your organization think the market outcome should be if the market solution violates one or more unit's offered ramp rates?
 - Do you agree that having insufficient rampable energy leads to inadvertent interchange and reserve shortage? If so, do the existing mechanisms for paying back inadvertent interchange and pricing reserve shortages create reasonable market outcomes?
 - If VOLL pricing doesn't result when ramp rate violations occur is a new different penalty or administrative price needed? If so, why and what would you propose?
- Feedback requests and responses are managed through the Feedback Tool on the MISO website: <https://www.misoenergy.org/engage/stakeholder-feedback/>

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