

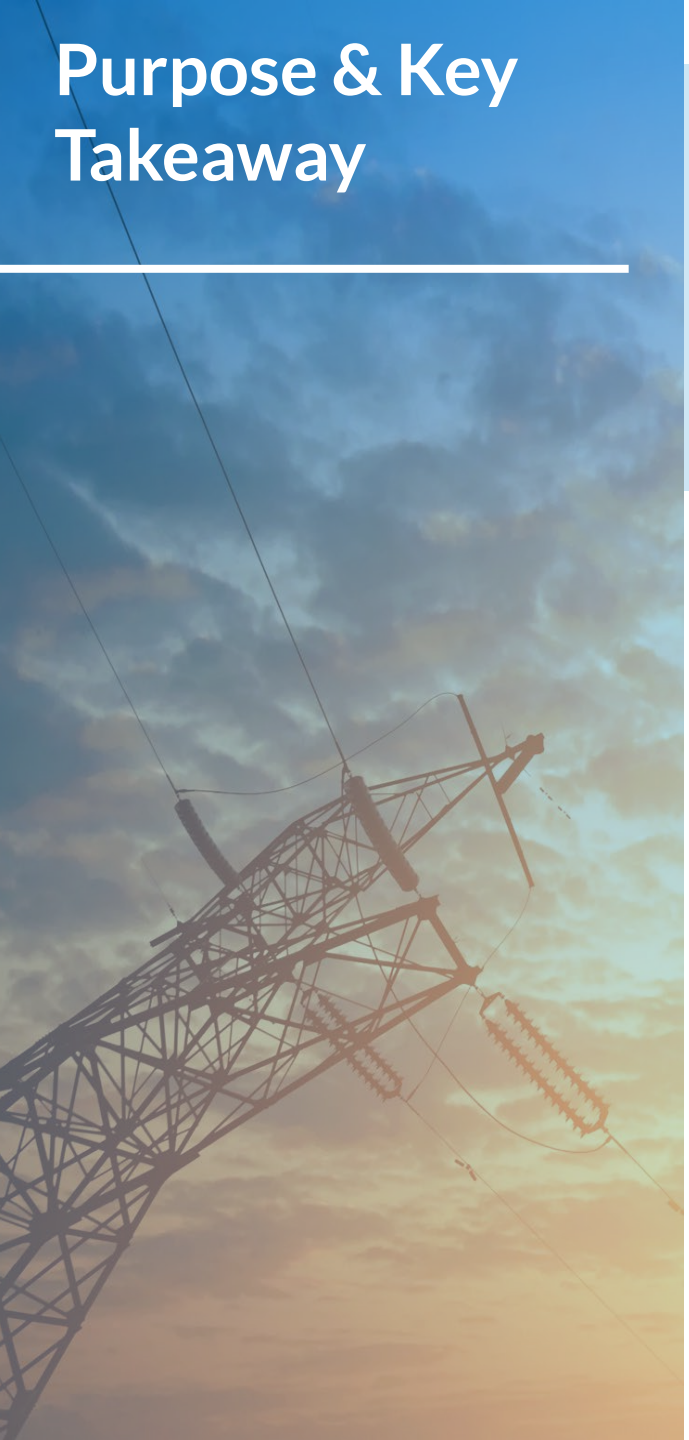
Costing Shifting Risk Among Transmission Customers (LLWG-2026-8)

Updated: 9-30-2026
Slide 10

Large Load Working Group (LLWG)

September 23, 2026

Purpose & Key Takeaway



Purpose

Outline the scope of the FERC show cause order on cost shifting; provide context and conceptual examples for mitigating cost shifting concerns

Key Takeaways

- FERC show cause order defines a specific scope for cost shifting concerns that must be addressed related to ensuring the costs to provide transmission service for Large Load are assigned to the Transmission Customer taking service on behalf of such load
  - These concerns will be addressed via a *pro forma* cost recovery agreement filed jointly with MISO and the Transmission Owners, ensuring the costs of required network upgrades and the appropriate share of the Annual Transmission Revenue Requirement are allocated to the Transmission Customer taking service on behalf of the Large Load
  - This must be done in a way that recognizes retail cost treatment and the Transmission Owner's cost recovery, and with transparency related to the formulation and/or workpapers for the resulting rates
- Transmission ratemaking should allow for recovery of Annual Transmission Revenue Requirement (ATRR)
- Conceptual examples are provided to aid in discussion of the overall framework as we consider options to balance transparency, consistency, and flexibility

Show Cause Order Scope

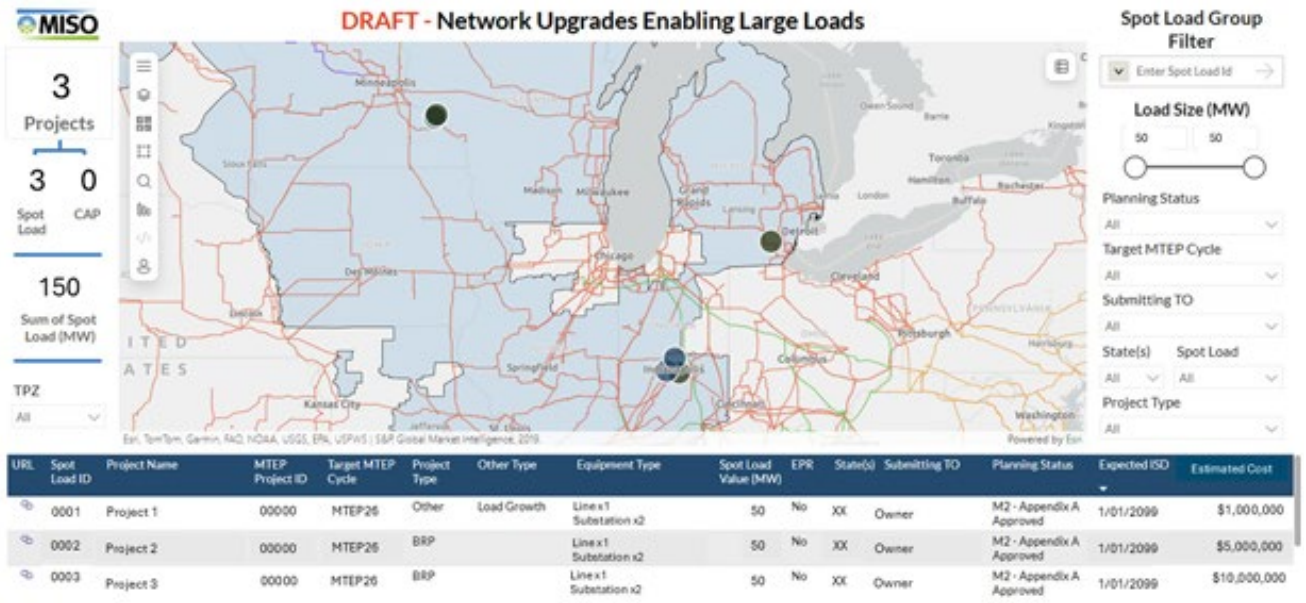


The FERC show cause order defines a specific scope for cost shifting concerns that must be addressed

- Scope of cost shifting show cause order is specific to “costs incurred to provide transmission service, including the cost of Network Upgrades” (Paragraph 78)
  - Includes network upgrades caused by a Transmission Customer taking service on behalf of a large load
  - Pay the costs incurred to provide transmission service, such as Schedule 9, 26, 26-A, C, D, E, 33, and ancillary services
- Consistent with FERC’s preliminary findings, a *pro forma* cost recovery between MISO, the relevant Transmission Owner, and the Transmission Customer taking transmission service on behalf of large loads will ensure that Transmission Customers bear the risk and are ultimately responsible for costs incurred to provide transmission service, including the costs of network upgrades
- Scope is limited to cost shifting concerns among wholesale Transmission Customers; retail rates are outside the scope of the show cause order

The FERC show cause order requires transparency to demonstrate that Large Load is paying the appropriate costs, which will be fulfilled through the combination of the pro forma and dashboards

Cost Transparency Dashboard Demo



- Response to the show cause order does not require changes to cost allocation or project types
  - Paragraph 82 of the FERC show cause order states: “Our preliminary finding is not intended to alter or call into question existing regional cost allocation methods for Network Upgrade, but instead is focused on helping to prevent cost shifting among transmission customers”
- Transparency will be provided by a combination of formulation in the pro forma and work papers in the annual informational filing, plus the transparency dashboard

Cost shifting concerns raised by FERC in the show cause order will be addressed via a *pro forma* cost recovery agreement, containing certain key components

1. Parties to cost recovery agreement will be MISO, the Transmission Customer on behalf of the Large Load, and the relevant Transmission Owner (TO)
2. Cost recovery agreement will address network upgrades identified at the completion of the studies associated with the Large Load Processing Requests (LLPR)
    - Multiple agreements may be needed to cover upgrades on all affected MISO Transmission Owners' systems
3. Agreement will enable transparency on how the Transmission Customer on behalf of Large Load will cover their share of the network upgrades and the system ATRR to prevent costs from shifting to other Transmission Customers
    - Including "a separate workpaper in the annual informational filing describing how any payments made pursuant to a cost recovery agreement are reflected in the transmission owner's transmission formula rate" (Paragraph 85)
4. Transmission Customers on behalf of the Large Load will make a minimum contribution to ATRR, including consideration of network upgrades and load served
5. Credit support or other financial security sufficient to secure the minimum contribution obligation of the Transmission Customer will be required

Conceptual Examples



Conceptual example

How the investments made for, and service taken by, a Transmission Customer on behalf of Large Load impact the total cost and $/MW rate for Transmission Service; based on MISO Schedule 9, which recovers costs of building, owning, and operating the MISO Transmission System

Schedule 9

All costs associated with building, owning, operating all transmission in a Transmission Pricing Zone (in $)

Total of all load during monthly coincident peak (in MW)

The Schedule 9 rate is the result of this division ($/MW)

Schedule 9 with Large load added

All costs associated with building, owning, operating all transmission in a TPZ + Additional costs of upgrades to support the Large Load

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Total of all load during monthly coincident peak + Additional MW the Large Load uses

Addition of a large load could increase the rate if the additional numerator is bigger than the additional denominator; vice versa - the rate could drop

(Illustrative diagram offsetting for ease of understanding)

TPZ: Transmission Pricing Zone. Examples are illustrative.

Conceptual example

A pro-forma agreement that includes a supplemental payment from the Transmission Customer taking service on behalf of a Large Load would prevent the cost shifting described in the Show Cause Order

Scenario 1 – The additional costs *are more than offset* by the volume of service taken by the Large Load

$$\frac{\text{All Previous Costs} + \text{Additional Costs for Large Load}}{\text{All Other Service Volume} + \text{Large Load Service Volume}}$$

Original rate = $10/MW
New rate = $8/MW

Supplemental payment may not be required:

All other customers pay less for Transmission Service

Scenario 2 – The additional costs *are not offset* by the volume of service taken by the Large Load

$$\frac{\text{All Previous Costs} + \text{Additional Costs for Large Load} - \text{Supp. Payment from Large Load}}{\text{All Other Service Volume} + \text{Large Load Service Volume}}$$

Original rate = $10/MW
New rate = $12/MW

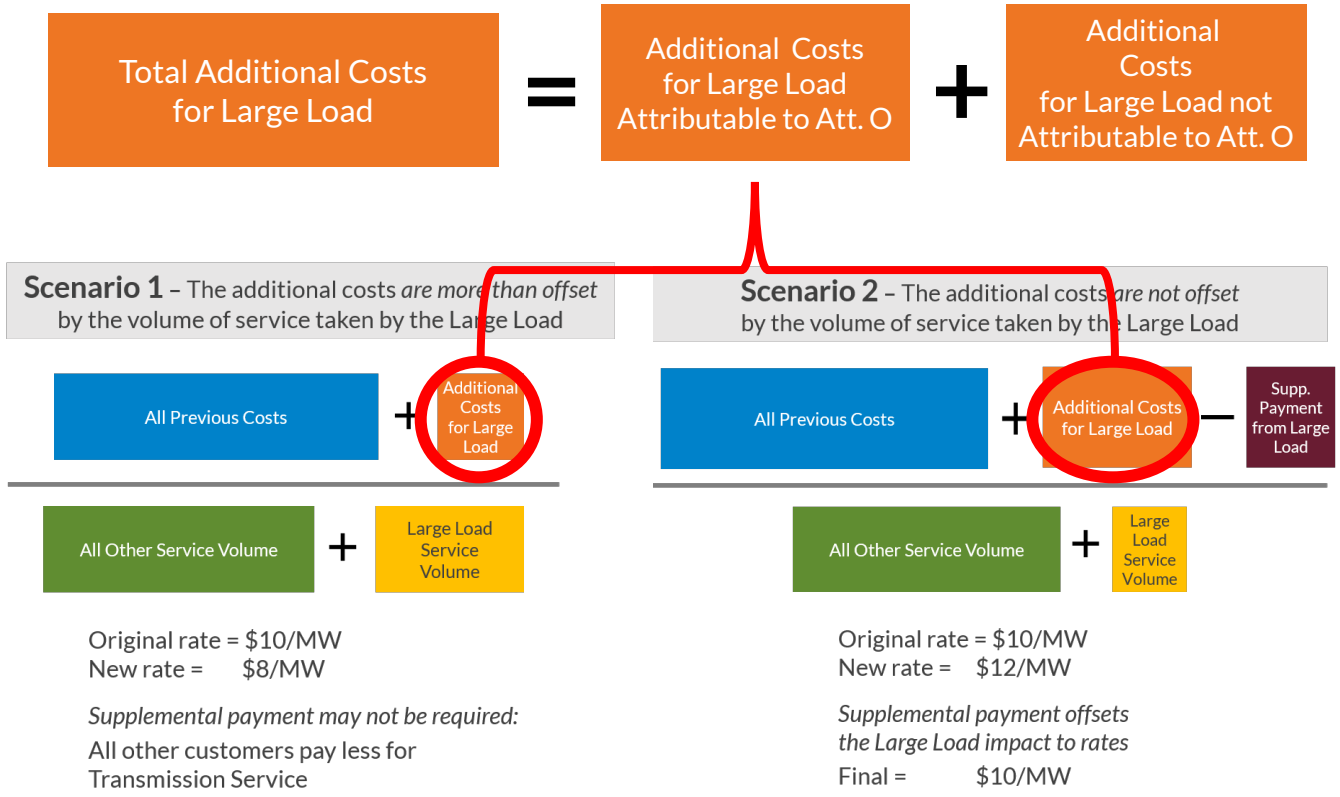
Supplemental payment offsets the Large Load impact to rates

Final = $10/MW

Examples are illustrative and assume all else being equal

Conceptual example

This framework could adapt to costs that are carved-out from the wholesale rate – like those covered in a separate retail assignment – while also ensuring any remaining costs required for operating and capital investments are covered



- Total costs for Large Load are based on network upgrade costs, including Annual Transmission Revenue Requirements
  - This includes operating costs, depreciation, taxes, and return
- Any carved-out costs applicable to MTEP (e.g., transmission level investment) would also be captured and included in reporting for transparency

Stakeholder Feedback Request

- MISO requests feedback on **Cost Shifting Risk Among Transmission Customers (LLWG-2026-8)** by Wednesday, September 30, 2026.
- Please provide feedback on the following:
  - Are there other aspects of the show cause order related to cost shifting that are not captured on slide 6?
  - Are there barriers to implementing the examples show on slides 8 through 10? If so, please explain.
- 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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