



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

Large Load Working Group (LLWG)

October 8, 2026

Purpose & Key Takeaway

Purpose

Provide additional details on the anticipated structure of a *pro forma* cost recovery agreement that will mitigate cost shifting concerns

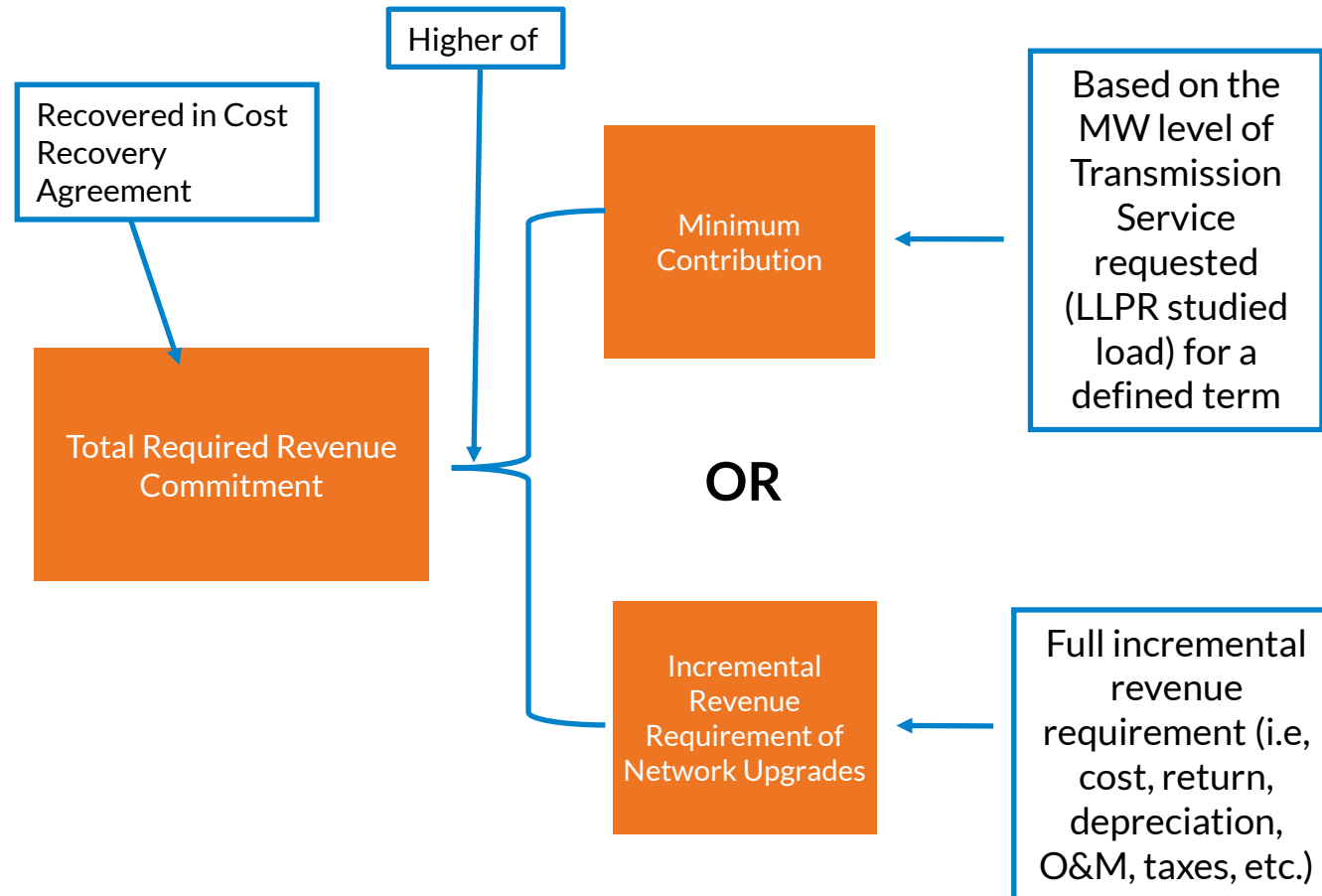
Key Takeaways

- The pro forma agreement will capture the upgrades from all large loads, as studied under the LLPR process, including those associated with the LARS process
 - All facilities identified at the completion of the studies will be included for transparency, regardless of rate treatment
 - This presentation will focus on facilities with wholesale rate recovery; adjustments for carved out facilities will be provided later this month
- Total Required Revenue Commitment required from Transmission Customer on behalf of large load will be decided by the higher of Minimum Contribution or Incremental Revenue Requirement for Network Upgrades
- Financial security will be held by MISO, sufficient to secure the Total Required Revenue Commitment
 - Security held under the terms of a retail agreement involving a Large Load will be considered when determining security requirements under the pro forma
- The pro forma will work in concert with 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

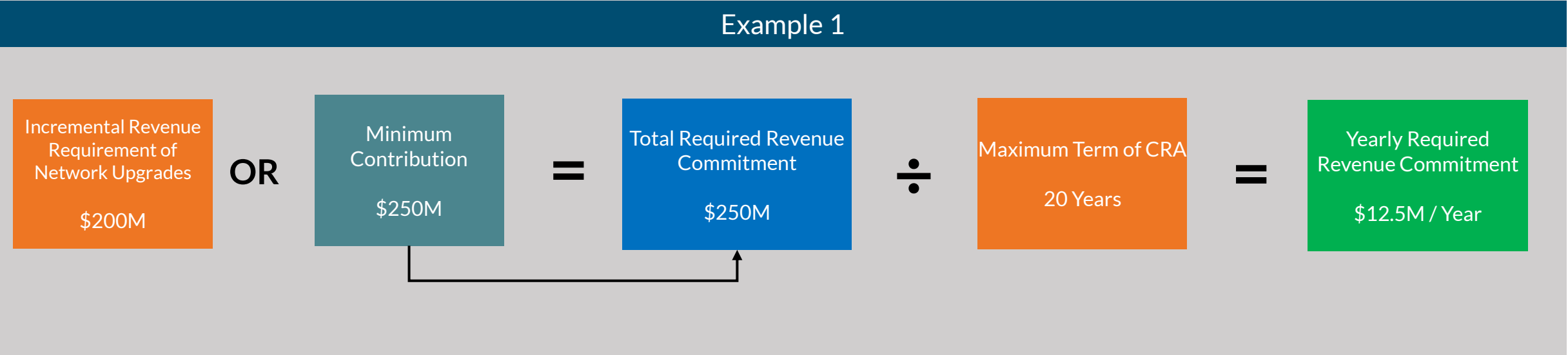
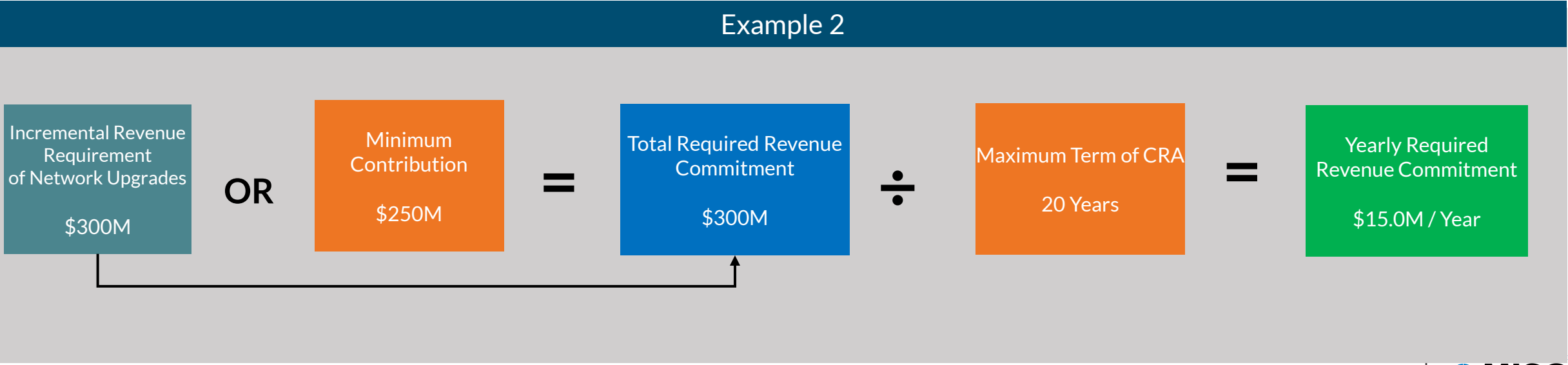
1. Parties to cost recovery agreement will be MISO, the Transmission Customer on behalf of the Large Load, and the relevant Transmission Owner (TO)
2. Cost recovery agreement will address network upgrades identified at the completion of the studies associated with the Large Load Project Review (LLPR)
 - Multiple agreements (or multiple Transmission Owner parties to a single agreements) may be needed to cover upgrades on all affected MISO Transmission Owners' systems
 - These network upgrades will also be captured in the transparency dashboard, regardless of rate treatment
3. Cost recovery 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 Total Required Revenue Commitment to ATRR, including consideration of network upgrades and load served
5. Credit support or other financial security sufficient to secure the Total Required Revenue Commitment of the Transmission Customer will be required

Pro forma cost recovery agreement determines the Transmission Customer's Total Required Revenue Commitment

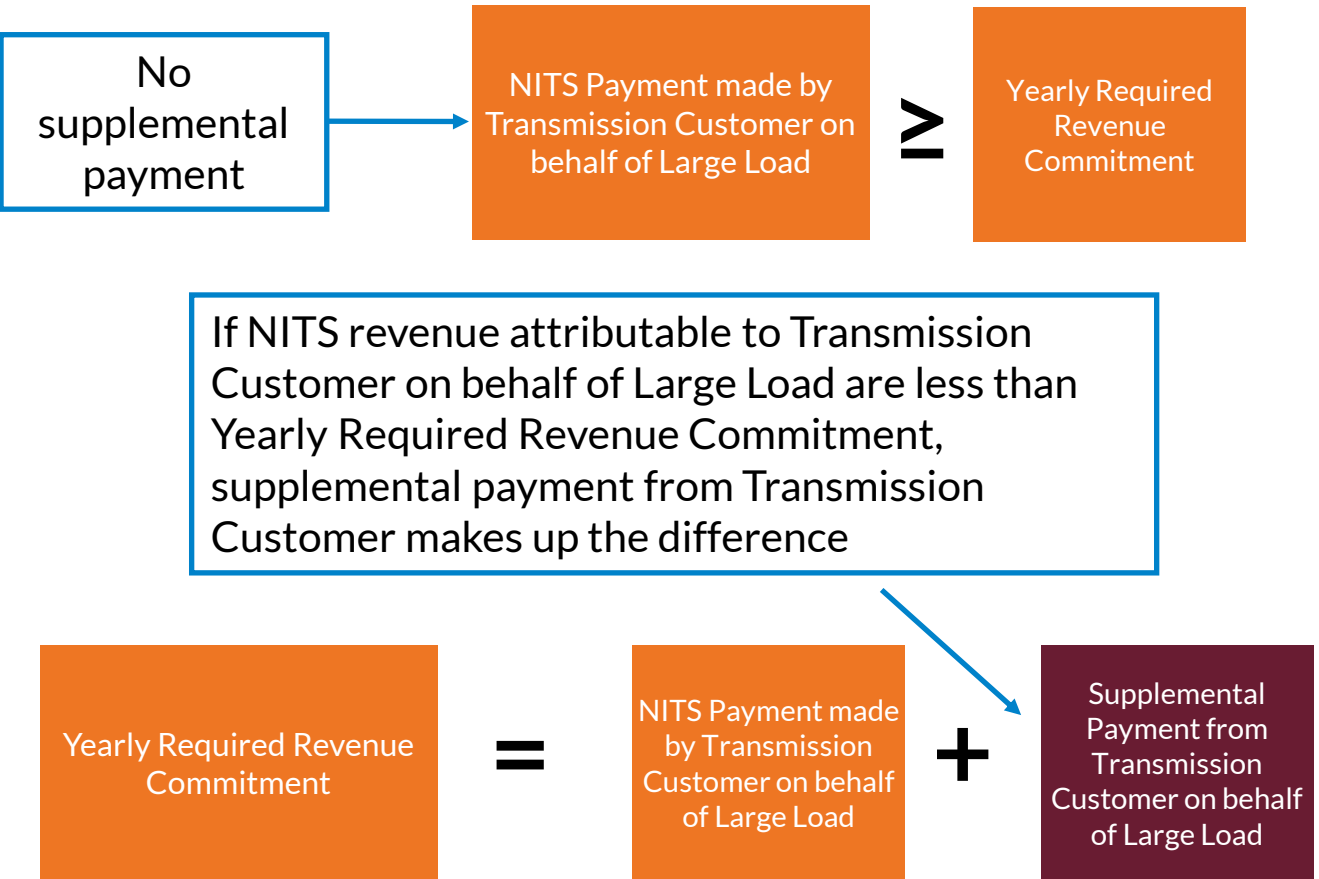


- Total Required Revenue Commitment will be higher of:
 - Minimum Contribution
 - All *pro forma* Cost Recovery Agreements have Minimum Contribution
 - OR Incremental Revenue Requirement of Network Upgrades
 - Carved-out facilities not in wholesale transmission rates will be excluded

Conceptual Examples of Total Required Revenue Commitment Determination



Supplemental payment from the Transmission Customer on behalf of the Large Load will ensure that Transmission Customer always pays at least Yearly Required Revenue Commitment



- Supplemental payment from the Transmission Customer on behalf of the Large Load is required when contribution to the NITS revenue for the year is less than its Yearly Required Revenue Commitment under the Cost Recovery Agreement
 - Yearly Required Revenue Commitment determined by dividing the Total Required Revenue Commitment under the Cost Recovery Agreement by the term
- The supplemental payment will be treated as a revenue credit against the zonal revenue requirement.
- Separate workpaper in Transmission Owner’s annual informational filing will show how payments made from cost recovery agreement are reflected in formula rate

Conceptual Examples of Supplemental Payment Determination

Example 1 - No supplemental payment

NITS Payment made by
Transmission Customer on
behalf of Large Load

\$14M

-

Yearly Required
Revenue Commitment

\$12.5M / Year

=

Difference

\$1.5M

Example 2 – Supplemental Payment

NITS Payment made by
Transmission Customer on
behalf of Large Load

\$14M

-

Yearly Required
Revenue Commitment

\$15.0M / Year

=

Difference

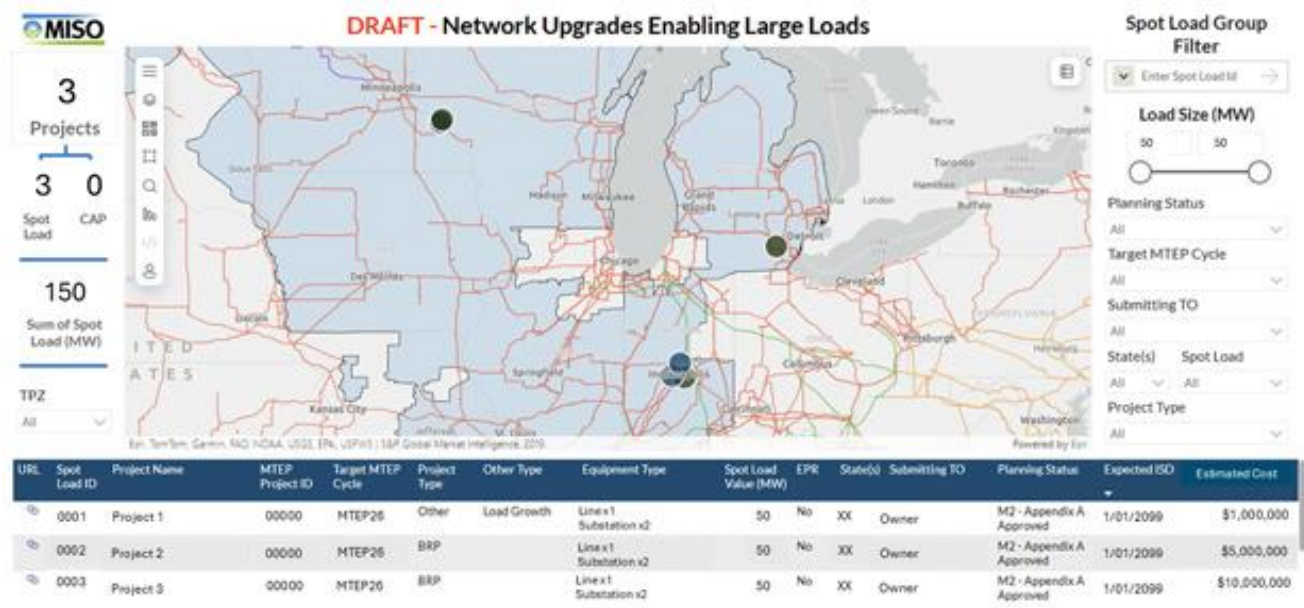
\$(1.0)M

Financial security will ensure protection of other wholesale customers by securing the expected stream of annual revenues

- MISO will hold financial security to ensure protection of other wholesale customers in the event of a default
- Financial security can be in the form of cash or letter of credit
- Financial security will be large enough to secure the Total Required Revenue Commitment
- Security held under the terms of a retail agreement involving a Large Load will be considered when determining security requirements under the pro forma

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



- Cost recovery agreement will address network upgrades identified at the completion of the studies associated with the Large Load Project Review (LLPR)
- 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

Stakeholder Feedback Request

- MISO requests feedback on **Cost Shifting Risk Among Transmission Customers (LLWG-2026-8)** by Thursday, October 15, 2026.
- Feedback requests and responses are managed through the Feedback Tool on the MISO website: <https://www.misoenergy.org/engage/stakeholder-feedback/>

Contact:
LargeLoadProgram@misoenergy.org
