

MISO's Response to the Independent Market Monitor (IMM) 2025 State of the Market Recommendations

Market Subcommittee

November 10, 2026

Purpose & Key Takeaway



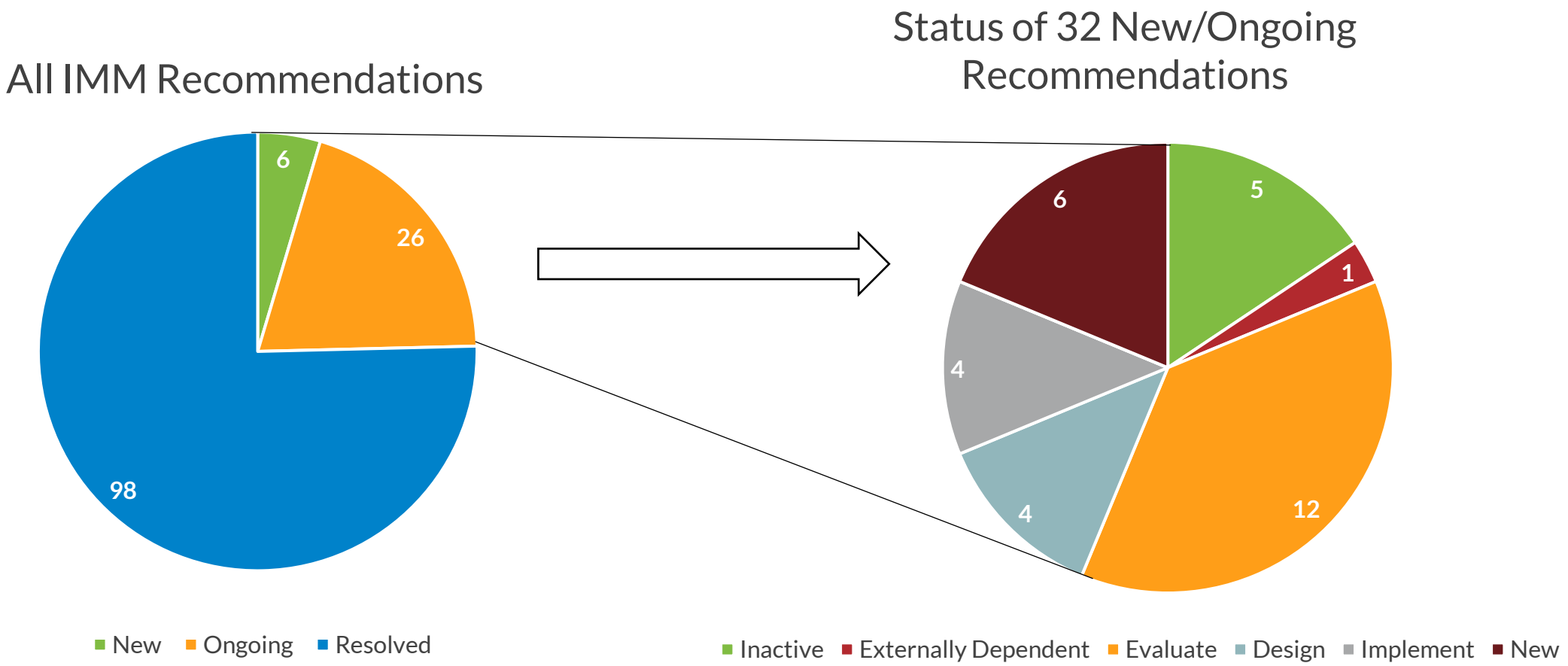
Purpose

To respond to the IMM's 2025 State of the Market Report and provide status for the open recommendations

Key Takeaways

- The IMM included six new recommendations and closed eight previous recommendations (new: limit repricing, reduce payments for deviating resources, potential issues with Load Modifying Resource obligations to cover capacity for large loads, daily capacity balancing settlements, capacity accreditation improvements, and emergency non-performance penalties)
- Of the six new recommendations MISO is actively working on three, has planned work on two and disagrees with one
- Of the 32 open recommendations, MISO is actively working on 12 and 20 are in various stages of the project lifecycle (evaluate, design, and implementation stages)

Since 2005, the IMM's State of the Market report has listed 130 recommendations of which the majority have been resolved

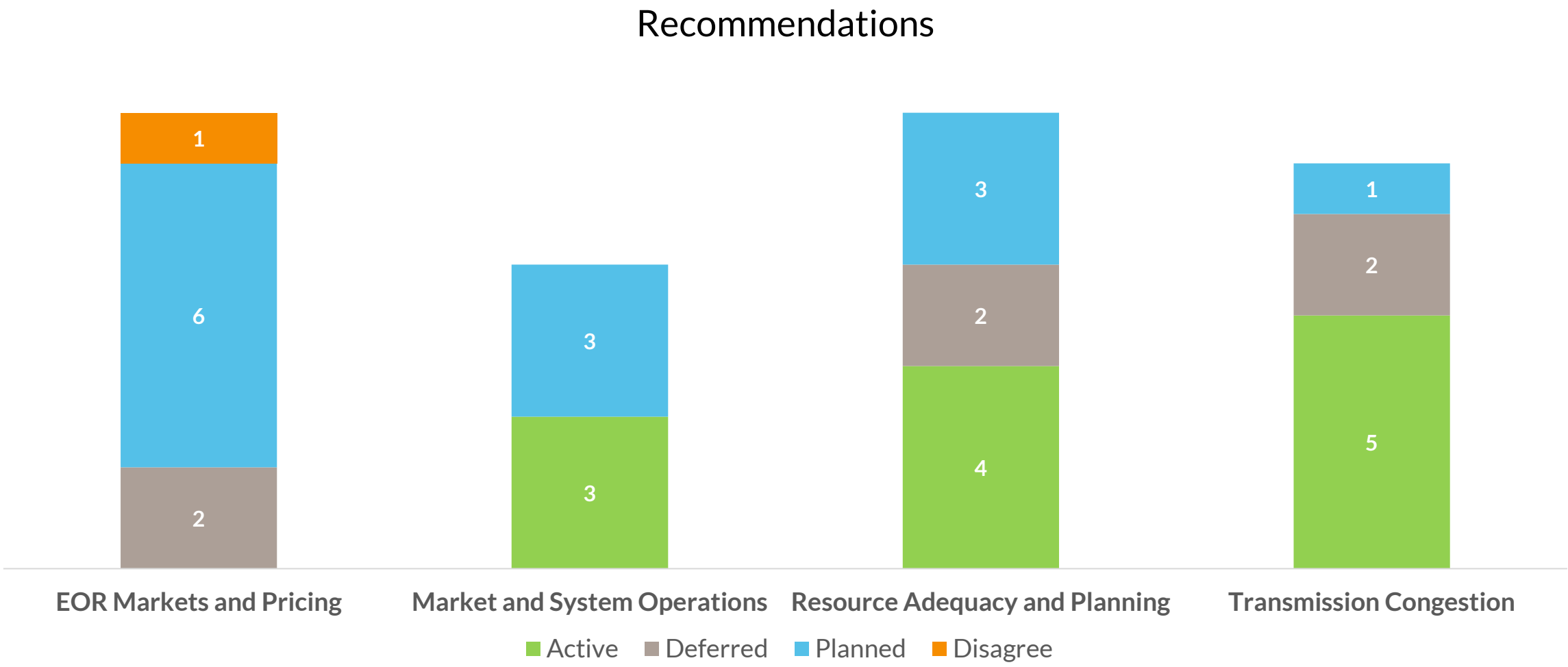


MISO has developed a response framework that anticipates the timeline for resolving individual recommendations

The "MISO 5-Year Actions" parameter is defined as:

Active	MISO has given this recommendation a high priority, and is actively working on it now
Planned	MISO is not currently working on this recommendation, but has prioritized it in the 5-year planning process
Deferred	MISO has deemed this recommendation a lower priority, and will not be pursuing it in the current 5-year planning process
Disagree	MISO disagrees with this recommendation

Recommendations by IMM Category and MISO 5-Year Actions (32 Open, six of which are new)



The IMM has given MISO six new recommendations

Index	IMM Recommendation	MISO's Position On Problem	MISO's Position On the IMM's Proposed Solution	MISO's Evaluation of Impact / Total Effort	MISO 5-Year Actions	Status / Next Steps
2025-1	**Develop criteria for retroactive repricing of the market to mitigate the harm of repricing**	▲	✕	N/A	Disagree	MISO agrees that errors that lead to repricing need to be minimized. For now, it appears the Tariff strikes the right balance by enabling repricing before the S14 Settlement to correct process or technology errors that don't align with approved tariff provisions. MISO will continue to focus our efforts related to minimizing errors, detecting outliers and timely notification to stakeholders.
2025-2	**Reduce make-whole and operating reserve payments for deviating resources**	✓	▲	Med / Med	Planned	MISO agrees with the problem identified by the IMM but needs to evaluate solutions and how deviation makes reserve deployment infeasible. DA and RT market constraints already ensure energy plus operating reserves don't clear above resource limits and performance deviations lead to revenue claw backs.
2025-3	**Ensure alignment of capacity obligations with LMR capability and ensure that anticipated large loads are in the load forecast**	✓	▲	Med / Med	Active	MISO agrees with the problem identified by the IMM but it looks like this issue extends beyond retail choice areas and MISO needs to evaluate other potential solutions.
2025-4	**Replace CRNCC rules with a daily capacity balancing settlement**	✓	▲	Med / High	Active	MISO agrees with the issues the IMM outlines in this recommendation; however, further analysis is required to assess potential solutions. In August 2026, MISO introduced RASC-2026-3. Through this item, MISO will evaluate options to enhance outage policy rules with work to continue through 2027.
2025-5	**Improve capacity accreditation by reforming: 1) maintenance margin, 2) treatment of resources that are off control, 3) DLOL treatment of firm and non-firm gas resources, 4) the hours used to accredit existing solar resources**	✓	▲	High / Med	Active	MISO agrees with the problems identified by the IMM but needs to evaluate potential solutions for the four identified issues. Work on the first is underway, numbers two and three are being evaluated and the fourth will go into effect when DLOL is implemented in 2028.
2025-6	**Develop penalties similar to LMR non-performance penalties for resources that offer emergency ranges and do not perform during emergencies**	✓	✓	Med / Med	Planned	MISO agrees with the issue and potential solution. MISO will evaluate penalty mechanisms and impacts and determine prioritization against other efforts.

✓ Agree ▲ Requires further evaluation ✕ Disagree

Eight recommendations were closed by the IMM

Rec #	IMM Category	Recommendation	Reason for Closing
2024-3	Transmission Congestion	Limit acceptance of transferred M2M flowgates to cases where MISO can provide more effective relief and require proper use of the relief request software	MISO updated the default adder used in the relief request for reverse role flowgates and has become more selective of which external flowgates are acceped to monitor.
2022-3	Market and System Operations	Improve excess and deficient energy penalties to better incentivize generators to follow MISO's dispatch instructions	MISO addressed this recommendation through implementation of the Uninstructed Deviation Enhancement (UDE) dispatch and filing settlement provisions to incentivize suppliers to follow dispatch instructions.
2021-3	Market and System Operations	Evaluate and reform MISO's unit commitment processes	In the recent years, annual real-time RSG costs have fallen by more than $100 million per year. MISO will continue to coordinate with the IMM on these efforts under the uncertainty management effort.
2020-4	Resource Adequacy & Planning	Develop marginal accreditation methodologies to accredit DERs, LMRs, battery storage, and intermittent resources	FERC approved MISO's filing to implement a marginal accreditation framework with an implementation date of 2028. Additionally, MISO filed changes to LMR accreditation to align it with other resources under the new marginal DLOL framework.
2019-5	Resource Adequacy & Planning	Remove eligibility of Energy Efficiency to sell capacity	MISO developed and filed to eliminate energy efficiency resources' ability to participate in MISO's capacity market, and FERC accepted MISO's filing.
2018-4	Market and System Operations	Clarify criteria and improve logging for emergency declarations and actions	MISO addressed this recommendation by releasing an updated capacity emergency procedure. MISO has also agreed to save screenshots to archive decision points during emergencies.
2017-2	Market and System Operations	Remove transmission charges from CTS transactions	MISO expects to discontinue CTS by the end of 2026.
2017-4	Market and System Operations	Improve operator logging tools and processes related to operator decisions and actions	MISO addressed this recommendation by transitioning to a new logging system.

MISO made substantive progress in 2026 on the following recommendations

IMM RECOMENDATION	2025	2026	NEXT MILESTONE
2019-4 Optimize CTS schedules every five minutes based on the RTOs' alternative real-time load scenarios (interchange optimization)	INACTIVE	EVALUATE	MISO plans to file with FERC to retire CTS effective January 2027. After this retirement, MISO is open to pursuing interchange optimization with SPP and PJM.
2020-2 Align transmission emergency and capacity emergency procedures and pricing	EVALUATE	DESIGN	Implemented simplified capacity emergency procedures in mid 2026 that align the Event levels with NERC Energy Emergency Alerts (EEA). Evaluating options to align capacity and transmission emergency procedures.
2021-1 Work with TOs to identify and deploy economic transmission reconfiguration options	IMPLEMENT	IMPLEMENT	MISO is in the process of developing the capability to proactively identify economic reconfiguration options rather than relying upon MP or TO submissions, as one of MISO's Short Term Incentive goals for 2026. MISO expects to complete this goal by the end of 2026.
2023-5 Require descriptions in new or updated CROW tickets	DESIGN	IMPLEMENT	Outage system enhancements were implemented in early 2026 requiring reason for outage change/cancellation info. The vendor is working on software requiring the "unknown" code be changed to another code when an outage is marked completed.
2024-1 Modify RDT demand curve steps and RPE binding limits	NEW	DESIGN	By the end of 2026, MISO will be proposing a design and implementation plan to enhance congestion management, which will include a focus on managing RDT flows.

Next Step

MISO presentation at the Markets Committee of the Board of Directors meeting on December 1, 2026



Contact

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Appendix



IMM Category: Energy and Operating Reserves Markets and Pricing (6 Planned, 2 Deferred, 1 Disagree)

ID	Recommendation	Previous Status	Current Status	MISO 5-Year Action
2012-3	Remove external congestion from interface prices	Inactive	Inactive	Deferred
2012-5	Introduce a virtual spread product	Inactive	Inactive	Deferred
2020-1	Develop a real-time capacity product for uncertainty	Evaluate	Evaluate	Planned
2021-2	Evaluate improvements to the emergency pricing assumptions applied to LMR curtailments	Evaluate	Evaluate	Planned
2023-1	Align aggregate pricing nodes from the FTR market through real-time	Evaluate	Evaluate	Planned

IMM Category: Energy and Operating Reserves Markets and Pricing (6 Planned, 2 Deferred, 1 Disagree) continued

ID	Recommendation	Previous Status	Current Status	MISO 5-Year Action
2023-2	Enforce STR requirements in the load pockets	Evaluate	Evaluate	Planned
2024-1	Modify RDT demand curve steps and RPE binding limits	New	Design	Planned
2025-1	Develop criteria for retroactive repricing the market to mitigate the harm of repricing	N/A	New	Disagree
2025-2	Reduce make-whole and operating reserve payments for deviating resources	N/A	New	Planned

IMM Category: Market and Systems Operations (3 Active, 3 Planned)

ID	Recommendation	Previous Status	Current Status	MISO 5-Year Action
2016-6	Improve the accuracy of LAC recommendations and record operator response to them	Implement	Implement	Active
2019-4	Optimize CTS schedules every five minutes based on the RTOs' alternative real-time load scenarios (interchange optimization)	Inactive	Evaluate	Active
2020-2	Align transmission emergency and capacity emergency procedures and pricing	Evaluate	Design	Active
2021-4	Develop a look-ahead dispatch and commitment model to optimally manage fluctuations in net load and the use of storage resources	Evaluate	Evaluate	Planned
2023-5	Require descriptions in new or updated CROW tickets	Design	Implement	Planned
2024-4	Improve constraint management and dead bus criteria for Forced Off Asset Events	New	Design	Planned

IMM Category: Resource Adequacy and Planning (4 Active, 3 Planned, 2 Deferred)

ID	Recommendation	Previous Status	Current Status	MISO 5-Year Action
2014-6	Define local resource zones based on transmission constraints and local reliability requirements	Inactive	Inactive	Deferred
2015-6	Improve the modeling of transmission constraints in the PRA	Inactive	Inactive	Deferred
2022-4	Improve the LRTP processes and benefit evaluations	Disagree	Evaluate	Active
2022-5	Implement jointly optimized annual offer parameters in the seasonal capacity market.	Evaluate	Evaluate	Planned
2023-6	Implement zonal capacity demand curves and near-term improvements in local clearing requirements	Inactive	Evaluate	Planned

IMM Category: Resource Adequacy and Planning (4 Active, 3 Planned, 2 Deferred) continued

ID	Recommendation	Previous Status	Current Status	MISO 5-Year Action
2025-3	Ensure alignment of capacity obligations with LMR capability and ensure that anticipated large loads are in the load forecast	N/A	New	Active
2025-4	Replace CRNCC rules with a daily capacity balancing settlement	N/A	New	Active
2025-5	Improve capacity accreditation by reforming: 1) maintenance margin, 2) treatment of resources that are off control, 3) DLOL treatment of firm and non-firm gas resources, 4) the hours used to accredit existing solar resources	N/A	New	Active
2025-6	Develop penalties similar to LMR non-performance penalties for resources that offer emergency ranges and do not perform during emergencies	N/A	New	Planned

IMM Category: Transmission Congestion (5 Active, 2 Deferred, 1 Planned)

ID	Recommendation	Previous Status	Current Status	MISO 5-Year Action
2014-3	Seek joint operating agreements with neighboring control areas to improve congestion management and emergency coordination	Externally Dependent	Externally Dependent	Active
2016-3	Enhance authority to coordinate transmission and generation planned outages	Evaluate	Evaluate	Active
2019-1	Improve the relief request software for market-to-market coordination	Implement	Implement	Deferred
2019-2	Improve the criteria for testing market-to-market constraints	Inactive	Inactive	Deferred

IMM Category: Transmission Congestion (5 Active, 2 Deferred, 1 Planned) continued

ID	Recommendation	Previous Status	Current Status	MISO 5-Year Action
2021-1	Work with TOs to identify and deploy economic transmission reconfiguration options	Implement	Implement	Active
2022-1	Expand the TCDCs to allow MISO's market dispatch to reliably manage network flows	Design	Design	Active
2023-3	Develop tools to recommend decommitting resources committed in the day-ahead market	Evaluate	Evaluate	Planned
2024-2	Shift a large share of transmission capability from the annual ARR allocation and FTR auction to seasonal and monthly auctions	New	Evaluate	Active