



## Minimum Participation Requirements

### Annual Certification

Prior to certification, Applicants shall provide to MISO an [Annual Certification](#) executed by an officer of the Tariff Customer as set forth in Exhibit VI to [Attachment L](#) of MISO's Energy and Operating Reserve Markets Tariff. Annual Certifications in acceptable form are due by April 30th of each year or five (5) Business Days in advance of submitting any Bids or Offers in the annual FTR Auction, whichever occurs first.

### Demonstration of Appropriate Person Status

Applicants and Tariff Customers must demonstrate that they are an "appropriate person" per the Commodity Futures Trading Commission ("CFTC") on an ongoing basis to further ensure minimum criteria are in place.

Demonstrating "appropriate person" status can be done in the following ways:

1. Applicant or Tariff Customer is in the business of (1) generating, transmitting, or distributing electric energy, or (2) providing electric energy services that are necessary to support the reliable operation of the transmission system
2. Applicant or Tariff Customer is a governmental entity
3. Submission of financial statements showing more than \$5,000,000 in total assets or \$1,000,000 in net worth
4. Posting Cash Deposit in excess of \$5,000,000
5. Posting Corporate Guaranty from an "appropriate person" in excess of Total Potential Exposure
6. Posting an Irrevocable Letter of Credit in excess of Total Potential Exposure
7. Applicant or Tariff Customer demonstrates it is an "appropriate person" in another way per [section 4\(c\)\(3\) of the Commodity Exchange Act \(CEA\)](#) or an "eligible contract participant" as defined in [section 1a\(18\) of the CEA](#)

If a Tariff Customer does not provide sufficient evidence for verification to MISO within seven (7) calendar days of written request then such Tariff Customer shall be subject to Default under the Tariff.

### Demonstration of Minimum Capitalization

In advance of certification, Applicants shall meet the minimum capitalization requirements below and on an ongoing basis thereafter. If the Applicant does not have audited financial statements at the required Total Asset or Tangible Net Worth level in the middle column of the table below, then it will need to post the financial security in the right column of the table below corresponding with the Applicant's desired service category in the left column.



Desired Service Level	Total Assets or Tangible Net Worth, respectively	Minimum financial security required & amount of which is restricted, respectively
All service categories	\$10,000,000 or \$1,000,000	\$500,000 & \$250,000
All service categories except FTR(s) with term beyond next calendar month	\$10,000,000 or \$1,000,000	\$200,000 & \$100,000
All service categories except FTR markets	\$5,000,000 or \$500,000	\$50,000 & \$25,000

Demonstration of minimum tangible net worth or total assets must be presented in the form of audited financial statements for the Applicant’s, Tariff Customer’s, or Guarantor’s most recent fiscal year.

**Periodic Verification of Risk Management Policies**

Applicants and Tariff Customers must maintain risk management policies, procedures and controls governing their activity in MISO Markets which meet the eight standards laid out in Section III.D of Attachment L. MISO will conduct periodic risk management verification for Applicants and Tariff Customers in which planned or known FTR positions for any calendar month are at least 1,000 megawatts greater than their obligations to serve load or rights to generate electricity in the MISO Markets. MISO may also conduct periodic verification on a random basis for any Tariff Customer to ensure this minimum requirement is met. Tariff Customers subject to verification must demonstrate on no more than an annual basis that they have implemented risk management policies and procedures which satisfy the eight standards in Section III.D of [Attachment L](#). Such demonstration is required within fourteen (14) calendar days of request or the Tariff Customer will be subject to Default under the Tariff.

i. The risk management framework is documented in a risk policy addressing market, credit, and liquidity risks that has been approved by Tariff Customer’s risk management function which includes a third party or appropriate corporate persons or bodies that are independent of Tariff Customer’s trading functions, such as a risk management committee, a designated risk officer, Tariff Customer’s board or board committee, or, if applicable, a board or committee of Tariff Customer’s parent company;
i.b. Risk policy addresses market risk;
i.c. Risk policy addresses credit risk;
i.d. Risk policy addresses liquidity risk;
ii. The organizational structure clearly defines roles and responsibilities which clearly segregate the trading and risk management functions;
iii. Delegations of authority specify the transactions into which traders are allowed to enter;
iv. Tariff Customer or Applicant has requirements that traders have adequate training relative to their authority in the systems and MISO Markets in which they transact;
v. As appropriate, risk limits are in place to control risk exposures;
vi. Reporting is in place to ensure risks are adequately communicated throughout the organization;
vii. Processes are in place for qualified independent review of trading activities;
viii. As appropriate, there is periodic valuation or mark-to-market of risk positions.