



KENTUCKY MUNICIPAL ENERGY AGENCY



MISO Charge Dispute

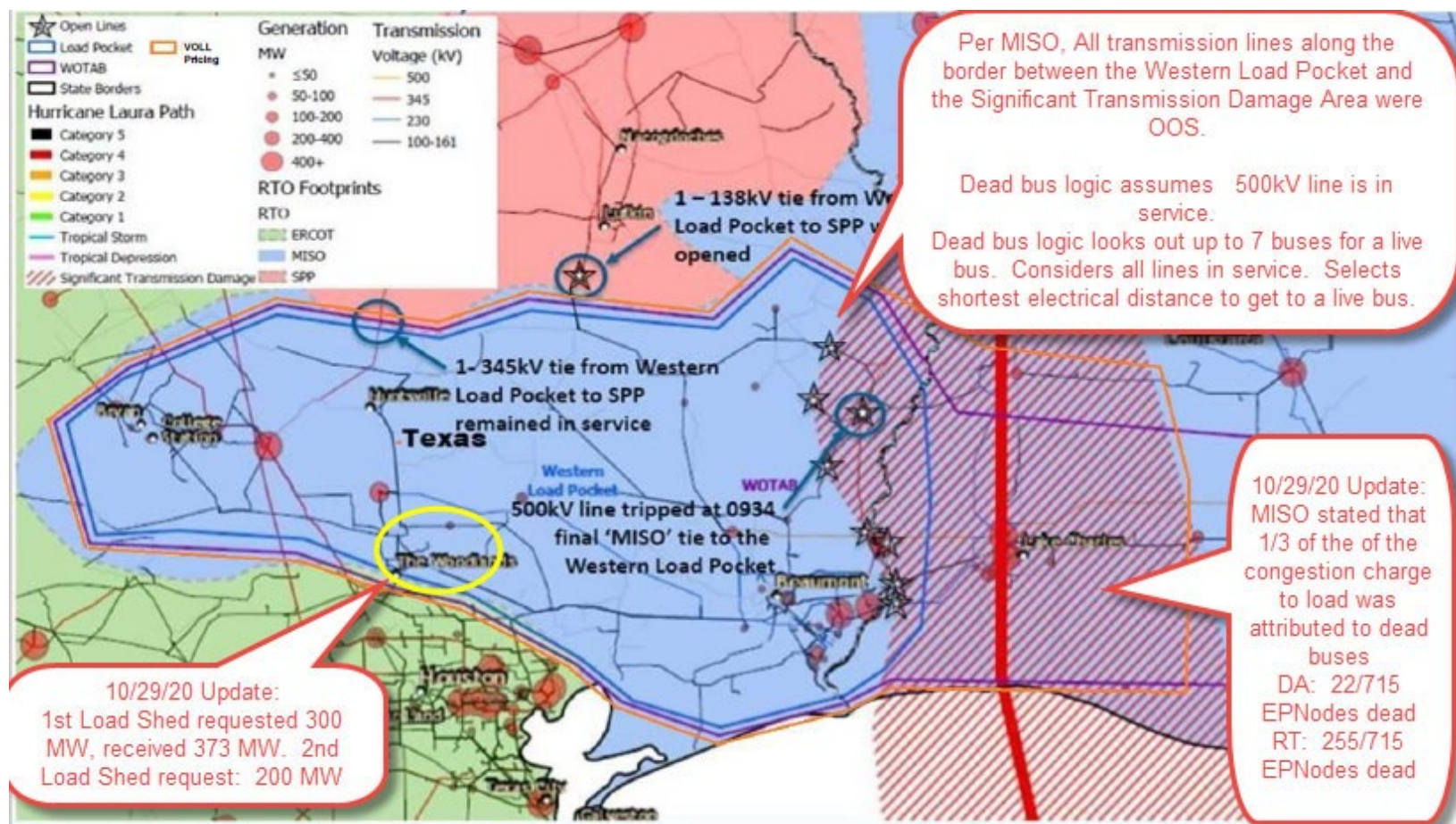
December 16, 2020

Heather Overby

MISO Charge Dispute Background

- Hurricane Laura affected MISO's southern region on 8/27/2020.
- Over 120 transmission lines were forced out of service, effectively cutting off the Western Load Pocket from the rest of the MISO system.
- MISO stated that they operated the area as an energized island from hours ending 12-23 until a 500 kV line was returned to service, eliminating the island condition.
- MISO implemented an after the fact manual settlement based on Schedule 40.2.20.b (VOLL pricing) to a broad area that included many physically disconnected buses due to the catastrophic damage. This implementation of VOLL led to \$85M of Revenue Inadequacy uplifted to Market Participants. KYMEA portion is \$70k.

MISO Charge Dispute Background



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- The premise of VOLL is to incent market behavior under capacity shortage circumstances. Implementation of VOLL pricing after the fact could have no impact on system reliability in real time.
- As the capacity shortfall was due to catastrophic events, VOLL pricing is not appropriate. We believe MISO applied its tariff inappropriately, resulting in settlements that do not align with cost causation and allocation principles.
- MISO should have interpreted this event as a Restoration Event and Schedule 52 should have been used.

MISO Charge Dispute Resolution

- KYMEA joined a group of other MISO participants including Ameren and Xcel Energy to draft common language in dispute filing.
- KYMEA submitted a MISO Market Settlement Statement dispute on 12/14/20. Dispute is expected to be promptly rejected.
- MISO's Alternative Dispute Resolution (ADR) mechanism is the next step.
- Group ADR process deemed most efficient and could yield best results.
- KYMEA portion of group ADR legal fees estimated not to exceed \$14k (20% of damages).

Action Requested:

KYMEA Board motion approving legal costs relating to joint MISO ADR process to dispute Hurricane Laura related MISO market settlement charges not to exceed 20% of damages.