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**Harry M. Barton**  
Senior Counsel  
Regulatory

May 11, 2020

**Via Email**

Ms. Lora W. Johnson, CMC, LMMC  
Clerk of Council  
Council of the City of New Orleans  
Room 1E09, City Hall  
1300 Perdido Street  
New Orleans, LA 70112  
[lwjohnson@nola.gov](mailto:lwjohnson@nola.gov)

Re: **Entergy New Orleans, LLC's Sixth Annual Post-Miso-Integration Monitoring Report**  
**Docket No. UD-11-01**

Dear Ms. Johnson:

Please find enclosed for your further handling the Public Version of the Sixth Annual Post-MISO-Integration Monitoring Report of Entergy New Orleans, LLC ("ENO" or the "Company"). As a result of the remote operations of the Council's office related to COVID-19, ENO submits this filing electronically and will submit the requisite original and number of hard copies once the Council resumes normal operations, or as you direct. ENO requests that you file this submission in accordance with Council regulations as modified for the present circumstances.

In connection with the Company's filing, a Confidential Version of the Report bearing the designation "Highly Sensitive Protected Materials" is being provided to the Council's Advisors pursuant to the terms and conditions of the Official Protective Order adopted in Council Resolution R-07-432. Portions of the information included in the filing consist of or reflect competitively sensitive cost and market information, the disclosure of which may present a risk of harm to ENO's customers. In addition, portions of the filing may contain highly sensitive information of third parties to which an obligation of confidentiality is owed.

Should you have any questions regarding the above, I may be reached at (504) 576-2984. Thank you for your assistance with this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Harry M. Barton", written over a blue circular stamp.

Harry M. Barton

HMB/ddm  
Enclosures

cc: Official Service List (*via email*)  
Ms. Erin Spears (*via email*)  
Ms. Bobbie Mason (*via email*)

**BEFORE THE  
COUNCIL OF THE CITY OF NEW ORLEANS**

**INVESTIGATION OF THE )  
POTENTIAL COSTS AND BENEFITS )  
OF ENTERGY NEW ORLEANS, INC. )  
AND ENTERGY LOUISIANA, LLC )  
JOINING A REGIONAL )  
TRANSMISSION ORGANIZATION )  
VERSUS CONTINUATION OF THE )  
ENTERGY INDEPENDENT )  
COORDINATOR OF TRANSMISSION )  
WITH ENHANCEMENTS )**

**DOCKET NO. UD-11-01**

**ENTERGY NEW ORLEANS, LLC’S SIXTH ANNUAL  
POST-MISO-INTEGRATION MONITORING REPORT**

Pursuant to, and in compliance with, Council of the City of New Orleans Resolution R-15-139, dated April 9, 2015, Entergy New Orleans, LLC (“ENO” or the “Company”)<sup>1</sup>, submits its Sixth Annual Post-MISO-Integration Monitoring Report (“Report”) related to the integration of ENO into the Midcontinent Independent System Operator, Inc. (“MISO”) regional transmission organization (“RTO”) on December 19, 2013. The headings and sub-headings set forth below correspond to the headings and sub-headings contained in the Summary of Proposed Post-MISO-Integration Reporting Guidelines, in Exhibit 4 to the Agreement in Principle attached to Council Resolution R-15-139.

On December 14, 2017, the Council adopted Resolution R-17-627 in Docket No. UD-17-02, that found, among other things, that ENO’s continued membership in MISO beyond December 19, 2018, is in the public interest at this time.<sup>2</sup> This Sixth Annual Report follows the streamlined

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<sup>1</sup> Effective December 1, 2017, Entergy New Orleans, Inc. underwent a Council-approved corporate restructuring to become a limited liability company. Accordingly, the utility formerly operating as Entergy New Orleans, Inc. is now operating as Entergy New Orleans, LLC.

<sup>2</sup> Resolution R-17-627, Ordering Paragraph #4. *See also*, AIP, Paragraph 2.e., at page 4, “ENO shall develop, in consultation with the Advisors, a detailed framework and content for future reporting that is better suited to assess the annual historic costs and benefits of MISO membership.”

framework and includes estimated benefits to ENO customers resulting from the Company's continued membership in MISO calculated as of the end of 2019 using the updated methodology discussed with the Advisors.

**a. Resource Adequacy**

**1. The following related to resource adequacy in MISO for ENO<sup>3</sup> for the current Planning Year including:**

**i. The Results from MISO's Planning Resource Auction for the current Planning Year**

MISO's Resource Adequacy Construct, including the Planning Resource Auction ("PRA"), is conducted on an annual basis coinciding with the MISO Planning Year, which begins on June 1 of a given year and concludes on May 31 of the following year. The Resource Adequacy Construct establishes capacity requirements for specific geographic areas, known as Local Resource Zones ("LRZs"), which can be met through participation in the PRA. ENO is located in LRZ 9, which covers Louisiana and Texas. ENO owns and has long-term contracts with generating resources located in LRZ 8 (Arkansas) and LRZ 10 (Mississippi). The PRA results in a clearing price for each LRZ, which is used for both capacity purchases and capacity sales for auction participants within each LRZ. The 2019-2020 PRA resulted in a clearing price of \$2.99/MW-day for all MISO LRZs except for LRZ 1, which cleared at \$24.30/MW-day. The 2020-2021 PRA resulted in a clearing price of \$5/MW-day for LRZs 1-6, \$257.53/MW-day for LRZ 7, \$4.75/MW-day for LRZ 8, \$6.88/MW-day for LRZ 9, and \$4.75/MW-day for LRZ 10.

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<sup>3</sup> Resolution 15-139 contemplated the "System Agreement Operating Companies," which included ENO and the other Entergy operating companies participating in the System Agreement at the time the resolution was issued (Entergy Louisiana LLC, Entergy Gulf States Louisiana, L.L.C., Entergy Texas Inc., and Entergy Mississippi, Inc. (now Entergy Mississippi, LLC)). Because the Entergy System Agreement terminated on August 31, 2016, the information and data in this and each subsequent Report shall only be provided for ENO.

**ii. A list of the capacity purchases, by amount and cost, made by ENO**

Certain information responsive to this component of the filing has been designated as Highly Sensitive Protected Material (“HSPM”), has been redacted from the Public Version of this filing, and will be provided only to Reviewing Representatives authorized and designated under the confidentiality agreement executed in this docket.

ENO has been participating in MISO’s Resource Adequacy process for the 2019-2020 Planning Year since June 1, 2019. For the period from June 1, 2019 through May 31, 2020, ENO [REDACTED], reflecting the auction clearing price of \$2.99/MW-day.

Please see HSPM Attachment 1 titled [REDACTED] for more detailed information regarding ENO’s participation in the 2019-2020 PRA.

**b. Market Operations**

- 1. A breakdown of the energy mix used to supply ENO’s customers, for the previous twelve month period, showing the MWh and average cost by month, as supplied by resources owned or controlled (through limited or long-term bilateral purchase power agreements) by ENO, and purchases from the MISO markets**

Please see HSPM Attachment 2 titled [REDACTED] for a breakdown of the energy mix used to serve ENO’s customers in 2019.

- 2. The following related to congestion hedging for the System Agreement Operating Companies, collectively and individually:**
  - i. The allocation of Auction Revenue Rights (“ARRs”) and Financial Transmission Rights (“FTRs”) received by ENO**

Please see HSPM Attachment 3, titled [REDACTED] [REDACTED] which outlines the allocation of ARR and FTRs to ENO for the 2019-20 Planning Year.

**ii. The cost of any ARR and FTRs purchased by ENO in the MISO market processes**

The information responsive to this component of this filing has been designated as HSPM.

[REDACTED]

[REDACTED]

[REDACTED].

**iii. The annual net congestion charges (net of congestion revenues which will be identified and quantified separately), if any, paid by ENO to MISO**

The Company's net congestion charges are shown in the table below, with positive numbers reflecting net congestion charges and negative numbers reflecting net congestion revenues. Congestion charges represent the cost of delivering owned and contracted generation to load. This can be calculated by subtracting the Marginal Congestion Component ("MCC") of the Locational Marginal Price ("LMP") of the generator source from the MCC of the LMP of the load sink.

The HSPM table below reflects congestion charges (net of revenues from ARRs and FTRs) from resources owned or under contract by ENO prior to MISO integration on December 19, 2013 ("pre-MISO integration resources").<sup>4</sup> After the termination of the Entergy System Agreement on August 31, 2016, ENO has modified its net congestion calculation. While the System Agreement was in effect, ENO was allocated a share of the total net congestion incurred by the System Agreement Operating Companies. This calculation included both Day-Ahead and Real-Time market effects, with the specifics of the calculation dictated by the System Agreement for purposes of allocating costs among the System Agreement Operating Companies. As a result of ENO operating as a standalone entity outside of the System Agreement, ENO is able to produce

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<sup>4</sup> The pre-MISO integration resources include Ninemile Unit 6 because that resource was granted transmission service by the Independent Coordinator of Transmission prior to MISO integration.

a simplified congestion calculation that only includes Day-Ahead market effects. ENO has chosen to exclude the Real-Time market effects because: (1) FTRs hedge congestion incurred in the Day-Ahead market only and (2) over 97% of ENO’s load needs have been served through the Day-Ahead market since joining MISO. The following table reflects ENO’s net congestion charges from its pre-MISO integration resources utilizing the Day-Ahead only methodology.

<b>ENO’s Net Congestion from Pre-MISO Integration Resources</b>	
<b>Period</b>	<b>Net Congestion Charge/(Revenue)</b>
Jan. 1, 2019 – Dec. 31, 2019	

**3. Net Revenue Sufficiency Guarantee charges (net of any make whole payment revenues, which will be identified and quantified separately), if any, paid by ENO to MISO**

The HSPM table below provides a summary of ENO’s Revenue Sufficiency Guarantee (“RSG”) charges and Make Whole Payments for the period from January 1, 2019 through December 31, 2019. Positive numbers reflect amounts paid to MISO, and negative numbers reflect amounts received from MISO.

<b>Charge/Determinant Name</b>	<b>Description</b>	<b>Charge/(Credit) to ENO (1/1/2019 – 12/31/2019)</b>
Day-Ahead RSG Distribution (DA_RSG_DIST)	The total Day-Ahead RSG Distribution amount obligation for an Asset Owner	
Day-Ahead RSG Make Whole Payment (DA_RSG_MWP)	The total Day-Ahead Revenue Sufficiency Make Whole Payment credit for all assets of an Asset Owner	
Real-Time First Pass RSG Distribution (RT_RSG_DIST1)	The charges related to funding first pass distribution of Real-Time RSGs	
Real-Time Second Pass RSG Distribution (RT_RSG_DIST2)	The charges related to funding second pass distribution of Real-Time RSGs	
Real-Time RSG Make Whole Payment (RT_RSG_MWP)	The total credits received for Real-Time RSG Make Whole Payments	
<b>Grand Total</b>		

**4. A summary of the types of ancillary services purchased by ENO from MISO as well as those provided by ENO to MISO and the compensation received by ENO from such services**

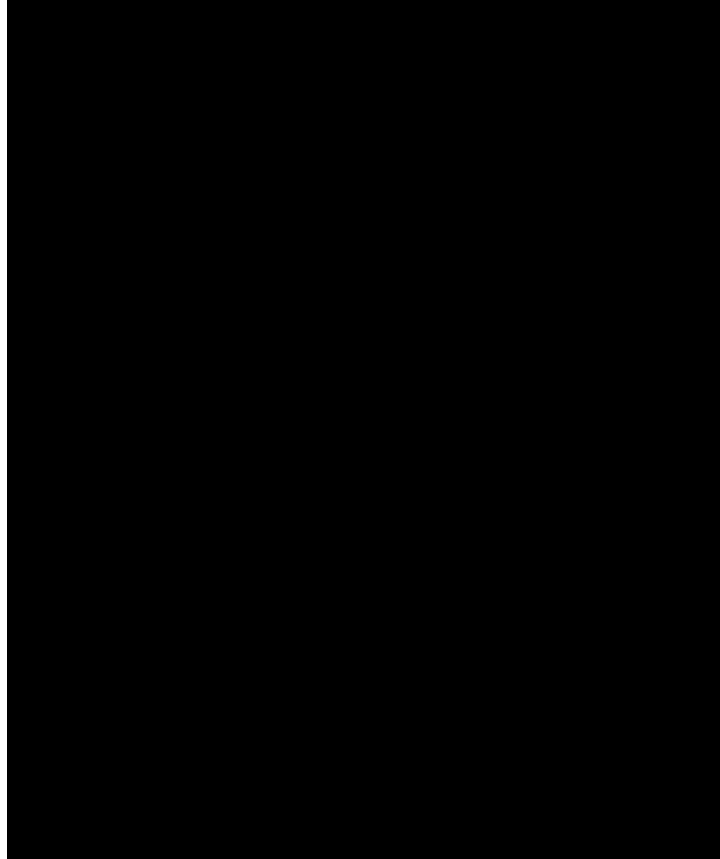
The HSPM table below provides a summary of ENO's charges and revenues related to MISO ancillary services from January 1, 2019 through December 31, 2019, with positive numbers reflecting amounts paid to MISO and negative numbers reflecting amounts received from MISO.

<b>Charge /Determinant Name</b>	<b>Description</b>	<b>Charge/(Credit) to ENO (1/1/19-12/31/19)</b>
Day-Ahead Regulation (DA_ASM_REG)	The total daily amount due to Asset Owners that own the Regulation Qualified Resources with Day-Ahead Schedules for Regulating Reserves.	
Day-Ahead Spinning Reserves (DA_ASM_SPIN)	The total daily amount due to Asset Owners that own the Spin Qualified Resources with Day-Ahead Schedules for Spinning Reserves.	
Day-Ahead Supplemental Reserves (DA_ASM_SUPP)	The total daily amount due to Asset Owners that own the Supplemental Qualified Resources with Day-Ahead Schedules for Supplemental Reserves.	
Day-Ahead Ramp Capability Amount (DA_RC_AMT)	The total daily amount due to Asset Owners for Up Ramp Capability and/or Down Ramp Capability in the Day-Ahead Energy and Operating Reserve Market.	
Contingency Reserve Deployment Failure Charge (RT_ASM_CRDFC)	The total daily net charge for an Asset Owner that owns Resources that was unable to deploy the specified amount of Contingency Reserve within the Contingency Reserve Deployment Period following a Contingency Reserve Deployment Instruction.	
Excessive/Deficient Energy Deployment Charge (RT_ASM_EXE_DFE_DEP)	The total daily Asset Owner charge associated with the Asset Owners that was unable to follow Setpoint Instructions and are assessed a share of the cost of procuring regulation service.	
Real-Time Net Regulation Adjustment Amount (RT_ASM_NRGA)	Charges or credits to a Resource providing deployed Regulation Service such that the Resource is indifferent to deploying Energy above or below its Dispatch Target for Energy to provide the Regulation Service.	
Real-Time Regulation (RT_ASM_REG)	The total daily net charge or credit for an Asset Owner that owns Regulation Qualified Resources with cleared hourly Real-Time Regulating Reserve delta MW.	

Real-Time Regulation Cost Distribution (RT_ASM_REG_DIST)	The total daily charges or credits to an Asset Owner for Day-Ahead and Real-Time Regulating Reserve procurement costs.	
Real-Time Spinning Reserves (RT_ASM_SPIN)	The total daily net charge or credit for an Asset Owner that owns Spin Qualified Resources with cleared hourly Real-Time Spinning Reserve delta MW.	
Real-Time Spinning Reserve Cost Distribution (RT_ASM_SPIN_DIST)	The total daily charges or credits to an Asset Owner for Day-Ahead and net Real-Time Spinning Reserve procurement costs.	
Real-Time Supplemental Reserves (RT_ASM_SUPP)	The total daily net charge or credit for an Asset Owner that owns Supplemental Qualified Resources with cleared hourly Real-Time Supplemental Reserve delta MW.	
Real-Time Supplemental Reserve Cost Distribution (RT_ASM_SUPP_DIST)	The total daily charges or credits to an Asset Owner for Day-Ahead and net Real-Time Supplemental Reserve procurement costs.	
Real-Time Ramp Capability Amount (RT_RC_AMT)	The total daily charges or credits to an Asset Owners for Ramp Capability in the Real-Time Energy and Operating Reserve Market, net of Ramp Capability amounts in the Day-Ahead Energy and Operating Reserve Market.	
Real-Time Ramp Capability Cost Distribution (RC_DIST)	The total daily charges or credits to an Asset Owners for Day-Ahead and net Real-Time Ramp Capability procurement cost.	
<b>Grand Total</b>		

#### 5. A summary of ENO's transmission charges and revenues from the previous twelve month period

The HSPM table below provides a summary of ENO's transmission charges and revenues from the previous twelve month period.

**6. Any changes approved by the ENO Operating Committee to the principles, practices, and protocols utilized to procure capacity and energy in MISO, including:**

- i. The manner of offering in generation and bidding and scheduling load into the Day-Ahead and Real Time Markets**

The information responsive to this component of the filing has been designated as HSPM.



**ii. ARR nominations**

The information responsive to this component of the filing has been designated as HSPM.



**iii. Other material aspects of any MISO-administered market interaction, if requested by the Advisors to the Council.**

The Companies are not aware of any further information requested by the Advisors to the Council.

**7. Any unexpected material costs or market impediments that ENO is encountering within MISO**

ENO has not encountered unexpected material market impediments since MISO integration. Starting February 1, 2016, ENO has been billed monthly for JOA Settlement charges under Schedule 49—Cost Allocation for Available System Capacity Usage. Since ENO’s last monitoring report, for the period February 2019 to January 2020, ENO was billed approximately \$326,000 pursuant to Schedule 49.

**8. A list identifying any existing, enhanced and/or supplemental records series to be incorporated under the Energy System Records Management and Retention Policy necessary to facilitate retention of data required to support SPO operations in MISO on behalf of ENO**

No further record series have been added beyond those reported previously.

**c. MISO’s Transmission Expansion Planning Process**

**1. Any proposed transmission projects by ENO and directives received by ENO from MISO to construct transmission**

The transmission projects planned and proposed by ENO are posted on the Company’s OASIS page<sup>5</sup> and are generally updated on a monthly basis. The posted report includes the status of the projects in the MTEP process.

On December 12, 2019, the MISO Board of Directors approved one ENO transmission project for MTEP19, Appendix A: Lower Coast 230 kV substation breakers installation.

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<sup>5</sup> [http://www.oasis.oati.com/EES/EESdocs/Construction\\_Plan.htm](http://www.oasis.oati.com/EES/EESdocs/Construction_Plan.htm)

One MTEP20 Target Appendix A project was submitted by ENO to MISO in September 2019, and reviewed at the January 28, 2020, MTEP20 South Subregional Planning Meeting. MISO’s presentation on this project is posted with the meeting materials.<sup>6</sup> At this meeting ongoing Generator Interconnection studies were reviewed. While there will not be a formal Market Congestion Planning Study as part of MTEP20, MISO is performing targeted economic studies, such as investigating the limitations of transferring power between Minnesota and Wisconsin, and a continuation of the study to increase the firm transfer capability between the MISO North and South sub-regions, which began in MTEP19. ENO continues its active participation in MTEP20 and in the discussions that are ongoing for the MTEP21 futures.

**2. The status of developments within the MISO stakeholder process that could have a material effect on the allocation of MISO costs, including the cost of transmission investment included by MISO in its MTEP, to ENO.**

With respect to transmission cost allocation principles, no material changes have been adopted since the Entergy Operating Companies joined MISO. However, MISO has filed Tariff revisions at FERC on several matters that could have a material effect on the allocation of MISO costs and modify its regional planning criteria for projects with voltages of less than 345kV to qualify as Market Efficiency Projects (MEPs). Also, FERC has directed a cost allocation for MISO’s share of the costs of lower voltage economic projects that are planned with PJM Interconnection, L.L.C. (“PJM”). These actions are described in detail in Section 3 below.

**3. Material changes, if any, proposed by MISO or MISO stakeholders to MISO’s governance structure or allocation principles for the cost of transmission investment**

**i. Regional Planning**

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<sup>6</sup><https://cdn.misoenergy.org/20200128%20SSPM1%20Item%2003c%20Review%20of%20Proposed%20Reliability%20projects%20LA421687.pdf>

As discussed in ENO's Fifth Post-Integration Monitoring Report, on February 25, 2019, MISO and the MISO Transmission Owners, including ENO, made a joint filing in Docket Nos. ER19-1124-000 and ER19-1125-000, which was rejected by FERC on June 24, 2019. A revised proposal was filed by MISO and the MISO Transmission Owners as a Section 205 filing on January 21, 2020, in Docket No. ER20-857. This filing contained the provisions of the previous filing relating to additional benefits metrics and removal of the 20% footprint-wide postage stamp Regional Cost Allocation for Market Efficiency Projects ("MEP"), lowering the voltage threshold for MEPs from 345kV to 230kV, and establishing a method for allocating costs of economically beneficial transmission projects between 100 and 230kV locally (Local Economic Projects, or "LEP") to the zone in which the LEP is located. On March 20, 2020, FERC rejected the filing without prejudice, finding that the allocation of the costs of LEPs did not meet cost causation principles and providing guidance relating to the other parts of the proposal. The MISO Transmission Owners, including ENO, sought rehearing of FERC's decision on April 20, 2020; that rehearing request is currently pending action from FERC. On April 30, 2020, MISO and the Transmission Owners filed a revised Regional Cost Allocation for MEP in Docket Nos. ER20-1723 and ER20-1724, with all the changes proposed in the two earlier filings except that they do not propose a new Local Economic Project type or propose to change cost allocation for lower voltage economic projects.

## ii. **Interregional Planning**

**MISO/PJM Order 1000 Compliance, Docket No. ER13-1943.** As discussed in ENO's Fifth Post-Integration Monitoring Report, on February 28, 2019, MISO and the MISO Transmission Owners, including Entergy New Orleans, LLC made a Section 205 filing in Docket No. ER19-1156, proposing Revisions to MISO Tariff to Provide MISO Cost Allocation for

Interregional Economic Projects “to provide a cost allocation methodology for MISO’s share of the cost of certain Interregional Economic Projects (“IEPs”) with PJM and Southwest Power Pool, Inc. (“SPP”). As it relates to IEPs with PJM with voltages 100 kilovolts (“kV”) or above but below 345 kV, this filing also complies with the directive set forth in Paragraph 51 of the Commission’s January 19, 2017 “Order on Rehearing and Compliance” issued in Docket No. EL13-88-001, et al., requiring MISO to explain and/or propose a cost allocation method for such projects.

FERC rejected this filing based on its rejection of the Regional Cost Allocation filing discussed above. In its Order, FERC set a compliance filing deadline of September 23, 2019 for MISO to resubmit its compliance filing. MISO requested and FERC granted an extension of time for this filing until January 2, 2020, which was extended again, and a revised filing was made on January 22, 2020 in Docket Nos. ER20-862, ER16-1969, and EL13-88-002. This filing sought to apply the proposed LEP regional cost allocation for projects with voltages below 230kV to interregional projects between MISO and PJM. This filing was also rejected by FERC on March 20, 2020, but this time with a FERC directive for MISO to allocate the costs of IEPs with voltages below 345 kV within MISO based 100% on Adjusted Production Cost savings. On April 20, 2020, the MISO Transmission Owners, including ENO, sought rehearing of FERC’s rejection of the interregional filing and FERC’s cost allocation directive.

On April 13, 2020, in Docket No. ER16-1969, MISO submitted a compliance filing making tariff changes as directed by FERC to allocate, based solely on the Adjusted Production Cost savings metric, MISO’s share of the costs of IEP planned with PJM that are below 345 kV. On May 4, 2020, MISO Transmission Owners, including ENO, protested MISO’s compliance filing arguing that FERC wrongly rejected MISO’s and Transmission Owner’s regional and

interregional cost allocation filings that addressed how to allocate lower voltage economic projects. MISO requested action on its compliance filing by May 28, 2020.


**d. Interim Cost-Benefit Analysis**

Please see Attachment 4, which provides the calculation of MISO energy- and capacity-related savings through 2019.

**1. Identification of any material changes to ENO’s generation portfolio, such as the retirement or addition of a long-term resource, and an estimate of the impact of that change (if any) on the savings identified in the Interim Cost-Benefit Analysis**

There were no material changes to ENO’s generation portfolio in 2019.

Respectfully Submitted:

By:   
\_\_\_\_\_  
Timothy S. Cragin, Bar No. 22313  
Harry M. Barton, Bar No. 29751  
639 Loyola Avenue, Mail Unit L-ENT-26E  
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**ATTORNEYS FOR  
ENTERGY NEW ORLEANS, LLC**

## CERTIFICATE OF SERVICE

### Docket No. UD-11-01

I, the undersigned counsel, hereby certify that a copy of the above and foregoing has been served on the persons listed below by facsimile, by hand delivery, by electronic mail, or by depositing a copy of same with the United States Postal Service, postage prepaid, addressed as follows:

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Council of the City of New Orleans  
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New Orleans, LA 70112

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Andrew B. Ezell  
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Baton Rouge, LA 70810

Frederick H. Ritts  
F. Alvin Taylor  
Holland & Knight LLP  
800 17<sup>th</sup> Street N.W., Suite 1100  
Washington, DC 20006

New Orleans, Louisiana, this 11<sup>th</sup> day of May 2020.



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Harry M. Barton

**BEFORE THE  
COUNCIL OF THE CITY OF NEW ORLEANS**

**INVESTIGATION OF THE )  
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TRANSMISSION WITH )  
ENHANCEMENTS )**

**DOCKET NO. UD-11-01**

**ATTACHMENT 1  
ENO 2019-2020 AUCTION RESULTS**

**HIGHLY SENSITIVE  
PROTECTED MATERIAL**

**INTENTIONALLY OMITTED**

**MAY 2020**

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**ATTACHMENT 2  
ENO ENERGY MIX 2019**

**HIGHLY SENSITIVE  
PROTECTED MATERIAL**

**INTENTIONALLY OMITTED**

**MAY 2020**

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TRANSMISSION ORGANIZATION )  
VERSUS CONTINUATION OF THE )  
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**DOCKET NO. UD-11-01**

**ATTACHMENT 3  
ENO ANNUAL ARR ALLOCATION RESULTS  
PY19-20**

**HIGHLY SENSITIVE  
PROTECTED MATERIAL**

**INTENTIONALLY OMITTED**

**MAY 2020**

# MISO Historical Benefits Calculation

## Results of 2019 ENO Analysis

April 2020

# Overview

- The results of the 2019 MISO savings calculation indicate that ENO continues to experience meaningful benefits from MISO participation -- \$41 million of benefits in 2019 compared to standalone BA operations
- Consistent with the past few years, the bulk of these benefits are attributed to the capacity-related benefits of MISO participation; namely, the benefit of avoiding the cost of additional planning reserves that would have been required had ENO not joined an RTO
- ENO's 2019 benefits include a \$5 million decrease in the energy-related benefits of MISO participation compared to 2018
  - Primarily as a result of a decrease in the “flex” savings attributed to participation in MISO
- The following slides discuss the 2019 results in more detail.

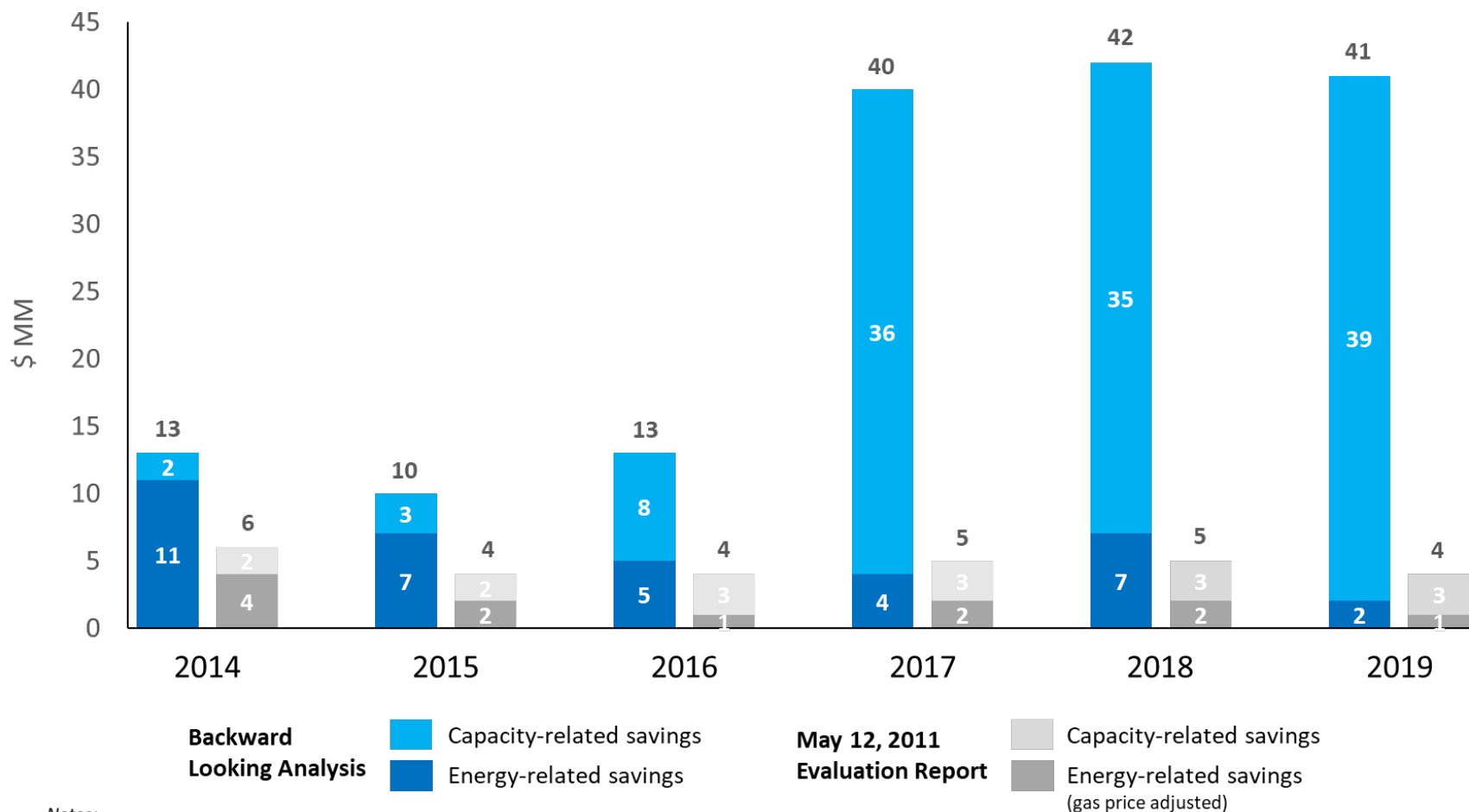
# Highlights of the capacity-related cost/benefit calculation

- The capacity-related cost/benefit calculation is based on two main items:
  - First, a comparison of the MW of long-term planning reserves required in MISO versus what would have been required had ENO not joined an RTO
  - Second, an estimate of the value of this difference in MW -- the avoided cost of the additional planning reserves -- based on the long-term cost of capacity
- ENO's capacity-related benefits in 2019 are higher than the 2018 results
  - \$39 million in 2019 versus \$35 million in 2018.

# Highlights of the energy-related cost/benefit calculation

- An important difference between MISO and standalone BA operations involves the commitment of flexible resources to meet needs
- The methodology used for estimating flex savings identifies whether MISO's commitment of ENO's resources is sufficient to meet standalone BA flexibility requirements
  - If the MISO commitment is sufficient, the analysis assumes no flex savings attributed to MISO participation
  - If the MISO commitment is not sufficient, the analysis estimates the cost of the additional flexibility required based on the opportunity cost of operating units for flex as opposed to operating them at their preferred level given the LMP
    - These are the flex savings attributed to MISO participation
- As such, the additional cost of flex, and therefore flex savings, can change when:
  - The estimate of standalone BA flex requirements changes
  - The amount of flex committed by MISO changes
  - Gas prices and the LMPs change
- The decrease in ENO's energy-related benefits between 2018 and 2019 is primarily a result of the changes in these items.

# ENO's estimated benefits from MISO participation



**Notes:**  
 -- The May 12, 2011 Evaluation Report assumed continuation of the ESA for all OpCos except EAL thru 2015, and all OpCos except EAL and EML thereafter. The Backward-Looking analysis reflects continuation of the ESA for all OpCos except EAL thru November, 2015, for all OpCos except EAL and EML thru August, 2016, and termination of the ESA thereafter.  
 -- Energy-related savings include incremental administrative costs.  
 -- 2017 - 2019 capacity-related savings reflects the impact of forced outage rates on MISO requirements but not on standalone requirements.