

Quadrennial Review Issues

MIC: Quadrennial
Review

August 27, 2021

IMM



Monitoring Analytics

Quad Review Initial Issues

- **Reference unit**
 - **Has been CT**
 - **Should be CC**
 - **Has been modeled at a zonal level**
 - **Should be modeled at a specific bus**
 - Specific gas pipeline
 - Nodal LMP



Quad Review Initial Issues

- **Asset life**
 - **Has been 20 years**
 - **MOPR review process requests for longer period**
 - CC asset life of 35 years permitted by FERC
 - **Should be 35 years or longer**



Quad Review Initial Issues

- **VRR curve max price**
 - **Has been greater of gross CONE and $1.5 * \text{Net CONE}$**
 - **Should be $1.5 * \text{Net CONE}$**
- **VRR curve shape/slope**
 - **Impacts of shape/slope on payments by customers**
 - **Purpose of current shape/slope**
 - **Options for more vertical shape/slope**



Quad Review Initial Issues

- **Forward looking EAS offset**
 - **Eliminate use of LT FTR assumed prices**
 - **Forward looking energy and fuel costs**
 - **Appropriate treatment of regulation revenues**
- **Reactive revenue offset**
 - **Eliminate reactive revenue offset in EAS offset**
 - **Gross CONE should include 100 percent of capacity costs for reference unit**
 - **Eliminate separate payments for reactive capability**



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