OMS Position Statement
Enhancements to MISO's ARR/FTR Construct
September 2026

The Organization of MISO States (OMS) supports efforts to increase the amount of Day Ahead Congestion revenue returned to load through MISO's Auction Revenue Rights and Financial Transmission Rights (ARR/FTR) construct, as measured by the Transmission Customer Metric (TCM).[1] Over the last several years, MISO has accepted feedback from stakeholders on potential reforms and enhancements to MISO's ARR/FTR construct.[2] OMS's Markets Work Group appreciates the opportunities for engagement on this topic and has worked with the utilities overseen by our sector to collect feedback on the opportunities and challenges they see in potential reforms. Despite several workshops, presentations, and feedback submissions, however, little if any progress has been made.

Since 2023, WPPI has worked with stakeholders to develop several practical enhancements to MISO's ARR/FTR construct to improve affordability and facilitate support of LSEs. Specifically, WPPI's proposal intends to improve transmission outage information in ARR/FTR models, allocate more ARR MWs, and improve FTR auction prices.[3] WPPI's current proposal balances various stakeholder interests as recognized by the diverse support of 15 stakeholder entities, and OMS believes the time is right to implement these principled and measured reforms.

In promoting this objective, OMS recognizes:

1. For over a decade, FTR funding has not been an issue; the return of equitable dollars to load has been, and the TCM has demonstrated that.
2. The affordability benefits of increasing Day Ahead Congestion revenue to load at a time of heightened scrutiny on utility bills.
3. State regulators have a unique role representing ratepayers in the MISO stakeholder process and observe that neither LSEs nor non-LSEs may prioritize such work.
4. The IMM's recommendations in SOM 2024-2 stated that prices of FTRs were inefficient, offering enhancements to improve price convergence of Day Ahead Congestion and FTR settlements.
5. The need for more accurate information in network models that drive outcomes in the ARR/FTR construct.
6. The value of the market signal of nodal marginal pricing to effectuate efficient market behavior, and how this signal may be facilitated by the FTR market.

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[1] Since 2024, OMS has held the following Strategic Priority: Evaluate proposed improvements to MISO's ARR/FTR construct to ensure optimal benefits to ratepayers that fund transmission investment and prioritize their implementation.

[2] MWG Feedback, ARR/FTR Market Enhancements Workplan (July 25, 2025); MWG Feedback, ARR/FTR Construct Reforms & Workshop Request (Sept. 12, 2025); MWG Feedback, Requests for ARR/FTR Modeling (March 17, 2026); MWG Feedback, MISO Response to WPPI Proposed Enhancements (June 5, 2026).

[3] WPPI ARR/FTR Enhancement Proposal, MISO Workshop (Nov. 5, 2025); WPPI Response to Feedback, MISO Market Subcommittee (Feb. 19, 2026).

7. The current solvency of MISO's ARR/FTR construct in consistently funding ≥ 90% of FTR obligations, as measured by the Market Funding Efficiency metric, which treats every FTR holder the same.

8. The innate risk of a market-based FTR construct, such that hedges of Day Ahead Congestion costs may not always be 100 percent.

9. Taking any position(s) and making changes now to the ARR/FTR construct should not preclude additional enhancements/reforms to be considered at any point in the future.

OMS Position Statement:

To further advance OMS's strategic priorities, OMS requests that MISO:

1. Implement WPPI's proposal to the furthest extent possible, and when limited, provide an explanation to stakeholders why, with a particular focus on:
    a. Allocating ARR entitlements seasonally that more accurately reflect the outage reporting and system conditions, while allocating residual monthly capacity to LSEs, consistent with MISO's movement toward more granular, seasonal market design.
    b. Shifting sufficient transmission capacity from the annual FTR auction to the Multi-Period Monthly Auctions (MPMA).
2. Enforce transmission outage reporting to incentivize more accurate outage submissions.
3. Increase transparency and frequency in reporting on the functionality of the ARR/FTR construct for LSEs to return DA Congestion revenues to load.
4. Provide a lookback period after implementing WPPI's enhancements to determine whether the Problem Statement has been fully resolved or if further improvements are necessary.

Supporting Members:

The following members voted in support of this Position Statement on September 10, 2026:

Arkansas Public Service Commission
Illinois Commerce Commission
Iowa Utilities Commission
Indiana Utility Regulatory Commission
Kentucky Public Service Commission
Louisiana Public Service Commission
Michigan Public Service Commission
Minnesota Public Utilities Commission
Mississippi Public Service Commission
Missouri Public Service Commission
New Orleans City Council
North Dakota Public Service Commission
South Dakota Public Utilities Commission
Public Service Commission of Wisconsin

The Public Utility Commission of Texas abstained from the vote. The Manitoba Public Utilities Board and the Montana Public Service Commission did not participate in the vote.