2014 Value Proposition
Demand Response Benefit

Low Estimate ($ in Mils.)	$52
High Estimate ($ in Mils.)	$105

Calculation Detail

	Low Estimate ($ in Mils.)		
A	2014 Total Committed Demand Response in MISO North/Central (MW)	4,636	
B	2009 Total Committed Demand Response in MISO North/Central (MW)	2,858	
C	MISO North/Central Incremental Demand Response 2009 to 2014 (MW	1,778	A - B
D	Incremental Demand Response assumed facilitated by MISO	25%	
E	Capacity deferred due to incremental Demand Response facilitated by MISO (MW)	445	C * E
F	Initial book value of 1 MW combustion turbine unit [2]	$0.748	
G	Annual revenue requirement % [3]	17.66%	
H	Annual revenue requirement	$59	E x F x G
I	Less Demand Response capacity payments [4]	$7	
	Net annual revenue requirement - Low Estimate	$52	H - I
	High Estimate ($ in Mils.)		
J	Incremental Demand Response assumed facilitated by MISO	40%	
K	Capacity deferred due to incremental Demand Response enabled by MISO (MW)	711	C * J
L	Initial book value of 1 MW combustion turbine unit [2]	$0.936	
M	Annual revenue requirement % [3]	17.43%	
N	Annual revenue requirement	$116	K x L x M
O	Less Demand Response capacity payments [4]	$11	
	Net annual revenue requirement - High Estimate	$105	N -O

Sources

[1] Total Demand Response committed in MISO adjusted to include the losses and reserves that are avoided when Demand Response is utilized.

[2] High and low estimate of the initial book value of a 1 MW combustion turbine generator. Estimates calculated using EGEAS software. Book/tax life = 30/15 years.

[3] Annual revenue requirement % calculated using an annual charge rate that includes a rate of return, property tax rate, insurance cost rate, and depreciation. Annual charge rate calculated using EGEAS software.

[4] 2014 MISO Demand Response capacity payments ($28 million) multiplied by incremental demand response assumed facilitated by MISO

The Demand Response benefit is a quantification of value for the entire MISO footprint and does not calculate the value of an individual state or member.