FOR IMMEDIATE RELEASE
Monday, November 14, 2005

CONTACT: Stacy Duckett
Vice President, Communications
501-614-3296

NEW REPORT ILLUSTRATES VALUE OF INDEPENDENT MANAGEMENT OF REGIONAL ELECTRICITY SYSTEMS

Little Rock, AR – November 14, 2005 – The ISO/RTO Council (IRC) today released an all-inclusive report that highlights the collective benefits and value regional transmission operators bring in managing the flow of electricity to two thirds of the U.S. population.

The Council, which includes seven U.S. Independent System Operators and Regional Transmission Organizations, undertook a comprehensive effort to analyze the origin and purpose of ISO/RTOs, track the development and progress of the power grids and markets they operate and spell out the benefits they bring consumers. The report is available on the SPP website, www.spp.org.

“This paper demonstrates the collective value of what we do every minute of every day,” noted James P. Torgerson, chairman of the ISO/RTO Council. “I would like to express my sincere thanks to the CEOs of our member organizations whose assistance and leadership in providing the information contained in this report was outstanding.”

The paper explains the core functions and key benefits of ISOs and RTOs. It also notes many of the financial benefits of increased reliability and more efficient use of the grid, reduced reserve requirements and coordinated planning for new generation and transmission resources.

Load on the electric grid in the regions covered by the IRC has grown from 1.1 billion megawatt hours (MWh) in 1999 to a projected 2.5 billion MWh in 2006. The development of new competitive markets to serve this load required sophisticated new information technology. Costs incurred in building out these information systems have now stabilized and the industry average cost per MWh has been flat since 2003, the report concludes. The cost for ISO/RTO services to the average customer is about $5 per year. Several new initiatives will contribute to further reductions in ISO/RTO costs.

The existence of ISOs/RTOs has resulted in greater coordination of generation and transmission assets and has encouraged intra-and inter-regional planning to improve the efficient operation of regional power systems. This has produced a significant amount of investment in new power plants, market systems, information technology and critically needed transmission projects.

The report found that more than 54,000 megawatts (MW) of new efficient generation has been built since the creation of ISOs/RTOs. And more than $16 billion of new transmission investment has been built or planned in ISO/RTO controlled regions over the past five years.

The report adds to a growing body of evidence about the value of ISOs/RTOs. The Global Energy Decisions study released in July concluded that wholesale electric customers in the regions operated by ISOs/RTOs in the Eastern U.S. realized $15.1 billion in savings from wholesale electric competition between 1999 and 2003.
The newer, cleaner power plants that have been built within regions served by ISO/RTOs have also produced environmental benefits, lowering emissions of harmful pollutants, such as sulfur dioxide, mercury, nitrogen oxide, particulates and carbon.

After electricity markets were deregulated in the 1990s, ISOs and RTOs were created to impartially oversee regional power systems to ensure their reliable operation and foster their expansion. Today, the seven ISOs/RTOs in the U.S. coordinate the generation and transmission of two-thirds of the electricity consumed by two-thirds of the population.

The ISO/RTO Council (IRC) is an industry organization that includes nine Independent System Operators (ISOs) and Regional Transmission Organizations (RTOs) in the United States and Canada. The US-based members are responsible for delivering two-thirds of the electricity consumed in the United States to two-thirds of its population. The group members are:

- Alberta Electric System Operator (AESO)
- California Independent System Operator (California ISO)
- Electric Reliability Council of Texas (ERCOT, an ISO)
- ISO New England (ISO-NE, an RTO)
- Midwest Independent Transmission System Operator (Midwest ISO, an RTO)
- New York Independent System Operator (NYISO)
- Ontario’s Independent Electricity System Operator (IESO, an ISO)
- PJM Interconnection (PJM, an RTO) and
- Southwest Power Pool (SPP, an RTO)

Southwest Power Pool, Inc. has served as a regional reliability council of the North American Electric Reliability Council (NERC) since its founding in 1968, and was designated a regional transmission organization (RTO) by the Federal Energy Regulatory Commission (FERC) in October 2004. Since 1997, SPP has provided independent security coordination and tariff administration, pursuant to a FERC-approved tariff, across its service area with over 33,000 miles of transmission lines and a gross plant investment approaching $4 billion. SPP is a group of 45 electric utilities serving more than 4.5 million customers across all or parts of eight southwestern states. This membership is comprised of investor-owned utilities, municipal systems, generation and transmission cooperatives, state authorities, wholesale generators, and power marketers.

###