Entergy Services, Inc., on behalf of the Entergy Operating Companies, (collectively, “Entergy”) hereby responds to the Independent Coordinator of Transmission’s (“ICT”) request for comments and input regarding possible modifications to the current ICT structure.

Unless they are extended, the current ICT arrangements are set to expire on November 17, 2010. Given the potential sunset of those arrangements, on March 17, 2009 the Federal Energy Regulatory Commission (“FERC”) “require[d] Entergy to explain its plans for a replacement arrangement or its intent to continue the ICT arrangement in its current, or a modified, form upon expiration of the ICT.” Entergy Servs., Inc., 126 FERC ¶ 61,227 at P 79 (2009).

In response to FERC’s directive, on November 17, 2009 Entergy filed a process for evaluating modifications to, or the replacement of, the current ICT and Weekly Procurement Process arrangements. Entergy explained that it is considering two possible alternatives (out of four that potentially are available): (a) continuing the ICT arrangements, with modifications, for an additional term of years or (b) terminating the ICT arrangements and joining the Southwest Power Pool (“SPP”) Regional Transmission Organization (“RTO”). Entergy also explained that the Entergy Regional State Committee’s (“E-RSC”) opinion on these options will be a critical factor when Entergy chooses which alternative to pursue.

Even if Entergy chooses to join SPP RTO, an extension of the ICT will be required. The reasons are two-fold. First, the cost-benefit analysis being jointly sponsored by the E-RSC and FERC is not due to be completed until July 30, 2010. Second, if Entergy joins the RTO, a
transition period will be needed in order to accommodate the 12-18 months (minimum) it could take to integrate Entergy into SPP. Thus, under either scenario that Entergy is considering, Entergy expects to propose an extension of the ICT structure beyond November 17, 2010. While Entergy believes that the ICT has been successful in making progress on the objectives it was designed to address, Entergy also recognizes that there is room for improvement in the ICT structure. Based on its experience with the ICT and discussions with Entergy’s retail regulators, at this time Entergy has identified several possible changes to the ICT structure.

First, based on input to be received from the E-RSC, Entergy expects to amend the ICT structure to address the E-RSC’s authority and role in the areas of transmission planning and cost allocation. The following options have been identified as possible approaches for incorporating the E-RSC into the ICT transmission planning structure: (a) providing the E-RSC an advisory role to recommend transmission upgrades or (b) providing the E-RSC with decisional authority to require construction of certain transmission upgrades, with assurance of timely cost recovery. As to cost allocation, a possible modification would be to give the E-RSC the ability to direct Entergy to file (though not necessarily support) transmission cost allocation structures approved by the E-RSC. Entergy will, as necessary, amend its OATT and other relevant documents as necessary to reflect the role of the E-RSC in these areas that is agreed to on a final basis.

Second, Entergy believes it is appropriate to evaluate whether it could be appropriate to modify the ICT structure to add “one-stop shopping” for transmission service requests over both the Entergy and SPP RTO transmission systems. One-stop shopping potentially could be achieved by adopting a single OASIS node that would permit requests for service over both systems.
Third, Entergy would propose to evaluate the potential costs and benefits of phasing-out pancaked charges for transmission services over the Entergy and SPP RTO transmission. That evaluation should consider the amount of time that might be an appropriate period for phasing-out pancaked charges.

Entergy intends to review these possible modifications with the E-RSC, stakeholders, and the ICT to determine whether these changes would provide net incremental benefits as part of either (a) a stand-alone extension of the ICT arrangements (i.e., without subsequent membership in SPP) or (b) a bridge during a transition to membership in the SPP RTO. Entergy anticipates that the E-RSC and other market participants may suggest other potential modifications for discussion, and notes that as discussions proceed on this issue, Entergy or other parties may identify additional modifications that could be appropriate. Entergy also notes that the E-RSC has indicated that it anticipates giving Entergy its recommendations regarding ICT modifications in the Spring of 2010. Entergy believes that having the E-RSC’s recommendation during this time-frame will be important, as Entergy anticipates that it will need to file with FERC for an extension of the ICT or a modified version of the ICT during the third quarter of 2010.