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Emily Pennel, Southwest Power Pool Communications Manager
501.614.3337 · epennel@spp.org

SPP Board Approves Integrated Marketplace Budget, PJM and ERCOT Agree to Share Market Expertise

April 26, 2011, LITTLE ROCK, ARKANSAS – Southwest Power Pool, Inc. (SPP) took two significant steps this week as it continues to develop new energy markets that will benefit its members and region. The SPP Board of Directors voted Tuesday to approve a software development budget for the Integrated Marketplace. SPP also announced Memorandums of Understanding with PJM Interconnection (PJM) and Electric Reliability Council of Texas (ERCOT), other regional organizations with similar energy markets. PJM and ERCOT will share with SPP their expertise, experience, and lessons learned from development, implementation, and operation of their markets. SPP, ERCOT, and PJM will trade site visits and exchange information while SPP continues Integrated Marketplace development.

“This collaboration with PJM and ERCOT will give us an even deeper understanding of other markets as we continue to build SPP’s Integrated Marketplace. We will be able to gain additional efficiencies and savings from this partnership, which will benefit our members and the SPP footprint,” said SPP President and CEO Nick Brown. “SPP has incrementally added new services over the years that bring economies of scale our members can’t achieve on their own. The Integrated Marketplace is the next step in our evolutionary approach to improving grid reliability and increasing economic benefit to the region.”

SPP and its members have been working on the Integrated Marketplace design since 2007, and are now beginning to execute vendor contracts. The Integrated Marketplace will determine which generating units should run the next day for maximum cost-effectiveness, provide participants with greater access to reserve electricity, improve regional balancing of supply and demand, and facilitate the integration of renewable resources. Expenditures are not to exceed $105 million, and annual net benefits are estimated at $45-$100 million (depending on natural gas prices). The Integrated Marketplace is scheduled to go live in March 2014.

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Founded in 1941, Southwest Power Pool, Inc. is a group of 63 members in Arkansas, Kansas, Louisiana, Mississippi, Missouri, Nebraska, New Mexico, Oklahoma, and Texas that serve more than 15 million customers. Membership is comprised of investor-owned utilities, municipal systems, generation and transmission cooperatives, state authorities, wholesale generators, power marketers, and independent transmission companies. SPP’s footprint includes 48,930 miles of transmission lines and 370,000 square miles of service territory. SPP was a founding member of the North American Electric Reliability Corporation in 1968, and was designated by the Federal Energy Regulatory Commission as a Regional Transmission Organization (RTO) in 2004 and a Regional Entity (RE) in 2007. As an RTO, SPP ensures reliable supplies of power, adequate transmission infrastructure, and competitive wholesale prices of electricity. The SPP RE oversees compliance enforcement and reliability standards development. Read more fast facts or watch a video about SPP.