

# Regulatory Considerations for Entergy Membership

## SPP's Regional State Committee (RSC)

SPP's RSC is the only state regulatory organization that can direct an RTO to make FERC Section 205 filings. According to SPP/RSC bylaws, the RSC has authority over cost allocation for transmission upgrades, allocation of market transmission rights, and regional resource adequacy. The RSC's strong role in SPP's stakeholder process enables collaboration; the RSC has never filed comments adverse to SPP's FERC filings.

## Single RTO Brings Efficiencies to States

Entergy joining SPP would combine some states' utilities into one RTO, creating consistency and efficiencies for utilities and their regulators.

## Minimal Impact to Joint Operating Agreement (JOA)

With 14,000 MW capacity on 41 ties between SPP/Entergy, Entergy joining SPP would have a minimal impact on system operations and neighboring systems. Some SPP members are wholly/partially embedded in Entergy's system. The possibility of Entergy joining SPP has not raised any operational or legal concerns regarding the JOA.

## High Customer Satisfaction

71% of stakeholders are satisfied with SPP overall.

## \$891M Trade and \$661M Subtotal Net Benefits

FERC-sponsored study found Entergy would receive \$891 million in trade benefits and \$661 million in total benefits (prior to transmission cost allocation) if Entergy joined SPP.

## No Capacity Market Planned

SPP has no plans to implement a capacity market; such plans would be subject to the RSC's determination.

## 10:1 Benefit/Cost Ratio

SPP's centralized services and operational efficiencies bring members benefits 10 times greater than costs.

## Extensive Experience and Knowledge

Entergy has been a member of SPP since 1941. SPP has provided operating and transmission planning services to Entergy since 2006 and is very familiar with its transmission system. SPP has 37 former Entergy employees on staff who serve as subject matter experts.

## Other Considerations if Entergy Joins SPP:

- Problems with SPP/Entergy seam will be resolved
- Pancaked rates will be eliminated for transactions between Entergy/SPP
- Entergy will continue contributing to the SPP region's energy reserves, reducing required reserves for all SPP members
- Entergy will have the option to join the SPP Regional Entity (RE); it adds efficiency to belong to one organization that serves as an RTO and RE

## MISO's Organization of MISO States (OMS)

MISO's OMS serves in an advisory role and lacks Section 205 filing rights. According to MISO's articles of incorporation, the OMS provides a means for MISO states to act in concert on activities such as data collection, issue analysis, policy formulation, advice and consultation, decision-making, and advocacy. The OMS has filed adverse comments to MISO's FERC filings on 18 occasions.

## Multiple RTOs Add Complexity to States

Entergy joining MISO would divide some states' utilities into different ISOs/RTOs; utilities and regulators would have to manage multiple governance processes, structures, markets, and planning regions.

## Significant Impact to Joint Operating Agreement

With only one 1,000 MW contract tie and no physical ties between MISO/Entergy, Entergy joining MISO would have significant impacts on system operations and neighboring systems. The possibility of Entergy joining MISO has raised significant operational and legal issues regarding the JOA.

## Low Customer Satisfaction

29% of stakeholders are satisfied with MISO overall.

## \$737M Trade and \$529M Subtotal Net Benefits

Entergy-sponsored addendum study found Entergy would receive \$737 million in trade benefits and \$529 million in total benefits (prior to transmission cost allocation) if Entergy joined MISO.

## Capacity Market Being Planned

MISO is pursuing a capacity market. The OMS has stated opposition to the market and does not have the authority to approve it.

## 7:1 Benefit/Cost Ratio

MISO's centralized services and operational efficiencies bring members benefits 7 times greater than costs.

## Less Experience and Knowledge

Entergy has not been a member of MISO, and MISO has not provided planning or operating services to Entergy. Entergy's integration into MISO will require significant investment in systems, personnel, and training.

## Other Considerations if Entergy Joins MISO:

- Problems with SPP/Entergy seam will continue and new ones will be created
- Pancaked rates will continue for transactions between Entergy/SPP
- Entergy will not contribute to SPP region's energy reserves, increasing required reserves for all SPP members
- MISO is not an RE; Entergy would have to join a separate organization that serves as an RE