FOR IMMEDIATE RELEASE

Emily Pennel, Southwest Power Pool Communications Manager
501.680-7119 · epennel@spp.org

SPP is the Best Choice for Entergy and Arkansas Ratepayers

SPP’s APSC filing cites independent studies; warns of significant operational issues and added costs if Entergy joins MISO

July 12, LITTLE ROCK, ARKANSAS – As the Arkansas Public Service Commission (APSC) considers options after Entergy Arkansas exits the Entergy System Agreement in 2013, today Southwest Power Pool, Inc. (SPP) explained why it is the best choice for Entergy and Arkansas ratepayers. SPP agrees with Entergy that membership in a Regional Transmission Organization brings benefits to utilities and their customers - such as centralized electric grid operations, access to wholesale energy markets, and collaborative planning for the grid’s future needs - but disagrees that the Carmel, Indiana-based Midwest Independent Transmission System Operator (MISO) is a better option for Arkansas.

According to SPP President and CEO Nick Brown, “All evidence we’ve seen makes it clear that membership in SPP would bring greater value to Entergy, as we describe in today’s filing. SPP and Entergy began our partnership in 1941 to serve our region and nation, and we want to continue doing what’s best for our region – including what is best for all Arkansas customers. If Entergy joins SPP as a full member, two large adjacent power grids will be consolidated, Entergy will have a voice in SPP’s decision-making process, it will continue contributing to our regional energy reserves, and the APSC will have real and meaningful influence through SPP’s Regional State Committee.”

SPP’s filing states that independent studies have confirmed SPP provides more benefit to ratepayers than MISO. The APSC ordered a cost-benefit study of Entergy joining both SPP and MISO. The SPP study was funded and administered by the Federal Energy Regulatory Commission and conducted by Charles River Associates (CRA); it found that Entergy joining SPP would bring net benefits of $1.3 billion from 2013-2022 for all ratepayers in the SPP/Entergy region. According to a subsequent CRA cost-benefit study of Entergy joining MISO, benefits to the Entergy region are about $130 million higher if Entergy joins SPP.

The filing states that if Entergy joins SPP, the APSC will have a better opportunity to act on behalf of Arkansas ratepayers through SPP’s Regional State Committee (RSC). State regulators who serve on the SPP RSC have substantive authority to direct policy changes on behalf of ratepayers and influence important regulatory issues such as how costs of new transmission are allocated in the SPP region. In contrast, MISO’s Organization of MISO State (OMS) has only an advisory role in MISO’s governance process. And while the OMS has filed 18 comments adverse to MISO’s FERC filings, the SPP RSC has never filed comments adverse to SPP’s FERC filings.

SPP also places great importance on building consensus with its members and other stakeholders. In SPP’s 2010 stakeholder survey, 71% of respondents expressed overall satisfaction with SPP. In MISO’s 2010 customer opinion report, only 29% of stakeholders expressed overall satisfaction with MISO. SPP provides members a 10:1 benefit/cost ratio, compared to MISO’s 7:1 benefit/cost ratio.

The filing highlights concerns that Entergy and MISO propose using SPP’s and neighboring entities’ transmission grids to move power without compensating transmission owners. As FERC acknowledged earlier this month, the Entergy-MISO plan requires good faith renegotiation of the Joint Operating Agreement between SPP and MISO. The Entergy-MISO plan to add significant power flows to SPP’s and neighboring electric grids could cause major operational issues, create congestion on power lines, negatively impact SPP members’ ability to reliably deliver electricity to their own customers, and create litigation over costs.

“SPP has been successful in working with our members to build new transmission, which we need to improve our ability to deliver lower-cost power to customers and to make optimal use of our region’s diverse generating resources,” said Brown. “SPP currently serves as Entergy’s Independent Coordinator of Transmission. We have extensive experience with and knowledge of Entergy’s electric grid, and we work together to determine its transmission needs. If Entergy joins SPP as a full member, it will partner with other utilities across the region to help build the transmission grid of the future that will benefit all ratepayers.”

Read SPP’s APSC filing and supplemental testimony of Dr. Craig Roach, Boston Pacific Company on behalf of SPP.
Southwest Power Pool, Inc. is a group of 64 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.