Southwest Power Pool Launches Energy Imbalance Services Market

February 1, 2007, LITTLE ROCK, AR – On Thursday, February 1, Southwest Power Pool, Inc. (SPP) launched its Energy Imbalance Services (EIS) Market when it began dispatching wholesale electricity. The wholesale energy market allows for more efficient deployment of generation across the SPP region through the establishment of an offer-based market for energy imbalance services.

SPP, an independent, non-profit organization, is operating the EIS Market under a tariff approved by the Federal Energy Regulatory Commission (FERC). The SPP tariff is consistent with the mandate of FERC Order No. 2000, which requires Regional Transmission Organizations (RTOs) to provide Real-Time energy imbalance services and a market-based mechanism for congestion management.

A cost-benefit analysis performed by CRA International on the impact of an SPP EIS market estimated that the entire Eastern Interconnection would realize $1.2 billion in production cost savings over ten years, over half of which would flow to SPP customers.

According to Nick Brown, SPP President and CEO, the successful launch of the EIS market required intensive preparation, testing, and training of SPP staff and market participants. “We are pleased that our EIS market is up and running. This market will benefit consumers in our region by creating an improved system for managing transmission and encouraging the most efficient use of resources.”

SPP was granted Regional Transmission Organization status by the Federal Energy Regulatory Commission in October 2004, and upon launch of the EIS Market joins the ranks of only a few companies worldwide to offer such services. SPP continues to be responsible for coordinating the wholesale electric transmission system and ensuring fair access to the transmission grid.

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Southwest Power Pool, Inc. is a group of 47 members serving more than four million customers across eight southwestern states of the Eastern Interconnection. This membership is comprised of investor-owned utilities, municipal systems, generation and transmission cooperatives, state authorities, independent power producers, power marketers, and an independent transmission coordinator. SPP has served as a regional reliability council of the North American Electric Reliability Council (NERC) since NERC’s 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.