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**Independent Coordinator of
Transmission (ICT) for Entergy –
WPP Quarterly Report**

June 2009 to August 2009

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I. Introduction and Overview

Southwest Power Pool, Inc. (“SPP”), as the Independent Coordinator of Transmission (“ICT”) for the Entergy Services, Inc.’s (“Entergy”) transmission system, submits this quarterly report on the operations and savings of the Weekly Procurement Process (“WPP”) for the months June through August 2009. This report complies with the directives of the Federal Energy Regulatory Commission (“Commission” or “FERC”) to assess the effectiveness of the WPP and to compile performance metrics measuring the success of the WPP. In addition, this report satisfies the requirements of sections 7(a)(2) and (3) of Attachment S to Entergy’s Open Access Transmission Tariff (“OATT” or “Tariff”).¹

The Commission’s approval of the ICT arrangement was predicated, in part, on the substantial benefits associated with the WPP for all of Entergy’s customers.² The results from this reporting period demonstrate that the WPP continues to be effective in producing those benefits. As documented by the metrics and data contained herein, the WPP produced a significant increase in the level of cost savings compared to the prior quarter. Moreover, the quarterly results show that there was greater participation in the WPP during this period as demonstrated by the increase in the number of participating generators and the number of offers submitted. Collectively, these factors contributed to increased competition from third-party suppliers to serve Entergy’s native load customers. Such competition has resulted in the displacement of higher-cost resources and a corresponding reduction in Entergy’s production costs. SPP fully expects the WPP to continue to improve going forward as the parties gain more experience and confidence with the process.

¹ See *Entergy Servs., Inc.*, 115 FERC ¶ 61,095, at P 305 (“ICT Approval Order”), *order on reh’g*, 116 FERC ¶ 61,275; *Entergy Servs., Inc.*, 126 FERC ¶ 61,227, at PP 85-86 and 90 (“March 17 Order”), *order on clarification and reh’g*, 127 FERC ¶ 61,225 (2009).

² See ICT Approval Order at P 296.

II. Assessment and Self-Evaluation of the WPP

In accordance with section 7(a)(2) of Attachment S to Entergy's OATT, SPP provides the following assessment and self-evaluation of the second quarter of operations of the WPP. This assessment and self-evaluation includes the successes of the WPP achieved this quarter, the challenges the ICT faced, and the actions taken to improve the operation and savings of the WPP going forward.

In this report, SPP provides the metrics and other data that the Commission has deemed necessary to assist in the evaluation of the WPP's effectiveness. However, SPP, once again, cautions against drawing any definitive conclusions from the reported results. As previously explained, not all of the Commission-mandated metrics are, in SPP's view, reliable and/or accurate measurement tools for purposes of assessing the WPP's performance or success. Rather, as discussed in more detail below, SPP believes that the metrics that are tied directly to the data inputs and results of the WPP model are the most meaningful for estimating the cost savings and other benefits of the WPP. Moreover, because the WPP's procurement results are dependent upon complex computer models that are continuously being evaluated and refined, care should be taken to avoid placing too much reliance on any fixed period assessment of the WPP.

That being said, an objective reading of the current quarter's data shows that the WPP's results have significantly improved from the prior reporting period. The clearest example of this improvement is the increased level of cost savings. Consistent with SPP's reported expectations, the higher load requirements during the summer peak season provided the opportunity for more third-party supplier offers to compete with and displace Entergy's more expensive generating units and produced greater production cost savings this reporting period.

Other factors contributing to improved results this reporting period are the increased number of participating generators and a corresponding increase in the number of third-party supplier offers submitted and accepted. SPP notes, however, that this quarter started out with a high number of third-party supplier offers being accepted and then dropped off at the end which had a corresponding impact on the reported level of savings.

Based on the ICT's assessment, this reduction in accepted third-party supplier offers occurred for various reasons, including the fact that the summer season was marked by relatively mild temperature. Therefore, the high load requirements normally associated with the warmer summer months in the Entergy region were not sustained for the entire reporting period. In addition, the price of natural gas continued to fall during this period, which caused a decrease in fuel prices and the difference between the costs of the third-party offers and Entergy's existing resources. This, in turn, tended to reduce the level of savings attributable to the WPP. As a result of these factors, the ICT noticed a reduction in the value of the third-party supplier offers being submitted in the WPP.

As reported last quarter, the ICT continues to examine potential enhancements to the WPP that can be made to improve its results and benefits going forward. In particular, the ICT and Entergy continue to review solutions for granting Automatic Generator Control (“AGC”)/Operating Reserves transmission service solely through the WPP rather than through the AFC process as is currently the process. The ICT and Entergy have discussed possible options for this enhancement, but have not identified a specific solution or spoken to the WPP software vendor about any possible software changes.

SPP also reports that during this quarter the ICT identified a potential weakness in the WPP logic related to the evaluation of a generating resource’s economic characteristics under certain circumstances. As a result, the ICT and Entergy have been working together to investigate the nature of the identified issue and to determine whether any software modification should be implemented to enhance the WPP model’s evaluation of those characteristics. In the interim, the ICT and Entergy have instituted a procedure to evaluate the WPP results prior to finalization in order to ensure that the potential weakness in the WPP logic will not impact the WPP’s resource selection. The ICT is directly involved in all procedures used under this interim measure and reports that the interim measure has produced WPP results consistent with the ICT’s technical expectations.³

The WPP has been in operation for less than six months. Yet, the WPP results for this reporting period show continued progress both in improved transmission access and cost savings for Entergy’s customers. The awarding of third-party supplier offers through the WPP demonstrates that the WPP has helped facilitate the integration of merchant generation into the mix of Entergy’s network resources and has expanded and improved access to the Entergy transmission system. This, in turn, has resulted in a reduction in Entergy’s production costs and increased ratepayer savings. SPP believes these results demonstrate that a sound foundation has been laid for the WPP and the WPP will continue to improve and produce the level of benefits and savings expected by the Commission and all interested parties.

³ Because the identified issue involves management of competitively sensitive market data, the ICT is precluded from publishing a more detailed explanation of the specific modeling problem encountered. However, SPP reports that, prior to implementing the interim process, the ICT and Entergy informed FERC Staff of the nature of the identified issue and the precautionary interim measure taken to address it. SPP also reports that the ICT and Entergy intend to provide stakeholders and regulators with more information after their investigation has been completed

III. WPP Metrics

In the ICT Approval Order (at P 305), the Commission required SPP to periodically report on certain metrics regarding the WPP's success during the initial term of the ICT. Entergy memorialized these metrics as part of Attachment S to the Entergy OATT in its January 16, 2007 compliance filing. Subsequently, the Commission in the March 17 Order established revised WPP metrics. However, the original WPP metrics in Attachment S have not been revised and still remain effective. Therefore, in accordance with SPP's reporting obligations under section 7(a)(3) of Attachment S to the Entergy OATT and the March 17 Order, SPP presents the following metrics:

A. WPP Operations

1. The number of merchant generators participating each week in the WPP and the corresponding MWs committed in the WPP.⁴

During the period from June to August 2009, SPP reports the following information related to WPP operations, including the number of merchant generators that participated each week in the WPP; the number of offers submitted; the number of MWs offered; the total number of offers accepted; and the total number of MWs awarded in the WPP for that operating week.⁵

⁴ This metric incorporates the information required under Attachment S to report on the increased number of transactions under the WPP. *See* Attachment S, section 7(a)(3). In addition, SPP complies with the Attachment S requirement to provide the increased volumes of energy purchased under the WPP by reporting that a total of 965,352 MWhs of energy was forecasted to be purchased through the WPP for the current reporting period. This represents an increase of 671,053 MWhs from the prior reporting period.

⁵ A stakeholder recommendation was made to the original WPP Performance Metrics to include information on the actual volumes of energy purchased as a result of the WPP. While the ICT does not endorse the use of actual data as a metric for measuring the WPP's performance because of the forecasted nature of the WPP optimization model, the ICT agreed to report this data on an as-available basis and in aggregate form for informational purposes only. In response to the ICT's formal request, Entergy agreed to provide the actual purchased volumes subject to the confidentiality restrictions of section 6.2 of Attachment S. Consequently, the ICT is precluded from disclosing the data furnished by Entergy in this report.

WPP Operating Week	Number of Participating Generators	Number of Offers Submitted	Number of MWs Offered	Total Number of Offers Accepted	Total Number of MWs Awarded
6/6/09 – 6/12/09	9	10	2,382	7	1,649
6/13/09 – 6/19/09	9	11	2,279	6	1,325
6/20/09 – 6/26/09	9	14	2,447	8	1,528
6/27/09 – 7/3/09	9	14	2,695	6	1,067
7/4/09 – 7/10/09	9	13	2,588	5	1,250
7/11/09 – 7/17/09	10	13	2,613	4	730
7/18/09 – 7/24/09	11	15	2,576	3	540
7/25/09 – 7/31/09	12	19	3,236	4	995
8/1/09 – 8/7/09	10	16	2,912	4	1,015
8/8/09 – 8/14/09	7	11	2,397	4	1,060
8/15/09 – 8/21/09	9	13	2,747	4	965
8/22/09 – 8/28/09	6	11	2,632	0	0
8/29/09 – 9/4/09	9	11	2,090	0	0

2. The effects of the WPP implementation on the actual output of Entergy’s legacy oil and gas units.

SPP understands this metric to call for a comparison of the actual output of Entergy’s legacy oil and gas units for the period prior to the implementation of the WPP and for the same period after the implementation of the WPP.⁶ Therefore, SPP asked Entergy for the requested data on its legacy oil and gas units for the current reporting period and for the same period in the prior year. SPP provides this information below:

⁶ This information on Entergy’s legacy oil and gas units fulfills the ICT’s accommodation to stakeholders to include, on an as-available basis and for informational purposes only, aggregate energy production data on Entergy’s generation units both pre-WPP and post-WPP as part of SPP’s original WPP Performance Metrics.

Actual Output of Entergy Legacy Units from June 1, 2008 to August 31, 2008	Actual Output of Entergy Legacy Units from June 1, 2009 to August 31, 2009
6,549,082 MWhs	6,639,379 MWhs

One of the intended benefits of the WPP is to allow third-party suppliers to compete and potentially displace Entergy’s more expensive oil and gas generation with lower cost alternatives. Consequently, the Commission has established a metric intended to gauge the effectiveness of the WPP in fostering this type of competition and displacement.

The reported data show that the actual output of Entergy’s legacy oil and gas units increased from the prior period to the current reporting period. However, SPP does not believe that a historical comparison of the actual output of Entergy’s legacy oil and gas units provides a meaningful benchmark to measure the effectiveness of the WPP in displacing Entergy’s older, more expensive generating units. There are numerous factors such as weather, system conditions, fuel prices, plant outages, availability of daily/hourly economy purchases, etc., that could account for variations in energy production numbers from one period to the next. Therefore, without being able to control these factors over time, there is no way to reliably compare energy production numbers between different time periods in order to conclude that lower (or higher) production numbers for Entergy’s legacy units during the operation of the WPP are the product of the WPP’s effectiveness (or ineffectiveness) in displacing Entergy’s legacy units. Moreover, there is no set commitment and dispatch coming out of the WPP. Rather, actual commitment and dispatch will differ from the commitment and dispatch as modeled in the WPP due to changes in circumstances during real-time operations. As a result, the actual output of Entergy’s legacy units during the current period does not necessarily reflect the reported results of accepted WPP offers. Thus, in SPP’s view, any attempt to draw conclusions based on a comparison of prior and current year energy production numbers will not provide a reliable assessment of the WPP’s benefits.

3. Description of the operational adjustments that Entergy and the ICT had to make with respect to soft constraints, including an explanation of Entergy’s and the ICT’s before-the-fact analysis of what impact each adjustment would be on reliability, as well as an after-the-fact assessment of the impact of the adjustment on reliability.

During the period from June to August 2009, SPP reports that Entergy and the ICT had to make operational adjustments with respect to soft constraint violations in the WPP model. Set forth below is a description of the operational adjustments and the requested before- and after-the-fact analyses of those adjustments’ impact on reliability.

a. WPP Operating Week for July 11, 2009

For this week, the WPP selected four (4) third-party supplier offers, but indicated significant line flow violations on one (1) flowgate. In accordance with the requirements of Attachment V, the ICT and Weekly Operations analyzed whether relaxing the line flow constraint violations and accepting the results of the WPP: (i) would compromise system reliability; (ii) would significantly increase Transmission Loading Relief (“TLR”) events; or (iii) would be a reasonable tradeoff to not exceeding the soft constraint and denying service through the WPP.⁷

The ICT Reliability Coordinator (“RC”) indicated that in real-time transmission operations congestion on this flowgate would most likely result in the issuance of a Local Area Procedure (“LAP”) rather than a TLR event to mitigate the threat to transmission system reliability. In a LAP, non-firm transactions impacting a congested flowgate or generating resources that are impacting the congested flowgate are evaluated in the Interchange Distribution Calculator (“IDC”). The WPP optimizes resources for network transmission service only, so the impact of non-firm transactions is not a factor in this analysis. For generating resources, a Generator Shift Factor (“GSF”) of three (3) percent or greater on congested flowgates is deemed a threat to the reliability of the transmission system to be addressed in the LAP.

The ICT and Weekly Operations determined that because the GSFs of the transactions selected in the WPP were less than three (3) percent on the violated flowgate, the LAP would not recognize these transactions as having a material impact on transmission system reliability in real-time. Accordingly, the ICT and Weekly Operations concluded that relaxing the soft constraint violations, approving the WPP results, and granting transmission service for the accepted offers would not compromise system reliability nor significantly increase TLR events or the use of LAPs.

At the conclusion of the WPP Operating Week for July 11, 2009, the ICT and Weekly Operations examined real-time operations and confirmed that there were no TLR Level 5 events or LAPs called for the identified flowgate during the week. Accordingly, the required after-the-fact analysis demonstrated that relaxing the line flow violations and granting the transmission service to the four offers did not compromise transmission system reliability.

b. WPP Operating Week for August 1, 2009

For this week, there were three (3) hourly flexibility soft constraint violations that were beyond the acceptable level (i.e., 20 MW/hour) established by the WPP Participant. In accordance with the established procedures, the ICT and Weekly Operations examined whether an “operational adjustment” was available to resolve the flexibility soft

⁷ See Attachment V, section 4.2.4.5.

constraint violations. If so, then the WPP results would be deemed feasible and transmission service would be granted notwithstanding the flexibility violations.

The ICT and Weekly Operations agreed that delaying the start-up of a unit was a viable operational adjustment to resolve the three flexibility soft constraint violations. The ICT and Weekly Operations also determined that the operational adjustments were consistent with the offer criteria, generator operating characteristics, and contract constraints. Finally, due to the minor changes in commitment resulting from the operational adjustments, the ICT and Weekly Operations did not anticipate any adverse impacts on real-time system reliability.

At the conclusion of the WPP Operating Week for August 1, 2009, the ICT and Weekly Operations examined real-time operations and did not identify any impacts on real-time system reliability related to the operational adjustments.

c. WPP Operating Week for August 8, 2009 – Line Flow Violations

For this week, the WPP selected four (4) third-party supplier offers, but indicated significant line flow violations on one (1) flowgate. In accordance with the requirements of Attachment V, the ICT and Weekly Operations analyzed whether relaxing the line flow constraint violations and accepting the results of the WPP: (i) would compromise system reliability; (ii) would significantly increase TLR events; or (iii) would be a reasonable tradeoff to not exceeding the soft constraint and denying service through the WPP.⁸

Historical analysis of this flowgate indicated that in real-time transmission operations congestion on this flowgate would most likely result in the issuance of a TLR event to mitigate the threat to transmission system reliability. The WPP optimizes Network Load only, which means a TLR Level 5 would apply to congestion related to transmission service granted in the WPP. In a TLR Level 5, the transactions that are impacting the congested flowgate that is threatening transmission system reliability are identified by Generation to Load Distribution Factors (“GLDF”) calculated in the IDC. The IDC deems a transaction with a GLDF of five (5) percent or greater on the congested flowgate as a threat to the reliability of the transmission system to be addressed in a TLR.

The ICT and Weekly Operations determined that because the GLDFs of these transactions were less than five (5) percent on the violated flowgate, the IDC would not recognize these transactions as having a material impact on transmission system reliability in real-time. Accordingly, the ICT and Weekly Operations concluded that relaxing the soft constraint violations, approving the WPP results, and granting transmission service for the accepted offers would not compromise system reliability nor significantly increase TLR events.

⁸ See Attachment V, section 4.2.4.5.

At the conclusion of the WPP Operating Week for August 8, 2009, the ICT and Weekly Operations examined real-time operations and confirmed that there were no TLR Level 5 events called for the identified flowgate during the week. Accordingly, the required after-the-fact analysis demonstrated that relaxing the line flow violations and granting the transmission service to the four offers did not compromise transmission system reliability.

d. WPP Operating Week for August 8, 2009 – Flexibility Violation

For this week, there was (1) hourly flexibility soft constraint violation that was beyond the acceptable level (i.e., 20 MW/hour) established by the WPP Participant. In accordance with the established procedures, the ICT and Weekly Operations examined whether an “operational adjustment” was available to resolve the flexibility soft constraint violation. If so, then the WPP results would be deemed feasible and transmission service would be granted notwithstanding the flexibility violation.

The ICT and Weekly Operations agreed that delaying the start-up of a unit was a viable operational adjustment to resolve the flexibility soft constraint violation. The ICT and Weekly Operations also determined that the operational adjustment was consistent with the offer criteria, generator operating characteristics, and contract constraints. Finally, due to the minor changes in commitment resulting from the operational adjustment, the ICT and Weekly Operations did not anticipate any adverse impacts on real-time system reliability.

At the conclusion of the WPP Operating Week for August 8, 2009, the ICT and Weekly Operations examined real-time operations and did not identify any impacts on real-time system reliability related to the operational adjustment.

B. WPP Savings

The ICT Approval Order directed SPP to report on the level of customer savings resulting from the WPP. Subsequently, Entergy notified the Commission of the ICT's planned approach for calculating savings based upon the difference over a year between the production costs in optimization run 1 and the production costs in optimization run 0, in weeks when at least one third-party supplier offer is selected through the WPP.⁹ As Entergy explained, because the WPP is based on weekly projections that are subject to change during real-time operations, taking the difference in forecasted production costs presents a reasonable approach for calculating WPP savings.¹⁰

In the March 17 Order, the Commission approved the ICT's methodology for calculating savings, but directed that the savings calculation be made on a quarterly (rather than annual) basis.¹¹ The Commission also required a historical "baseline" of savings that could be compared to the results of the ICT's calculation of savings in order to estimate the savings attributable to the WPP. In this regard, the Commission directed Entergy to engage the ICT to prepare a study of the savings that accrued to Entergy and each of its network customers as a result of transactions with third-party suppliers that took place over the twelve-month period immediately preceding the implementation of the WPP.¹² The Commission directed the ICT to submit the study with SPP's first quarterly report. In addition, the Commission also directed SPP to report on the savings accrued to Entergy and each of its network customers from third-party supplier transactions that occurred outside the WPP during the quarter.¹³

SPP filed for clarification, or in the alternative, rehearing of the March 17 Order contending that the Commission's required "baseline" study is susceptible to different interpretations. In SPP's view, to ensure any reasonable comparison the historical "baseline" study of cost savings from third-party transactions must be for the same duration as transactions under the WPP. Therefore, because the WPP is limited to weekly third-party transactions resulting in daily and weekly transmission service, SPP pointed out that the "baseline" study should likewise be limited to savings attributable to weekly third-party transactions. In addition, recognizing that no other network customer (i.e., other than Entergy's Energy Management Organization ("EMO")) is currently participating in the WPP, SPP urged that the "baseline" study exclude cost savings

⁹ See *Entergy Servs., Inc.*, Docket No. ER09-555, Transmittal Letter at 12-13, filed Jan. 16, 2009.

¹⁰ See *id.* at 13.

¹¹ See March 17 Order at P 85.

¹² See *id.* at P 90.

¹³ *Id.*

attributable to Entergy’s other network customers’ transactions with third-party suppliers until those Entergy network customers choose to participate in the WPP. SPP argued that with these clarifications, a proper “baseline” study would examine past cost savings from only EMO’s weekly transactions with third-party suppliers under Entergy’s prior weekly Request for Proposal (“RFP”) procurement process.

On June 5, 2009, the Commission issued an order on clarification and rehearing of the March 17 Order.¹⁴ In that order, the Commission agreed that an appropriate comparison of cost savings required that the transactions analyzed as part of the baseline study should be for the same duration as the transactions under the WPP, i.e., transactions with terms of one week or less.¹⁵ However, the Commission denied SPP’s request for clarification that Entergy’s other network customers should be excluded from the baseline study because they are not currently participating in the WPP. Rather, the Commission stated that the baseline study should include the past savings from transactions with terms of one week or less that Entergy’s other network customers engaged in prior to the start-up of the WPP as well as those transactions that occurred outside the WPP after its implementation.¹⁶

SPP provided the results of the required “baseline” study as an Attachment to the first WPP Quarterly Report.¹⁷

SPP also provides its calculation of the estimated cost savings of the WPP for the current reporting period. This calculation is based on the ICT’s Commission-approved methodology of taking the difference between the production costs in optimization run 1 and the production costs in optimization run 0, in weeks when at least one third-party supplier offer was selected through the WPP. Due to concerns that providing the savings calculations for the WPP on a weekly basis could allow customers to ascertain proprietary information related to Entergy’s costs for its network resources, SPP has aggregated these numbers on a quarterly basis and provides them in the table below.

¹⁴ See *Entergy*, 127 FERC ¶ 61,225.

¹⁵ See *id.* at P 8.

¹⁶ See *id.* at P 9.

¹⁷ See ICT WPP Quarterly Report, Docket No. ER09-555-000, Attachment 1, filed June 15, 2009. See also Supplement to WPP Quarterly Report, Docket No. ER09-555-000, Attachment 1, filed July 10, 2009.

The WPP Operating Weeks for the Quarterly Reporting Period	Estimated Savings Under the WPP ¹⁸
June 6, 2009 – August 29, 2009	\$ 7,550,689

As previously discussed, the WPP optimizes resources, with a given set of constraints, based on a combination of forecasted data and information known at a specific point in time. For this reason, SPP believes that only a metric tied directly to the data inputs and results of the WPP model can serve as a meaningful barometer of the WPP’s performance. Since the ICT’s methodology for calculating savings is entirely consistent with these limitations, the above calculation represents the most reliable and accurate measure of the estimated cost savings under the WPP and the most meaningful assessment of the benefits associated with the operation of the WPP.

SPP recognizes that the Commission has suggested another approach to estimate the savings attributable to the WPP by comparing past savings from weekly transactions with third-party suppliers prior to the implementation of the WPP to savings from weekly transactions with third-party suppliers after the start-up of the WPP. While SPP does not agree that a comparison of savings data from past periods or from transactions outside the WPP provides an accurate measure of WPP savings, SPP compiled the data necessary to perform such an analysis and included it in Attachment 1 to this report.

¹⁸ As part of the development of the WPP Performance Metrics, SPP agreed to a stakeholder recommendation to reduce the annual WPP savings estimate by the WPP implementation costs amortized over a period of time. Entergy estimated the costs of developing and implementing the WPP to be approximately \$ 24.4 million. See Informational Filing by Entergy Services, Inc., Docket No. ER09-555, filed April 16, 2009. Accordingly, this implementation cost would be amortized over a not yet determined period and subtracted from any savings attributable to the WPP.

IV. Conclusion

Similar to last quarter, this report demonstrates that the WPP continued to deliver meaningful benefits and savings to Entergy's customers. While the metrics and data contained herein do not provide definitive answers, they do show that the WPP has provided improved access to the Entergy transmission system and allowed third-party suppliers to compete and serve Entergy's native load. This, in turn, has produced an increased level of estimated cost savings due to the reduction in Entergy's production costs. SPP continues to believe that a more reliable assessment of WPP benefits will be possible following a full year of WPP operations.

ATTACHMENT 1

Cost Savings Comparison of Third-Party Supplier Transactions Before and After the Implementation of the WPP

The Commission in the March 17 Order stated that to estimate the savings directly attributable to the WPP a comparison should be performed between the results of the historic “baseline” study and the results of the ICT’s savings calculation for the WPP.¹⁹ In addition, this comparison should include savings from network customers’ weekly transactions with third-party suppliers made outside the WPP for this same reporting period.²⁰

There are several reasons SPP does not endorse the Commission’s proposed comparison as a reliable, accurate, or meaningful method for estimating WPP savings. Similar to the reservations expressed with respect to the comparison of data on Entergy’s legacy units under metric 2, SPP objects to the validity of any “baseline” study and the comparison of historical savings data from EMO and Entergy’s other network customers to the ICT’s current savings data under the WPP. In SPP’s opinion, there is no way to create a reasonable “baseline” for purposes of comparing savings because the historical data is based on different approaches for procuring resources. For example, the analysis under the WPP involves consideration of transmission constraints and includes ancillary services. Entergy’s weekly RFP process and the known procurement practices of Entergy’s other network customers do not. In addition, each of the procurement practices involves different decision making that could influence their outcomes. The ICT oversees the operation of the WPP and independently reviews the results before granting service. For transactions outside the WPP, EMO and Entergy’s other network customers do not have the same independent oversight. Since there is no way to account for the effects of these differences in the past savings calculations, any conclusions drawn from such comparison are suspect.

Moreover, any “baseline” comparison of data from different time periods is inherently unreliable. Market and operating conditions constantly change and are subject to numerous factors that could account for variations in production costs and/or generation profiles that could influence energy purchases and corresponding cost savings from one period to the next. For example, SPP recognizes the large disparity that existed for gas prices between the periods prior to the implementation of the WPP and the current reporting period. Accordingly, SPP believes that in order to provide a more reasonable comparison of cost savings from the period prior to the implementation of the WPP, it would be necessary to normalize the pre-WPP savings calculations for the gas price variance. This is just one of many factors that compound the differences between periods. Other factors like weather, plant outages, and system constraints also change from week to week, month to month, and year to year. Again, without accounting for

¹⁹ See March 17 Order at P 90.

²⁰ *Id.*

these effects there is no way to draw any definitive conclusions from this data on whether or not the WPP has had any impact on the level of cost savings to Entergy's customers.

The Commission's recommended approach to estimate the savings attributable to the WPP is nothing more than a comparison between estimated savings from total week-ahead purchases pre-WPP and total week-ahead purchases post-WPP. Since, as discussed above, there are several factors that could influence these numbers, none of which are directly related to the WPP, SPP does not believe that such a comparison has any relevance to the savings under the WPP. Further, there is nothing to suggest that the savings that accrued to network customers from weekly transactions with third-party suppliers outside the WPP would not have occurred in the absence of the WPP. Therefore, the savings from those transactions have no relation to the WPP and should not be part of any analysis of WPP savings.

Despite these objections, SPP compiled the data requested by the Commission and presents it in the table below. Again, SPP has aggregated the savings calculations on a quarterly basis due to concerns that weekly data could reveal proprietary information. The Commission and any other interested parties are welcome to utilize this data and perform any comparison they believe is necessary to calculate the savings attributable to the WPP.

EMO's Estimated Savings from Third-Party Supplier Transactions Under the weekly RFP for the period June 2008 to August 2008	EMO's Estimated Savings from Third-Party Supplier Transactions Under the weekly RFP for the period June 2008 to August 2008 Normalized for Gas Price Variance ²¹	Entergy's Other Network Customers' Estimated Savings from Third-Party Supplier Transactions Under their Procurement Practices for the period June 2008 to August 2008	Estimated Savings under the WPP for the period June 2009 to August 2009 (i.e., the difference in production costs between Run 1 and Run 0)	EMO's Estimated Savings from Third-Party Supplier Transactions Outside the WPP for the period June 2009 to August 2009 ²²	Entergy's Other Network Customers' Estimated Savings from Third-Party Supplier Transactions Outside the WPP for the period June 2009 to August 2009 ⁴
\$ 13,946,120 ²³	\$ 4,357,418	No Data Available ²⁴	\$ 7,550,689	\$ 0	No Data Available ²⁵

²¹ As discussed above, SPP has normalized the estimated savings from the weekly RFP to account for the gas price variance between reporting periods. To make this adjustment, SPP: (i) calculated weekly average spot gas prices for 2008 and 2009 using the Henry Hub daily gas prices from the Intercontinental Exchange (“ICE”) website; (ii) divided the 2009 weekly average spot gas price by the 2008 weekly average spot gas price to establish a 2009/2008 weekly gas price ratio; and (iii) multiplied the weekly gas price ratio times the weekly RFP savings.

²² Consistent with the Commission’s clarification that the savings information in the “baseline” study should be of the same duration as transactions under the WPP, SPP requested data on savings from week-ahead purchases outside the WPP made by EMO and Entergy’s other network customers.

²³ See Supplement to WPP Quarterly Report, Docket No. ER09-555-000, Attachment 1 at 3, filed July 10, 2009.

²⁴ See *id.* Attachment 1 at 4 (explaining that Entergy’s other network customers did not have any cost savings data to report from weekly transactions with third-party suppliers during the period prior to the implementation of the WPP).

²⁵ On August 24, 2009, the ICT sent a letter to Entergy’s other network customers requesting any cost savings data from weekly transactions with third-party suppliers outside the WPP during the current reporting period. Based on the responses received, SPP has no cost savings data to report.