

2021 MEMBER VALUE



Southwest Power Pool provides \$2.70 billion in annual savings and benefits to our members

SPP oversees the bulk electric system and administers a wholesale power market on behalf of a diverse group of electric utilities in 17 states. SPP has a track record of superior stewardship of our stakeholders' resources. That's why hundreds of utilities have chosen to join SPP since 1941. Without SPP's centralized core services, our members would have to individually secure staff, expertise and technology to perform our core functions.

Reliability is SPP's top priority. It is intertwined with other functions that collectively support reliability and have other economic benefits. Each year we calculate the net value of four key functions:

Operations and Reliability: \$878.8 million

SPP operates the grid from a regional perspective. This reduces costs and required energy reserves and increases efficiency.

Markets: \$1.4226 billion

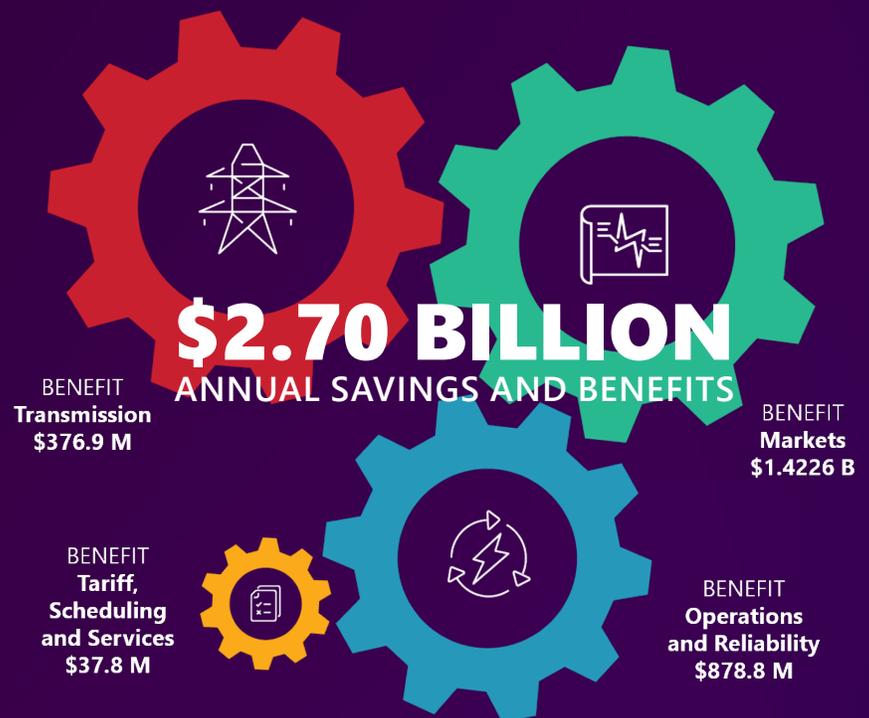
SPP's Integrated Marketplace combines efficient and economic day-ahead, real-time and transmission markets.

Transmission: \$376.9 million

SPP's collaborative, stakeholder-driven transmission planning processes result in robust infrastructure and have rapidly and reliably integrated renewables.

Tariff, Scheduling and Services: \$37.8 million

SPP's industry-leading services and training meet the compliance, settlements, engineering, tariff and scheduling needs of our customers on a regional scale.



OPERATIONS & RELIABILITY

\$878.8 MILLION
ANNUAL SAVINGS AND BENEFITS

SPP manages a regional bulk electric system, monitors transmission, manages congestion, coordinates between hundreds of entities and defends the grid by monitoring critical systems.

Our operations:

- Reduce our members' need for operating staff
- Reduce reliability disturbances
- Increase transmission availability
- Reduce total amount of required energy reserves
- Increase the diversity of available generation

SPP works together with its members to responsibly and economically keep the lights on today and in the future.

MARKETS & REGULATION

\$1.4226 BILLION
ANNUAL SAVINGS AND BENEFITS

In one centralized and secure system, SPP's Integrated Marketplace produces some of the lowest wholesale electricity costs in the nation by combining generation commitment, day-ahead and real-time energy markets, a price-based reserve market, transmission rights and energy balancing.

Our markets:

- Reduce energy production costs
- Co-optimize regulation with energy
- Reduce contingency reserves
- Reduce system losses
- Improve balancing interchange

Our markets produce low wholesale electricity costs, expedite access to renewables and evolve to meet the needs of the future.

TRANSMISSION

\$376.9 MILLION
ANNUAL SAVINGS AND BENEFITS

SPP's centralized study and planning of transmission is driven by our members through our acclaimed stakeholder-driven process. This results in new transmission that benefits the region and equitably shares costs.

Our tariff administration and regional planning processes:

- Increase reliability and deliverability
- Reduce adjusted production costs
- Create new revenue streams
- Reduce on-peak generation costs
- Reduce planning reserve margins
- Reduce resource adequacy requirements
- Improve siting of new generation
- Accelerate renewable integration

Every dollar SPP directs toward transmission expansion returns at least \$5.24 in benefits.*

TARIFF, SCHEDULING, & PROFESSIONAL SERVICES

\$37.8 MILLION
ANNUAL SAVINGS AND BENEFITS

SPP's member services leverage a broad, deep pool of resources and provide benefits that cannot be replicated by independent members. Our "one-stop-shop" administration of tariff and scheduling services allows centralized transmission service coordination and procurement, and it assures requests for transmission are valid and will not compromise power grid integrity.

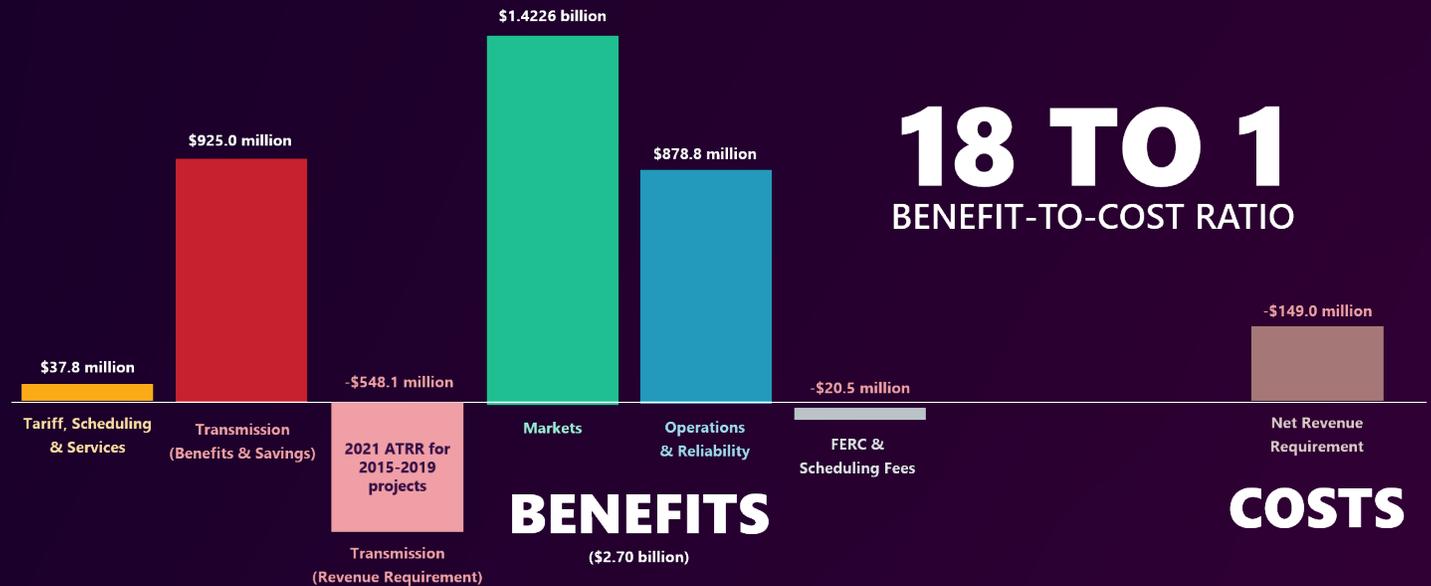
SPP's training and engineering services:

- Improve NERC credentialing
- Reduce consulting and staffing costs
- Create access to simulation and other technology that are cost-prohibitive for individual members
- Create more objective, unbiased study results
- Conduct modeling and studies on a regional scale, accounting for wide-area impact

In 2020, SPP led the industry in the transition to virtual training, providing more than 26,000 hours of training to operators across North America.

RETURN ON INVESTMENT

Each year, members fund SPP's operations through a net revenue requirement (NRR). The NRR comprises operating expenses, principal payments on loans and a capital reserve fund, and it is offset by revenues like reimbursements for engineering studies. SPP's 2021 NRR was \$149.0 million, resulting in a **benefit-to-cost ratio of 18-to-1**.



OTHER BENEFITS

SPP provides significant, measureable value to our members of more than \$2.70 billion annually. Our services also contribute to:

Positive Environmental Impact

SPP's centralized markets and transmission expansion have improved access to renewables and reduced CO₂ emissions by 24% since 2014.

Improved Public Policy

SPP helps our members meet state renewable goals, provide alternatives to right-of-way acquisitions, use stakeholder processes to create mutually beneficial policies and more.

Economic Development

Transmission expansion facilitated by SPP results in billions of capital investment and thousands of skilled jobs for local economies. Our competitive wholesale rates are attracting new business to our region.

BENEFITS

With SPP

Without SPP

BENEFITS	With SPP	Without SPP
Regional open access transmission	✓	✗
Integrated markets	✓	✗
Consolidated balancing	✓	✗
Reserve sharing	✓	✗
Regional expansion planning & cost-sharing	✓	✗
Facilitated collaborative improvement processes	✓	✗