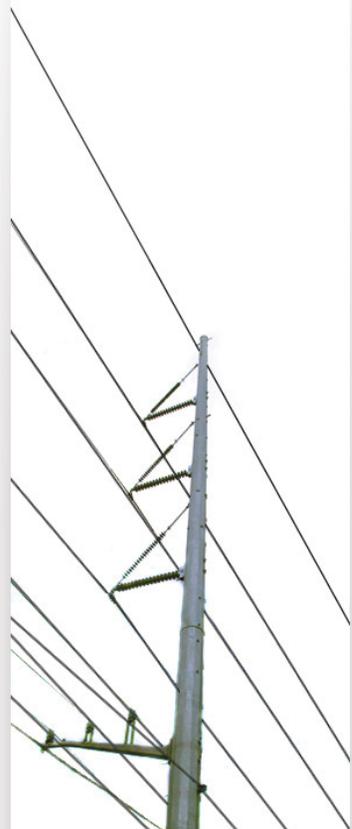




**Helping our members work together  
to keep the lights on...  
today & in the future**





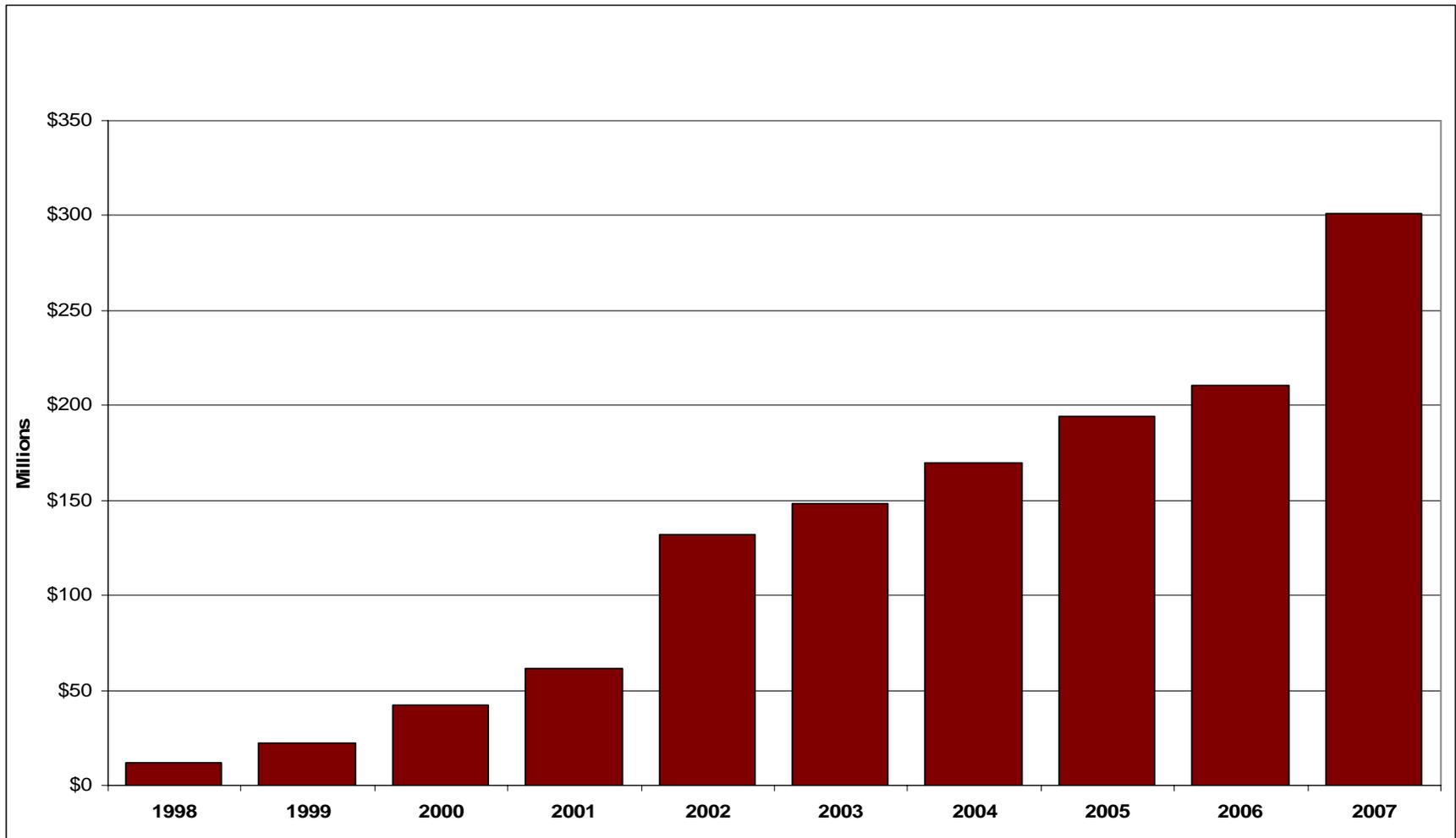
# FERC Technical Conference on Review of Wholesale Electricity Markets

**Nick Brown, President and CEO**

**Richard Dillon, Director, Market Development &  
Analysis**

**July 1, 2008**

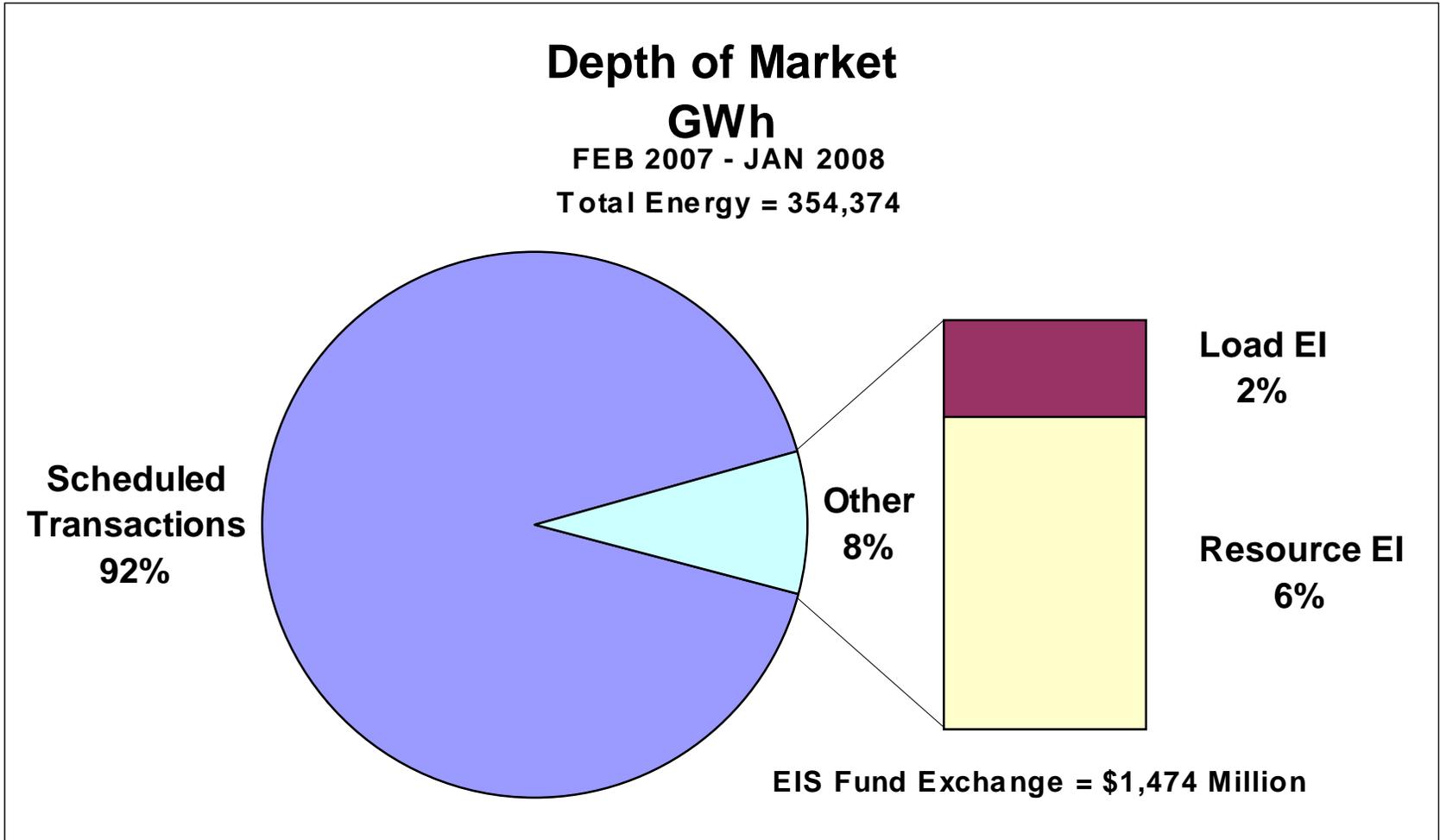
# Transmission revenues continue to grow.



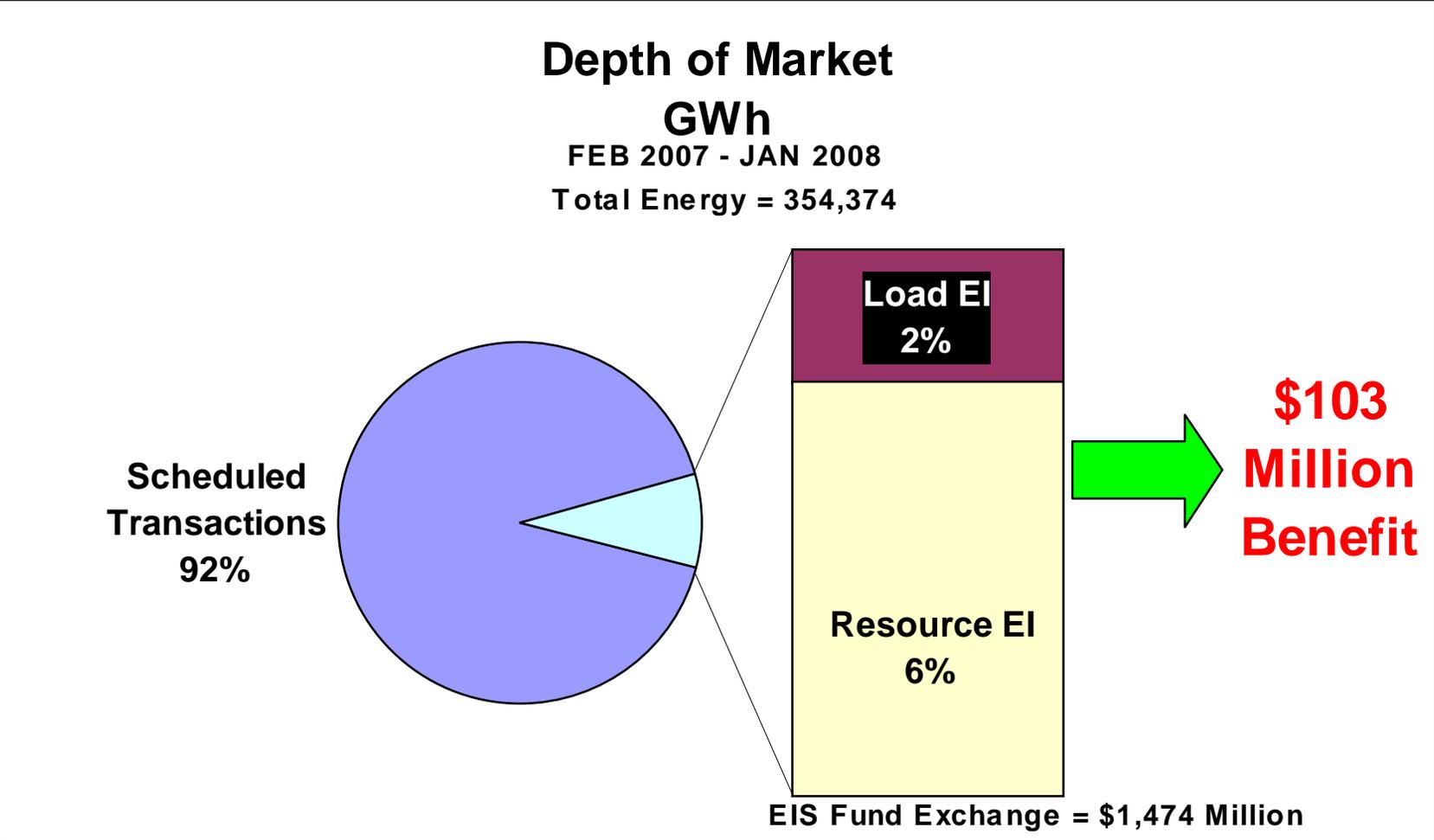
# Pre-Market Benefit/Cost Study

- The EIS market yields \$1.2 billion in production cost savings over the 10-year study period - entire Eastern Interconnect
- Through the allocation process, \$614 million of trade benefits accrues to the Transmission Owners under the SPP tariff
- EIS implementation costs are \$212 million over the study period - includes utility costs
- Net benefits are \$373 million to the Transmission Owners under the SPP tariff
- 2007 estimated 12 month production cost savings of \$86 million to SPP Market Participants

8% of the transactions settled at spot prices.



Actual production cost savings were \$103 million.

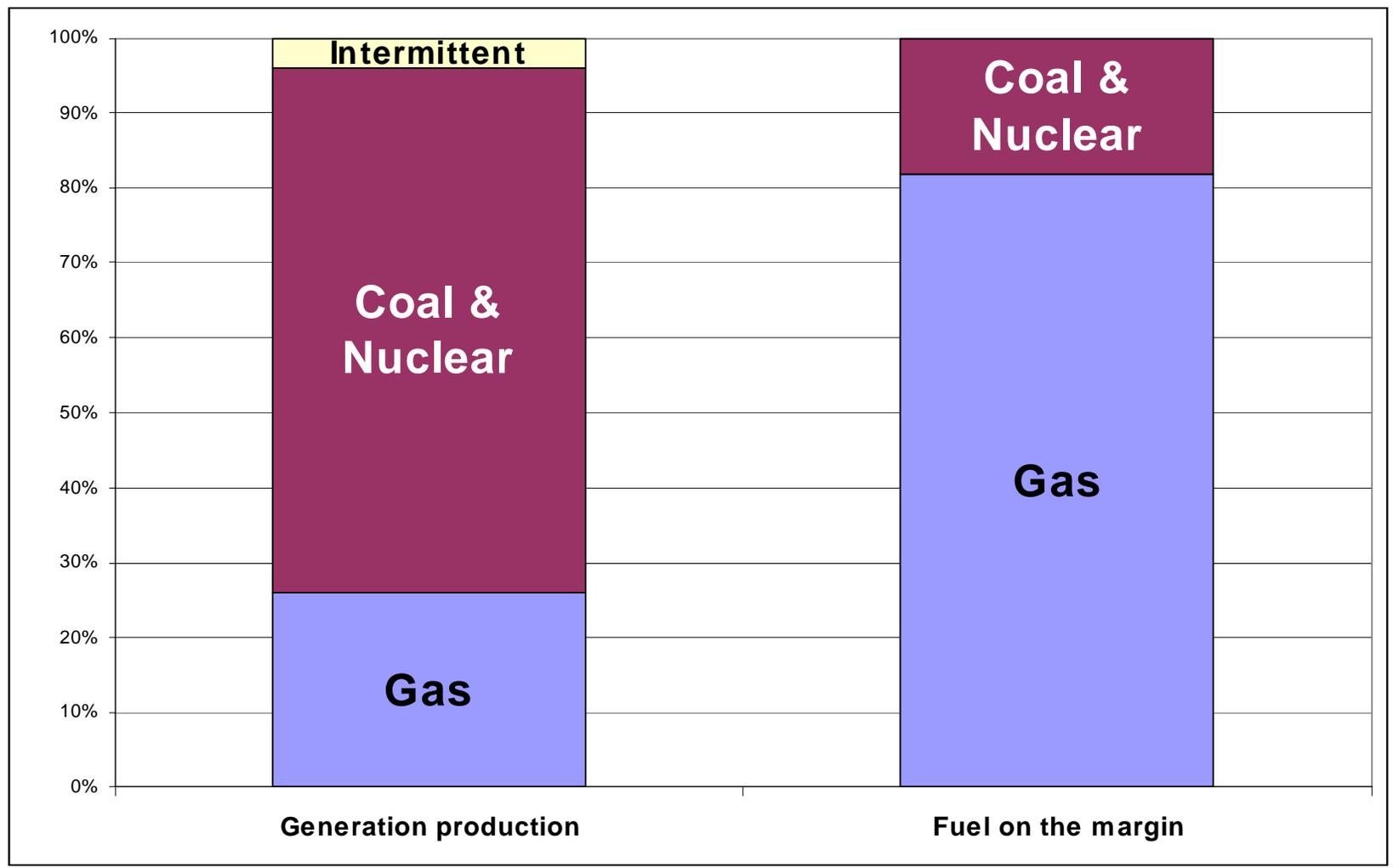


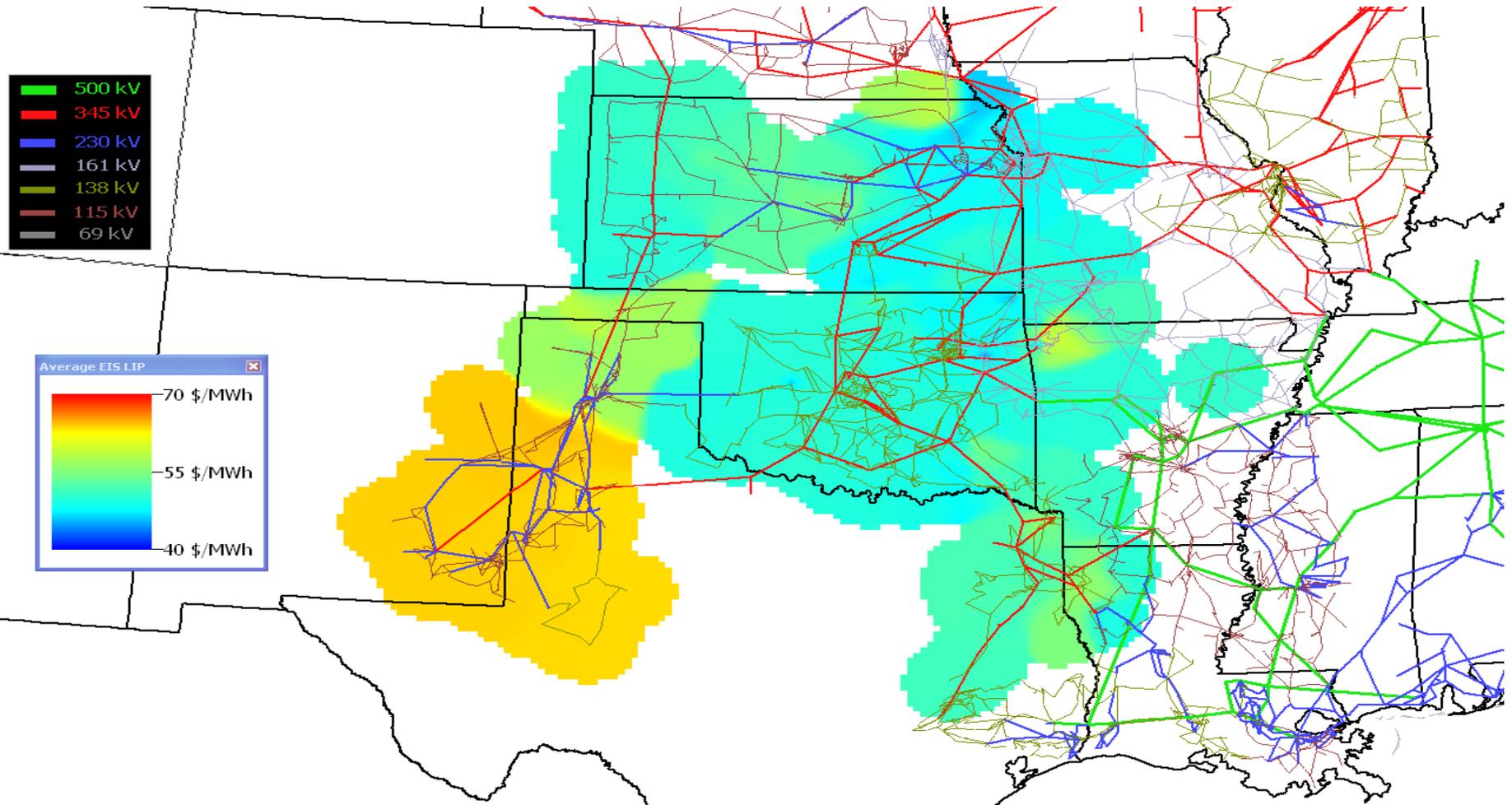
Spot energy prices alone do not justify new generation investment.

	<u>Combined Cycle</u>	<u>Combustion Turbine</u>
<b>Annual Fixed Cost (AFC)</b>	<b>\$104.44/kW-yr</b>	<b>\$79.76/kW-yr</b>
<b>Net Revenue as % of AFC</b>	<b>65%</b>	<b>17%</b>
<b>% of Time Dispatched</b>	<b>52%</b>	<b>6%</b>

Source: SPP 2007 State of Market Report

# Gas generation is on the margin 82%.

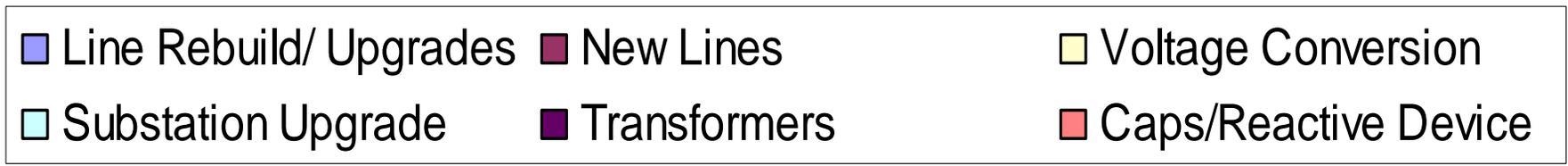
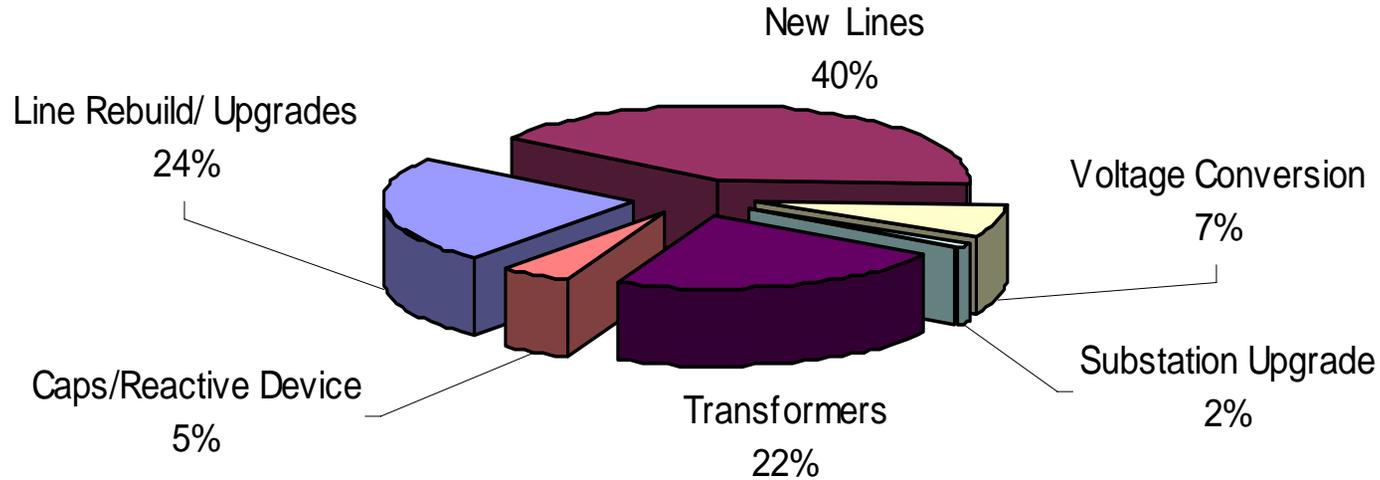




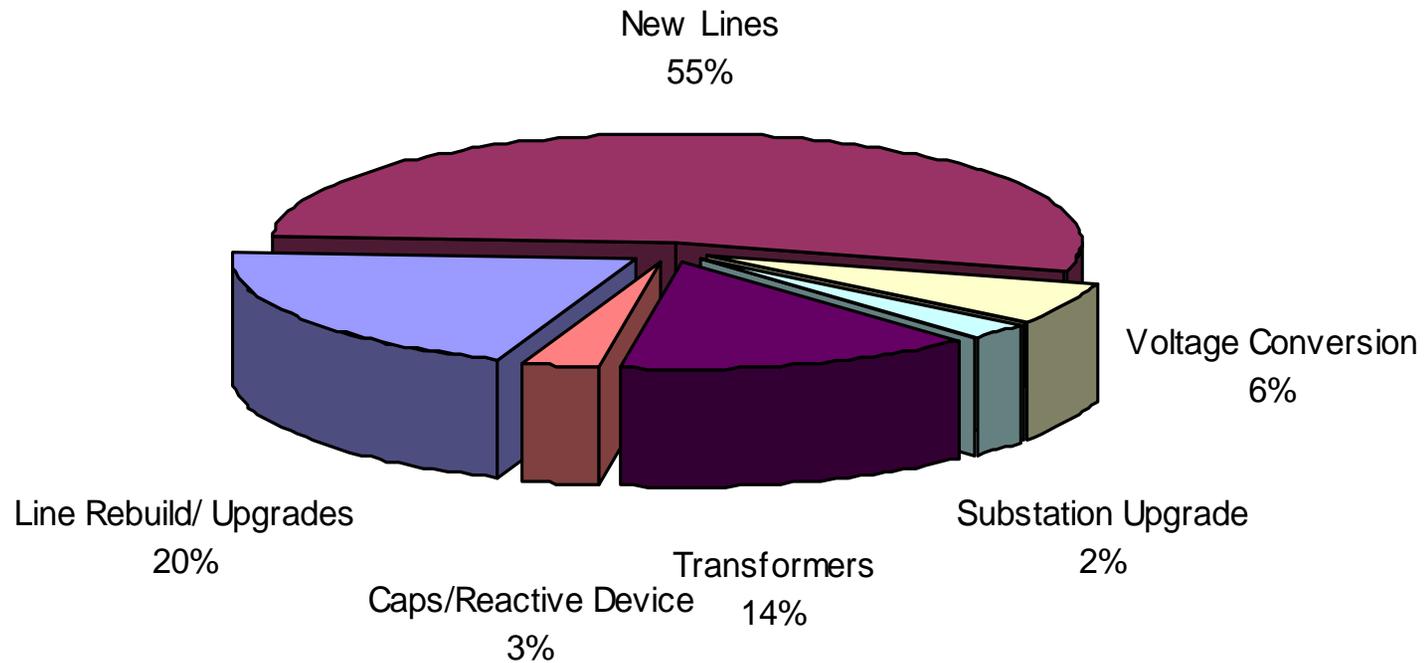
SPP Nodal Prices Reflect Congestion  
13 Months ending April 2008

# Project Cost by Network Upgrade Type Appendix B

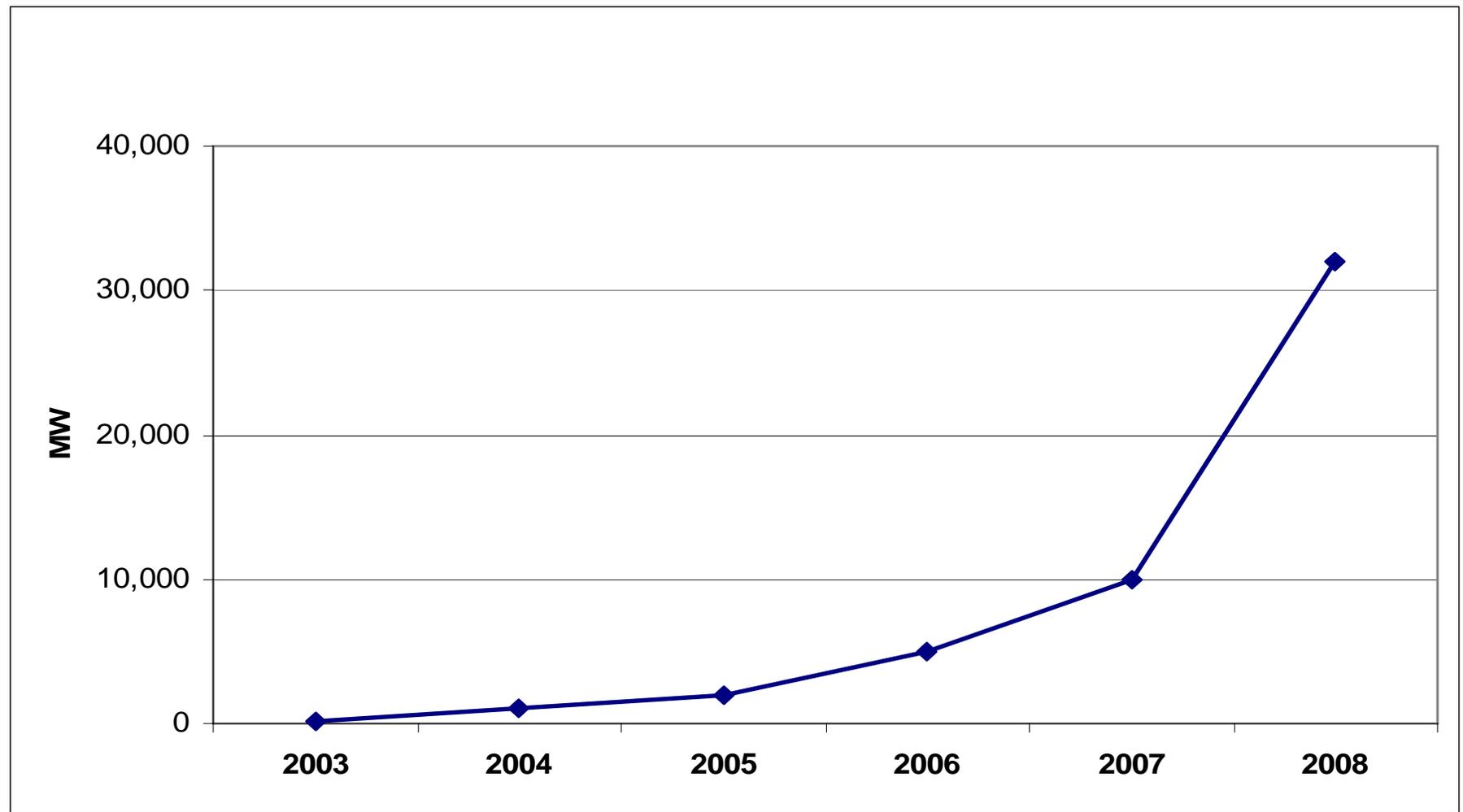
## Total \$762 Million



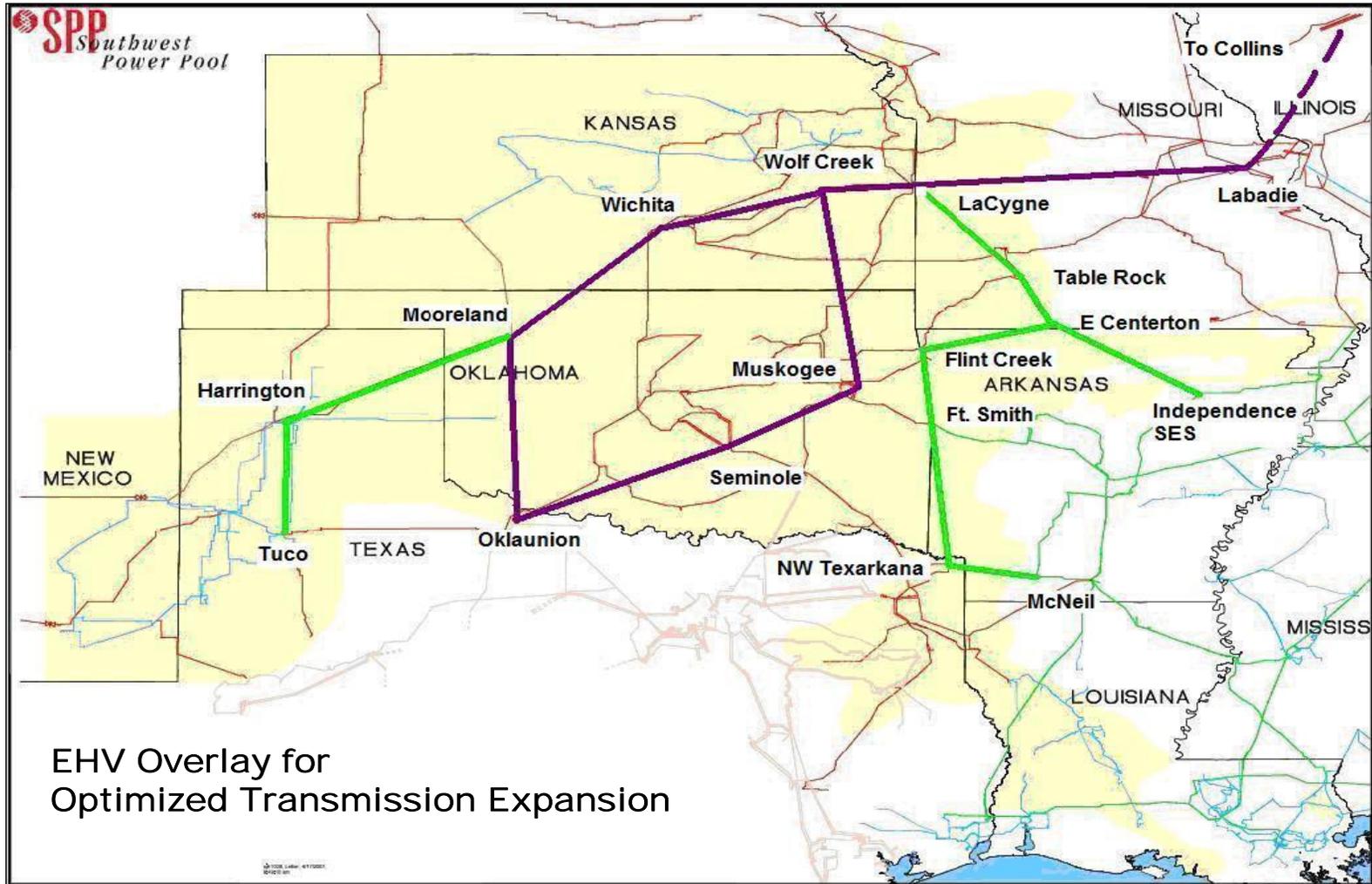
## 2008 - 2017 Cost by Network Upgrade Type Appendix A \$2.2 Billion



Requests for Wind interconnection have dramatically increased.



# Effective utilization of Wind generation requires new approaches.





**SPP**

*Southwest  
Power Pool*