



FERC Technical Conference

Transmission Barriers to Entry

Roy Jones

Vice President , Transmission Development

October 14, 2008

Bringing Energy Forward



LS Power

- LS Power is a privately-held company in business since 1990 with headquarters in East Brunswick, New Jersey, and offices in New York, St. Louis, and California
- LS Power develops, owns, manages and invests in reliable, environmentally responsible generating plants in the U.S.
- LS Power is not a speculative producer – output is largely sold under long-term contracts prior to starting construction

Development, Construction & Operation

- Over 20,000 MW of development, construction, or operations experience
- Active development
 - Fossil power generation
 - Renewable power generation
 - Transmission development

Acquisition

- Over \$4 billion in private equity capital dedicated to energy sector
- Acquired ~ 12,000 MW of power generation

Bringing Energy Forward



Project Portfolio



Bringing Energy Forward



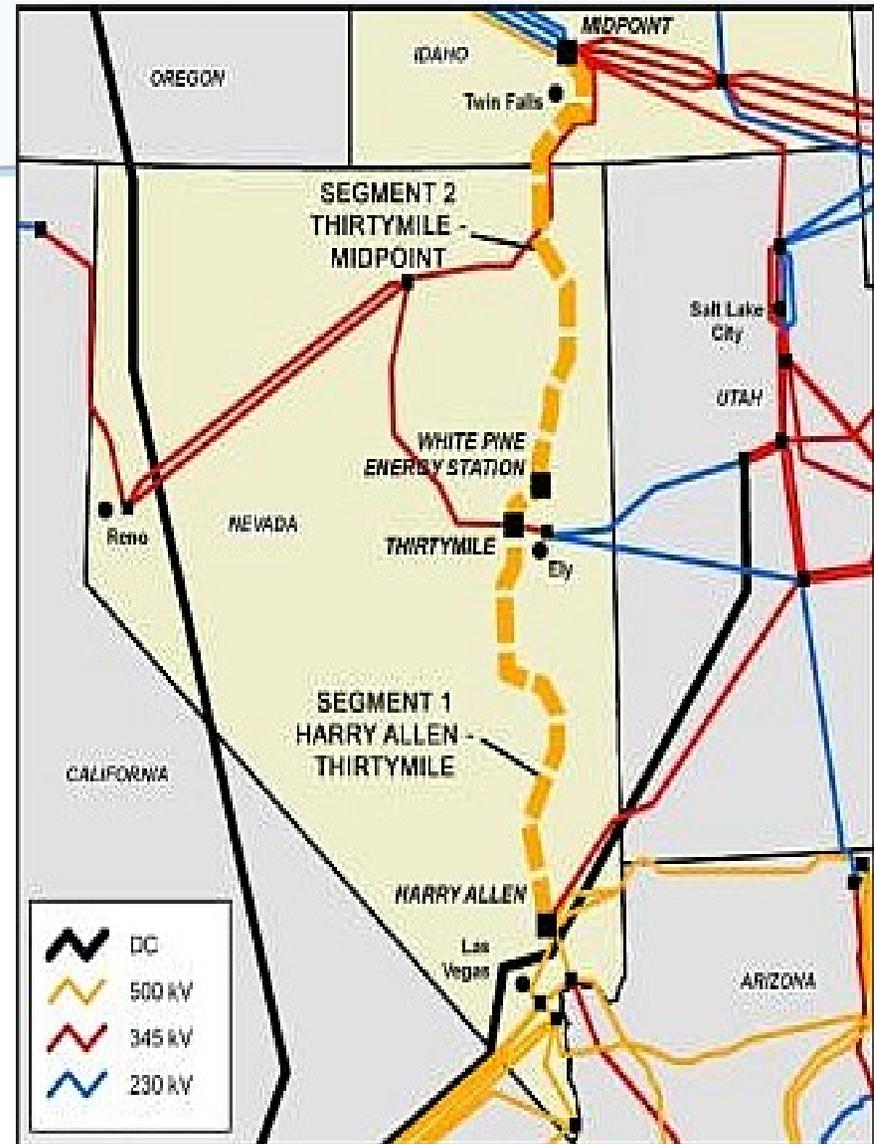
Great Basin Transmission, LLC

Bringing Energy Forward



SWIP Transmission Overview

- SWIP will be owned and operated by Great Basin Transmission, LLC
- 515 miles of AC-500Kv
 - Two Segments
 - Northern terminus at Midpoint Substation (Idaho Power) near Twin Falls
 - Interconnection with 345 kV (Sierra Pacific Power) at new Thirtymile Substation near Ely (also known as Robinson Summit)
 - Southern terminus at Harry Allen Substation (Nevada Power) near Las Vegas
- Up to 1,800 MW of transfer capability
- Benefits
 - First connection between Nevada Power and Sierra Pacific Power
 - Renewable generation delivery
 - Improves system reliability
 - Potential for reserve sharing



Bringing Energy Forward



Project Overview

- SWIP will provide renewable generation projects in Northern Nevada, Idaho, and beyond with access to the Southern Nevada market, as well as providing the Southern Nevada market with increased access to existing and new renewable generation.
- SWIP will provide only point-to-point transmission service, as it will not be capable of providing network integration transmission service.
- The projected in-service date will be determined from Open Season results.



Merchant Transmission Service and Negotiated Rate Authority

- Great Basin and SWIP satisfy FERC's ten criteria for authority to sell transmission service rights ("TSRs") at negotiated rates.
- Great Basin will assume market risk.
- Great Basin will allocate all TSRs through a non-discriminatory, fair, and transparent open season process.
 - The *initial* open season will auction TSRs for a minimum term to be defined in the open season process.
 - Great Basin will conduct additional open season as necessary for any unsubscribed capacity, any capacity that becomes available from contract expirations, and for new capacity from system expansions.
 - All results will be posted on an Open Access Same-Time Information System ("OASIS") or publicly available web-site and reported to FERC.



Merchant Transmission Project and Negotiated Rate Authority (cont'd)

- All transmission service on SWIP will be provided under an open access transmission tariff ("OATT") based on the Order No. 890 *Pro Forma* OATT.
- Successful bidders will be able to resell firm, secondary TSRs without restriction, under procedures specified in the OATT.
- Consistent with FERC precedent regarding merchant transmission projects located in a region without an independent system operator or regional transmission organization ("ISO/RTO"):
 - Great Basin will not transfer operational control to an ISO/RTO.
 - SWIP will not be subject to ISO/RTO market monitoring.
 - SWIP will not preclude access because its OATT has interconnection procedures and agreements based on Order Nos. 2003 and 2006.



Negotiated-Rate Authority Application Issues

- Great Basin will comply with the Standards of Conduct.
 - No Great Basin affiliate will participate in the initial Open Season
- Great Basin intends to request waivers of certain filing requirements that are normally granted to merchant transmission projects.
- Great Basin is engaged in discussions with third parties regarding tariff administration and scheduling.



Modifications to *Pro Forma* OATT

- Representative changes from the *Pro Forma* OATT in Great Basin's OATT either eliminate or modify the following provisions:
 - Network service-related provisions eliminated because SWIP cannot provide network service
 - Cost-based rate provisions eliminated to reflect the fact that service to be provided at negotiated rates
 - Generation-based ancillary services provisions modified because transmission customers are required to self-supply
 - Reservation, allocation and rollover provisions are either modified or eliminated because capacity is allocated through open season(s)
 - Credit terms and conditions may be modified to reflect the nature of merchant transmission; but will be applied on a non-discriminatory basis to all transmission customers



Modifications to *Pro Forma* OATT (cont'd)

- Great Basin's OATT also either eliminates or modifies the following:
 - Treatment for delays in construction of new facilities
 - Obligation to build provisions limited to successful bidders in open season(s) for new capacity
 - Stranded cost recovery and native load provisions eliminated because Great Basin does not own generation or have native load
 - Various changes to term of service and scheduling timelines to reflect regional practices approved by FERC
 - Provisions of interconnection providing for service without an executed interconnection agreement eliminated because capacity will be awarded only through open season(s)



Schedule and Milestones

- Conduct Open Season 4Q 2008-1Q 2009
- File OATT and Market-Based Rate Application 1Q 2009
- Anticipated FERC Order 2Q 2009



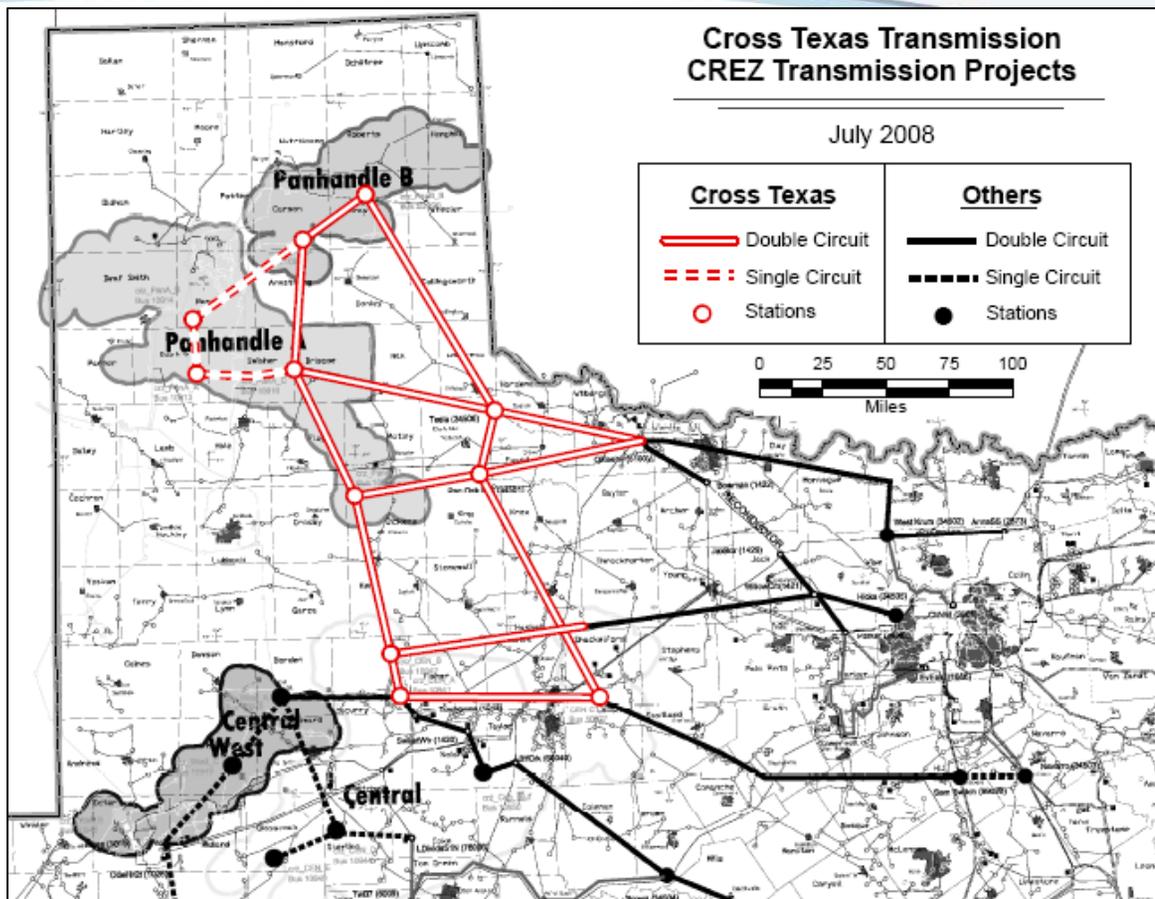
Cross Texas Transmission, LLC

Bringing Energy Forward



Cross Texas Overview

- August 14, 2008: Texas PUC selected Scenario 2 representing over 2,300 miles of new 345 kV transmission to deliver 18,500 MW of renewable generation within ERCOT in Docket No. 33672
- September 12, 2008: Cross Texas Transmission, LLC submitted a proposal in Texas PUC Docket No. 35665 for over 1,000 MW
- Completed corridor analysis, engineering studies related to tower selection and conductor optimization
- Hearing first week in December
- Decision expected Q1 2009



Bringing Energy Forward



Contact Information

LS Power Development, LLC
400 Chesterfield Center, Suite 110
St. Louis, MO 63017
636-532-2200

Roy Jones
rjones@lspower.com

