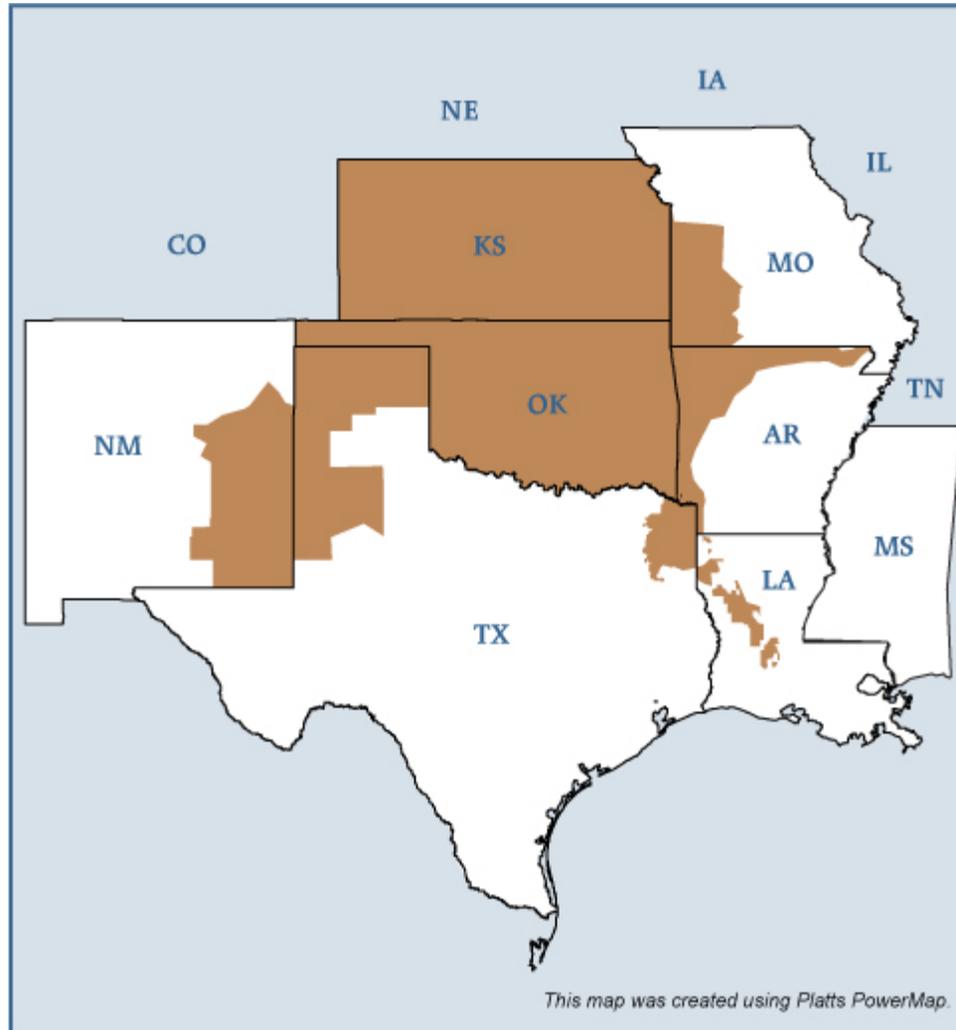


Southwest Power Pool (SPP) Electric Region



Federal Energy Regulatory Commission • Market Oversight @ FERC.gov**Overview****Geography**

States covered: Kansas, Oklahoma and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas

Reliability region: Southwest Power Pool (SPP)

Balancing authorities: American Electric Power (CSWS), Board of Public Utilities (Kansas City, KS) (KACY), City of Lafayette, LA (LAFA), City Power & Light (Independence, MO) (INDN), Cleco Power, LLC (CLEC), Empire District Electric Company (EDE), Grand River Dam Authority (GRDA), Kansas City Power & Light Company (KCPL), Louisiana Energy & Power Authority (LEPA), Missouri Public Service (MPS), OG+E Electric Services (OGE), Southwestern Power Administration (SPA), Southwestern Public Service Company (SWPS), Sunflower Electric Power Corp. (SECI), West Plains Energy (WPEK), Westar Energy, Inc. (WR), Western Farmers Electric Coop.(WFEC)

Load Zones: American Electric Power (CSWS), Empire District Electric Company (EDE), Grand River Dam Authority (GRDA), Kansas City Board of Public Utilities (KACY), Kansas City P&L Power Supply (KCPL), Oklahoma Gas & Electric Trans. (OKGE), Southwest Public Service (SPS), Sunflower Electric Power Corp. (SECI), West Plains Trans. (WPEK), Westar Energy Generation (WR), Western Farmers Electric Coop. (WFEC)

RTO/ISO

Southwest Power Pool (SPP) (granted RTO status in 2004) provides transmission service on the transmission facilities owned by its members and operates the region's real-time energy imbalance service (EIS) market.

[SPP 2006 State of the Markets Report](#)

Market Monitor:

Richard Dillon – Director, Market Development & Analysis
Boston Pacific Company, Inc. – External Market Advisor

Market participants trade physical electricity bilaterally, either directly or through brokers, and through the EIS market.

Updated August 3, 2007

1070

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Generation/Supply

Marginal fuel type: Coal and natural gas

Generating capacity (summer 2006): 45,950 MW

Capacity reserve (summer 2006): 3,723 MW

Reserve margin (summer 2006): 9%

Demand

All time peak demand: 42.2 GW (set July 19, 2006)

In summer of 2006, demand reached record levels on several occasions due to extremely hot weather.

Peak demand growth: 4.4% (2006–2005)

Summer Peak Demand (GW): 40.5 (2005) 42.2 (2006) Source: Derived from SPP Data.

Prices

Annual Average of Platts SPP North Daily Spot Price Index

2004: \$45.19/MWh

2005: \$67.44/MWh

2006: \$56.30/MWh

Prices increased in 2005 as a result of disturbances to the natural gas market. Prices declined in 2006 as natural gas storage levels remained above historical ranges throughout the injection season (April through October).

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Interconnections/Seams

Coming soon

Focal Points

SPP Offer Cap Change: On May 1, 2007, SPP's new offer cap of \$1,000/MWh replaced the existing \$400/MWh offer cap. Within SPP, Locational Imbalance Prices (LIP) can exceed the resource offer cap. This occurs when both the cost of resolving the transmission congestion is high and the effect at a particular location is large. For example, these conditions were satisfied on April 23, 2007, when the offer cap was still \$400/MWh and LIPs reached \$712.85/MWh.

SPP Markets Launch: The Southwest Power Pool (SPP) real-time energy imbalance service market launched successfully on Feb. 1, 2007. SPP system wide prices, based on Locational Imbalance Prices (LIP), averaged \$56.29/MWh in February, \$45.05/MWh in March, and \$49.97 in April, \$46.57/MWh in May and \$49.97/MWh in June .

SPP Becomes ICT: On Nov. 17, 2006, SPP began serving as the Independent Coordinator of Transmission (ICT) for the Entergy Operating Companies, handling reliability coordination, tariff administration, AFC calculation, transmission planning, and OASIS operation.

Supply and Demand Statistics for SPP

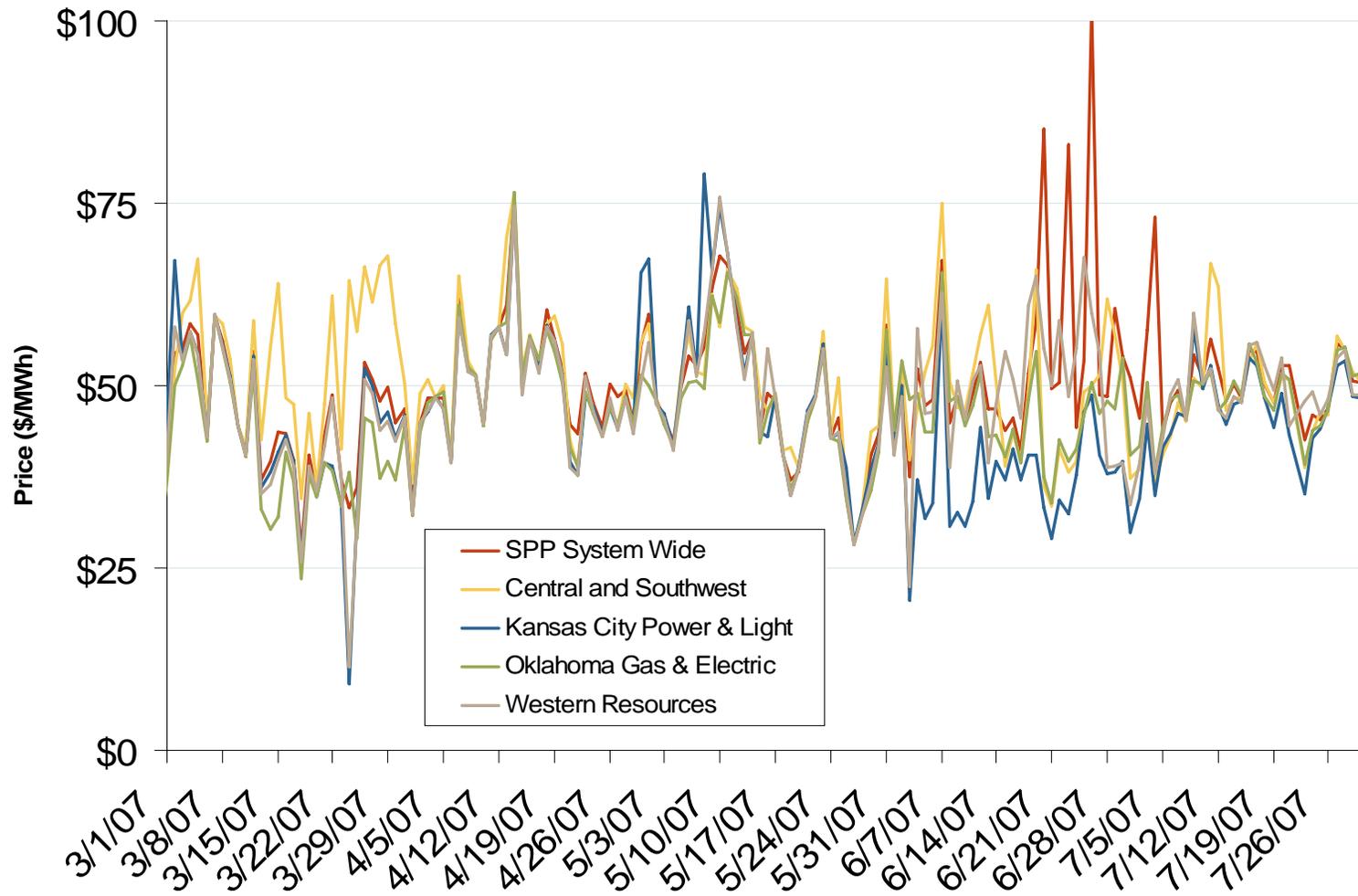
Supply Demand Statistics			
	2004	2005	2006
Summer Generating Capacity MW (1)	45,039	45,768	48,267
Summer Peak Demand MW	39,383	40,451	42,227
Summer Reserves MW	5,656	5,317	6,040
Summer Reserve Margin:	14%	13%	14%
Annual Load (GWh):	191,829	194,180	205,104
Annual Net Generation GWh	NA	NA	NA

Source: Derived from FERC staff discussions with SPP.

Updated February 2, 2007

1071

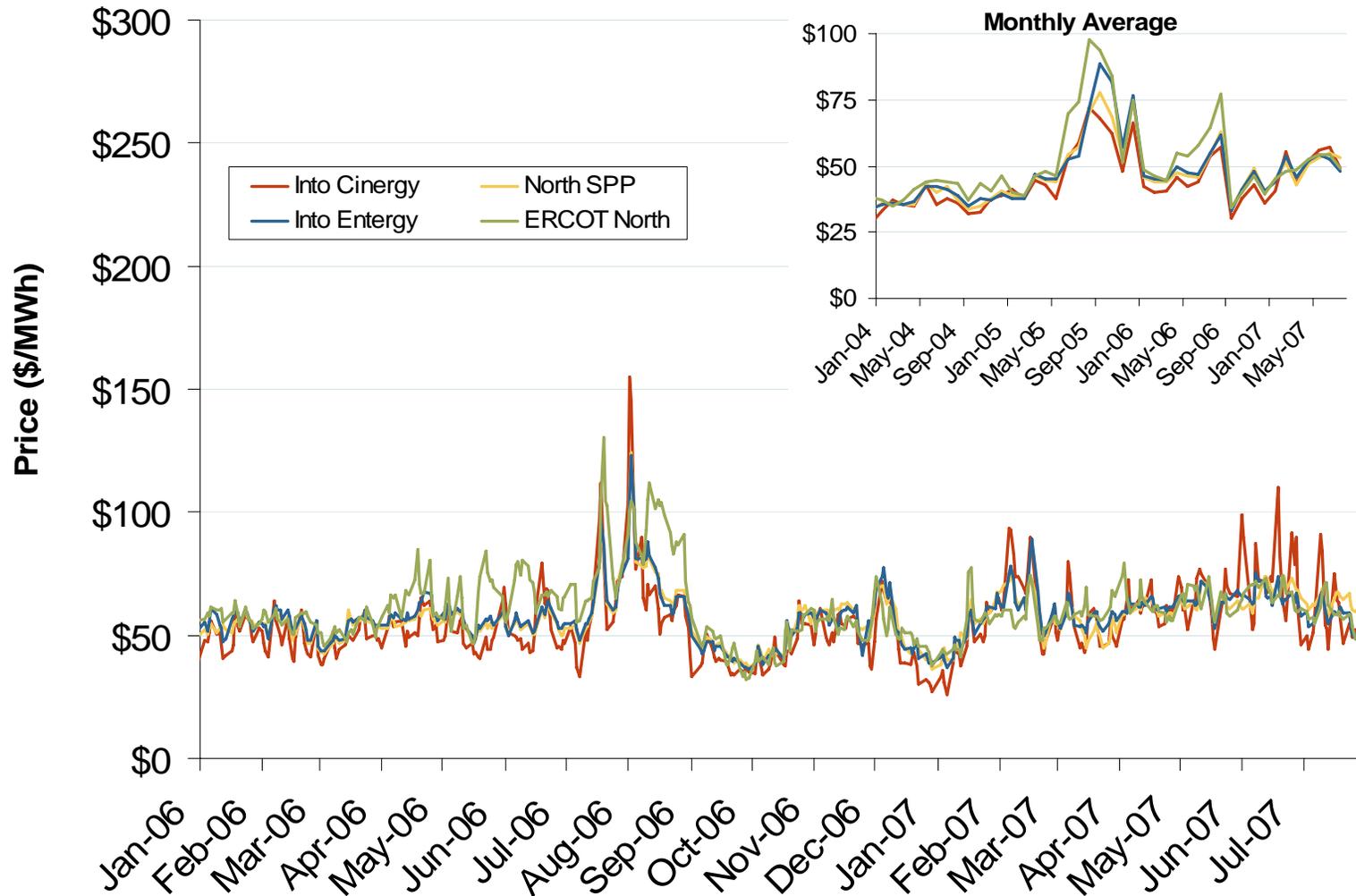
Daily Average of SPP Real Time Prices - All Hours



Source: Derived from SPP data.

Updated August 3, 2007

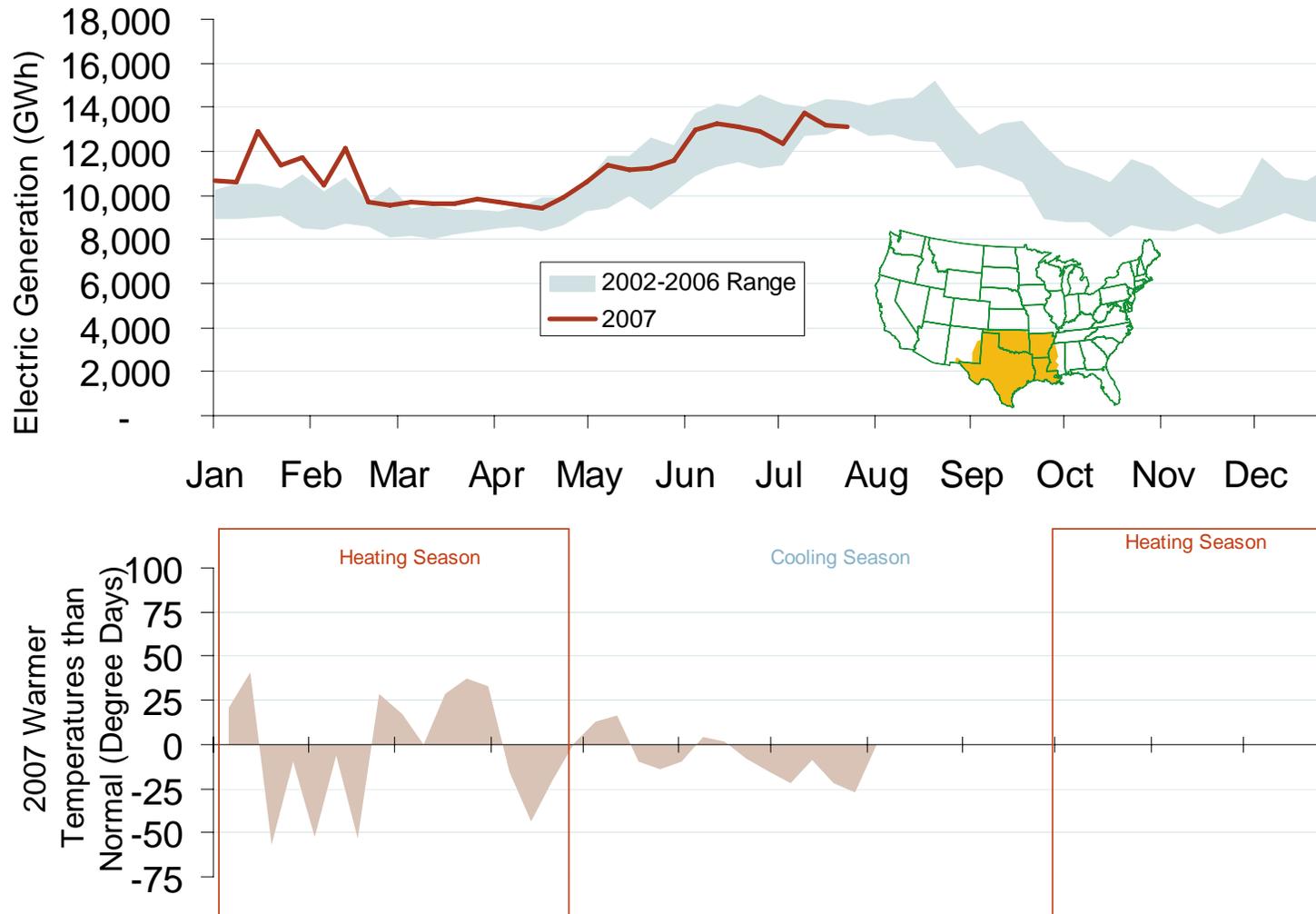
Midwestern Daily Bilateral Day-Ahead On-Peak Prices



Source: Derived from *Platts* data.

Updated August 3, 2007

Weekly Electric Generation Output and Temperatures South Central Region



Source: Derived from *EEl* and NOAA data.

Updated August 3, 2007