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**EPSA Comments on the September 14 SPP/Entergy CBA Study
Proposed Work Plan**

The Electric Power Supply Association¹ (EPSA) strongly supports this important collaborative effort initiated by Entergy's retail regulators and the Federal Energy Regulatory Commission (FERC) at the June 24 Charleston, South Carolina conference and now continuing with the Southwest Power Pool's (SPP) Cost Benefit Analysis (CBA) of whether Entergy should join SPP as a full member or continue to operate with the Independent Coordinator of Transmission (ICT). This effort should serve as an important step in improving transmission infrastructure and open access service in the Entergy region.

Background

EPSA has been an active participant in the ICT's formation and has expressed serious and ongoing concerns about the implementation of the many different programs administered by the ICT in the Entergy region. Only through an independent entity with adequate authority can transmission market power concerns be fully addressed in the Entergy region. Additionally, it is only through such an entity that competitive markets can be established and the construction of the much needed transmission improvements to the Entergy system occur.

¹ EPSA is the national trade association representing competitive power suppliers, including generators and marketers. These suppliers, who account for 40 percent of the installed generating capacity in the United States, provide reliable and competitively priced electricity from environmentally responsible facilities. EPSA seeks to bring the benefits of competition to all power customers. The comments contained in this filing represent the position of EPSA as an organization, but not necessarily the views of any particular member with respect to any issue.

The Entergy region can only offer and support competitive opportunities for supply if the transmission system keeps pace with load growth and if all suppliers have non-discriminatory access to that system. To date, the ICT, under its agreement with Entergy, has not been able to ensure competitive opportunities for non-affiliated suppliers. EPSA views this not as an indictment of SPP as the ICT, but rather as the failure of the current agreement and its implementation. As was pointed out during the Charleston conference and the follow-up August 11 New Orleans meeting convened by the Arkansas Public Service Commission (APSC), the ICT has improved transparency and stakeholder participation in the increasingly important area of long-term transmission planning. However, the conference presentations and their associated documentation also showed that the status quo remains unacceptable and that the entity controlling transmission in the Entergy region must have more authority to facilitate true open access and ensure adequate infrastructure.

Prior to FERC's approval of the ICT, EPSA advocated that Entergy should be part of SPP as a Regional Transmission Organization (RTO). The CBA currently being undertaken by Entergy's retail regulators and FERC should provide the necessary information to support a decision on whether Entergy should join the SPP RTO or seek to substantially improve the ICT agreement. EPSA therefore is encouraged by the inclusion of competitive market attributes that the CBA will consider in its scenario analysis of Entergy's transmission system.

Comments

EPSA generally is very supportive of the proposed CBA work plan issued by SPP on September 14. The deliberative approach to select an independent third party to do the study should provide an unbiased approach to the study, assuring competitive suppliers of an impartial analysis of the Entergy transmission system.

EPSA supports SPP's Future Market Design and the inclusion of a single system day-ahead market with constrained unit commitment and dispatch. Non-discriminatory competitive markets work best and better facilitate implementation of well functioning congestion management systems with this dispatch methodology. Such a system allows for consideration of all system constraints, including energy and regulation dispatch, as well as transmission and generation in a non-discriminatory manner. Operating the Entergy system under a scenario that optimizes the use of all generating and transmission assets will better demonstrate how competitive markets can benefit the Entergy region.

Competitive suppliers appreciate the inclusive way that Entergy's regulators and FERC have proceeded to study the Entergy system. Undertaking the CBA in a transparent manner that will include the input of stakeholders will best ensure the possibility of an open, competitive transmission system in the Entergy region.

While EPSA looks forward to participating in the CBA model and study development, there are some issues regarding stakeholder involvement in the

proposal that raise questions and perhaps require some clarification. Below these issues are discussed and in some instances suggestions are provided.

Stakeholder Input and the Feedback Loop

The plan contemplates that the Third Party Consultant (TPC) will meet with stakeholders on a bi-monthly basis. The proposed plan also states that the TPC will provide the Entergy Regional State Committee (E-RSC) and FERC with a bi-monthly report. EPSCA suggests that the plan should include how report issuance and feedback sessions will be sequenced so that stakeholders can understand how and when their feedback will be processed. Stakeholders assume that they will be able to provide the TPC feedback at the bi-monthly meetings and would hope that they too would be able to receive the TPC's bi-monthly report being shared with the E-RSC and FERC. Regardless of whether or not the report can be shared with stakeholders, at a minimum its production should be timed so that it can be included on the agenda of the bi-monthly TPC/stakeholders meetings.

The proposal, while open to stakeholder engagement, does not spell out how stakeholders' input will be handled in the CBA process. Consequently, competitive suppliers wonder if something more formal has been contemplated that would provide a more defined feedback loop. Such feedback would ensure that the input and reasoning for acting or not acting on comments is transparent. EPSCA understands that all stakeholder suggestions cannot be acted on, however obtaining the answers and reasoning associated with such decisions will be an

important part of the CBA process. Therefore, more detail in general on the stakeholder feedback process would enhance the CBA.

During Phase II, Develop Study Scope, stakeholder feedback is contemplated and the report mentions that it is through the feedback that the TPC will be able to assess if “items are addressed appropriately.” The proposal states that when Phase III, Setup, is completed there will be a report and presentation for stakeholders. Given the importance of Phase III at its completion, there should be a stakeholder feedback window prior to beginning Phase IV. EPSA suggests that the CBA plan include how stakeholder feedback will be handled at the end of Phase III as well.

Phase IV of the proposal, Technical Studies, suggests that the TPC and SPP will make decisions regarding transmission addition scenario studies. The proposal goes on to say that stakeholders’ input will be needed on a host of policy issues, “(e.g. fuel price forecasts, projected level of wind generation, renewable standards, transmission cost allocation methodologies, etc.)” Thus the proposal seems to suggest that competitive suppliers can provide input on various policy issues but may not be able to comment on the transmission projects and how they are categorized. While stakeholders input on the policy issues identified in the Technical Studies phase will be valuable, that input will be equally valuable on the analysis of transmission projects and their integration. Consequently, stakeholders’ input should be considered for the analysis of transmission projects in Phase IV of the plan.

Summary

EPSA appreciates SPP's development of a plan for the CBA which includes competitive market assumptions that support a robust congestion management system for the Entergy System. The plan, however, would benefit from more detail on the feedback channels that stakeholders will use when the plan is implemented and more opportunities for open stakeholder participation. EPSC is encouraged by initiation of the CBA by regulators and looks forward to seeing viable, non-discriminatory competitive markets established in the Entergy Region.