

---

# Framework for Analysis of RTO Options

LPSC Technical Conference

March 1, 2011

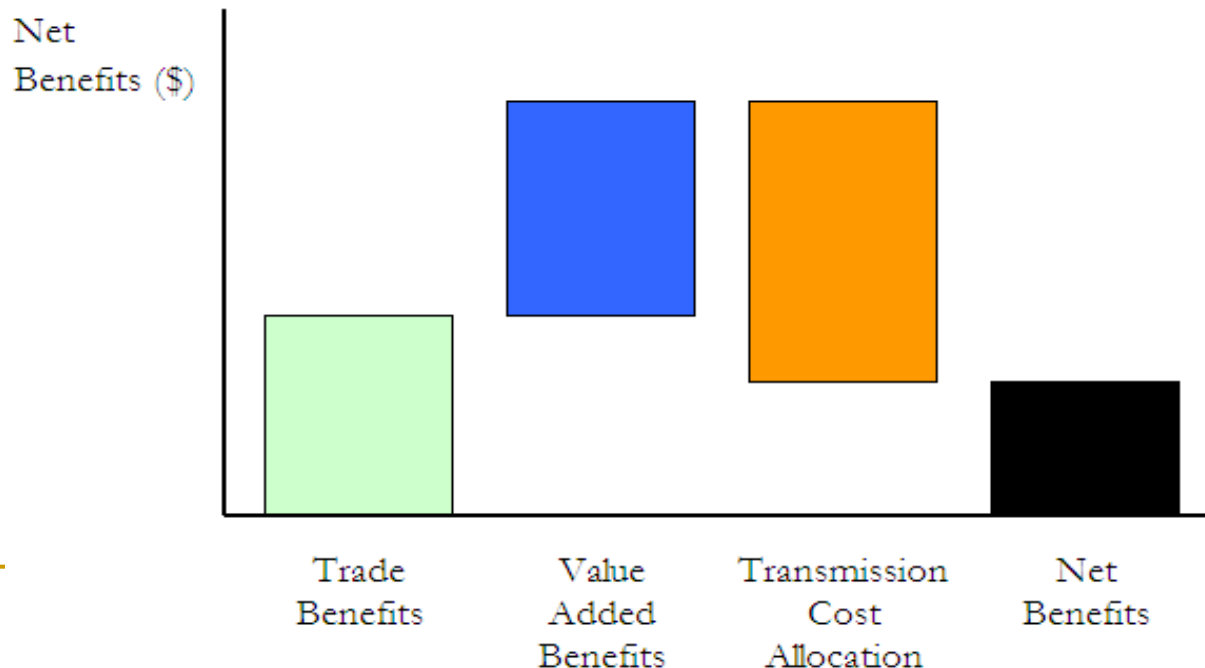
---

## Key elements of RTO quantitative analysis

- Trade benefits
- Value added benefits
- Regional transmission cost allocation

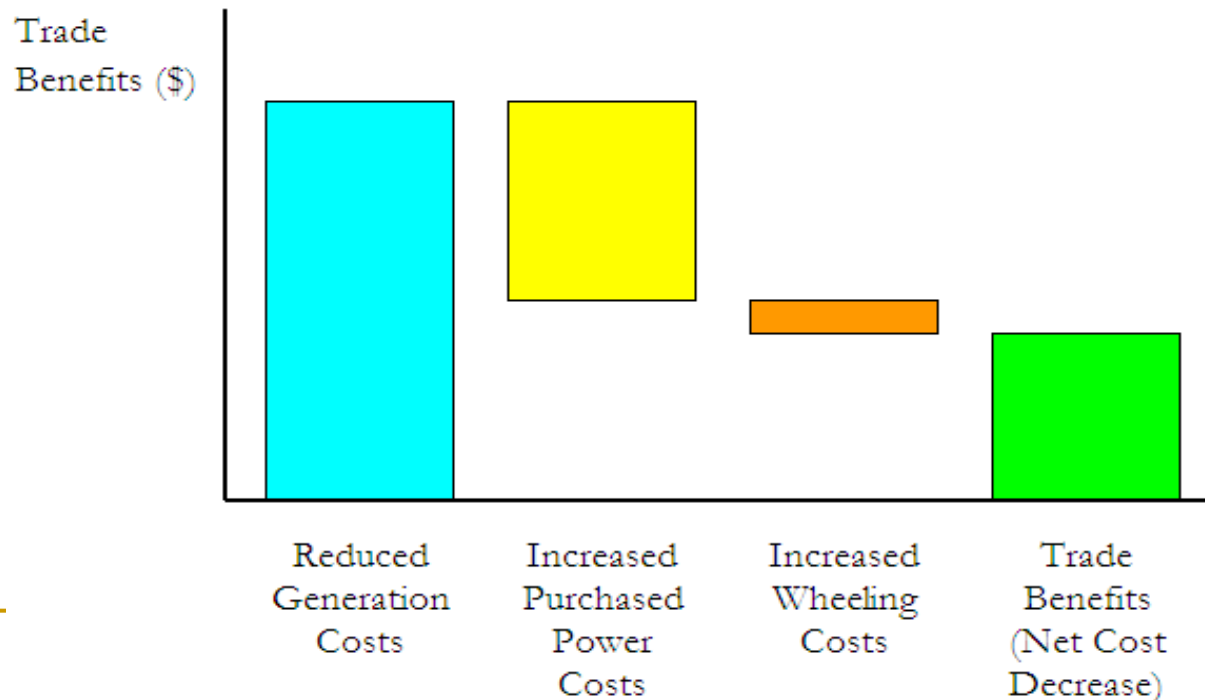
All three elements are compared to identify the net cost or benefit of moving to an RTO

- Net benefits are based on the sum of trade benefits and value added benefits minus the transmission cost allocation
- Ultimately, the net benefits of moving to SPP are compared to the net benefits of moving to MISO.



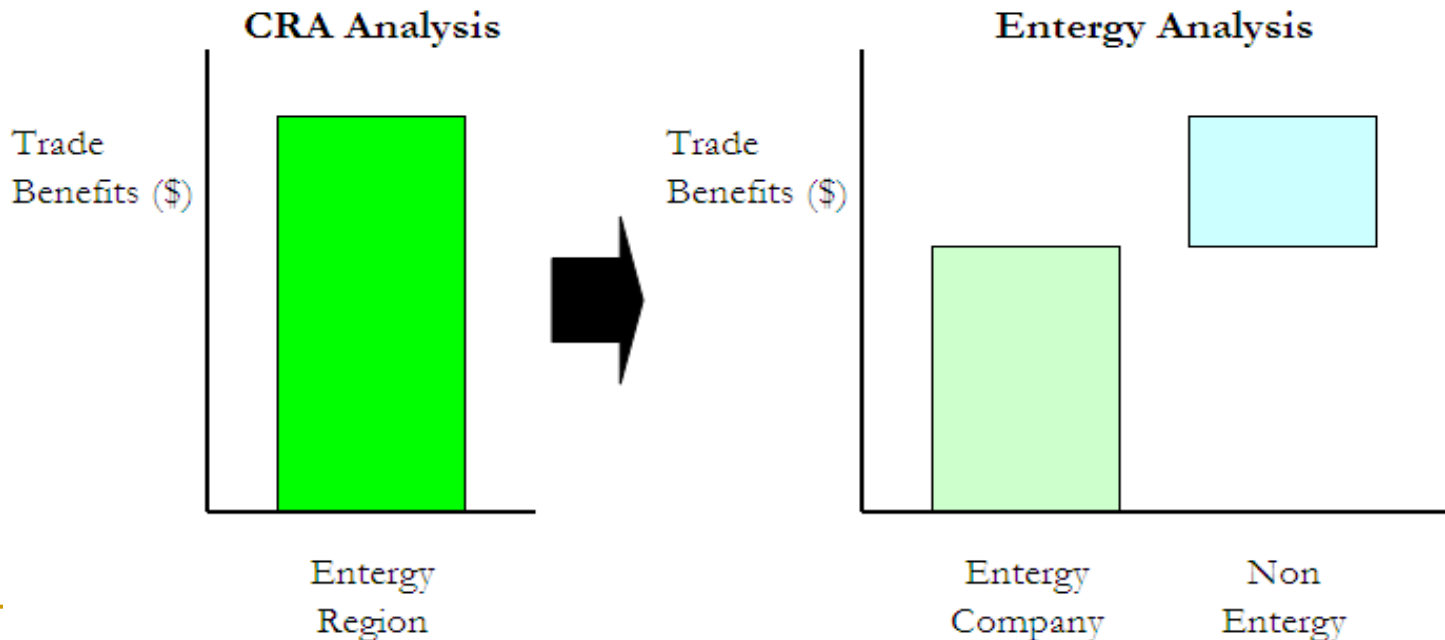
# Trade benefits

- Calculated by Charles River Associates (CRA)
- Refers to the change in costs associated with moving from operations under the ICT to operations under a “Day 2” RTO market.



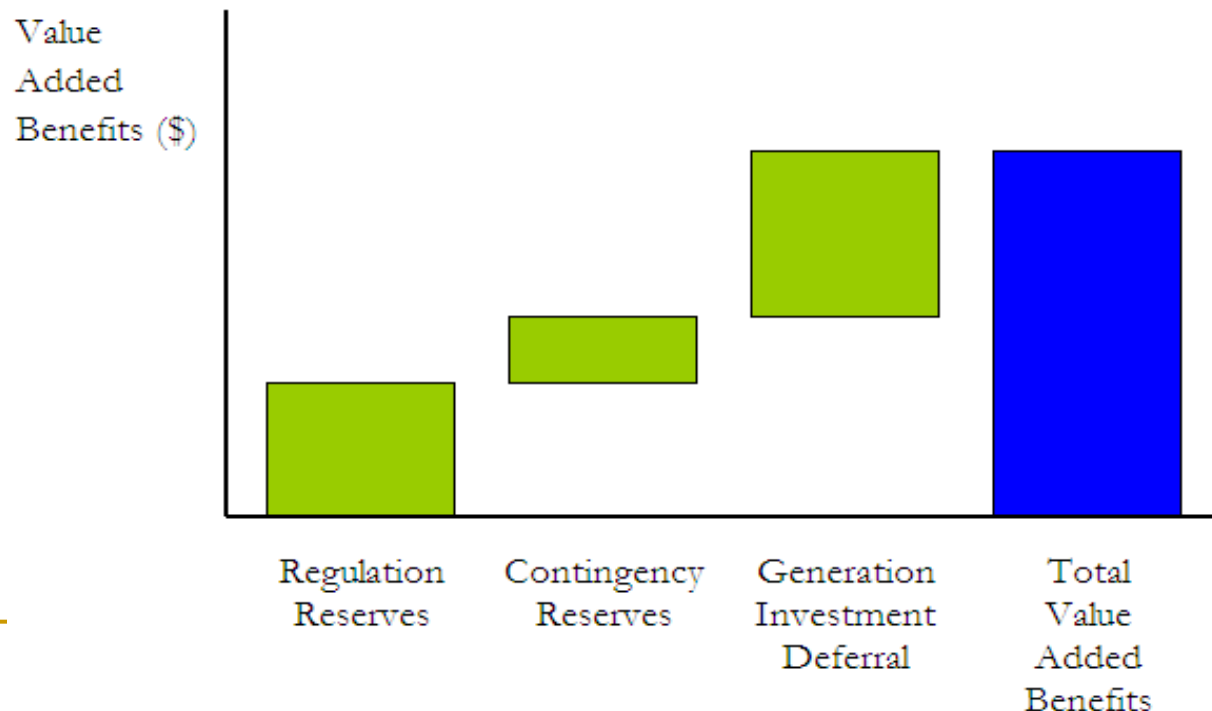
# Entergy analysis of trade benefits

- CRA's trade benefits are calculated for the Entergy region as a whole, not for the Entergy company
- Entergy's analysis uses CRA details to estimate the portion of trade benefits attributable to the Entergy company.



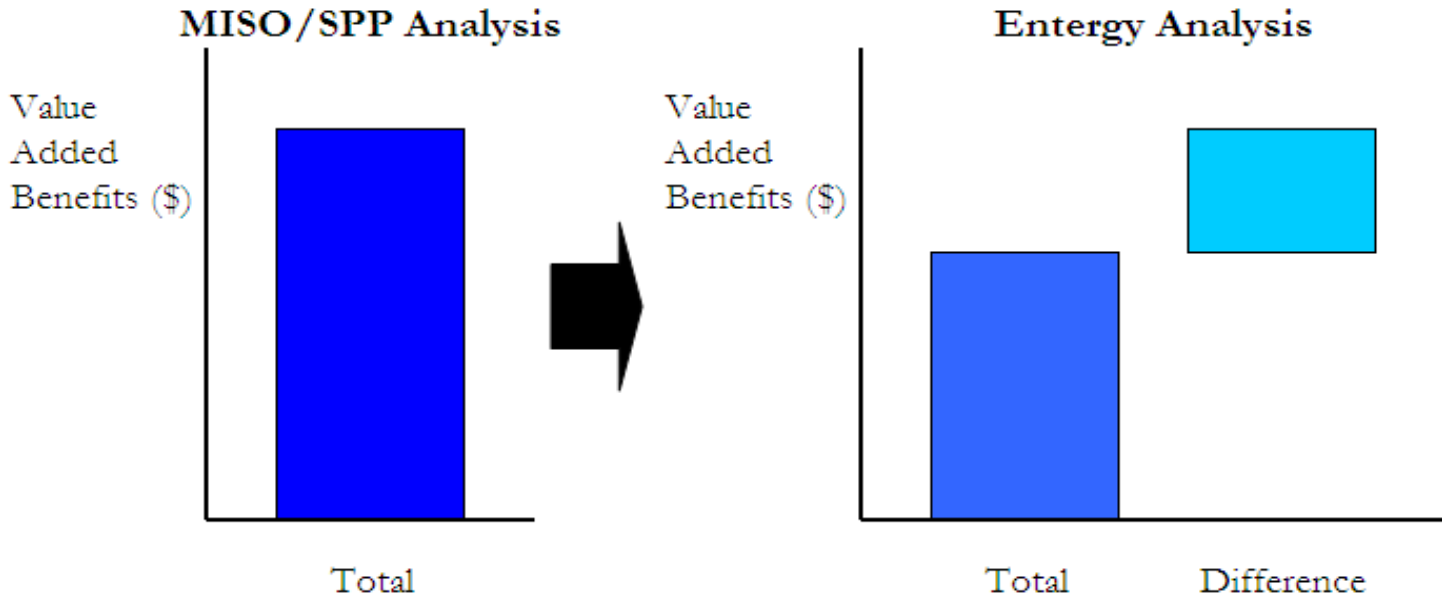
## Additional value added benefits

- Both SPP and MISO have estimated such benefits
- Refers to additional benefits associated with moving from operations under the ICT to operations under a “Day 2” RTO market.



# Entergy analysis of value added benefits

- Entergy is conducting a review of the MISO and SPP additional benefits analyses, and these Entergy analyses will be included in Entergy's assessment of total benefits.



# Regional transmission cost allocation

- Developed by MISO and SPP
- Similar to trade benefits, transmission costs allocated to the Entergy region as a whole, not the Entergy company
  - Entergy's analysis estimates the portion of transmission costs attributable to the Entergy company.

