
Framework for Analysis of RTO Options

LPSC Technical Conference

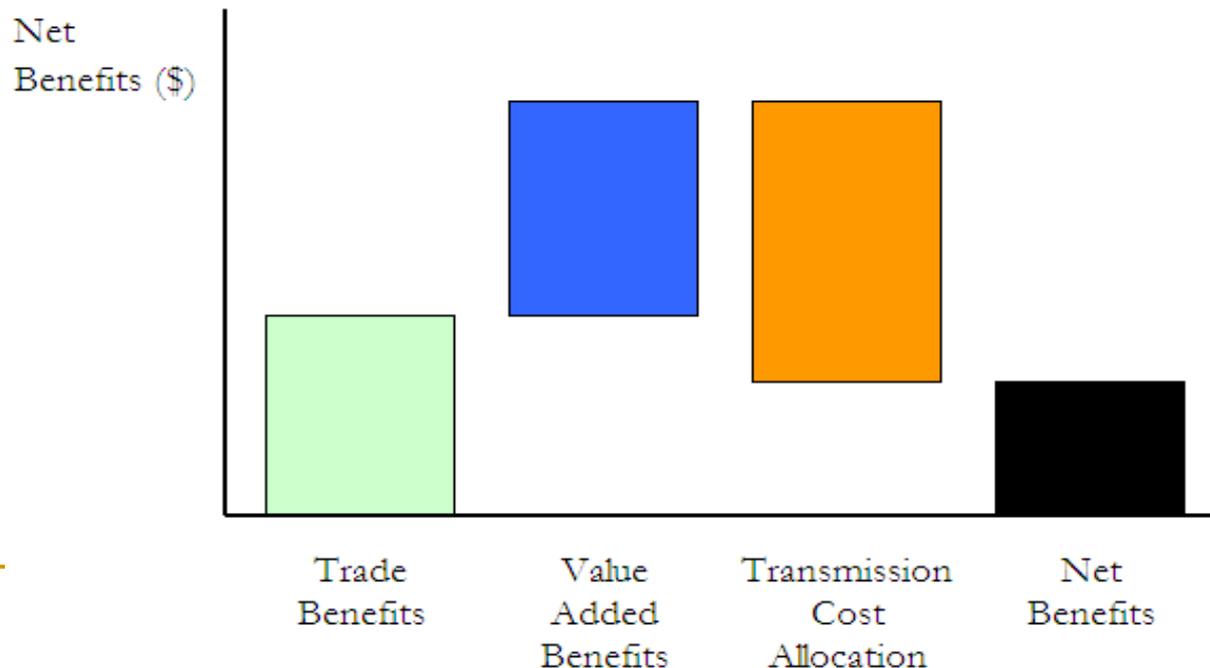
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Key elements of RTO quantitative analysis

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

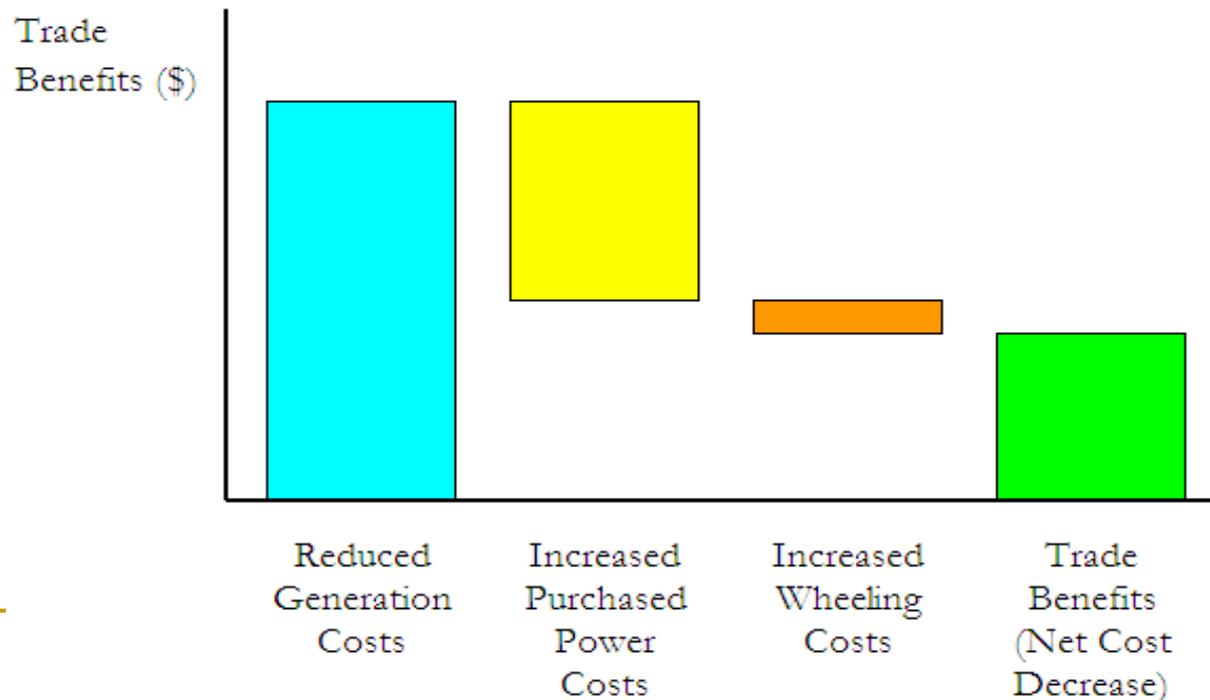
All three elements are compared to identify the net cost or benefit of moving to an RTO

- 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.



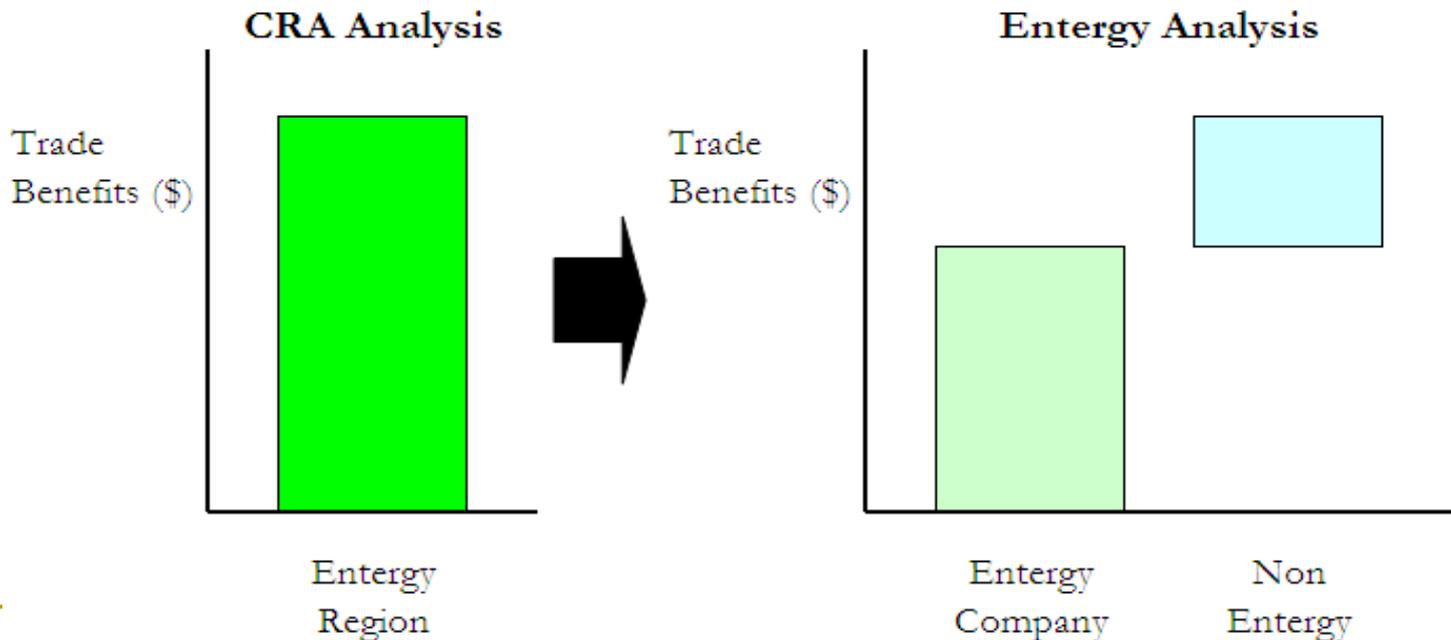
Trade benefits

- 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.



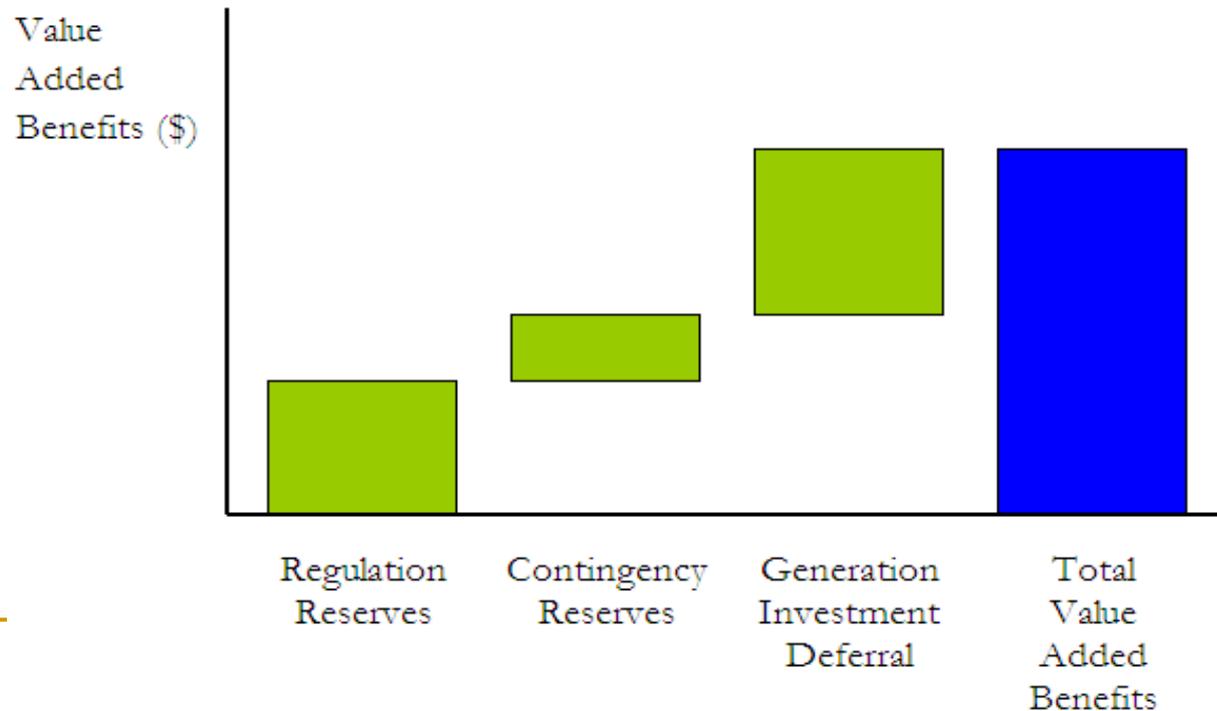
Enterergy analysis of trade benefits

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



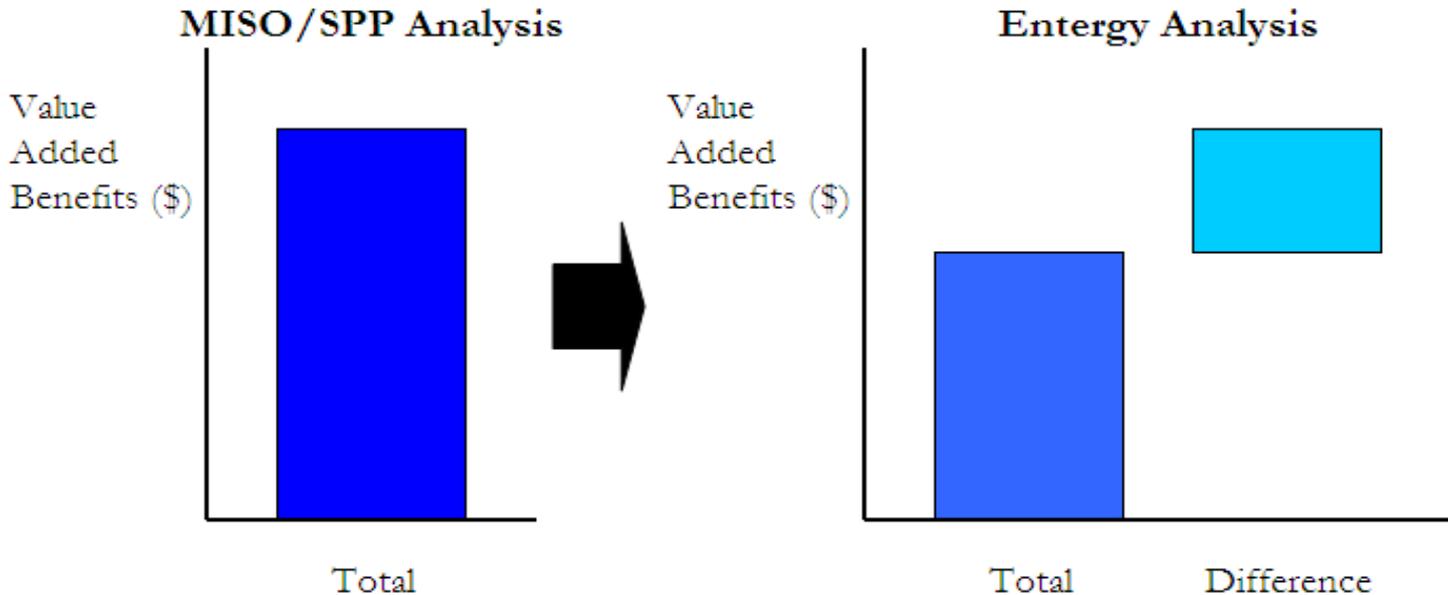
Additional value added benefits

- 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.

