



14 to 1

THE VALUE OF TRUST

Southwest Power Pool is a smart investment. For utilities responsible for keeping customers' lights on, power marketers looking for the lowest-cost electricity in the nation, retailers with renewable-energy goals to meet and everyone in between, SPP provides something rare and invaluable in today's business climate: certainty.

For every dollar our members invest in SPP, we save them 14. That's tremendous value, and it's just one of the reasons our stakeholders trust us to manage their transmission assets, coordinate the modernization of the bulk power grid and ensure the lights stay on for more than 17 million people in our service territory.

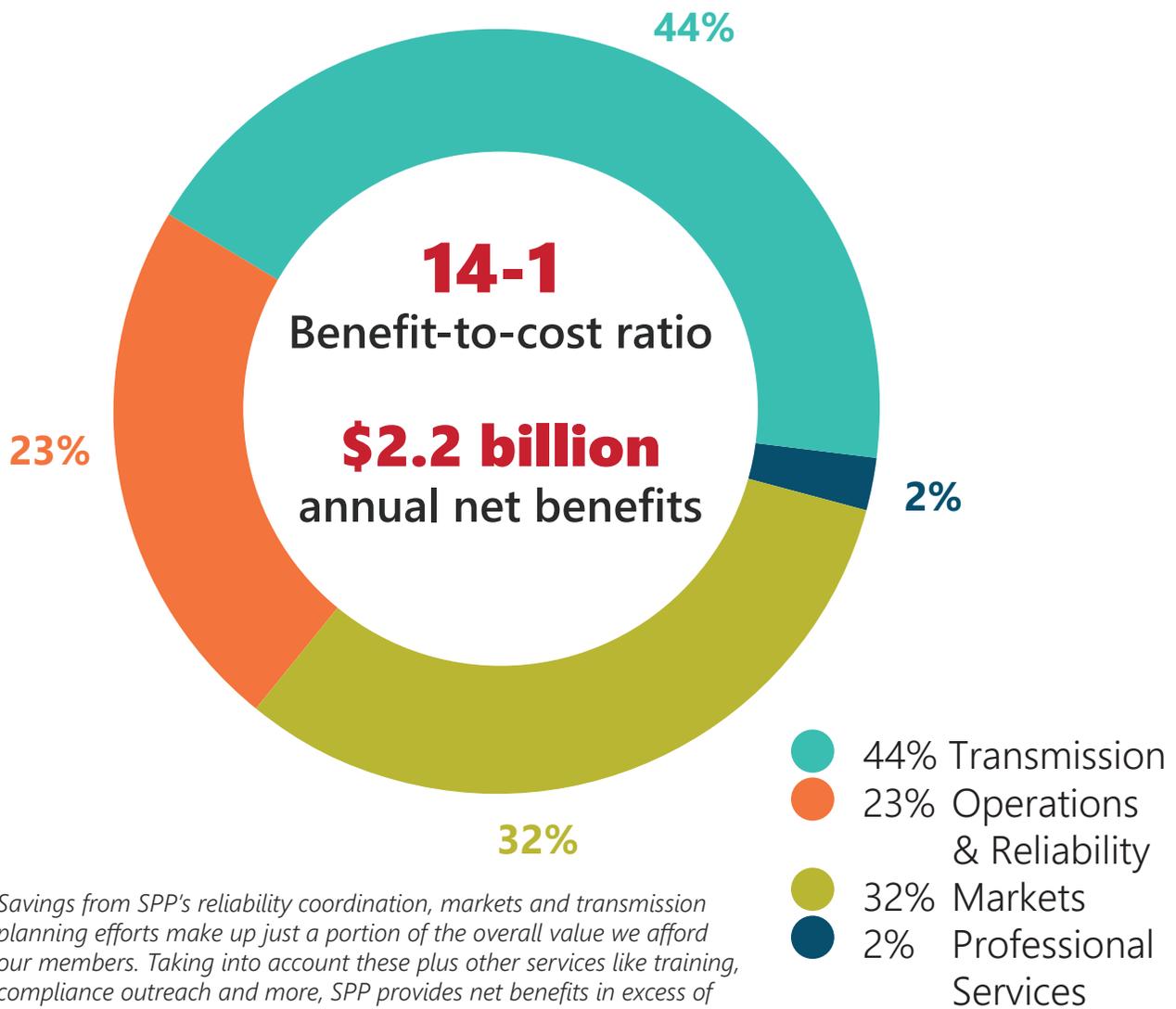


SPP's Peace-of-Mind Promise

The electric utility industry is evolving at a previously unimaginable rate. Our stakeholders face significant and daily risks to both electric reliability and financial security. Changes in customer behavior, the rapid emergence of advanced technology, political uncertainty and threats to the security of physical and cyber assets are just a few of the obstacles electricity providers face every day.

Our expert staff understands these challenges, and we're ready and able to help. Our stakeholder-driven, regionally holistic approach to planning, problem-solving and decision-making protects the interests of our members and their customers.

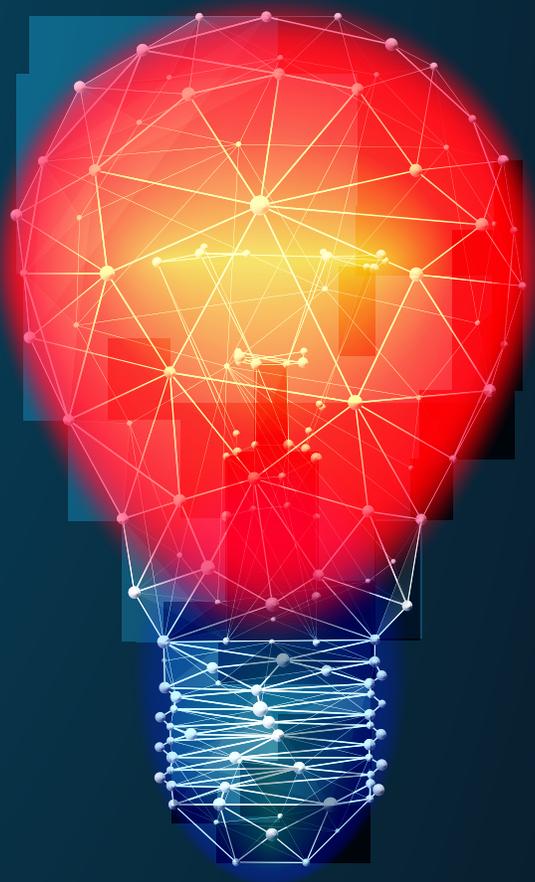
We work with our diverse member companies to produce mutually beneficial and cost-effective solutions that provide our customers—and *their* customers—peace of mind.



THE VALUE OF SPP

SPP is devoted to good stewardship of our members' resources. We maintain efficient processes, effective controls and business practices, and a culture that promotes doing the right thing for the right reason in the right way. All of this contributes to the **14-to-1 return on every dollar members contribute to our mission**. That's real value our customers can depend on.

SPP is a 501(c)(6) not-for-profit service organization with voluntary membership. We exist because of our member companies and to serve them. As approved by the Federal Energy Regulatory Commission, we collect from our members an administrative fee that funds the performance of our critical functions and achievement of collaboratively set goals for the collective good of our region.



MARKETS ENABLE ACCESS TO RENEWABLES

In 2008, wind energy made up just 3 percent of SPP's annual energy production: about six terawatt-hours (TWh) of the 176 TWh produced that year. In 2018, SPP produced 276 TWh of energy, of which wind made up 23 percent or 65 TWh.

At a given moment, SPP has reliably met as much as 71 percent of its load with renewables and 67 percent with wind alone: a level that was unthinkable just a few years ago.

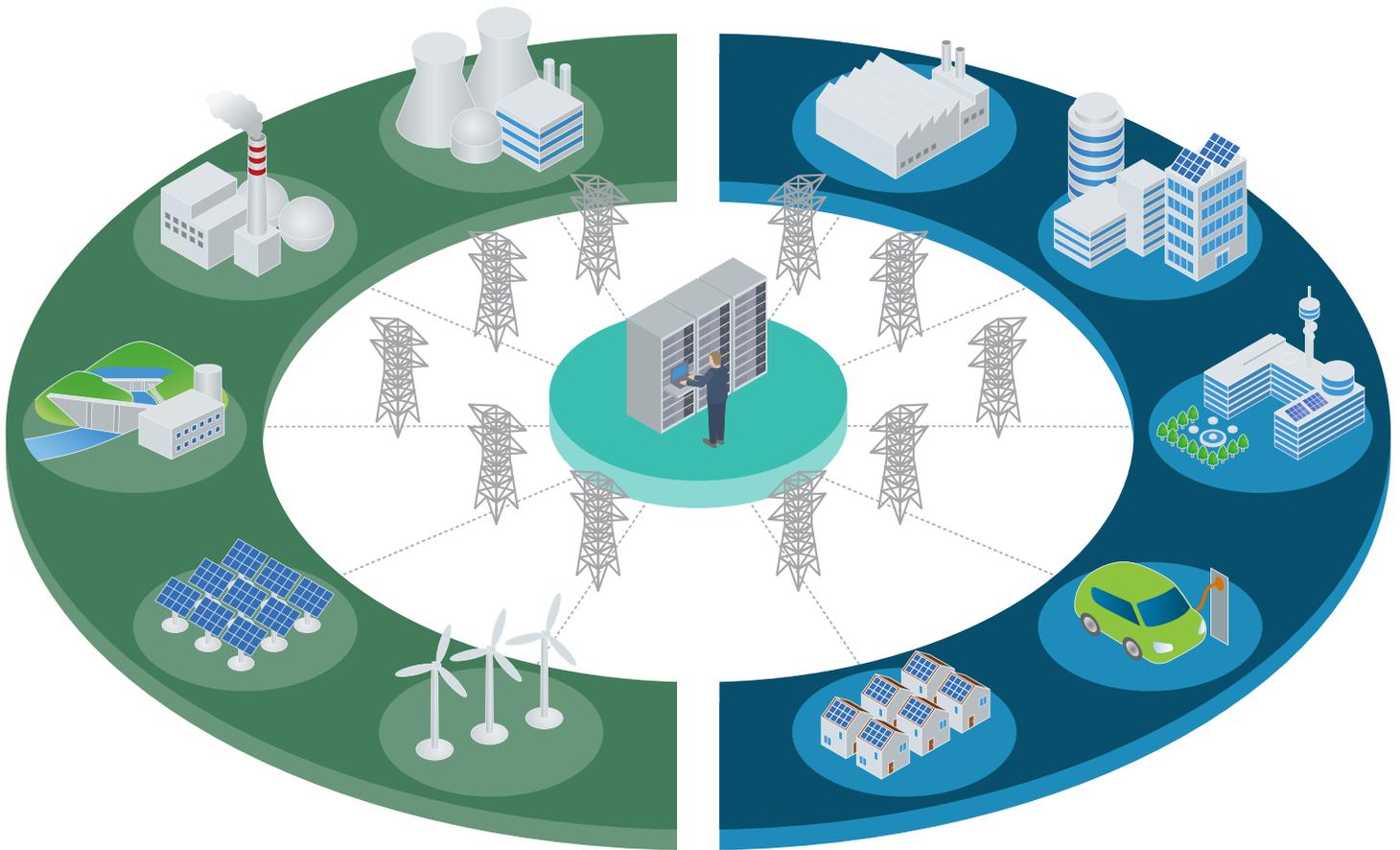
Markets

Working in tandem with SPP's other services, **our Integrated Marketplace has produced the lowest wholesale electricity costs in the nation, saved SPP's market participants cumulatively more than \$2.7 billion and enabled access to renewables at a degree previously unimaginable**, among providing other benefits like enhanced reliability to SPP's stakeholders and the region as a whole.

Since it launched in 2014, our **Integrated Marketplace has yielded an average of \$570 million in annual savings** derived from lower wholesale electricity costs, reductions to excess capacity requirements and other efficiencies facilitated by SPP's robust market processes. In testimony to Congress in March 2019, Mark Gabriel, CEO and administrator of the Western Area Power Administration, cited "financial and operational benefits exceeding our conservative assumptions" and surplus generation sales facilitated by SPP's markets "that accrued more than \$48 million of additional net market value."

SPP's markets select the most cost-effective generation to meet customer demand and mitigate grid congestion in real time. This enables operations staff more time to monitor and prepare for unusual circumstances that require manual intervention and critical thinking. Our Integrated Marketplace also determines days in advance the resources needed to economically ensure reliability. It does so more effectively and efficiently than methods available to most individual utilities working by themselves to ensure the reliability of their systems.

Based on calculations reported by the Federal Energy Regulatory Commission in October 2018, **wholesale electricity prices in the SPP region were the lowest in the nation**. SPP's year-to-date spot power prices averaged \$29/megawatt-hour (MWh).



Transmission Planning

SPP also serves as a planning coordinator. We ensure the dependability of our stakeholders' transmission investments no matter what the future holds through our relationship-based and member-driven approach to transmission planning. We direct transmission upgrades to ensure the region's transmission system meets reliability and economic needs today and in the future.

A recent study based on real-world data showed every dollar SPP directs toward transmission expansion returns \$3.50 in benefits. Over the last decade, SPP has directed nearly \$10 billion in transmission construction and upgrades that are modernizing the grid and will enhance reliability and reduce electricity costs for decades.



Professional Services

In addition to the core products described above, **SPP provides a suite of professional services that benefit stakeholders through economies of scale and cost savings.** Our stakeholders receive from us industry-best training, project management, strategic planning, counsel and representation in regulatory and government affairs, and more. We do these things at a fraction of the cost of outside agencies, and because we address needs at a regional level our solutions are more cost-efficient than those achievable by members' in-house resources.

HELPING OUR MEMBERS HELP THEIR CUSTOMERS

Our service territory is becoming more attractive to businesses and increasing in economic development potential. **Our Integrated Marketplace and robust transmission network have enabled access to both the lowest-cost electricity in the nation and a diverse portfolio of generating resources.** Businesses and investors are taking note.

In September 2017, social-media giant Facebook announced it would locate a planned 200-megawatt server farm in Nebraska after working with SPP member Omaha Public Power District to ensure its demand could be met with 100 percent renewable energy. Beer-maker Anheuser-Busch similarly entered into a renewable energy partnership with Enel Green Power to purchase power from the Thunder Ranch wind farm in Oklahoma. Retail giant and SPP member Walmart has committed to getting 100 percent of its energy supply from renewable sources. EDP Renewables, another SPP member, is contracted to provide a portion of Walmart's renewable portfolio and notes that such procurements are on the rise thanks to the declining cost of power.

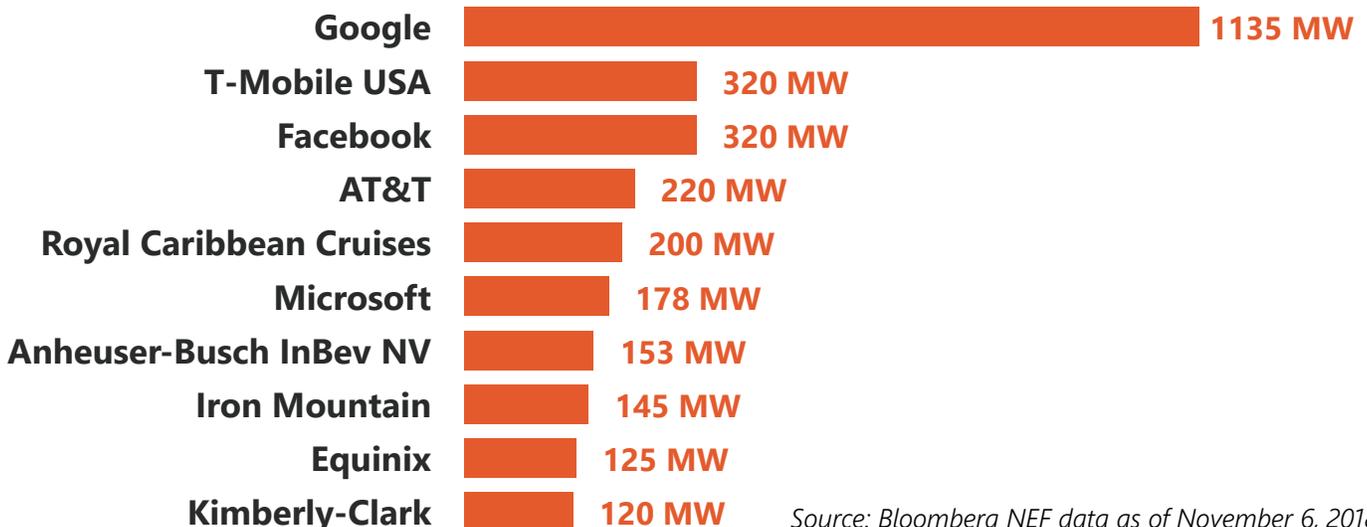
These are just a few examples of non-energy companies capitalizing on the open nature of the market. The benefits of SPP's services extend to residential ratepayers, too. **A typical residential customer in the SPP footprint who uses 1,000 kilowatt-hours saves \$7.63 per month because of the services SPP provides.**

GEOGRAPHIC AND FUEL DIVERSITY

The SPP region is geographically diverse, stretching from the Canadian border to the Texas panhandle. Such a large footprint, with nearly 800 generating units at our disposal, gives us access to a diverse portfolio of fuel sources. This has enabled us to serve as much as 67 percent of our load with wind, made possible by fossil fuel and other resources standing at the ready to meet demand when the wind stops blowing.

Top 10 Corporate Buyers of Clean Energy in SPP's Market (MW in Power Purchase Agreements)

The SPP region is increasing in economic development potential. Businesses and investors are taking note of the low-cost electricity and access to diverse fuel sources facilitated by our markets and transmission network.



Source: Bloomberg NEF data as of November 6, 2018

THE SPP DIFFERENCE

SPP is governed through a transparent and collaborative stakeholder process. Our independent board of directors oversees dozens of committees, working groups and task forces. In these groups' meetings — nearly all of which are open to the public — member representatives and SPP staff work toward consensus on our organization's strategic direction, financial decisions, processes, procedures and more. Everyone who wants to participate in the process can.

We don't take for granted the trust and responsibility given to us by our members. We don't base our decisions on assumptions of their wishes or our own understanding of what's best for the region, but rather we include them in the planning and execution of our corporate strategy. We manage change by building regional consensus, not strong-arming them into following our lead. A stakeholder prioritization process gives the people whose support and input we depend on the chance to provide direct input into our prioritization of project work and changes to market protocols, governing documents and more.

This consensus-building and relationship-based approach to business is unique, and it provides immeasurable value. It ensures the whole of our customer base has the opportunity to make its voice heard in decisions both big and small.

ALWAYS GETTING BETTER

SPP embraces a strategy of continuous improvement. We strive to always innovate, question the status quo and take every chance to cut costs, improve outcomes and work more efficiently. It's a practice that yields big returns for our stakeholders.

Through process improvements, efficiencies and the constant maturation of our business practices, SPP has expanded our territory and service offerings, adapted to changing requirements and circumstances and saved our members billions of dollars, and we've done it all while helping them achieve their own goals of providing affordable and reliable electricity to their customers.