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.
Savings from SPP’s reliability coordination, markets and transmission planning efforts make up just a portion of the overall value we afford our members. Taking into account these plus other services like training, compliance outreach and more, SPP provides net benefits in excess of $2.2 billion annually at a benefit-to-cost ratio of 14-to-1.

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.
Most end-use customers have no idea how many people and complex machines and systems work in sync to ensure electricity is there when it's needed. SPP has been helping our members orchestrate this critical mission for more than 75 years. We coordinate the dispatch of generating resources, manage the region's transmission system and forecast and adjust to changing load minute-by-minute.

SPP is certified as a reliability coordinator (RC) by the North American Electric Reliability Corporation. As an RC, we’re tasked with ensuring reliable delivery of electricity to consumers by maintaining a wide-area view of the grid’s current state and future conditions. RCs act as air-traffic controllers overseeing the interconnected operations of the power grid. We keep watch for potential contingencies; collaborate with our members and neighboring systems to prepare and implement solutions; and, when reliability events occur, work to quickly and effectively return the grid to normal operation.

We act today as RC for a territory that includes all or part of 14 states and reaches from the Canadian border to the Texas panhandle. We manage the diversity of a broad roster of members and geographically expansive footprint, both of which pose unique and numerous operational, regulatory, environmental and political challenges that have helped shape and hone our transmission system, processes and tools.

Our calculations of the value of reliability services are conservative and exclude many hard-to-quantify but very real benefits, like avoided costs associated with reliability events. The 2003 Northeast blackout, for example, contributed to at least 11 deaths and cost an estimated $7 billion.

**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.
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.

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.

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.

<table>
<thead>
<tr>
<th>Company</th>
<th>MW in PPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Google</td>
<td>1135 MW</td>
</tr>
<tr>
<td>T-Mobile USA</td>
<td>320 MW</td>
</tr>
<tr>
<td>Facebook</td>
<td>320 MW</td>
</tr>
<tr>
<td>AT&amp;T</td>
<td>220 MW</td>
</tr>
<tr>
<td>Royal Caribbean Cruises</td>
<td>200 MW</td>
</tr>
<tr>
<td>Microsoft</td>
<td>178 MW</td>
</tr>
<tr>
<td>Anheuser-Busch InBev NV</td>
<td>153 MW</td>
</tr>
<tr>
<td>Iron Mountain</td>
<td>145 MW</td>
</tr>
<tr>
<td>Equinix</td>
<td>125 MW</td>
</tr>
<tr>
<td>Kimberly-Clark</td>
<td>120 MW</td>
</tr>
</tbody>
</table>

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.