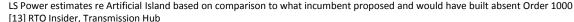
New Entrants Provide Lower Costs - RTOs

- <u>Significant Participation</u> Five participants bidding on the Delany-Colorado River project only one project out of six (Suncrest) had less than three bidders
- <u>Cost Saving RTOs</u> noted significant savings versus incumbent cost estimates
 - Benefits ratepayers through lower costs and transfer of risks to transmission company's shareholders.
 - Cost Cap measures were continually cited as a determining factor in winning bids by PJM and Cal-ISO.
 - Other factors cited as influencing a winning bid included the willingness to assume cost risk, expertise in particular areas and proximity to spare parts inventory

Recent Order 1000 Competitive Bids

	Project	Cost Cap	Cost	Est. Savings	Market	Winner	Incumbent	Description	Award Date	Service Date
1	Artificial Island	Yes	\$146 M	~60%	PJM	LS Power	No	230 kV under Delaware River	28-Apr-15	TBD
2	Delaney - Colorado River	Yes	\$300 M	~25%	CAISO	Starwood/ Abengoa	No	114 miles of 500 kV transmission line	10-Jul-15	May 2020
3	Suncrest Reactive Power Project	Yes	\$50-\$75 M	~30%	CAISO	NextEra	No	230 kV, 300 MVAr	6-Jan-15	2Q 2020
4	Estrella Substation Project	Yes	\$35 - \$45 M	~40%	CAISO	NextEra	No	230/70-kV substation and transformer	11-Mar-15	May 2019
5	Wheeler Ridge Junction Project	No	\$90-\$140 M		CAISO	PG&E	Yes	230/115 terminations and transformers	11-Mar-15	May 2020
6	Spring Substation Project	No	\$35 to \$45 M		CAISO	PG&E	Yes	230/115-kV substation and MVA transformer	11-Mar-15	May 2021

Sources:



^[14] Cal-ISO and PJM publicly available selection reports

^[15] MISO TO Meeting Notes, October 2015



Benefits of Competitive Transmission

- <u>Benefits of Competitive Transmission</u> Results have shown that Competitive Transmission can lead to:
 - Lower rates by rewarding efficiency and transferring the risk of cost overruns to the Developer; and
 - Greater reliability by incentivizing new entrants.
- <u>Established Model</u> The benefits of Competitive Transmission have been demonstrated by successful projects in Cal-ISO and PJM, as well as ERCOT's CREZ process, opening projects to new entrants.
- Benefits for States Though the RTO (e.g., SPP) needs to be involved, legislative leadership
 can help position state consumers to benefit from the lower rates and greater reliability that
 comes from Competitive Transmission.

