

PRESS RELEASE

SOUTHWESTERN POWER ADMINISTRATION

FOR IMMEDIATE RELEASE:

Lake Texoma Hydropower Generation to Remain Low for Near Future

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TULSA, OK – Southwestern Power Administration (Southwestern) announced today that in response to continuing drought conditions in the Lake Texoma watershed, Southwestern is working with its customers which receive electricity from Denison Dam at Lake Texoma to keep hydropower generation levels low in the summer of 2014, so that storage can be preserved for times when electricity demand is at its highest.

"Our customers plan to continue to be extremely conservative with generation," says Fritha Ohlson, Director of Southwestern's Division of Resources and Rates. "Basically, they plan not to schedule the project unless there is a critical need, or there is significant inflow into the lake."

Ohlson explains that there can be several types of critical needs. One is when the Independent System Operator in the region, the Electric Reliability Council of Texas – or ERCOT – instructs Denison to generate when regional electrical conditions require additional generation to prevent brownouts and blackouts. Another is when the price of electricity skyrockets to the point where it is in the strong economic interest of Southwestern's customers to use generation from Denison rather than purchasing electricity on the market.

"In the fall of 2013," Ohlson explains, "maintenance outages for transmission lines and generating units in the ERCOT North Hub region where Denison is located kept energy prices high during the daily peaks. Real-time prices spiked to over \$1,000 per megawatt-hour more times in September and October 2013 than any other month that year." She says that while it's true that normal summer electricity demand is higher, the added burden of having generating plants out for maintenance is not expected in the ERCOT North Hub region during the summer of 2014.

Even with the high market prices, generation from Denison in 2013 marked the lowest generation year in the 70 year history of Lake Texoma and Denison Dam.

The hydropower operations at Lake Texoma are conducted in accordance with U.S. Army Corps of Engineers rules and regulations and all applicable laws, including Public Law 100-71 which provides for reduced hydropower generation at certain lower lake levels.

Ohlson says there may be other critical needs, but if the drought continues, Southwestern and its customers plan to try and limit generation beyond that required by Public Law 100-71 to the best of their ability in the summer of 2014. "It's really to everyone's advantage to have the storage available."

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Southwestern Power Administration is an agency of the U.S. Department of Energy. Its mission is to market and reliably deliver Federal hydroelectric power with preference to public bodies and cooperatives. This is accomplished by maximizing the use of Federal assets to repay the Federal investment and participating with other water resource users in an effort to balance their diverse interests with power needs within broad parameters set by the U.S. Army Corps of Engineers, and implementing public policy.