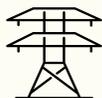
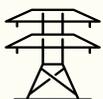


Markets+ Fact Sheet: Understanding Seams

Markets+ introduces new services to the West that will improve the efficiency and transparency of western grid operations.

The new seams that Markets+ will create are purely economic, and they're fundamentally different than reliability seams: the physical, operational boundaries between entities like reliability coordinators (RC), balancing authorities (BA) and transmission operators (TOP). Numerous reliability seams already exist in the West and won't change with Markets+. The entities who manage grid stability today will continue to do so regardless of changes in market configurations.

The bottom line: Anyone concerned that Markets+ will create or complicate seams, threatening regional reliability in the West, can rest assured. Markets+ will bring benefits to the West, not new risks, because economic boundaries create opportunities for greater market efficiency and price transparency when seams are managed well, and SPP is an experienced industry leader in seams management.



What is a seam?

A seam is the **boundary between two electric systems or markets**. There are two main types:

- **Reliability seam:** Operational boundaries between the entities responsible for keeping the grid stable in real-time (RCs, BAs and TOPs). Markets+ doesn't change these.
- **Market seam:** Economic boundaries where prices differ between regions, creating opportunities for trade and competition. Markets+ introduces this alongside other Western markets.

Will Markets+ affect reliability at all?

Yes, but not by complicating reliability coordination or assuming responsibilities for it. In fact, markets like Markets+ support enhanced reliability by providing participants new tools that **improve efficiency, transparency and coordination**.

Why More than One Market is Beneficial

- **Transparent price signals** reveal true costs and motivate efficient resource placement
- **Economic incentives** align generation and load decisions with system needs
- **Better access to resources** across regions, reducing congestion and maximizing existing infrastructure
- **Fair compensation** for services provided, presenting cost-shifting between regions

Why Multiple Markets Strengthen the West

A single market can systematically favor one asset mix or region. Multiple markets provide:

- Diversity, which reduces dependence on any single market construct
- Competition between markets disciplines pricing and governance
- Lower risk of one region consistently subsidizing another

Other benefits include:

- **Choice:** Utilities can participate in markets that fit their operations.
- **Transparency:** Price signals expose cost differences and inefficiencies.
- **Accountability:** Multiple markets create checks and balances on rules and outcomes.
- **Equity:** No single utility or region is structurally advantaged.