



Control Number: 49737



Item Number: 177

Addendum StartPage: 0

SOAH DOCKET NO. 473-19-6862  
PUC DOCKET NO. 49737

FILED  
2019 NOV 11 3:00  
PUC

APPLICATION OF SOUTHWESTERN § BEFORE THE STATE OFFICE  
ELECTRIC POWER COMPANY FOR §  
CERTIFICATE OF CONVENIENCE §  
AND NECESSITY AUTHORIZATION § OF  
AND RELATED RELIEF FOR THE §  
ACQUISITION OF WIND §  
GENERATION FACILITIES § ADMINISTRATIVE HEARINGS

**SOUTHWESTERN ELECTRIC POWER COMPANY'S SUPPLEMENTAL RESPONSE  
TO TEXAS INDUSTRIAL ENERGY CONSUMERS' SEVENTH  
REQUEST FOR INFORMATION**

**SUPPLEMENTAL RESPONSE NO. TIEC 7-15**

**NOVEMBER 8, 2019**

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**SOAH DOCKET NO. 473-19-6862  
PUC DOCKET NO. 49737**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S SUPPLEMENTAL RESPONSE  
TO TEXAS INDUSTRIAL ENERGY CONSUMERS' SEVENTH  
REQUEST FOR INFORMATION**

**Question No. TIEC 7-15:**

Please provide all internal presentations, analyses, and correspondence associated with the decision to issue the January 2019 wind request for proposals.

**Response No. TIEC 7-15:**

This request is subject to pending objection because SWEPCO has determined that some information responsive to this request may be protected by the attorney-client and/or work product privilege. TIEC has extended the time for the Company to provide any non-privileged responsive documents and/or privilege index.

**Supplemental Response No. TIEC 7-15:**

Please see TIEC 7-15 Supplemental Attachment 1.

Prepared By: Christen M. Blend

Title: Senior Counsel

Prepared By: Melissa A. Gage

Title: Senior Counsel

Prepared By: Jessica A. Cano

Title: Senior Counsel

Sponsored by: Counsel

**From:** Lisa M Barton <lmbarton@aep.com>  
**Sent:** Monday, December 10, 2018 2:55 PM EST  
**To:** Paul Chodak III <pchodak@aep.com>  
**Subject:** Technologies for cutting O&M

Not Responsive

Meeting with Nick on the Wind project went well. All clear for the RFP.  
Lisa

**From:** Peggy I Simmons <pisimmons@aep.com>

**Sent:** Friday, January 04, 2019 5:40 PM EST

**To:** Lisa M Barton <lbarton@aep.com>; Charles Patton <crpatton@aep.com>; Paul Chodak III <pchodak@aep.com>; Mark C McCullough <mcmccullough@aep.com>

**Subject:** 2019 Wind RFP\_Press Release for January 7th

**Attachment(s):** "News Release PSO Issues Wind RFP FINAL.doc.pdf"

Wanted to make sure that you all were aware that the 2019 Wind RFP will be issued on Monday (1/7) for PSO and SWEPCo. (Attached is the PSO press release. )

The PSO team has worked hand in hand with Antonio, Godfrey and their respective teams to get to this point.

Guernsey, the independent evaluator for OCC and AG , is now under contract . We have reached out to offer a walkthrough of the RFP in advance of Monday issuance.

I circled back with the AG to make him aware that the RFP was being issued and that it was for ownership.

At this point, I am not aware of any concerns from an Oklahoma perspective on issuing the Wind RFP as drafted.

Thanks



PEGGY I SIMMONS | PRESIDENT & COO - PSO

[PISIMMONS@AEP.COM](mailto:PISIMMONS@AEP.COM) | D:918 599.2555

212 E 6TH ST. TULSA OK 74119



**NEWS**  
*from Public Service*  
**Company of Oklahoma**

**CONTACT:**

Stan Whiteford  
PSO Corporate Communications  
(918) 599-2574  
[sawwhiteford@aep.com](mailto:sawwhiteford@aep.com)

**FOR IMMEDIATE RELEASE**

**PSO Issues RFP for Wind Resources**

TULSA, Oklahoma, January 7, 2019 – Public Service Company of Oklahoma (PSO), an AEP company, is requesting proposals for additional wind energy resources to be in commercial operation by the end of 2021. The project must be located in and interconnected to the Southwest Power Pool regional grid in Oklahoma, Arkansas, Louisiana or Texas and must have a minimum nameplate rating of 100 megawatts (MW).

"We're seeking proposals for new wind energy as part of our commitment to providing affordable energy to our customers" said Peggy Simmons, PSO president and chief operating officer. "We're requesting proposals that will meet customers' expressed interest in renewable energy, diversify our energy supply and provide cost savings."

Proposals are due by March 1, 2019. Response and contact information is available online at [PSOklahoma.com/rfp](http://PSOklahoma.com/rfp).

PSO, a unit of American Electric Power (NYSE: AEP), is an electric utility company serving more than 550,000 customers accounts in eastern and southwestern Oklahoma. Based in Tulsa, PSO has nearly 3,800 megawatts of generating capacity and is one of the largest distributors of wind energy in the state. News releases and other information about PSO can be found at [www.PSOklahoma.com](http://www.PSOklahoma.com).



**From:** Peter Main <phmain@aep.com>

**Sent:** Monday, January 07, 2019 9:47 AM EST

**To:** Lisa M Barton <lmbarton@aep.com>; Paul Chodak III <pchodak@aep.com>; Mark C McCullough <mcmccullough@aep.com>; Charles Patton <crpatton@aep.com>

**CC:** Malcolm Smoak <amsmoak@aep.com>; Carey A Sullivan <casullivan@aep.com>

**Subject:** FW: Communication materials for Wind RFP to be issued Monday morning

**Attachment(s):** "SWEPCO Wind RFP talking points QA if-asked 1-4-19.pdf", "SWEPCO news release - Wind RFP - 1-7-19.pdf"

Good morning,

Attached are the SWEPCO news release and talking points/Q&A for the wind RFP. The talking points are for use if asked - not for external distribution.

Thanks,

Peter



PETER MAIN | COMMUNICATIONS CONSULT PRIN

PHMAIN@AEP.COM | A 8 709.2526 | C:479 409.7857

101 W TOWNSHIP STREET FAYETTEVILLE, AR 72703-2823

MEDIA CONTACTS:  
SWEPCO Corporate Communications  
Peter Main (479-973-2526)  
Carey Sullivan (318-673-3458)

FOR IMMEDIATE RELEASE



## **SWEPCO Issues Request for Proposals for Purchase of Wind Energy Projects**

SHREVEPORT, La., Jan. 7, 2019 – Southwestern Electric Power Company (SWEPCO), an AEP company (NYSE: AEP), today announced it is requesting proposals for up to 1,200 megawatts of additional wind energy resources to be in commercial operation by Dec. 15, 2021.

Proposals must have a minimum nameplate rating of 100 megawatts and are due March 1, 2019. SWEPCO is seeking to acquire new or existing projects that qualify for at least 80 percent of the federal Production Tax Credit (PTC).

"SWEPCO continues to see strong customer interest in more renewable energy to meet their sustainability and renewable energy goals," said Malcolm Smoak, SWEPCO president and chief operating officer. "At the same time, SWEPCO is seeking proposals that will save customers money and further diversify our energy resource mix."

SWEPCO's Integrated Resource Plans show significant increases in renewable energy, including wind and solar, over the next 20 years.

SWEPCO customers are already served by 469 megawatts of wind energy from Texas, Oklahoma and Kansas through multiple power purchase agreements.

Projects must be located in, and interconnected to, the Southwest Power Pool (SPP) regional grid in Arkansas, Louisiana, Texas or Oklahoma.

Required application forms and additional information can be found at [SWEPCO.com/RFP](http://SWEPCO.com/RFP).

Any projects selected through the RFP process will be reviewed for regulatory approval by the Arkansas Public Service Commission, Louisiana Public Service Commission, Public Utility Commission of Texas and Federal Energy Regulatory Commission.

The RFP was issued by American Electric Power Service Corp. (AEPSC) on behalf of SWEPCO. AEPSC and SWEPCO are AEP companies.

## **About Southwestern Electric Power Co. (SWEPCO)**

SWEPCO, an American Electric Power (AEP: NYSE) company, serves 535,000 customers in western Arkansas, northwest and central Louisiana, northeast Texas and the Texas Panhandle. SWEPCO's headquarters are in Shreveport, La. News releases and other information about SWEPCO can be found at [SWEPCO.com](http://SWEPCO.com).

**About American Electric Power (AEP)**

American Electric Power, based in Columbus, Ohio, is focused on building a smarter energy infrastructure and delivering new technologies and custom energy solutions to our customers. AEP's more than 17,000 employees operate and maintain the nation's largest electricity transmission system and more than 219,000 miles of distribution lines to efficiently deliver safe, reliable power to nearly 5.4 million regulated customers in 11 states. AEP also is one of the nation's largest electricity producers with approximately 32,000 megawatts of diverse generating capacity, including 4,300 megawatts of renewable energy. AEP's family of companies includes utilities AEP Ohio, AEP Texas, Appalachian Power (in Virginia and West Virginia), AEP Appalachian Power (in Tennessee), Indiana Michigan Power, Kentucky Power, Public Service Company of Oklahoma, and Southwestern Electric Power Company (in Arkansas, Louisiana and east Texas). AEP also owns AEP Energy, AEP Energy Partners, AEP OnSite Partners and AEP Renewables, which provide innovative competitive energy solutions nationwide.

###

**Talking Points and Q&A - For Use If Asked**  
**SWEPCO Wind Request for Proposals (RFP)**  
**1/4/19**

**Not For External Distribution**

- **SWEPCO plans to issue a Request for Proposals (RFP) for additional wind energy resources at approximately 9 a.m. Monday, Jan. 7.**
- **A SWEPCO news release is planned for the same time.**
- **The following talking points and Q&A are for use if asked.**
- **If you need to provide anything in writing, please use the PDF of the news release.**

**Key Messages:**

- SWEPCO continues to see strong customer interest in more renewable energy to meet their sustainability and renewable energy goals. At the same time, we are seeking proposals for the purchase of wind facilities that will save customers money and further diversify our energy resource mix.
- SWEPCO's Integrated Resource Plans include significant increases in renewable energy over the next 20 years, including 1,200 megawatts of additional wind power by the end of 2023.
- SWEPCO has issued a competitive Request for Proposals (RFP) for the purchase of low-cost wind energy projects.
- SWEPCO is seeking bids for new or existing wind energy projects with a minimum nameplate rating of 100 megawatts and a total of up to 1,200 MW that can be placed in commercial operation by December 2021.
- Projects must qualify for at least 80 percent of the federal Production Tax Credit. Proposals are due March 1, 2019.
- Projects must be located in, and interconnected to, the Southwest Power Pool (SPP) regional grid in Arkansas, Louisiana, Texas or Oklahoma.
- PSO is issuing an RFP for the same wind resources in the same area.
- Any projects selected by SWEPCO through the RFP process will be reviewed for regulatory approval by the Arkansas Public Service Commission, Louisiana Public Service Commission, Public Utility Commission of Texas and Federal Energy Regulatory Commission. SWEPCO anticipates filing for those approvals in the third quarter 2019.
- SWEPCO customers are currently served by 469 megawatts of wind energy from Texas, Oklahoma and Kansas through multiple power purchase agreements (PPAs) with other facility owners. In contrast, the RFP is for the acquisition of wind projects that would be owned and operated by SWEPCO.

- Additional information:
  - Neither SWEPCO nor its affiliates will submit self-build bids into the RFP. SWEPCO anticipates jointly evaluating results with PSO.
  - SWEPCO is seeking to own and operate the project, not enter into a PPA. Assuming a successful outcome from the RFP, SWEPCO will seek regulatory review of the project.
  - The purchase agreements will include all costs necessary to interconnect the wind energy to SPP's transmission system.
  - The RFP bid evaluation process will help protect SWEPCO customers from paying unnecessarily high congestion costs in the future.

**Q&A – IF ASKED:**

Q. How much will customers pay for the project?

A. SWEPCO is seeking wind projects that will save customers money. Estimated costs and benefits will be determined as we evaluate the bids after the March 1 due date and select any projects for regulatory review and approval.

Q. How is this RFP different than the Wind Catcher project?

A. The only similarity this RFP has with Wind Catcher is that they both were wind resources.

The RFP is part of a competitive bidding process that seeks proposals for wind projects to serve our customers. We will evaluate the bids to determine if any will be selected and proposed for regulatory approval.

Wind Catcher was a specific project proposal, including the purchase of a wind farm and construction of a generation-tie line in Oklahoma. SWEPCO and PSO were seeking regulatory approvals for their shares of that specific project.

Q. Does the wind energy RFP involve a big transmission line like Wind Catcher?

A. The draft RFP seeks projects that will minimize congestion on the transmission system, which can significantly impact project costs. A generation-tie line could be constructed in the future to avoid or alleviate anticipated congestion. The economics of proposed projects will determine if a generation-tie line will be needed to cost-effectively deliver the wind power.

**Q: Will you build a gen-tie?**

A: By focusing on wind projects that can economically deliver energy to SWEPCO's and PSO's customer base, and thus less subject to congestion costs, we believe it is not likely that we will need to build a gen-tie. However, if at some point congestion costs increase, we will evaluate those costs along with the cost of a gen-tie and make a decision based on what's most economical for customers.

Q. Where will the wind energy come from?

A. The RFP seeks proposals that are located in, and interconnected to, the SPP regional grid in Arkansas, Louisiana, Texas or Oklahoma. From an economic standpoint, projects will need to be geographically closer to the transmission system of SWEPCO and sister company PSO within SPP.

Q. Why are you seeking to own the wind assets instead of signing purchase power agreements?

A. As part of our diverse resource portfolio, wind facilities will provide low-cost energy with minimal risk associated with future environmental regulations. Customers would also benefit from any production

beyond the levels assumed in the project evaluation, as they do with other company-owned generating facilities. And we expect wind facilities to continue generating low-cost energy for our customers beyond the term of typical PPAs. In the RFP evaluation, SWEPCO will also consider solutions for potential future transmission congestion to ensure customers receive the most benefit from the selected wind projects.

**Q. Do you anticipate the kind of opposition you received to Wind Catcher?**

A. Yes, we expect some opponents of Wind Catcher to return, although an RFP is a different process. We understand that there are renewable energy opponents. There are supporters, as well. Our RFP is intended to generate wind energy proposals that benefit SWEPCO customers in concrete ways that will be demonstrated during the regulatory review process. We hope that folks will wait to see the benefits from any project selected through the RFP process before making up their minds.

**Q. Do you think you will be successful this time?**

A. If the RFP process yields projects that benefit our customers and merit the approval of regulators, we believe we can be successful. It all depends on the results of the RFP.

**Q. Can you proceed if you don't get regulatory approval in all three states?**

A. We would evaluate our options if the project did not meet with approval of any state we serve. SWEPCO reserves the right to proceed if it has not received all of its states regulatory approvals or if PSO does not receive state regulatory approval.

**Q. What is the role of Production Tax Credits (PTCs)?**

A. Production Tax Credits (PTCs) are federal tax credits available for wind projects completed in certain time frames. PTCs are being phased out, with 100 percent of the PTC available for projects that were under construction by the end of 2016 and will be placed in service by the end of 2020, or 80 percent of the original PTC available for projects that are under construction by the end of 2017 and will be placed in service by the end of 2021. SWEPCO's RFP requires proposals that qualify for at least 80 percent of the PTC.

**Q. Who are the customers that support wind energy and want more of it?**

A. Many companies, universities, cities and other customers are looking to their utilities to help them meet their own sustainability and renewable energy goals. (Examples include Walmart, the University of Arkansas and the City of Fayetteville, Ark.)

**Q. What do you say to folks who oppose the use of federal tax credits?**

A. We recognize that some folks do not approve of government tax credits. However, these credits are available for the benefit of our customers, and we are seeking to allow SWEPCO customers to benefit from the credits.

**Q. When were SWEPCO's IRP plans completed and what are some of the updates?**

A. SWEPCO's 2018 Arkansas Integrated Resource Plan (IRP) was filed in December 2018 with the Arkansas Public Service Commission at [http://www.apscservices.info/pdf/07/07-011-U\\_32\\_2.pdf](http://www.apscservices.info/pdf/07/07-011-U_32_2.pdf). The draft Louisiana IRP will be filed with the Louisiana Public Service Commission as part of the current IRP process. Both include updated natural gas price forecasts and indicate that adding substantial new wind energy resources by 2024 will benefit customers.

**Q. Why is SWEPCO pursuing wind energy and not solar?**

The same resource plan that resulted in issuance of this RFP also calls for the addition of solar resources. SWEPCO is evaluating options to add approximately 1,300 MW of solar energy by 2032.

Q. What was the purpose of a draft RFP?

A. The Louisiana Public Service Commission's Market Based Mechanism calls for a draft RFP so that potential bidders can provide input prior to issuance of a final RFP.

Q. What was the informational filing in Louisiana?

A. In Louisiana, SWEPCO's effort to acquire wind energy resources must come under the Louisiana Public Service Commission's Market Based Mechanism (MBM) order. The MBM allows the Commission to grant modifications to the MBM process. SWEPCO was granted a waiver of the 30-day advanced notice period in making its informational filing in order to complete the process of evaluating and acquiring wind projects in time to secure the 80 percent PTC. Projects with a time frame that is one year beyond the schedule in the draft RFP will see a reduction to 60 percent as the PTC continues its phase-out.

Q. Were similar informational filings made in Arkansas and Texas?

A. No, but the Arkansas and Texas commissions were notified. The Louisiana filing was made in accordance with the LPSC's Market Based Mechanism. We anticipate filing in all three states in the third quarter of 2019 for approval of any selected projects.

Q. How does the PSO draft RFP affect the SWEPCO draft RFP?

A. The draft RFPs for SWEPCO and PSO would seek the same wind resources in the same geographic area. Bidders must submit identical bids in response to both draft RFPs. The companies expect to select the same resources and jointly acquire the resources, pending their respective regulatory approvals.

**From:** Tom Brice JR. <tpbrice1@aep.com>

**Sent:** Tuesday, October 16, 2018 5:17 PM EDT

**To:** Malcolm Smoak <amsmoak@aep.com>; Brian Bond <tbbond@aep.com>; Brett Mattison <bmattison@aep.com>; Carey A Sullivan <casullivan@aep.com>

**Subject:** Wind RFP / Confidential

I understand that Nick has authorized the issuance of an RFP to acquire wind assets for PSO and SWEPCO. The RFP would solicit the market in hopes of satisfying the IRP requirements projected for all four jurisdictions of the companies.

Best regards,

Tom

**From:** Jay F Godfrey <jfgodfrey@aep.com>  
**Sent:** Wednesday, October 31, 2018 8:35 AM EDT  
**To:** Rich Simon (rich@simonwind.com) <rich@simonwind.com>  
**CC:** Joseph A Karrasch <jakarrasch@aep.com>  
**Subject:** New RFPs in SPP  
**Attachment(s):** "2018 SWEPCO Wind Energy RFP Draft 10-30 Final.doc"  
Rich

We finally have a plan in SPP for SWEPCo and PSO!!

Today SWEPCo made a filing with the LA commission providing them a draft RFP for wind in SPP. You will note throughout the RFP that we also mention that we will be conducting a parallel RFP on behalf of PSO for the same wind projects (i.e. they will be jointly owned). The actual RFP will actually be issued in early January with bids due March 1 2019. We must get permission to issue first. Plan is to let the market see the draft so that they can work on their bids (new

Unlike Wind Catcher, we are 1) conducting an RFP and 2) we will have filed an Integrated Resource Plan in support of the need for more wind. We hope this will result in a much better outcome.

Of note we are also looking for wind projects that are 1) located closer to Tulsa and 2) actually interconnected or planned to be interconnected into SPP. Our rescue plan in the event that there is still too much congestion in the future is that with the distance much closer to Tulsa that any gen-tie that may be needed would be much shorter i.e. < ½ the distance as that that was planned with Wind Catcher.

We are also seeking multiple projects that can be pieced together as we have states approve the wind and /or can be dropped if states drop out. No more all or nothing.

This means we will have to take a look at a number of projects at a very high level to get them in an initial screen for LCOE and congestion. The high level wind will be something that we will need to engage you on as we whittle down the list then the harder core analysis begins including more detailed review of their wind resource, layout and energy estimates. As you will see from the schedule we have a compressed schedule to get this all done, select the project we need to move forward with and negotiate purchase agreements that we then submit to the commission(s) for approval... then they can construct.

Would be interested in discussing your thoughts on how we accomplish our goals. My guess is that we will end up with projects in North central portion of Oklahoma but you never know. Winds will be lower than WC but offset by being closer. These will also be 2021 projects which will only receive 80% PTC but use the new turbines i.e. the GE 3.x 140 M machine, new vestas, etc.

Would like to catch up with you this week.

Regards

JFG

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# *2019 Wind Energy RFP Bidders Technical Conference*



An **AEP** Company

BOUNDLESS ENERGY™

*December 10, 2018*

## **Disclaimer**

THIS PRESENTATION IS A SUMMARY OF THE KEY FEATURES OF THE DRAFT RFP AND NOT A COMPREHENSIVE REPRESENTATION OF THE RFP ISSUED ON 1/7/2019 OR ITS BIDDING REQUIREMENTS. THE RFP ISSUED ON 1/7/19 OR SUBSEQUENT REVISIONS CONTROLS IN THE EVENT OF ANY CONFLICT BETWEEN THE RFP AND THIS PRESENTATION OR ANY OTHER STATEMENTS MADE BY SWEPCO REPRESENTATIVES.

# Agenda

- Purpose
- Introduction to AEP and SWEPCO
- Request for Proposals (RFP) Overview
- Evaluation Process
  - Eligibility & Threshold
  - Detailed Analysis
  - Final Project Selection
- Questions and Answers
  - Q&A Deadline: February 22, 2019
- Email Questions to: [SWEPCOWindRFP2019@aep.com](mailto:SWEPCOWindRFP2019@aep.com)

## Disclaimer

THIS PRESENTATION IS A SUMMARY OF THE KEY FEATURES OF THE DRAFT RFP AND NOT A COMPREHENSIVE REPRESENTATION OF THE RFP ISSUED ON 1/7/2019 OR ITS BIDDING REQUIREMENTS. THE RFP ISSUED ON 1/7/19 OR SUBSEQUENT REVISIONS CONTROLS IN THE EVENT OF ANY CONFLICT BETWEEN THE RFP AND THIS PRESENTATION OR ANY OTHER STATEMENTS MADE BY SWEPCO REPRESENTATIVES.

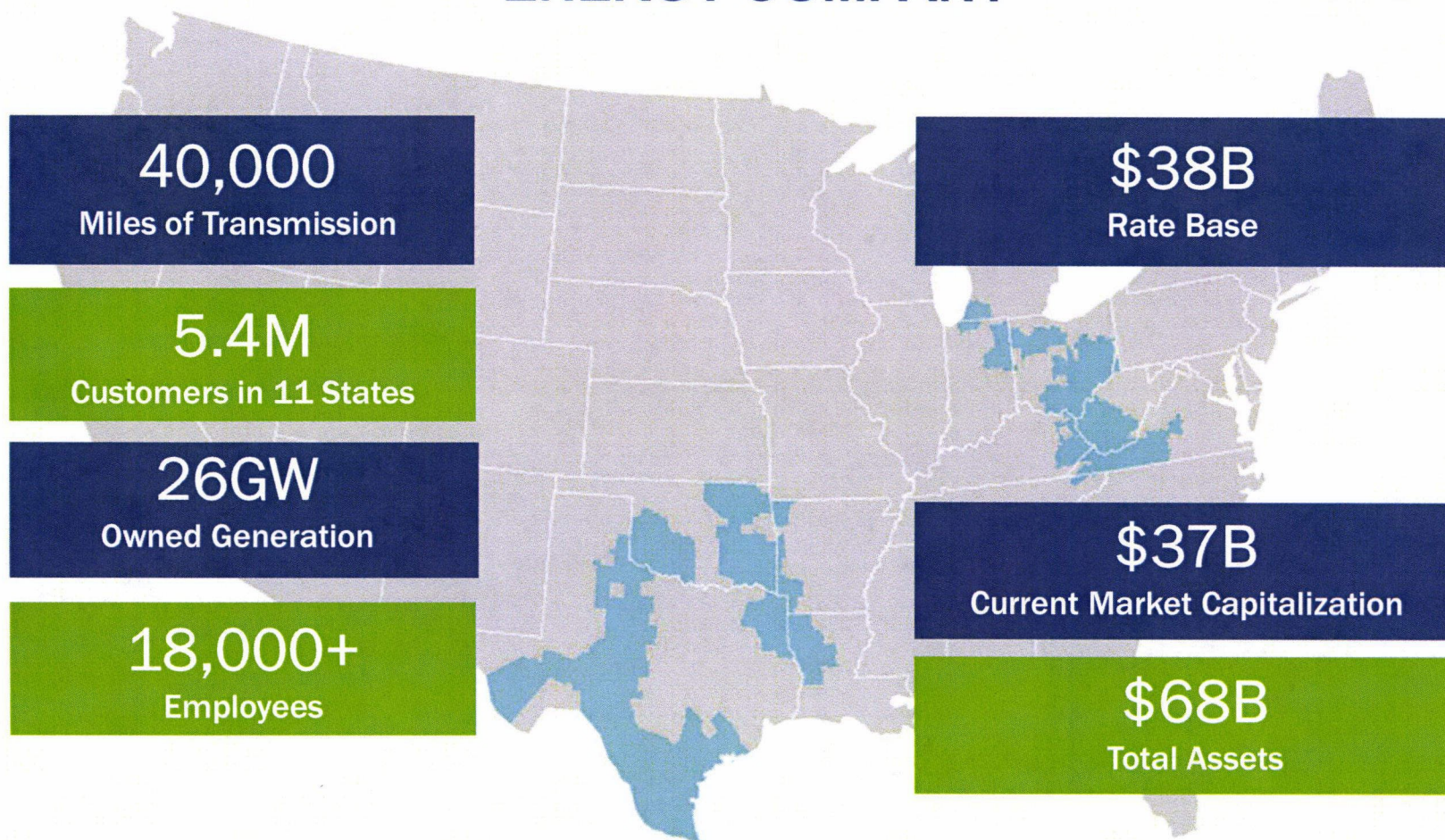
# Purpose

- SWEPCO is seeking qualified Proposals from qualified Bidders for wind energy projects that are physically located in the Southwest Power Pool (SPP) areas of Arkansas, Louisiana, Texas or Oklahoma.
- SWEPCO's 2018 Integrated Resource Plan<sup>1</sup> calls for the addition of cost effective wind resources that qualify for Federal PTCs
  - Diversifies SWEPCO's energy supply portfolio
  - Low-cost known pricing (not subject to fuel price risk)
- Contemporaneous with this RFP, AEPSC is administering an RFP on behalf of SWEPCO affiliate Public Service Company of Oklahoma (PSO)
  - SWEPCO and PSO anticipate that one or more of the wind energy projects selected as a result of their RFPs would be jointly owned by them.
  - A Bidder that submits a Proposal in response to the SWEPCO RFP will also be required to submit an identical proposal in response to the PSO RFP

Note 1: SWEPCO's most recent IRP was filed in December 2018 with the Arkansas Public Service Commission in Case No. 07-011-U and its draft IRP filed with the Louisiana Public Service Commission in Case # I-34715.

# Introduction to AEP and SWEPCO

# AMERICAN ELECTRIC POWER THE PREMIER REGULATED ENERGY COMPANY

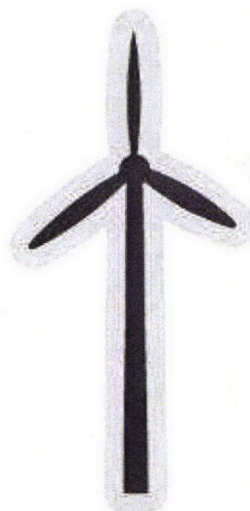


Note: Statistics as of September 30, 2018 except for market capitalization as of November 7, 2018 and rate base as of December 31, 2017

# Delivering Clean Energy Resources

**AEP's September 30, 2018 Renewable Portfolio, in MW**

Hydro, Wind, Solar & Pumped Storage	Owned MW	PPA MW	Total MW
AEP Ohio		209	209
Appalachian Power Company	816	575	1,391
Indiana Michigan Power Company	36	450	486
Public Service Company of Oklahoma		1,137	1,137
Southwestern Electric Power Company		469	469
Competitive Wind, Solar & Hydro	473	175	648
<b>Total</b>	<b>1,325</b>	<b>3,015</b>	<b>4,340</b>



**APPROXIMATELY**  
**11,900 MW**  
**OF RENEWABLE GENERATION**  
**INTERCONNECTED ACROSS THE U.S. VIA**  
**AEP'S TRANSMISSION SYSTEM TODAY**



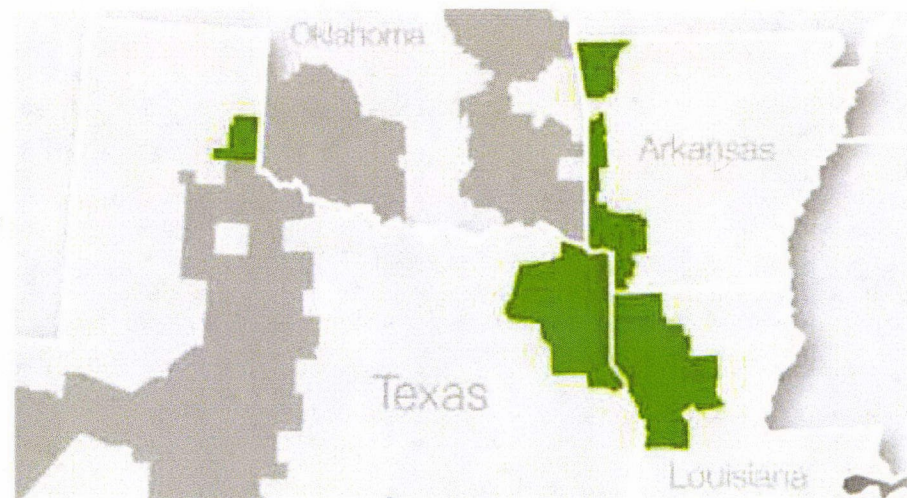
# SWEPCO's Wind Portfolio

SWEPCO Wind Portfolio		
Facility Name	Name-Plate Rating	Location: State (County)
Majestic I	79.5 MW	TX (Carson)
High Majestic II	79.6 MW	TX (Carson & Potter)
Flat Ridge 2	31.0 MW	KS (Barber, Harper, Kingman and Sumner)
Flat Ridge 2	77.8 MW	KS (Barber, Harper, Kingman and Sumner)
Canadian Hills	100.5 MW	OK (Canadian)
Canadian Hills	52.8 MW	OK (Canadian)
Canadian Hills	48.0 MW	OK (Canadian)
	469.2 MW	

Further Information on SWEPCO can be viewed at: [www.SWEPCO.com](http://www.SWEPCO.com)

# Southwestern Electric Power Company

- Headquarters in Shreveport, LA
- SWEPCO serves approximately 535,000 customers in:
  - Northwestern Louisiana
  - Western Arkansas
  - East Texas
  - The “panhandle” of Texas
- 4,103 miles of transmission lines
- 25,197 miles of distribution lines
- 5,240 MW of generating capacity



Further Information on SWEPCO can be viewed at: [www.SWEPCO.com](http://www.SWEPCO.com)

# **DRAFT Integrated Resource Plans (IRP)**

- SWEPCO and PSO draft IRPs continue to indicate that customers benefit from additional low-cost wind energy resources
  - Customer benefits realized in part by the federal Production Tax Credit

<b>Current DRAFT IRP Wind Nameplate Forecast</b>	
Wind Procurement*	Years 2021 - 2023
SWEPCO	Up to 1,200 MW
PSO	Up to 1,000 MW
Total	Up to 2,200 MW

\* Outcomes pending applicable state IRP processes.



# RFP Overview

# Overview

- SWEPCO is seeking Projects on a turnkey basis in which it individually, or together with PSO, will acquire all of the equity interests in the project company
  - Seller to design, develop, procure, build, construct, commission and start up complete project
  - Proposals that do not meet this criteria, including proposals for renewable energy power purchase agreements, will not be considered by SWEPCO.
- New or existing Projects (including expansions) will qualify to participate
- Project size must be at least 100 MW
- Projects must be located in Arkansas, Louisiana, Texas or Oklahoma.
- New Projects must be placed in service by December 15, 2021 and qualify for at least 80% of the Federal PTC
- Purchase & Sale Agreement (PSA)
  - Payment is at Closing (no progress payments)
- Projects must interconnect to the SPP and have a completed System Impact Study by the Proposal Due Date (March 1, 2019)

## Co-Ownership / NTP

- SWEPCO and PSO anticipate evaluating and selecting the same Projects through their respective RFP processes and jointly acquiring the selected Projects if they obtain their respective state regulatory approvals
- SWEPCO's decisions regarding the results of the RFP will be subject to the receipt of regulatory approvals from:
  - Arkansas Public Service Commission
  - Louisiana Public Service Commission
  - Public Utility Commission of Texas
  - Oklahoma Corporation Commission (for joint PSO projects)
  - Federal Energy Regulatory Commission
- Upon obtaining all regulatory approvals, SWEPCO and PSO would issue a notice to proceed (NTP) to move forward with the Project
- SWEPCO reserves the right to proceed with any Project if SWEPCO receives some, but not all, of its regulatory approvals or PSO does not receive its regulatory approval

# Wind Resource / Production Estimates

- Each Proposal must have a robust wind resource analysis / study prepared by an independent third party consultant
- During the RFP evaluation process, significant attention will be made with regards to the required independent third party wind energy resource assessment
- Each project configuration must be described in such wind report and include a description of the on-site meteorological campaign (number and height of met towers, remote sensing, LIDAR and/or SODAR, etc.) and be adjusted for the warranted power curve
- Such wind report shall also include P50, P75, P90, P95 and P99 production estimates with 1, 5, 10, 20 and 30 year timeframes
- A Turbine Specific Site Suitability Report from the turbine manufacturer must also accompany each bid
  - GE: Mechanical Loads Analysis (MLA)
  - Siemens: Site Assessment Report (SAR)
  - Vestas: Wind Power Plant Assessment (WPPA)

# Congestion and Deliverability

- SWEPCO is seeking Projects that:
  - are not currently experiencing, or anticipated by the Company to experience, significant congestion or deliverability constraints which are likely to result in adverse Project economics, and
  - which (i) Project cost and performance, (ii) current deliverability to the AEP West load zone in the Tulsa area and (iii) potential congestion and opportunity for a generation tie-line that may be constructed by the Company in the future to avoid or alleviate potential transmission congestion, if necessary

**DELIVERABILITY IS KEY**

# Congestion and Deliverability

- Generation projects interconnected in areas with no, or very low, deliverability have significant curtailment and congestion risk
- Generation projects interconnected in areas with higher congestion are of lower value
- Congestion and deliverability assessments will be performed by the Company to contrast projects

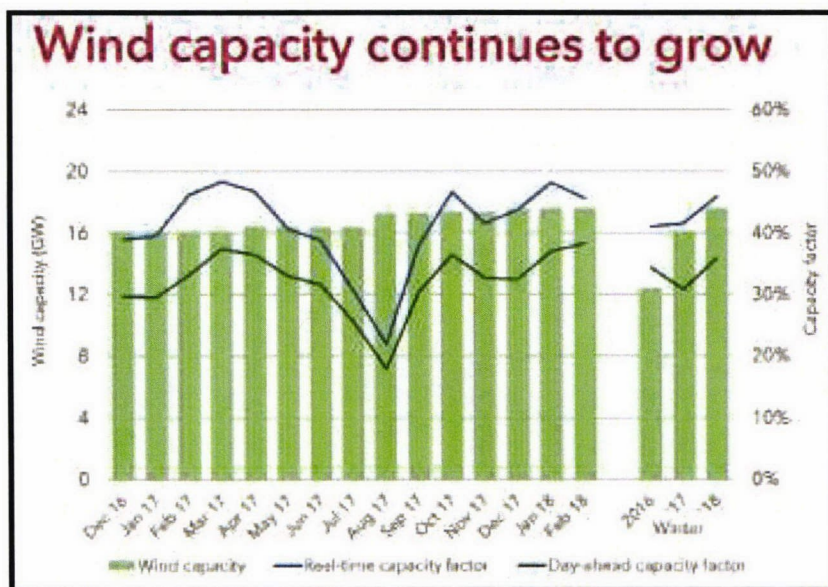
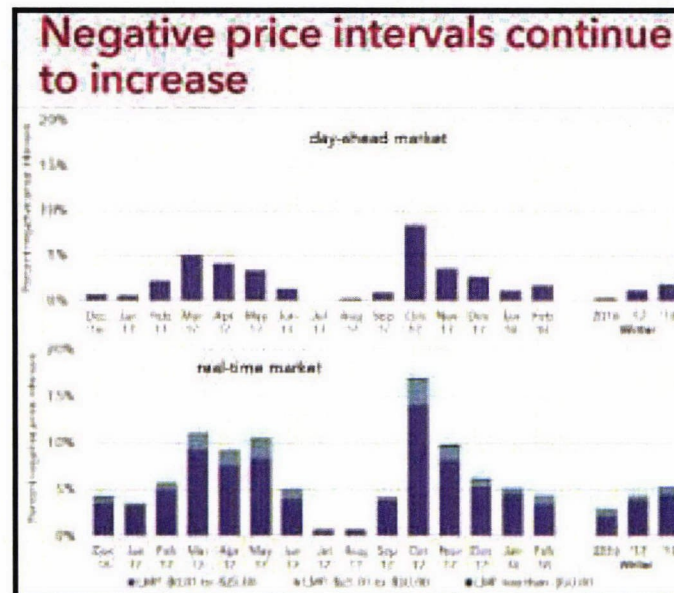
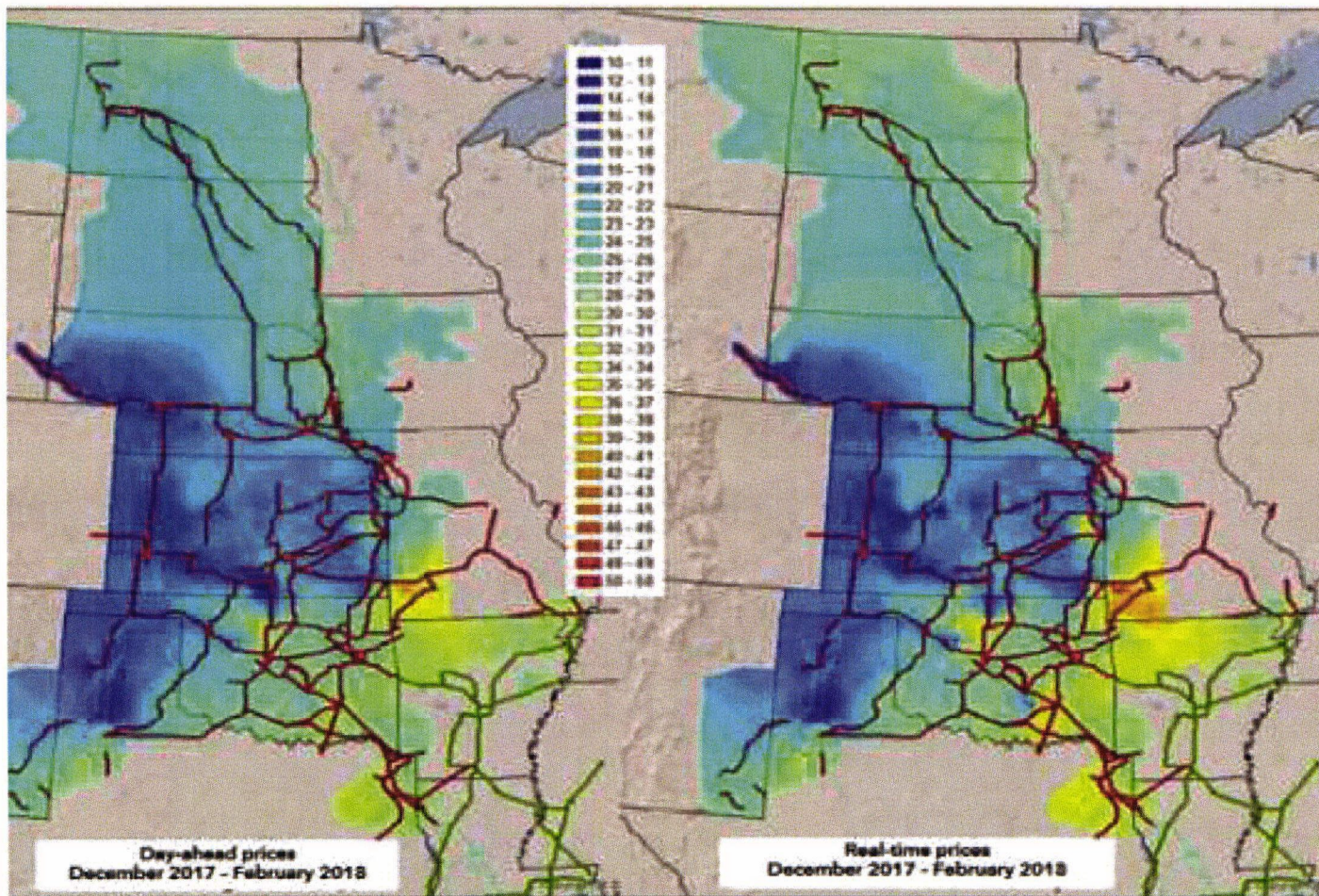


Chart Source: SPP Market Monitoring Unit Winter 2018 Quarterly Report



# Congestion is Causing Price Differentials



**Resources with higher deliverability and less congestion to the AEP West Load Zone will have higher value**

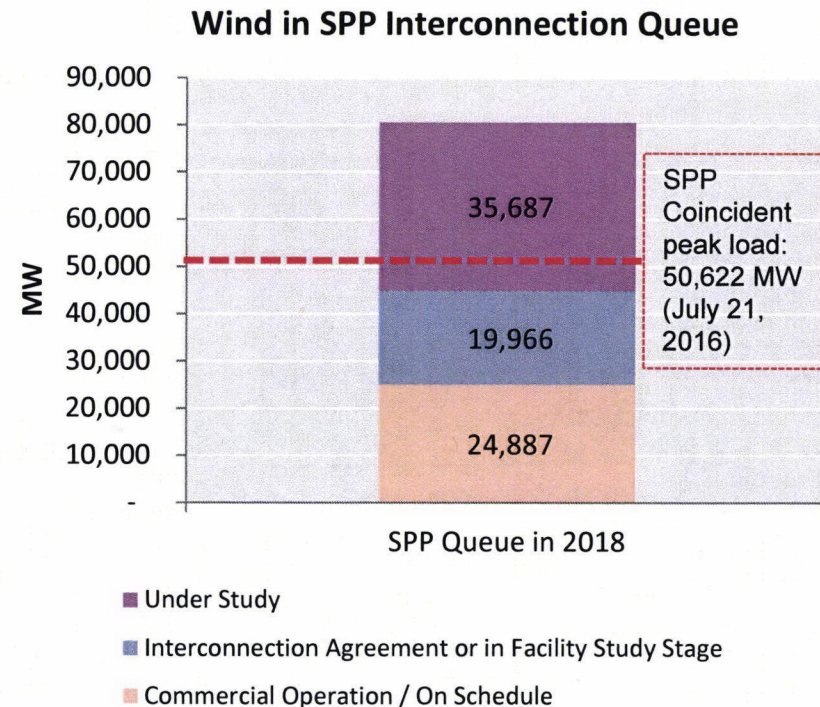
Source: SPP Market Monitoring Unit Winter 2018 Quarterly Report

# LMP is Impacted by Congestion

- Locational Marginal Price (LMP)
  - LMP is the market-clearing price for energy at a given Price Node equivalent to the marginal cost of serving demand at the Price Node, while meeting SPP Operating Reserve requirements
  - LMP is calculated using a Security Constrained Economic Dispatch and is the price to provide the least-cost incremental unit of energy at a specific location, while also considering congestion and losses
- Congestion
  - Situation where the desired amount of electricity is unable to flow due to physical limitations (line, bus, storm damages) or regulated limitations, such as Contingency Reserves
  - Congestion impairs the ability to use least-cost electricity to meet demand, and results in a price difference between source and sink

# Future Congestion Risk

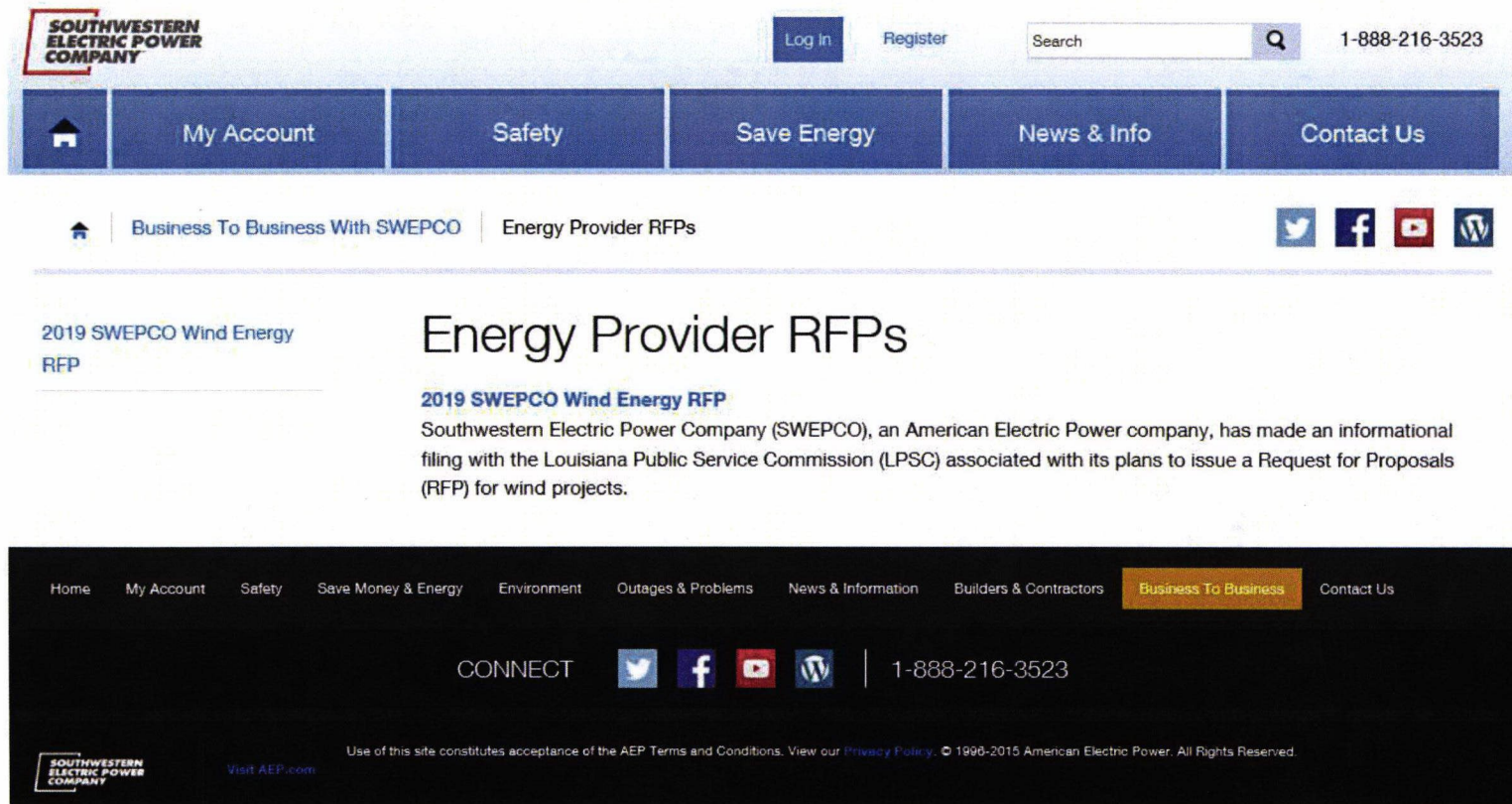
- Current SPP interconnection queue includes ~80 GW of wind energy resources
- The increased levels of wind integration could result in additional congestion costs
- Other factors influencing congestion may include commodity fuel prices, load growth, future LMPs, transmission system improvements, generation retirements, etc.



**Future congestion levels will ultimately be dependent on the specific location and amount of wind interconnected to the SPP Transmission System**

# RFP Website Structure

- General RFP information posted at Website: [www.SWEPCO.com/rfp](http://www.SWEPCO.com/rfp)



# RFP Website Structure

## 2019 SWEPCO Wind Energy RFP

## 2019 SWEPCO Wind Energy RFP

Southwestern Electric Power Company (SWEPCO), an American Electric Power company, has made an informational filing with the Louisiana Public Service Commission (LPSC) associated with its plans to issue a Request for Proposals (RFP) for wind projects.

Proposals will be evaluated based on criteria outlined in the final RFP, which is expected to be issued January 7, 2019. To qualify for consideration, projects must be:

- A minimum of 100 MW
- Located within and interconnected to SPP areas of AR, LA, OK and TX
- Qualify for at least 80% of the PTC and be operational by December 15, 2021

Proposals are due March 1, 2019. All proposal responses should be directed to the RFP manager outlined in the RFP documents.

### Schedule

**Draft RFP Filed with LPSC:** October 30, 2018

**Bidder's Technical Conference:** December 5, 2018\*

**RFP Issued:** January 7, 2019\*

**Notice of Intent:** January 30, 2019

**Proposal Due Date:** March 1, 2019

**Short-List and Negotiation:** March – July, 2019

**Execute Final Contract(s):** July 30, 2019

**File for Regulatory Approvals:** August 1, 2019

**Required Regulatory Approvals:** No later than August 1, 2020


**Notice to Proceed:** No later than August 15, 2020

**Commercial Operation Date:** No later than December 15, 2021

\* The above schedule is subject to review and approval by the LPSC Staff.

### Documents

 [Draft 2019 SWEPCO Wind Energy RFP](#)

 Bidder's Technical Conference - The Bidder's Technical Conference presentation is expected to be posted in this location on or before November 15, 2018.

### Bidder's Technical Conference

**Date:** December 5, 2019

**Time:** TBD

**Place:** TBD

Additional details to follow

All correspondence via email at: [SWEPCOWindRFP2019@aep.com](mailto:SWEPCOWindRFP2019@aep.com)

## RFP Timeline (§ 6.1)

RFP Timeline	
Draft RFP Filed with LPSC	October 30, 2018
Bidder's Technical Conference	December 10, 2018
RFP Issued	January 7, 2019*
Notice of Intent	January 30, 2019
Q&A Deadline	February 22, 2019
Proposal Due Date	March 1, 2019
Final Project Selection and Negotiation	March – July, 2019
Execute Final Contract(s)	July 30, 2019
File for Regulatory Approvals	August 1, 2019
Required Regulatory Approvals	No later than August 1, 2020
Notice to Proceed	No later than August 15, 2020
Commercial Operation Date	No later than December 15, 2021

\* Subject to review/input from state regulatory commissions

## Bid Pricing Structure (§ 4.1 - 4.3)

- Proposal is for a turnkey Project (30-yr minimum life) with closing after Project completion
- Includes a two-year comprehensive warranty from a credit-worthy entity for all Balance of Plant equipment
- The turbines for the Project must be manufactured by GE, Vestas or Siemens-Gamesa
- Each Project must satisfy the AEP Wind Generation Facility Standards (Appendix E)
- Includes post-commercial operation power curve testing and costs, including installation and removal of any temporary test met towers
- Proposal Size:
  - Maximum nameplate rating
  - If possible, in 50-100 MW increments above the 100 MW minimum and up to maximum nameplate rating
- Overall RFP Size:
  - The overall RFP size has not been determined and will be dependent upon market response and value
  - Providing more incremental Proposal options for large projects may allow for the Proposal to be selected in more purchase scenarios

## Interconnection (§ 5.1 – 5.3)

- Bidder's project must be connected to SPP Transmission System. All completed studies must be submitted with the Bidder's Proposal
- Project must have obtained a completed SPP Generation Definitive Interconnection System Impact Study by the Proposal Due Date (March 1, 2019) and be in good standing with all SPP Generator Interconnection Procedure requirements
- Project must have the demonstrated ability to achieve commercial operation of any interconnection for the full output of the Project by the Commercial Operation Deadline (December 15, 2021)

## Form PSA Term Sheet

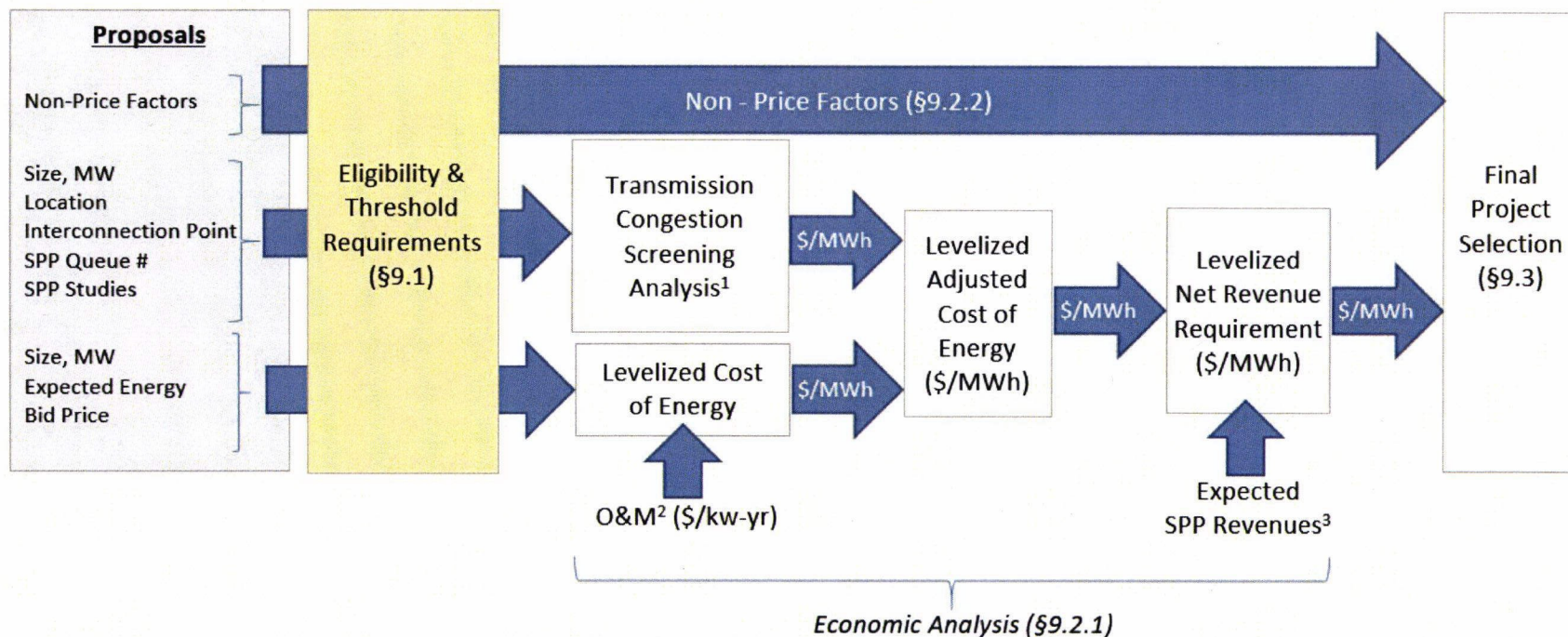
- Closing to occur immediately after Project achieves commercial operation
- Buyer: SWEPCO by itself or together with its utility affiliate, PSO
- Buyer to purchase 100% of project company exclusively holding all Project assets
- NTP subject to receipt of all Regulatory Approvals
- PTC qualification for at least 80% PTC
- No progress payments
- Seller to provide full 2-year warranty for all non-turbine scope / BOP
- Seller to provide credit support for all obligations under PSA
- Customary Seller Covenants, Representations and Warranties

# Proposal Content Requirement

- All Proposals must provide concise and complete information as provided in the RFP
- The Bidder is encouraged to provide as much information as possible to aid in the evaluation of the offer
- Appendix G – Proposal Content Check List Sheet
  - Appendix A – Wind Project Summary
  - Appendix B – Bidder's Credit-Related Information
  - Appendix C – Bidder Profile
  - Appendix D – Term Sheet
  - Appendix E – AEP Wind Generation Standard
  - Appendix F – O&M Services Scope of Work
- Existing Projects (additional information: §8.2.1 – 8.2.8)

# **RFP Proposal Evaluation (Section 9)**

# Evaluation Process



Note 1: The Transmission Congestion Screening Analysis will evaluate (a) value of transmission congestion into the 345 kV system in the AEP West load zone (Tulsa area) using PROMOD and (b) the risk-adjusted cost effectiveness of various Project groupings including the cost of mitigating or eliminating potential future congestion of the various Projects

Note 2: O&M assumptions will be determined using a combination of 1) industry average costs (e.g. EPRI, Bloomberg), in addition to adjustments for project specific costs (e.g. land lease, royalties, property tax)

Note 3: The Expected SPP Revenues is calculated using Expected Energy and AEPSC's Fundamentals SPP LMP Forecast

# Eligibility & Threshold Requirements (§ 9.1)

1. The Project must be physically located in, and interconnected to the SPP, in Arkansas, Louisiana, Texas or Oklahoma;	8. The Bidder has demonstrated substantial Project site control;
2. Bidder must have submitted an identical proposal in the PSO RFP;	9. The Project must be capable of achieving commercial operation by the Commercial Operation Deadline;
3. The new Project will qualify for at least 80% of the PTC;	10. The Bidder must include an independent wind report
4. The Project must be interconnected to SPP and have a completed System Impact Study which remains active in the SPP queue process with the demonstrated ability to achieve commercial operation of any interconnection for the full output of the Project by the Commercial Operation Deadline;	11. The Project must not be located in an area in which deliverability is determined by the Company to be either severely limited or non-deliverable to the AEP West load zone (Tulsa area).
5. The turbines for the Project must be manufactured by GE, Vestas or Siemens-Gamesa;	12. The Project, and a potential generation-tie line that may be constructed by the Company in the future to avoid or alleviate potential transmission congestion, if necessary, must be constructible e.g. no impediments due to wildlife or sovereign tribal issues.
6. The Bidder must have completed the development, construction, financing, and commissioning of a similar-sized wind project in the United States or Canada and/or otherwise have demonstrated appropriate experience;	13. The Bidder's exceptions to the Term Sheet, considered individually or in the aggregate, are minimally acceptable to the Company as a basis for further discussions
7. The Project's minimum name-plate rating is 100 MW;	

***ONLY projects that meet the Eligibility & Threshold Requirements will move to the "Detailed Analysis" phase of the RFP (see next page)***

# Detailed Analysis

## **Economic Analysis (90%)**

- LCOE (levelized cost of energy)
- Transmission Congestion (the value of Transmission Congestion as determined by the Company's Transmission Congestion Screening Analysis)
- LACOE (LCOE plus Transmission Congestion)
- LNRR (Levelized Net Revenue Requirement) = Net SPP Revenues - LACOE

## **Non-Price Factors (10%)**

- impact on wildlife, the environment and identified cultural resources;
- location on or proximity to tribal or government lands;
- exceptions to the AEP Wind Generation Facility Standards (Appendix E);
- the Bidder's exceptions to the PSA Term Sheet (Appendix D);
- the scope and terms of the O&M services proposal (if applicable);
- the development status of the Project
- operating history of other similar wind generation facilities
- credentials of independent consultant (Wind Resource Analysis/Study)

# Final Selection

## Final Project Selection.

- Based upon the results of the Economic Analysis (90%) and the Non-Price Factor Analysis (10%) described previously, the Company will determine which Projects will be included in the Final Project Selection
- The Company will notify Bidders whose Proposals are included in the Final Project Selection and commence the negotiation of definitive agreements

# Questions and Answers

All questions during the RFP should be submitted to:  
[SWEPCOWindRFP2019@aep.com](mailto:SWEPCOWindRFP2019@aep.com)

# The End