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Addendum StartPage: 0

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

APPLICATION OF SOUTHWESTERN ELECTRIC POWER COMPANY FOR CERTIFICATE OF CONVENIENCE AND NECESSITY AUTHORIZATION AND RELATED RELIEF FOR THE ACQUISITION OF WIND GENERATION FACILITIES	§ § § § § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS
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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO
GOLDEN SPREAD ELECTRIC COOPERATIVE INC.'S
SECOND REQUEST FOR INFORMATION**

JANUARY 13, 2020

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Question No. GSEC 2-1:

Please refer to GSEC RFI 1-1. Which "Future" does the Company believe is more reflective of the amount of wind that is coming onto the SPP system? Please explain your response.

Response No. GSEC 2-1:

Please refer to the direct testimony of Company witness Ali p. 9: lines 2-8.

See also the following references in the errata direct testimony of witness Pfeifenberger:

- p.7, lines 4-5 (including Footnote 1) and p. 7, line 13 through p. 8, line 21
- p.17, line 16 through p. 18, line 3
- p. 18, line 16 through p. 19, line 12
- p. 29, line 14 – p. 30, line 9

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Question No. GSEC 2-2:

Please admit that AEP has stated publicly that Future 2 is a more likely scenario. If deny, please describe AEP's public statements regarding Future 2, including when and where such statements were made.

Response No. GSEC 2-2:

Please see GSEC 2-2 Attachment 1, an excerpt from the SPP Market Operations Policy Committee, which includes comments from an AEP representative regarding the proposed Notice To Construct (NTC) recommendations by SPP Staff for the 2019 ITP Portfolio. Please note that AEP's commentary addresses wind levels in Future 2, but does not address some of the other more aspirational assumptions discussed on p.7, lines 4-5 (including Footnote 1) and p. 7, line 13 through p. 8, line 21 in the errata direct testimony of witness Pfeifenberger.

Additionally, please see response to GSEC 2-1 for statements regarding use of SPP Reference Case (Future 1) in the evaluation of the RFP wind bids and Selected Wind Facilities.

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plans to relieve predicted overloads during system intact and scheduled transmission outages. Scheduled transmission work requiring outages typically occurs during the off-peak Fall and Spring seasons because they are impossible during on peak seasons. This is getting more and more difficult to achieve during these off-peak seasons due to the high flows on the 100 kV and above transmission system caused by increased wind penetration. Transmission system reliability will degrade if we are unable to take transmission outages to perform necessary maintenance work.

- c. *The recommended new Wolf Creek-Blackberry 345 kV line will solve the primary issues that drove the Southeast Kansas/Southwest Missouri Target Area analysis performed in the 2019 ITP Study:*
 - i. *Historic and projected congested flowgates in the area. Including two of the Persistent Operational Needs.*
 - ii. *Degrading stability margins at the Wolf Creek power plant due to increasing West-East power flows across the transmission system in Kansas driven by increasing wind penetration. The TWG's direction to SPP Staff was to determine a path forward with these reliability issues using the 2019 ITP study. Study results indicate this new line resolves these issues.*

The following ESWG members provided information regarding their support for the NTC recommendations included in the 2019 ITP Assessment Report.

Randy Collier (CUS)

"City Utilities of Springfield supports the 2019 ITP consolidated portfolio Notice to Construct recommendations. City Utilities believes the 345kV projects in the consolidated portfolio are a vital part of the overall Integrated Transmission Plan for SPP. City Utilities offers the following points in support of our position:

1. *The 345kV projects recommended in the 2019 ITP are in Target Areas 1 & 2, which SPP identified as areas of need.*
2. *The 345kV projects provide a long-term solution in the areas of need. City Utilities believes 345kV projects provide a superior solution to 161kV projects that may provide short-term relief (by moving congestion), rather than providing a long-term congestion solution. It is likely that 161kV solutions will require additional future funding to solve new congestion issues in the target areas.*
3. *A review of the 2019 Step Portfolio reveals that the majority of ITP projects in the STEP portfolio are 345kV solutions. This illustrates that SPP considers 345kV solutions an integral part of the Integrated Transmission Plan.*
4. *The approved processes and criteria were followed by SPP staff in compiling the consolidated portfolio and notice to construct recommendations."*

Anita Sharma

AEP's vote in favor of moving forward with the NTCs as recommended by SPP Staff was based on the following points:

1. AEP believes that the two new 345kV line projects in this portfolio are a very important first step in helping SPP to ensure the market benefits all participants and to realize the benefits of the low-cost clean energy resources within the region.

2. These projects address some of the top congested flowgates identified in the 2018 Annual State of the Market Report and also identified as economic needs in the 2019 ITP assessments. SPP has addressed congestion in the SPP western region in previous ITP studies. This has resulted in moving congestion to the eastern part of the SPP region. Eliminating these eastern transmission constraints is essential to ensuring reliable and affordable electricity to customers now and in the future. The analysis performed by staff clearly shows that these projects exceed the B/C criteria, and based on SPP's current resource forecasts AEP believes that the actual benefits will be in line with those demonstrated by the Future 2 analysis of the 2019 ITP study. SPP identified the southeast KS area and central OK area as target areas in this study. Due to the highly correlated nature of system and economic needs in these target areas, it is imperative to address the needs holistically with the regional 345kV solutions identified through the 2019 ITP Study process.

3. The EHV projects in this portfolio pass the B/C criteria easily, even though benefits to the "SPP other zone" that includes merchant generation are not included in the calculations for the 2019 ITP study. The 40-yr NPV benefits to the SPP other zone are real – an additional \$1.6 billion in Future 1 and \$1.8 billion Future 2. As SPP Load Serving Entities contract the generation resources in this SPP other zone, a portion of those additional 40-year benefits flow to the load-serving entities' customers as savings, increasing the overall benefits to the SPP region. This portfolio is a good investment for SPP and its customers – even without the benefits from the SPP other zone, the portfolio's estimated 40-yr NPV APC savings to the SPP region range from \$975 million in Future 1, to \$1.98 billion in Future 2.

4. AEP believes that the staff has conducted its work according to the established processes, and has brought forth comprehensive solutions to critical needs. AEP believes it is now time to focus on implementation of this portfolio as recommended. New EHV projects take a considerable amount of time to plan, permit, and execute. All projects in the portfolio pass the B/C criteria. The two EHV projects show 40-yr B/Cs of 1.33 and 1.12 in Future 1 (Wolf Creek-Blackberry and Sooner – Wekiwa respectively) and the B/Cs for these two projects grow significantly in Future 2 to 2.41 and 4.29 respectively. SPP's own wind projections show that Future 2 aligns with the expected reality – this region will likely have over 30 GW of wind power in the not distant future. These projects offer real and significant benefits to the region, and should not be delayed. It is critical for the region to have a healthy EHV backbone to support reliability and future growth for the entire SPP bulk electric system.

RECOMMENDATIONS

1. ESWG and TWG recommend the MOPC endorse the 2019 ITP Assessment Report as documentation of completion of the ITP planning process specified in SPP OATT Attachment O Section III.

Approved: ESWG

10/01/2019

13 For, 2 Against, 1 Abstain

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Question No. GSEC 2-3:

Please refer to GSEC RFI 1-6. Please admit that Future 1 has underestimated the amount under predicted the amount of wind in SPP in the 2012 SPP ITP10, 2015 SPP ITP10, 2017 SPP ITP10, and the 2019 SPP ITP10.

Response No. GSEC 2-3:

Please refer to GSEC 2-3 Attachment 1, a slide excerpt provided by the SPP at the October 2019 Market Operations Policy Committee meeting, which states that the “2019 ITP better anticipates wind projections than previous ITPs”.

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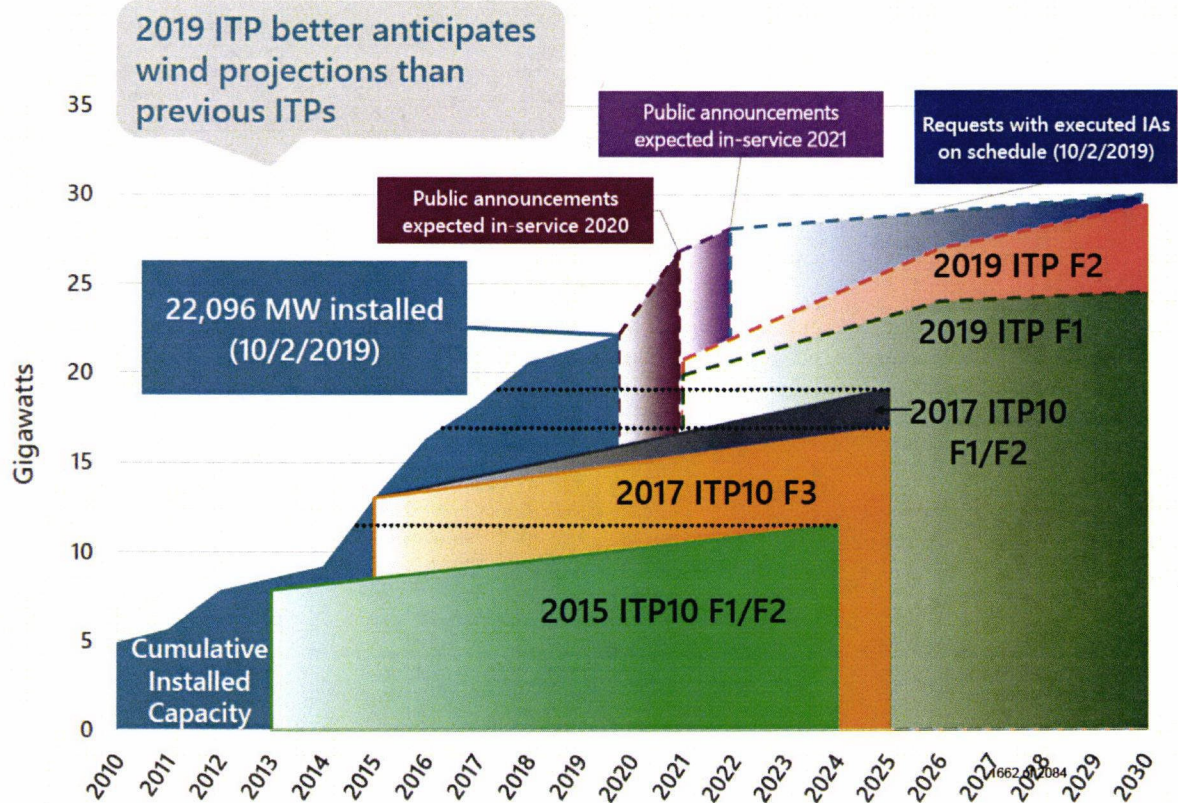
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PROJECTED VS. ACTUAL WIND



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Question No. GSEC 2-4:

Please explain why AEP did not consider Future 2 in the analysis in this docket.

Response No. GSEC 2-4:

Please refer to Company witness Pfeifenberger's errata direct testimony p. 7, line 18-21 and Footnote 1 on p. 7. In addition, please note that SPP chose Future 1 as its Reference Case through its stakeholder process. Moreover, please note that the Company performed a high congestion cost analysis, as described in the errata direct testimony of Company witness Torpey on p. 23, line 8 - p. 24, line 2.

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Question No. GSEC 2-5:

Please admit that additional wind generation in SPP could decrease the economics of the Selected Wind Facilities. If deny, please provide any materials AEP relied upon to support the denial.

Response No. GSEC 2-5:

The Company can neither admit nor deny without knowing specific information about additional wind generation such as size, timing, location, transmission topology, etc.

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Question No. GSEC 2-6:

Please refer to GSEC RFI 1-16.

- a. For Majestic:
 - i. How much were the total upgrades associated with the firm transmission in total dollars and \$/kW?
 - ii. How much of the total upgrade cost was paid for by AEP in total dollars and \$/kW?
 - iii. What was the Commercial Operation Date ("COD") of the project?
 - iv. When was firm transmission requested?
 - v. When was firm transmission granted?
- b. For High Majestic:
 - i. How much were the total upgrades associated with the firm transmission in total dollars and \$/kW?
 - ii. How much of the total upgrade cost was paid for by AEP in total dollars and \$/kW?
 - iii. What was the Commercial Operation Date ("COD") of the project?
 - iv. When was firm transmission requested?
 - v. When was firm transmission granted?
- c. For Flat Ridge 2:
 - i. How much were the total upgrades associated with the firm transmission in total dollars and \$/kW?
 - ii. How much of the total upgrade cost was paid for by AEP in total dollars and \$/kW?
 - iii. What was the Commercial Operation Date ("COD") of the project?
 - iv. When was firm transmission requested?
 - v. When was firm transmission granted?
- d. For Canadian Hills:
 - i. How much were the total upgrades associated with the firm transmission in total dollars and \$/kW?
 - ii. How much of the total upgrade cost was paid for by AEP in total dollars and \$/kW?
 - iii. What was the Commercial Operation Date ("COD") of the project?
 - iv. When was firm transmission requested?
 - v. When was firm transmission granted?

Response No. GSEC 2-6:

a.-d. See the table and the links below for the requested information.

Facility	Aggregate Study	Transmission Reservations Numbers	Commercial Operation Date
Majestic	2008-AGP1	1458766 & 1458767	01/20/2009
High Majestic	2012-AG1	76584464	07/31/2012
Flat Ridge 2	2012-AG1	76584451	01/01/2013
Canadian Hills	2012-AG1	76586559, 76586582 & 76586592	CH1 COD 12/22/2012; CH2 COD 11/21/2012; CHIV COD 11/30/2012

SPP Aggregate Study Reports for 2008 are publically available at the following web address:
<http://opsportal.spp.org/Studies/AggList?yearTypeId=67>

SPP Aggregate Study Reports for 2012 are publically available at the following web address:
<http://opsportal.spp.org/Studies/AggList?yearTypeId=95>

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Question No. GSEC 2-7:

What factors will AEP rely on to determine when to request firm transmission service?

- a. Please admit that AEP will request firm transmission service as soon as possible if the CCN is granted by the Commission. If denying, please explain why.
- b. Please admit that AEP will consider the cost of firm transmission service when determining if it will accept the firm transmission service. If denying, please explain why.
- c. Please admit that the cost of the firm transmission service currently is not considered in the economic evaluation of the Selected Wind Facilities. If denying, please provide all evidence of the inclusion of firm transmission service costs in the evaluation.
- d. If AEP is assigned costs as a result of the firm transmission service, please describe which AEP rate payers will be allocated this cost and how such costs will be allocated?
- e. What factors shape AEP's timing and decision to ask firm transmission for generation projects like the Selected Wind Facilities? Please provide all supporting documents.

Response No. GSEC 2-7:

- a. SWEPCO has begun the process of requesting firm transmission under the SPP Tariff. The Company has not received confirmation from SPP that all of the necessary conditions have been met for inclusion in the study. Any decision to enter into firm transmission will depend on the outcome of the SPP study.
- b. Yes, the Company will consider the cost of firm transmission service.
- c. Denied. Please refer to the direct testimony of Company witness Ali, page 13, line 8 – page 14, line 2, concerning the gen-tie analysis for providing transmission service in the event congestion is higher than anticipated. The Company notes that the reference to “other transmission upgrade(s)” could also include upgrades to facilitate firm transmission service.
- d. The costs will be allocated in accordance with the SPP Transmission Tariff in effect at the time of the request.
- e. See the Company's response to part a.

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Question No. GSEC 2-8:

Will the proposed generation projects be eligible for Safe Harbor funding under the SPP OATT? If yes, please provide the number of megawatts entitled to Safe Harbor funding. Please explain your response and provide relevant supporting materials.

Response No. GSEC 2-8:

The Company assumes GSEC intended to ask if transmission service requests from the proposed generation projects will qualify for Highway/Byway funding under the Safe Harbor limits of the SPP OATT. When SPP studies a Transmission Service Request from the proposed generation projects, SPP will determine if the Transmission Service Requests qualifies for Base Plan Funding under the Safe Harbor limits outlined within the SPP Tariff.

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