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Addendum StartPage: 0

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

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

**AUGUST 20, 2019**

**TABLE OF CONTENTS**

<b><u>SECTION</u></b>	<b><u>FILE NAME</u></b>	<b><u>PAGE</u></b>
Response No. TIEC 2-27	49737 TIEC02S PKG.pdf	2

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

**Question No. TIEC 2-27:**

Has SWEPCO ever quantified the value of fuel diversity? If so, please provide any such quantifications. If not, how does SWEPCO evaluate how much and what type of fuel diversity it needs, and how much to spend on fuel diversity?

**Response No. TIEC 2-27:**

Through its Integrated Resource Planning (IRP) process, SWEPCO evaluates various generating technologies to meet its SPP capacity obligation and energy needs, to provide a plan at least reasonable cost to its customers. Each technology includes estimates of its total cost and performance characteristics. Within the IRP model these are evaluated to a least cost plan. Various plans are developed based on varying load and commodity price forecasts and potentially other factors. For example, the Company may constrain the selection of a natural gas fired combined cycle to see what the model picks when this technology is not available.

In general, when the Company can diversify its fuel mix and lower cost to customers this is a relatively clear decision, due to the benefit that is provided by relying upon more than one, single fuel type. However, if diversifying its fuel mix will raise cost to customers, SWEPCO assesses whether there are any additional benefits to associate with the "diverse" addition to rationalize the additional cost. For example, this may include improved reliability over the non-diverse alternative due to the location on the grid or technology characteristics, such as fast responding battery storage versus a natural gas combustion turbine.

**Supplemental Response No. TIEC 2-27:**

Please refer to the Company's response to TIEC 1-15, specifically Attachments 1 and 2. See Section 5.4.1 of each IRP for the results of the risk analysis performed by the Company, comparing a portfolio with no renewable resources to the Company's Preferred Plan.

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