
Frequently Asked Questions SWEPCO Wind Energy Proposal

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Q. What is SWEPCO's proposal for adding wind energy?

A. SWEPCO plans to add 810 megawatts of wind energy by 2022, supporting the company's long-term plan of significantly increasing our use of more environmentally friendly energy sources, such as wind and solar. Along with the environmental benefits, this additional wind energy will save customers money for years to come, helping families, businesses and the local economy.

Q. What is SWEPCO's long-term plan for more clean energy?

More than one-third of the energy required by customers will be generated from wind and solar sources over the next 20 years. Here's how SWEPCO's energy source mix will change under this plan: Wind energy increases from today's 9% to 26%, and solar is introduced and grows to 10%; natural gas grows from 7% to 19%; and coal drops from 83% to 44%.

Q. How does SWEPCO's proposal move the company toward its long-term goal?

The 810 MW will move wind to 21% of our energy source mix. It also will help customers meet their own renewable energy and sustainability goals.

Q. How will SWEPCO get the 810 megawatts of wind energy?

A. SWEPCO will acquire three wind generation facilities in north central Oklahoma in conjunction with our sister company, Public Service of Oklahoma (PSO). The facilities were identified through a competitive bidding process as providing the greatest benefit to customers.

Q. Where are the facilities located and when will they be completed?

A.

- Traverse (999 MW) – north of Weatherford, OK – completion in 2021
- Maverick (287 MW) – southwest of Enid, OK – completion in 2021
- Sundance (199 MW) – northwest of Cleo Springs, OK – completion in 2020

Q. Why Oklahoma?

A. The three wind facilities are in north central Oklahoma, close to the SWEPCO/PSO transmission system, where they tap into some of the best wind resources in the country. The projects will interconnect to the regional power grid in which SWEPCO operates, bringing more renewable energy to customers in Arkansas, Louisiana and Texas.

Q. Who is developing the projects?

A. Invenergy is developing the projects.

Q. What is the total customer savings from this addition of 810 megawatts of wind energy?

A. SWEPCO projects that customers will save \$2 billion over the 30-year expected life of the facilities.

Q. What are the anticipated savings by state?

A. Over the 30-year life of the new wind facilities, the anticipated savings by state are:

- Arkansas - \$413 million
- Louisiana - \$665 million
- Texas - \$764 million

Q. Are there customer guarantees to help assure savings?

A. Yes. SWEPCO's proposal includes a cost cap, a minimum energy production guarantee, and a Production Tax Credit (PTC) guarantee (100% for one project and 80% for others).

Q. What is SWEPCO's investment?

A. SWEPCO will invest \$1.01 billion.

Q. How much of SWEPCO's 810 megawatts will be allocated to each state?

A. SWEPCO's 810 megawatts are allocated to its four jurisdictions:

- Arkansas – 155 MW
- Louisiana – 268 MW
- Texas – 309 MW
- Wholesale customers (FERC) – 78 MW

The portion of the wind generation allocated to each state may be adjusted depending on regulatory approvals.

Q. What state regulatory approvals are required?

A. SWEPCO has asked for approval from the Arkansas Public Service Commission, Louisiana Public Service Commission and Public Utility Commission of Texas.

Q. What happens if you don't get regulatory approval in one SWEPCO state?

A. The states that approve the proposal can acquire some of the energy that had been allocated to the jurisdiction that rejects the plan.

Q. Is federal government approval required?

A. SWEPCO's proposal is subject to approval by the Federal Energy Regulatory Commission (FERC).

Q. How is this project different than Wind Catcher

A. The proposal is the result of a competitive bidding process, includes multiple wind generating facilities, does not include an extended generation tie line and has different provisions for regulatory approval.

Q. Do the SWEPCO and PSO proposals involve an extended generation tie line like Wind Catcher?

A. No. The selected wind projects will connect to transmission grid near their locations.

Q. What are the SWEPCO and PSO shares of the project?

A. The total of 1,485 MW is split by SWEPCO with 54.5% (810 MW) and PSO with 45.5% (675 MW).

Q. Why is this project necessary?

A. SWEPCO's most recent Integrated Resource Plan (IRP) shows that customers will benefit from significant increases in wind and solar energy over the next 20 years.

Q. What is the Integrated Resource Plan (IRP)?

A. Arkansas and Louisiana have IRP processes, and SWEPCO's plans are on file in each state. An IRP is a 20-year plan that explains how a utility anticipates meeting the projected capacity and energy requirements of its customers in a reliable and economic manner. Many stakeholders take part in the IRP process. As a long-range plan, it is subject to change, but it serves to inform the Commissions and interested parties about the anticipated costs and other considerations of various resource options, as well as SWEPCO's preferred plan.

Q. Are there any tax incentives for this project?

A. Yes. A substantial part of the savings for customers comes from Production Tax Credits (PTCs), which are federal tax credits available for wind projects completed in certain timeframes. The Sundance facility (199 MW) will qualify for 100% of the PTC. The Traverse (999 MW) and Maverick (287 MW) facilities will qualify for 80% of the PTC.

Q. What is the value of the Production Tax Credit (PTC) to the projects?

A. The PTC will provide approximately \$750 million in customer cost savings.

Q. What was the response to the Request for Proposals (RFP)?

A. SWEPCO issued its RFP in January 2019 for up to 1,200 MW of new or existing wind energy projects that could be placed in service by the end of 2021. PSO issued a similar proposal for up to 1,000 MW. There was a robust response from the market with 35 bids totaling approximately 5,900 megawatts and 19 different projects (15 in Oklahoma, 4 in Texas). After careful evaluation, three projects totaling 1,485 MW were selected as providing the most benefits for customers.

Q. How much wind power serves SWEPCO customers today?

A. SWEPCO has 469 MW of wind power through power purchase agreements (PPAs) with facilities in Texas, Oklahoma and Kansas. The 469 MW are about 9% of SWEPCO's energy mix today.

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

A. These wind facilities will provide low-cost energy with minimal risk associated with future environmental regulations. Customers also will 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.

Q. Will Renewable Energy Credits (RECs) be available to customers?

A. Yes. SWEPCO proposes to create renewable energy tariffs to make the RECs available to customers. This will help customers meet their own renewable energy and sustainability goals.

Q. Why not solar?

A. The same resource plan that resulted in issuance of this wind 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. Where can I find out more information?

A. Visit our website at SWEPCO.com/CleanEnergy