

2021 SWEPCo Wind and Solar RFPs Questions & Answers

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Question #15: How do I submit a Letter of Intent (LOI) to participate in this RFP?

ANSWER: SWEPCo requests that Bidders provide a Notice of Intent (NOI) to SWEPCo by July 16, 2021. The NOI shall include the project(s) name, location, technology, size (MW), and SPP Queue number. The NOI shall be made via email to the following address:

SWEPCO2021RFP@aep.com

Question #14: Does SWEPCO have intentions to utilize surplus capacity interconnection and/or replacement capacity interconnection as a way to support a solar build bid at any of their existing owned thermal locations for this RFP?

ANSWER: For the purposes of this RFP, SWEPCo has no intentions of considering Surplus or Replacement Capacity options. Section 9.1 of the RFP lists the Eligibility and Threshold requirements for this RFP. One of those requirements is that a Project must be active in the SPP Queue in Study stage 2018-002 or earlier. SWEPCo is not aware of any Interconnection requests for Surplus or Replacement Capacity at any of our Thermal Plants that fit that requirement.

Question #13: Will Proposals for Repowered Facilities be considered for this RFP?

ANSWER: Repowered wind and solar Facilities are not being considered in this RFP.

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There were no Questions during the Week of July 2nd

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Question #12: With regards to the North Central Project, there was mentioned the possible need for a new Gen Tie Line at some point in the future. Will the proposed addition of up to 3,3000 MW of new Intermittent generation impact that need in any way and if so will that potential need be considered as part of the overall evaluation of projects?

ANSWER: No, a Gen Tie is not being considered in connection with these RFPs.

Question #11: There is a difference in the interconnection status requirements as between the wind and the solar RFPs. LPSC Staff would like to better understand the rationale for the differences and work with SWEPCO on this issue as the process continues.

ANSWER: There are several reasons for this difference in the 2021 Solar RFP versus the 2021 Wind RFP and the earlier 2019 Wind RFP. Unlike both the 1) 2019 Wind RFP, which sought projects be interconnected to SPP wires in either LA, AR, TX or OK and, 2) 2021 Wind RFPs, which sought projects be interconnected to SPP wires in either LA, AR, TX, OK, KS, and MO, the 2021 Solar RFP requires that the project being submitted for consideration be interconnected in only the “SWEPCO service territory”. This is consistent with the requirements of the Settlement Agreement in LPSC Docket No. U-35324. Further, the Company changed this requirement to allow for a more competitive and robust Solar RFP process.

Question #10: In past RFPs, LPSC Staff has expressed a concern over the exclusion of PPAs as a potential contract type and that concern remains with this Draft RFP. LPSC Staff looks forward to working with SWEPCO in trying to address this concern.

ANSWER: PPAs are a significant part of SWEPCO’s diverse generation mix. SWEPCO has existing PPAs for 469 MW of wind for 20-year terms. Further,

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this RFP is seeking PPAs for short-term capacity to obtain up to 200 MW in planning years 2023 and 2024 and up to 250 MW in planning years 2025, 2026, and 2027.

Recently, the significance of reliability and SWEPCO's "obligation to serve" customers has been particularly evidenced with Hurricanes Laura and Delta and the unprecedented winter storm event of February 2021. In response to these events, SWEPCO relied upon all generation, but the generation SWEPCO owned and operated, including the J. Lamar Stall Combined Cycle Gas plant in downtown Shreveport, were critical to maintain reliable service to customers. While seeking PPAs, as noted above, the Company must maintain a balanced portfolio and diversified generation mix, which includes owning and operating generation to meet its significant obligations to serve. These will also be significant generation retirements at SWEPCO beginning in 2021 such that there will be other substantial capacity needs and other RFPs to meet these needs.

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Question #9: Does the statement below mean the project has to have a GIA or just means it has to be in any of the DISIS stages including Phase 1?

"Wind: Each Project must have a completed SPP Definitive Interconnection System Impact Study (DISIS) with the demonstrated ability to achieve commercial operation of any interconnection for the full output of the Project by the Commercial Operation Deadline."

ANSWER: The Project is not required to have a completed GIA to participate in the RFP. However, as per §9.1.3, the Project must have a completed SPP DISIS (at least Phase 1) and remain active in the queue process with the demonstrated ability to achieve Commercial Operation for the full output of the Project by the Commercial Operation Deadline.

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Question #8: Regarding 9.2.1.2. Explain in detail how SWEPCO will determine the levelized expected SPP revenues for the Proposals' energy in the SPP market,

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which includes all of the inputs into that analysis, as well as all of the formulas used in that analysis, and an interpretation of the potential results of the analysis. If these revenues are the product of black box modeling software outputs, then provide all of the inputs and assumptions that will be used and a description of how the Company intends on testing the results for reasonableness.

ANSWER: The Company calculates levelized energy and capacity revenues from unique hourly generation profiles collected from each bidder and evaluated by a third party combined with the Company's Fundamental Commodity Forecasts. The Company's Fundamental Forecast includes hourly energy prices and annual capacity prices for AEP's operating regions including the SPP region that SWEPCO operates within. The hourly generation and the hourly energy prices are multiplied together to determine the annual energy revenue for the project. For comparable capacity revenues the forecasted Effective Load Carry Capability (ELCC) percentages of capacity nameplate of bids is multiplied by Fundamental capacity prices to calculate capacity revenues. The Company calculates levelized energy and capacity revenue using the Company's WACC as a discount rate then nets them against the Levelized Cost of Energy (LCOE) to arrive to a Levelized Net Cost of Energy (LNCOE). The ranking of the LCOE and LNCOE of each bid is criteria for final selection.

The reasonableness of the projects' hourly generation is reviewed internally and for this RFP will also be reviewed by a third party. The reasonableness of the Company's Fundamental Forecasts is also reviewed internally. For this RFP, the Company may choose to evaluate the proposals under various available Fundamental Forecasts (Base, High, Low and Base with Carbon prices) to ensure a range of potential reasonable outcomes is considered.

Question #7: Regarding 9.2.1.1. of the Wind and Solar RFPs.

- 1) Provide a further detailed description of the Transmission Congestion Screening Analysis, which includes all of the inputs into that analysis, all of the formulas used in that analysis, and an interpretation of the potential results of the analysis. Further describe and explain how the cost of

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transmission congestion and losses to the AEP West load zone will be determined, including any input assumptions and calculations used to derive that cost.

- 2) Describe and explain how the cost of deliverability / curtailment risk mitigation will be determined, including any input assumptions and calculations used to derive that cost.
- 3) If either of these costs are the product of black box modeling software outputs, then provide all of the inputs and assumptions that will be used and a description of how the Company intends on testing the results for reasonableness.

ANSWER:

- 1) The projects will be modeled in SPP-developed economic models representing the transmission system over a 10-year horizon. The Company will calculate the congestion and loss differentials between the project sites and AEP West load zone and multiply these congestion and loss differentials with the generation outputs to determine the cost impact of congestion and losses on the resource output.
- 2) The Company's analysis of mitigation costs will be based on the methodology used by SPP to identify transmission system deficiencies and potential modifications to facilitate transfers from these projects to AEP West Load Zone while maintaining system reliability.
- 3) The projects will be screened using SPP-developed economic and reliability planning models. The Company participates in SPP's ITP planning process, which is a stakeholder driven process with inputs and assumptions discussed in regularly scheduled stakeholder meetings. These models are available to all entities that have signed a CEII non-disclosure agreement with SPP.

Question #6: Regarding Section 4.8 of the Wind and Solar RFPs:

- 1) Are projected congestion or deliverability constraints an eligibility requirement or an economic consideration?

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- 2) Explain specifically what is considered “significant congestion or deliverability constraints which are likely to result in adverse project economics.”

ANSWER:

- 1) Economic Consideration
- 2) The Company has not established specific congestion and deliverability thresholds for evaluating projects. The Company will select the most cost-effective projects based on the project specific costs, congestion and loss costs, and the anticipated cost for a firm resource to meet the company’s capacity requirements.

Question #5: In SWEPCO’s current Wind RFP the parallel provision states: “Project must be interconnected to SPP (§4.4), have a completed SPP Definitive Interconnection System Impact Study (§4.7.3), and remain active in the 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”. With regards to the SWEPCO 2021 Solar RFP and the required interconnection status please explain exactly what is meant by “active in SPP Queue 2018-002 or earlier”.

ANSWER: This reference to “active in the SPP Queue 2018-002 or earlier” means that the project being submitted for consideration in the 2021 Solar RFP must have submitted its initial SPP Interconnection Request into the 2018-002 queue or earlier (e.g. 2018-001; 2017-002; 2017-001; 2016-002; 2016-001 and so forth). Regarding the term used “active” per Attachment V Section 3.7 of SPP Open Access Transmission Tariff, Interconnection Customer (IC) may withdraw its Interconnection Request at any time or Transmission Provider may deem the Interconnection Request to be withdrawn if the IC fails to adhere to all requirements of the Generator Interconnection Procedures (GIP). The RFP requires the project to have an “Active” status or not withdrawn and assigned to SPP’s DISIS Queue Cluster DISIS-2018-002 or any active study cluster prior to DISIS-2018-002.

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Question #4: Regarding 3.5 of the Wind and Solar RFPs, explain the processes that SWEPCO proposes to follow to obtain regulatory approvals for the PSAs in Arkansas and Texas, specifically stating whether either jurisdiction will provide pre-approval. Include references to the appropriate regulatory statutes or rules, which provide the framework for such process.

ANSWER: In Arkansas, SWEPCO expects to seek approval of any facilities selected through the RFP pursuant to the Clean Energy Development Act (Ark. Code Ann. 23-18-701). However, in the event a selected facility is located in the state of Arkansas, SWEPCO will need to obtain a Certificate of Convenience and Necessity (CCN) or Certificate of Environmental Compatibility and Public Need (CECPN). The size of the facility would determine whether a CCN or CECPN is required. In Texas, SWEPCO intends to submit an application for a generation CCN pursuant to the requirements in PURA 37.056 and 16 Texas Administrative Code (TAC) 25.101(b)(2). SWEPCO would also seek approval under PURA 14.101, if applicable.

Question #3: Will the Technical Conference be recorded and publicly available?

ANSWER: A Recording of the Conference will not be made publicly available, but SWEPCo will post the Presentation and Answers to Questions asked during the conference to its Website.

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Question #2: Will SWEPCo release a list of Developers who will be participating in the RFPs?

ANSWER: SWEPCo will not be releasing a list of potential bidders.

Question #1: Will SWEPCo be accepting Affiliate bids in any of the RFPs?

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ANSWER: Affiliates of the SWEPCO will not participate as Bidders in the RFP as referenced in Section 2 of the RFP. In addition, SWEPCO will not be participating in the RFP via any self-build proposals.