

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	)	
Columbus Southern Power Company and	)	Case Nos. 11-346-EL-SSO
Ohio Power Company for Authority to	)	11-348-EL-SSO
Establish a Standard Service Offer	)	
Pursuant to §4928.143, Ohio Rev. Code,	)	
In the form of an Electric Security Plan.	)	
	)	
	)	
In the Matter of the Application of	)	
Columbus Southern Power Company and	)	Case Nos. 11-349-EL-AAM
Ohio Power Company for Approval of	)	11-350-EL-AAM
Certain Accounting Authority.	)	
	)	

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**INITIAL POST HEARING BRIEF  
By the  
THE NATURAL RESOURCES DEFENSE COUNCIL AND OHIO  
ENVIRONMENTAL COUNCIL**

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**I. INTRODUCTION**

On March 30, 2012, The American Electric Power Company (“AEP” or “Company”) submitted a modified Electric Security Plan (“ESP”). An extensive hearing process was conducted. The Natural Resources Defense Council (“NRDC”) and the Ohio Environmental Council (“OEC”) now submit this brief in support of the Generation Resource Rider (“Rider GRR”) and applicability of that Rider to the Turning Point Solar project. NRDC and the OEC also support the Timber Road Wind Renewable Energy Purchase Agreement (“REPA”). NRDC and the OEC request the Commission approve the Timber Road REPA as proposed and that Rider GRR be approved with the modifications described below.

**II. The Commission Should Approve the Generation Resource Rider Because it is a Valid Mechanism Under Ohio Law to Recover Costs Associated with New Generation Resources That Will Enable AEP to Meet its In-state Renewable Portfolio Standard.**

The Commission should approve the Generation Resource Rider (“GRR”) as proposed by AEP-Ohio, with certain modifications as recommended by NRDC and other parties. These modifications include limiting the applicability of the GRR to only renewable and alternative energy projects, or certain qualified energy efficiency projects.<sup>1</sup> The second modification would require the Company to develop a crediting system to ensure that shopping customers do not pay twice for renewable energy.

The Company proposes Rider GRR as non-bypassable rider which will recover the cost of new generation resources, including renewable capacity that the Company owns or operates on behalf of its Ohio customers.<sup>2</sup> The rider could in the future recover the cost of “renewable and alternative” capacity additions, as well as so-called “traditional” capacity, although the Company anticipates recovering the costs of only one project – the Turning Point Solar project – in the Rider during the term of this ESP.<sup>3</sup> The Company, however, is not requesting approval of a non-bypassable charge for the Turning Point Solar project in this proceeding; only the establishment of the GRR.<sup>4</sup>

Under Ohio law, an ESP may include a non-bypassable charge for the life of an electric generation facility that was procured through a competitive bid process, is deemed necessary based on resource planning projects submitted by the utility, and the capacity and energy is dedicated to Ohio consumers.<sup>5</sup> The Company in this case is only asking for

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<sup>1</sup> Qualified energy efficiency projects as provided for in SB 315.

<sup>2</sup> Nelson at 20, Lines 9-11.

<sup>3</sup> Nelson at 20, Lines 12-16.

<sup>44</sup> Nelson at 20, Line 20.

<sup>55</sup> Revised Code Section 4928.143(B)(2)(c)

approval of Rider GRR. The actual inputting of costs into the Rider, the prudence of the Turning Point Solar project, and the need for the project will be determined or are pending in other cases.

To enable AEP to invest in the Turning Point Solar project over the term of this Electric Security Plan, and to provide the Company an additional means of securing renewable energy credits (“RECs”) to comply with Ohio law, the Commission should approve the establishment of the Generation Resource Rider, with modifications.

First, the Commission should only allow renewable energy and qualified energy efficiency projects to be included in the Generation Resource Rider. The Company faces a number of challenges in developing renewable energy resources that it does not face relative to conventional sources of electricity, namely the escalating annual benchmarks for solar and non-solar renewable energy and the requirement that half of this generation be built in Ohio.<sup>6</sup> Moreover, while the Company’s existing renewable energy purchase agreements (“REPAs”) will allow it to comply with Ohio’s solar energy benchmarks through 2012, the Company will need additional solar renewable energy credits beyond that point.<sup>7</sup>

Second, the Commission should require the Company to develop a crediting system to ensure that shopping customers do not pay twice for renewable energy: Once in the non-bypassable charge, and again from their competitive supplier. AEP could accomplish this by providing RECs generated in GRR projects to competitive retail electric suppliers based on the portion of AEP load they serve, or by liquidating the RECs in the market and crediting the revenue against the rider, in the same manner as proposed for the

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<sup>6</sup> Lyle at 12, Lines 2-4.

<sup>7</sup> Godfrey at 9, Lines 10-12.

energy and capacity from such projects.<sup>8</sup> Such a crediting mechanism was recommended both by NRDC witness Lyle<sup>9</sup> and by Interstate Gas Supply witness Parisi.<sup>10</sup>

### **III. CONCLUSION**

Approving the GRR will give the Company (and competitive retail electric suppliers) additional options to comply with Ohio's renewable energy standard in addition to the short-term REC market and REPAs. The Turning Point Solar Project, at the point it is eventually included in the GRR, will create Ohio jobs and revitalize a struggling area of Ohio.

In addition to approving the GRR with modifications, the Commission should also declare the prudence of Timber Road Wind REPA. The Timber Road REPA reflects a competitive bid process<sup>11</sup> and the proposed contract rate is fair.<sup>12</sup> Approving the prudence of the REPA will help AEP meet its statutory renewable energy obligations.

Respectfully submitted,

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<sup>8</sup> Nelson Supplemental at 3, Line 20.

<sup>9</sup> Lyle at 11, Lines 9-18.

<sup>10</sup> In the event that the Rider is Approved. Parisi at 27 Line 22 – 28 Line 5.

<sup>11</sup> Lyle at 12, Line 19.

<sup>12</sup> Lyle at 13, Line 4.

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## **CERTIFICATE OF SERVICE**

It is hereby certified that a true copy of the foregoing *Post Hearing Brief by the Natural Resources Defense Council and the Ohio Environmental Council* was served upon the persons listed below via electronic mail on this 29th day of June, 2012.

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Summary: Brief electronically filed by Mr. Christopher J Allwein on behalf of Natural Resources Defense Council and Ohio Environmental Council