BEFORE THE
PUBLIC UTILITES COMMISSION OF OHIO

In the Matter of the Application of Ohio Power Company to Amend its Tariff	)))	Case No. 20-1603-EL-ATA
In the Matter of the Application of Ohio Power Company for Approval of Certain Accounting Authority	)))	Case No. 20-1604-EL-AAM

OHIO POWER COMPANY'S APPLICATION FOR APPROVAL OF A GREEN TARIFF AND ACCOUNTING RELIEF

1. Ohio Power Company ("Company" or "AEP Ohio") is an electric light company, as that term is defined in §§4905.03 and 4928.01 (A) (7), Ohio Rev. Code.

2. By this Application the Company proposes to establish a new optional tariff not for an increase in rates pursuant to R.C. 4909.18.

3. This Application seeks approval for a new service under R.C. 4909.18 and will not result in an increase in rates, joint rates, tolls, classifications, charges or rentals.

4. The proposed Green Tariff, set forth in Exhibit A, does not involve generation supply and is a REC (Renewable Energy Credit) purchase program. The proposed Green Tariff is an optional, voluntary service offering that allows non-shopping customers to purchase RECs in 100-kilowatt hour (kWh) blocks. SSO generation supply for these non-shopping customers will continue to be provided through the SSO auction process and recovered through the ACRR, AER, GEN-C and GEN-E riders.

5. If a participating customer uses 1,000 kWh a month and wishes to purchase an amount of RECs through the Green Tariff equivalent to their monthly usage, they may purchase 10 blocks from the Green Tariff, at a price of $9.00 per month (REC pricing is further described below). Participating customers may choose the amount of RECs they want to purchase and may purchase a greater or fewer number of 100-kWh blocks than their average usage. A participating customer may voluntarily opt in and out of the Green Tariff as they choose.

6. If a subscriber shops for service, their subscription will end and the associated charges will be bypassed. Participation under the Green Tariff is tied to the customer's status as an SSO or non-shopping customer from the Company.

7. The Company also requests accounting authority to implement the REC sourcing and pricing components of the proposal, as described below.

8. In order to develop a long-term plan for compliance with the alternative energy portfolio standard in R.C. 4928.64, AEP Ohio previously entered into three renewable energy purchase agreements (REPAs), which the Commission has found to be prudent and permitted cost recovery for years: (a) the Fowler Ridge REPA, (b) the Timber Road REPA, and (c) the Wyandot solar REPA (collectively, the AEP Ohio REPAs).

9. Increased levels of shopping since initial implementation of the AEP Ohio REPAs and enactment of HB 6 have caused the Company to possess extra RECs beyond ongoing compliance levels and accrue a significant REC inventory over time. That REC inventory is maintained in conjunction with the AER as approved by the Commission most recently in the *ESP IV* proceeding (Case Nos. 16-1852-EL-

SSO et al.). As further explained below, the Company intends to sell RECs from the Company's REPAs to Green Tariff subscribers.

10. In initially passing R.C. 4928.641 in 2014 as part of SB 310, the General Assembly provided for ongoing bypassable recovery of the costs of AEP Ohio's REPAs. In amending that statute as part of HB 6 in 2019, the General Assembly again recognized the unique position of AEP Ohio's REPAs and provided for continued bypassable cost recovery through 2032 even in light of the planned ramp down and expiration of the renewable mandate. This statute and its legislative history show that full recovery of AEP Ohio's REPAs from non-shopping customers is intended and the Commission should support the Company in achieving that goal while staying within the parameters set forth in the statute.

11. To that end, the Green Tariff helps promote equity and avoid potential rate impacts among non-shopping customers. By enabling non-shopping customers interested in voluntarily purchasing RECs to do so from the Company's REPA inventory, the ultimate cost to be recovered from other non-shopping customers will be reduced; that is a win-win for both sets of non-shopping customers. For example, if shopping continues to increase over time (whether through consumer marketing or governmental aggregation), AEP Ohio's non-shopping customers will end up paying more for the Company's REPAs (even after the renewable mandate ends according to the terms of R.C. 4928.641). If a significant driver of that shopping occurs through aggregation in urban communities, that means that the Company's rural customers could end up paying more than their fair share of the historical REPA costs. But adopting the Green Tariff now will help manage

those potential rate impacts and help protect against such future inequities among the Company's non-shopping residential customers.

12. As referenced above, the Company plans to utilize extra RECs from the AER inventory that are generated from the AEP Ohio REPAs, which otherwise would be recovered through the AER, to support the non-shopping Green Tariff subscribers. This component of the proposal would benefit each of its residential customers (who individually may be non-shopping customers at any given time) by keeping compliance costs lower overall. The revenue associated with REC purchases under the Green Tariff will be applied against the book inventory cost of the RECs.

13. In Case Nos. 18-501-EL-FOR *et al*., AEP Ohio proposed development of new renewable projects for inclusion in the Commission-approved nonbypassable Renewable Generation Rider as a basis for a "need" showing under R.C. 4928.143(B)(2)(c). As part of that case, the Company presented extensive evidence including a formal survey conducted by Navigant to demonstrate the strong desire of residential customers to purchase renewable energy from the Company. While the Commission concurred with intervenors' technical criticisms of the survey, it also found as follows:

> Nothing in our decision today precludes AEP Ohio (or its affiliates) from investing in the Willowbrook or Highland projects and pursuing the projects' claimed social and economic benefits through means other than a nonbypassable surcharge under R.C. 4928.143(B)(2)(c). Indeed, the legal and regulatory framework in Ohio permits AEP Ohio *** to invest in or support the Willowbrook, Highland, and other renewable energy projects, without the implementation of a nonbypassable surcharge on all AEP Ohio customers, as proposed in these proceedings.

In the Matter of the 2018 Long-Term Forecast Report of Ohio Power Company and Related Matters, Opinion and Order at ¶127. The proposed Green Tariff is such a bypassable method for supporting renewable projects in Ohio. And while the Commission found that the survey fell short of the high standard to demonstrate "need" for a nonbypassable project under the ESP statute, surely the Navigant survey adequately demonstrates a significant level of residential interest in bypassable renewable products. If the Commission has any doubt about that premise, the Company can present additional evidence in this context if needed.

14. The pricing for the Green Tariff is based upon data provided to the Company through a broker that bases the information on market activity. The Company then took a simple average of three years rounded to the nearest half dollar in order to determine the appropriate rate. The three-year average of Ohio RECs market activity is used due to the volatility of REC pricing. The Company will periodically update the Green Tariff rate in the future if there is a significant change in the index calculation.

15. Finally, the Company requests any additional accounting authority to use RECs associated with the AEP Ohio REPAs to support the Green Tariff and implement the pricing method described above.

WHEREFORE, the Company requests that the Commission permit the filing of the rate schedules shown in Exhibit A to this application.

Respectfully submitted,

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P.U.C.O. NO. 20

GREEN TARIFF

Availability of Service

Available to customers taking service under the Company's metered rate schedules. This rider is not available to Percentage of Income Payment Plan customers. Participation in this program is subject to the Company's ability to procure renewable energy certificates (RECs) from Green Resources through a competitive bid process. If the total of all kWh under contract under this Rider equals or exceeds the RECs procured by the Company, the Company will endeavor to procure additional RECS at a cost that is equal to or less than the price established in this rider.

Conditions of Service

Customers who wish to support the development of electricity generated by Green Resources may contract to purchase each month a specific number of fixed kWh blocks, where each block equals 100 kWh. Customers may elect to purchase a minimum of two (2) blocks per month and a maximum of 50 blocks per month.

Monthly Block

In addition to the monthly rate schedules, participating customers will pay the following rate for each fixed kWh block under contract regardless of the customer's actual energy consumption. This rate will not apply to net negative energy consumption.
Charge ($ per block) $0.90

Term of Contract

All charges collected through this rider for RECs procured through a market purchase will be applied to the cost of procuring the RECS. Any over or under amounts of the cost of procurement will be updated bi-annually and reflected in the updated rate. To the extent market prices materially change prior to the bi-annual update, the Company may make an interim filing to adjust the cost per this schedule.

Special Terms and Conditions

This Rider is subject to the Company's Standard Terms and Conditions of Service and all provisions of the rate schedule under which the customer takes service, including all payment provisions. The Company may deny or terminate service under this Rider to customers who are delinquent in payment to the Company.

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Summary: Application - Ohio Power Company's Application for Approval of a Green Tariff and Accounting Relief electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company