

BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application Seeking	)	
Approval of Ohio Power Company's	)	
Proposal to Enter into an Affiliate Power	)	Case No. 14-1693-EL-RDR
Purchase Agreement for Inclusion in the	)	
Power Purchase Agreement Rider	)	
	)	
In the Matter of the Application of Ohio	)	Case No. 14-1694-EL-AAM
Power Company for Approval of Certain		
Accounting Authority		

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**POST-HEARING BRIEF OF THE MID-ATLANTIC RENEWABLE ENERGY  
COALITION**

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**I. Introduction and Recommendation**

The Mid-Atlantic Renewable Energy Coalition ("MAREC") is a nonprofit organization formed to advance opportunities for renewable energy development in the region comprising the PJM Interconnection, LLC ("PJM"). For the reasons described in more detail below, MAREC encourages the Public Utilities Commission of Ohio ("PUCO") to expeditiously approve the above referenced Joint Stipulation and Recommendation.

**II. Description of MAREC**

MAREC's footprint includes the District of Columbia, Maryland, New Jersey, Delaware, Pennsylvania, Ohio, Virginia, West Virginia, and North Carolina. MAREC's membership consists of wind developers, wind turbine manufacturers, service companies, non-profit organizations and a transmission company dedicated to the growth of renewable energy technologies to improve our environment, boost economic development in the region and diversify our electric generation portfolio, thereby enhancing energy security. MAREC's primary focus is to work with state legislators and regulators to develop rules and policies

supportive of renewable energy, provide education and expertise on the environmental sustainability of wind energy, and offer technical expertise and advice on integrating variable wind energy resources into the electric grid.

### **III. Background & Discussion**

MAREC encourages the expeditious approval of the above referenced Joint Stipulation and Recommendation. The Joint Stipulation and Recommendation commits the applicant to “...develop a total of at least 500 MW nameplate capacity of wind energy projects in Ohio.”<sup>1</sup>

Approving the Joint Stipulation and Recommendation expeditiously will provide meaningful additional savings for AEP’s electricity consumers. On December 17, 2015 President Obama signed into law an omnibus spending bill that includes a long-term extension/phase down of the renewable energy production and investment tax credits. This law provides certainty for renewable energy developers, but also encourages very near term investments in wind energy in order to maximize consumer benefits. The law structures the phase down of the wind production tax credit as follows:

<b>Start of Construction Deadline 12/31</b>	<b>Wind Production Tax Credit Value; \$23/MWh</b>
2016	100%
2017	80%
2018	60%
2019	40%
2020	0%

Expeditiously approving the Joint Stipulation and Recommendation can allow AEP to begin meeting its wind energy development commitment in time to meet the 2016 deadline for Production Tax Credit (“PTC”) value maximization. This will provide additional savings for

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<sup>1</sup> Joint Stipulation and Recommendation, P. 23.

AEP's electricity customers. The value of the PTC for wind projects starting construction in 2016 is \$23/MWh, declining to \$18.40/MWh for 2017 wind projects; \$13.80/MWh for 2018 wind projects; \$9.20/MWh for 2019 projects, and; \$0.00/MWh for 2020 projects.<sup>2</sup>

AEP has committed to developing a total of at least 500 MW of nameplate wind capacity in the five years following the approval of the Joint Stipulation and Recommendation. The following table outlines potential savings to AEP electricity customers assuming the developed wind projects have a 35% capacity factor and are developed to take advantage of the PTC's full value compared to being developed in years with a discounted PTC value.

Year	Wind Capacity (MW)	Annual Wind Production MWh <sup>3</sup>	PTC Value Reduction <sup>4</sup>	Lost Savings (Total) <sup>5</sup>
2017	500	1,533,000	\$4.60	\$70,518,000
2018	500	1,533,000	\$9.20	\$141,036,000
2019	500	1,533,000	\$13.80	\$211,554,000
2020	500	1,533,000	\$23.00	\$352,590,000

MAREC recognizes that there may be some annual staggering of projects. As a result, the purpose of this table is not necessarily to present a "real life" scenario; rather it portrays the importance of expeditiously approving the Joint Stipulation and Recommendation in order to maximize cost savings available to AEP's electricity consumers through the PTC.

<sup>2</sup> See Consolidated Appropriations Act of 2016, H.R. 2029, 114th Cong. Division P (2015).

<sup>3</sup> Calculation: 500 (nameplate capacity) x 8760 (number of hour/year) x 35% (avg. capacity factor) = 1,533,000 MWh

<sup>4</sup> Calculation: PTC value for projects starting construction in 2016 (-) PTC value for projects starting construction in years 2017, 2018, 2019, or 2020. All years are in nominal dollars.

<sup>5</sup> Calculation: PTC discount in a given year x 1,533,000 (annual wind production) x 10 (length of PTC in years). All calculations are in nominal dollars. All years calculations compared to 2016 as the base year.

Approving the Joint Stipulation and Recommendation will also unlock potential economic and environmental benefits for the state and the region. Development of 500 MW will result in substantial economic benefits, including:

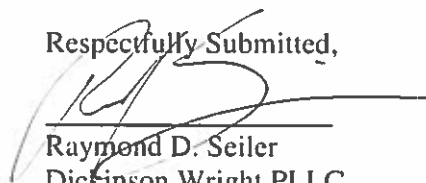
- \$4,500,000 in annual local tax payments (\$90 million of the projects' lifetime)
- \$2,500,000 in local landowner payments (\$50 million over the projects' lifetime)
- 850 temporary construction jobs
- 30 permanent jobs

Ideally, the Joint Stipulation and Recommendation will enable AEP to begin its commitment to developing 500 MW of wind energy so that wind developers can meet the start construction requirements in 2016, thereby maximizing PTC value

#### **IV. Conclusion and Recommendation**

MAREC thanks the Commission for the opportunity to provide this filing. MAREC fully supports the Joint Stipulation and Recommendation and strongly encourages its expeditious approval for the reasons stated above.

Respectfully Submitted,

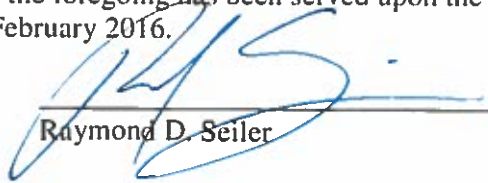


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## CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing has been served upon the following parties by electronic mail this 1st day of February 2016.



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Summary: Brief electronically filed by Mr. William V Vorys on behalf of Mid-Atlantic Renewable Energy Coalition