

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio Power Company for an Increase in Electric Distribution Rates.)	Case No. 20-585-EL-AIR
In the Matter of the Application of Ohio Power Company for Tariff Approval.)	Case No. 20-586-EL-ATA
In the Matter of the Application of Ohio Power Company for Approval to Change Accounting Methods.)	Case No. 20-587-EL-AAM

**OBJECTIONS OF
ARMADA POWER, LLC**

In accordance with Ohio Revised Code Section 4909.19(C), Ohio Administrative Code Rule 4901:1-19-07(F), and the Attorney Examiner’s Entries in these proceedings, Armada Power, LLC (“Armada Power”) files the following objections to the Staff Report docketed on November 25, 2020, and to AEP’s Rate Increase Application filed June 8, 2020.

A. Objections to the Staff Report

- 1. The Staff Report’s recommendation against the new proposed revenue caps for the Distribution Investment Rider should not be adopted. (Staff Report at 11-14)**

AEP proposed to continue its Distribution Investment Rider (“Rider DIR”) and proposed new revenue caps that increase over several years based on more investment levels being included in base rates. Application at 4. Without the DIR and new revenue caps, AEP contends that there could be significant recovery lag that could make it more financially expensive to replace aging distribution infrastructure and deploy new distribution system technologies. *Id. See also*, Sundararajan Prefiled Testimony at 16-18. Staff recommends the Rider DIR be continued, but without AEP’s new revenue caps, in part based on the contention that AEP did not demonstrate that its Asset Renewal and Reliability programs have maintained or improved reliability. Staff

Report at 12-13. Essentially, Staff’s position pre-determines or significantly discourages grid investments and technologies with which this utility has been heavily involved. Staff failed to recognize that the new investments in technologies will be plant-in-service and grid assets. Staff failed to recognize that there could be recovery lag. Staff failed also to find reasonable that AEP based its new revenue caps on more current projected capital needs. In addition, Staff failed to recognize that escalating integrations of renewables and technologies will occur before the next rate case, and, given the Ohio history in regulatory lag, a higher ceiling and flexibility should be approved in this rate case. Armada offers grid storage assets for which it seeks to partner with AEP. As noted by Staff for new technologies (Staff Report at 12), Armada acts both specific to distribution grid uses at the circuit level, and allows for competitive retail electric service (“CRES”) supplier and customer access for time-of-use and demand response (with customer consent) overlaid with the utility distribution uses. These new grid asset technologies do not fit into traditional DSM/EE/DR programs; rather, they act more like a smart meter with a hybrid customer and distribution resource role. To that end, the technologies fit into the DIR programs and should have a path forward with AEP. A properly capped DIR as proposed by AEP will allow for future approved grid storage and resiliency investments. Without greater flexibility via revenue caps, the Commission will discourage DIR-related investments and discourage the addition of creative retail market options. Armada objects to Staff’s failure to accept AEP’s proposed new revenue caps as part of continuing Rider DIR.

2. The Staff Report’s recommendations against the Demand Side Management Plan should not be adopted. (Staff Report at 20-21)

As part of its application in these proceedings, AEP proposes a Demand Side Management (“DSM”) plan to help customers save energy while also managing system peak demand. Williams Prefiled Testimony at 5. The DSM plan includes demand response and incentives involving water

heaters and other approaches to optimize energy use. *Id.* at 5, 8; Exhibit JFW-1 at 7-8, 11. Staff recommended that the entire cost of the DSM plan and the proposed administration fee not be included in base rates, and proposed no mitigation measures for Staff’s two stated concerns about the plan. Staff Report at 21. Armada objects to the recommended exclusion of the DSM plan from base rates. Moreover, Armada further objects to Staff’s recommendation to exclude the DSM plan in light of Staff acknowledgement that the DSM plan is projected to be beneficial (three times more beneficial than the costs). *Id.*

B. Objections to AEP’s Rate Increase Application

1. The DIR mechanism should include new grid technologies.

The Commission approved the DIR mechanism for purposes of improving reliability and for supporting installation of gridSMART technologies.¹ As new, apropos technologies develop, the DIR mechanism should include them. AEP’s President and Chief Operating Officer acknowledged that DIR activities have allowed AEP to align with customer expectations and that the utility’s work plan includes continued modernization of the grid through the DIR. Sundararajan Prefiled Testimony at 10-11, 16. AEP Witness Kratt stated that AEP’s distribution work plan is its forward-looking plan for making investments to support programs under the DIR. Kratt Prefiled Testimony at 4. That plan is to “improve the customer experience by ... leveraging technology to benefit the distribution grid.” *Id.* Non-wires alternatives can fulfill those needs, specifically those that operate as storage and grid assets to reduce costs while maintaining and improving reliability as distributed energy resources (DERs) and other grid uses change quickly. AEP’s DIR proposal and related distribution work plan do not include such new grid technology.

¹ See *In the Matter of the Application of Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to R.C. 4928.143, in the Form of an Electric Security Plan, etc.*, Case Nos. 13-2385-EL-SSO et al., Opinion and Order at 46 (February 25, 2015).

Armada Power objects that AEP did not include new technologies, like the non-wires alternative noted above, as part of its DIR mechanism proposal in its rate increase application.

2. The water heater-related programs in AEP's DSM Plan should not be limited to full water heater replacement.

AEP's proposed DSM plan includes demand response and incentives involving water heaters and other approaches to optimize energy use. Williams Prefiled Testimony at 5, 8 and Exhibit JFW-1 at 7-8, 11. In addressing ways to improve energy efficiency for water heaters, the DSM plan envisions only full water heater replacements. Armada Power objects to this approach for improving energy efficiency – the DSM plan should include, as means for achieving the plan's goals, the additional more cost-effective option for home owners (new and existing) to retrofit water heaters with smart devices that optimize pricing, usage and power controls. The DSM plan should also allow AEP to cross-utilize the installation capabilities of the DSM programs for a fleet option of installations that provide grid services (such as storage) like that which Armada Power offers. Armada Power has the ability to work with AEP to enhance and control both the customers' electric usage and the distribution grid to the benefit of the AEP ratepayers and the environment. This additional option would encourage adoption, innovation and market access consistent with Ohio's energy policy in Ohio Revised Code Section 4928.02(D), while also ensuring CRES suppliers can access and utilize the programs and these same technologies with their customers. AEP's DSM plan should include such additional options.

3. The water heater-related programs in AEP's DSM Plan should allow customers the option to coordinate with time-of-use offerings from competitive retail electric service suppliers and to share their usage data with their competitive retail electric service supplier.

As noted, AEP's DSM plan envisions water heater replacements as the sole approach to improve energy efficiency for water heaters. Armada objects to this sole approach for improving energy efficiency – the DSM plan should also include options for customers to use technologies

offered through the DSM for both utility and CRES products. For example, coordination with time-of-use offerings from CRES suppliers and, in conjunction with the DSM/DIR as described above, also allows the customer the ability to combine CRES products with technology to increase the benefits. These additional options will also promote the competitive market consistent with Ohio's energy policy in Ohio Revised Code Section 4928.02(C).

C. Conclusion

For the foregoing reasons, Armada Power objects to the Staff Report and to AEP's Rate Increase Application in these proceedings. Armada Power's **major issues** are:

- (a) AEP's proposed revenue caps for Rider DIR should be approved.
- (b) The DIR should include new grid technologies, including non-wires alternatives that operate as storage and grid assets.
- (c) AEP's DSM Plan should not be excluded from base rates.
- (d) The water-heater-related programs in AEP's DSM Plan should be approved and include the more cost effective option to retrofit water heaters with smart technologies, rather than being limited to solely full water heater replacements.
- (e) The water-heater-related programs in AEP's DSM Plan should be approved and include the option for coordinating with the DIR for installation plus adoption, and should allow usage data sharing for CRES supplier use, rather than being limited solely to water heater heat pump type replacements.

Respectfully Submitted,

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Summary: Objection Objections electronically filed by Mrs. Gretchen L. Petrucci on behalf of Armada Power, LLC