

AEP Ohio: Significant Developments Impacting Electric Rates

Workshop N

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Presentation Topics

- **2020 Distribution Rate Case**
 - **DSM Program**
 - **DIR**
 - **Consolidation of Rate Zones and General Service Schedules**
- **GridSMART Phase 3**
- **House Bill 6 Ongoing Developments**
- **Customer Shopping Statistics**
- **Generation Supply Auctions (CBP) for the Standard Service Offer**



2020 Distribution Rate Case

- AEP Ohio filed its 2020 Rate Case application on June 1, 2020
- Application included several proposed changes:
 - Eliminate CSP rate zone schedules and consolidate into OP
 - Consolidate GS-1 through GS-4 into one new Schedule GS
 - For secondary and primary voltage customers, a new distribution energy charge applied only on first 4,500 kWh/month and a distribution demand charge applied to demands greater than 10 kW
 - For transmission voltage customers, a new distribution demand charge on first 2,000 kW
 - New Demand Side Management program
 - Distribution Investment Rider (DIR) proposed revenue caps



2020 Rate Case – Consolidation of Rate Zones and General Service Schedules

- Company proposed consolidation of Ohio Power and Columbus Southern Power rate zones and tariffs
- Company also proposed consolidation of General Service rate schedules to include GS-Unmetered; GS-Secondary; GS-Primary, and GS-Transmission
- New proposed rates include new distribution energy charges and distribution demand charges
- Staff does not oppose consolidation of rate zones or schedules



2020 Rate Case – DSM Program

- Company proposed Demand Side Management program to “assist customers in lowering peak demand of electricity, optimizing use of energy, increasing customer satisfaction, and supporting economic development”
- Requested \$36.6 million in costs annually, plus \$3.6 million annual administration fee
- Staff recommended removal of all proposed DSM fees from base rates due to concerns about proposal, including current legislative uncertainty about energy efficiency



2020 Rate Case – DIR

- Company proposed annual revenue caps
 - 2021: \$71 million
 - 2022: \$117 million
 - 2023: \$164 million
 - 2024: \$211 million
- Company also proposed several offsets, including ESRR and gridSMART
- Staff recommended lower annual revenue caps:
 - 2021: \$57 million
 - 2022: \$78 million
 - 2023: \$96 million
 - 2024: \$46 million (through May 2024)



GridSMART Phase 3

- July 2019: Company filed application to initiate Phase 3 of its gridSMART project
- Application includes:
 - Expanded deployment of AMI, DACR, and VVO technologies
 - New D-SCADA deployment
 - Usage of fiber optic cable and excess capacity on “middle mile” telecommunication services
 - EDI enhancements to provide CRES suppliers interval data for customers with time-of-use products
- Comments and reply comments were filed in September 2020



House Bill 6 Ongoing Developments

- **Jan. 1, 2020 – the renewable mandate ends for customer who self-assess the Ohio State kWh tax and opt-out reporting requirements end for customers who elected the streamlined opt-out (customers served at primary or higher voltage, or self-assessors of the kWh tax)**
- **Jan. 1, 2020 – the EE mandate opt-out expands to mercantile customers**
- **Jan. 1, 2020 – New non-bypassable OVEC charges began thru Legacy Generation Rider and are capped at \$1,500/month for non-residential customers.**
- **Dec. 31, 2020 – the peak demand reduction (PDR) mandate permanently ends and the EE mandate ends when EDUs have collectively achieved a 17.5% reduction in kWh sales**
- **AEP's EE/PDR rider rates have been set to zero (subject to final reconciliation) and portfolio plans have been terminated as of December 31, 2020; Staff has preliminarily reported a 19.8% cumulative energy savings statewide**



House Bill 6 (continued)

- **Attorney General Dave Yost has filed suit and has been granted a stay to block or delay subsidy payments to Energy Harbor**
- **PUCO has vacated its order for utilities to implement and begin collection of charges through recently established Clean Air Fund Riders as a result of preliminary injunction issued in December 2020**



AEP-Ohio (Percent of Electric Load Shopping)

AEP-OHIO	Nov. 30, 2020	Nov. 30, 2019	Nov. 30, 2018	Sept. 30, 2017	Sept. 30, 2016
Residential Sales	36.1%	45.8%	35.3%	35.0%	34.1%
Commercial Sales	87.8%	86.9%	86.1%	85.9%	86.0%
Industrial Sales	98.1%	97.5%	97.4%	97.9%	97.5%
Total Sales	76.2%	75.2%	74.7%	74.9%	71.5%



OP's CBP Auctions to Establish SSO Prices For the ESPs

- Several auctions have been conducted to date
- To procure energy, capacity, and market-based transmission and transmission ancillary services
- Delivery periods:

	<u>Blended Price</u>
■ June 2015 thru May 2016	\$54.87/MWH
■ June 2016 thru May 2017	\$52.37/MWH
■ June 2017 thru May 2018	\$51.14/MWH
■ June 2018 thru May 2019	\$49.35/MWH
■ June 2019 thru May 2020	\$47.38/MWH
■ June 2020 thru May 2021	\$44.12/MWH
■ June 2021 thru May 2022	\$46.71/MWH



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Rebekah serves as Counsel to IEU-Ohio, a trade association of large industrial and commercial customers. More information on IEU-Ohio is available at:

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*The information in this presentation represents the personal views of Ms. Glover and are not necessarily the views of her firm, colleagues, or clients.

