



A unit of American Electric Power

2011 SWEPCO Renewable Energy RFP Bidder's Conference Presentation

Agenda

- **Purpose**
- **Introduction to AEP and SWEPCO**
- **RFP Overview**
- **Evaluation Process**
- **Regulatory Overview**
- **Questions and Answers**

Purpose

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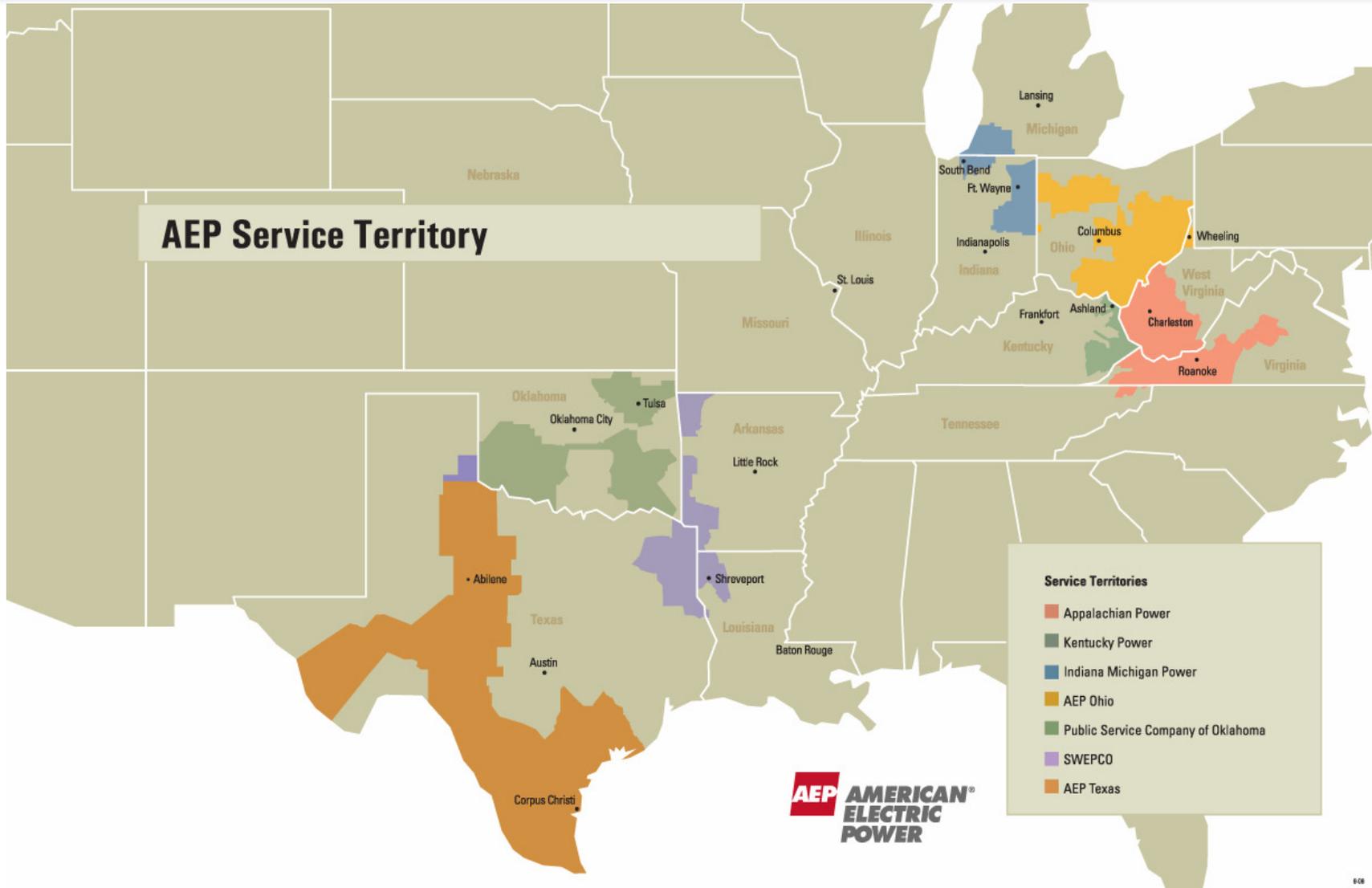
- The Purpose of the RFP is to support the Louisiana Public Service Commission's ("LPSC", "Commission") Renewable Energy Pilot Program Implementation Plan
- SWEPCO's required nameplate rated capacity to support the 350 MW requirement of the LPSC Renewable Energy Pilot Program is as follows:

SWEPCO's Allocation of 350 MW		
	%	MW
SWEPCO	8.1%	28 MW
Valley Electric Cooperative	0.9%	3 MW
<i>total</i>	9.0%	31 MW



Introduction to AEP and SWEPCO

AEP Service Territory



American Electric Power

- **American Electric Power (NYSE: AEP)**
- **Founded in 1906**
- **Approximately 5.3 million customers**
- **Employees: 18,712**
- **7 operating units in 11 states**
 - **TX, OK, LA, AR, OH, IN, MI, VA, WV, KY & TN**
- **38,000 MW of generating capacity**
 - **Includes: Coal, natural gas, nuclear, hydro, wind, and solar**
- **Largest owner of transmission lines in the U.S. (~39,000 miles)**
- **Approximately 216,000 miles of distribution lines**
- **Operates in three RTOs: PJM, SPP and ERCOT**

Further Information on AEP can be viewed at: www.aep.com

AEP Utility Subsidiary Credit Ratings

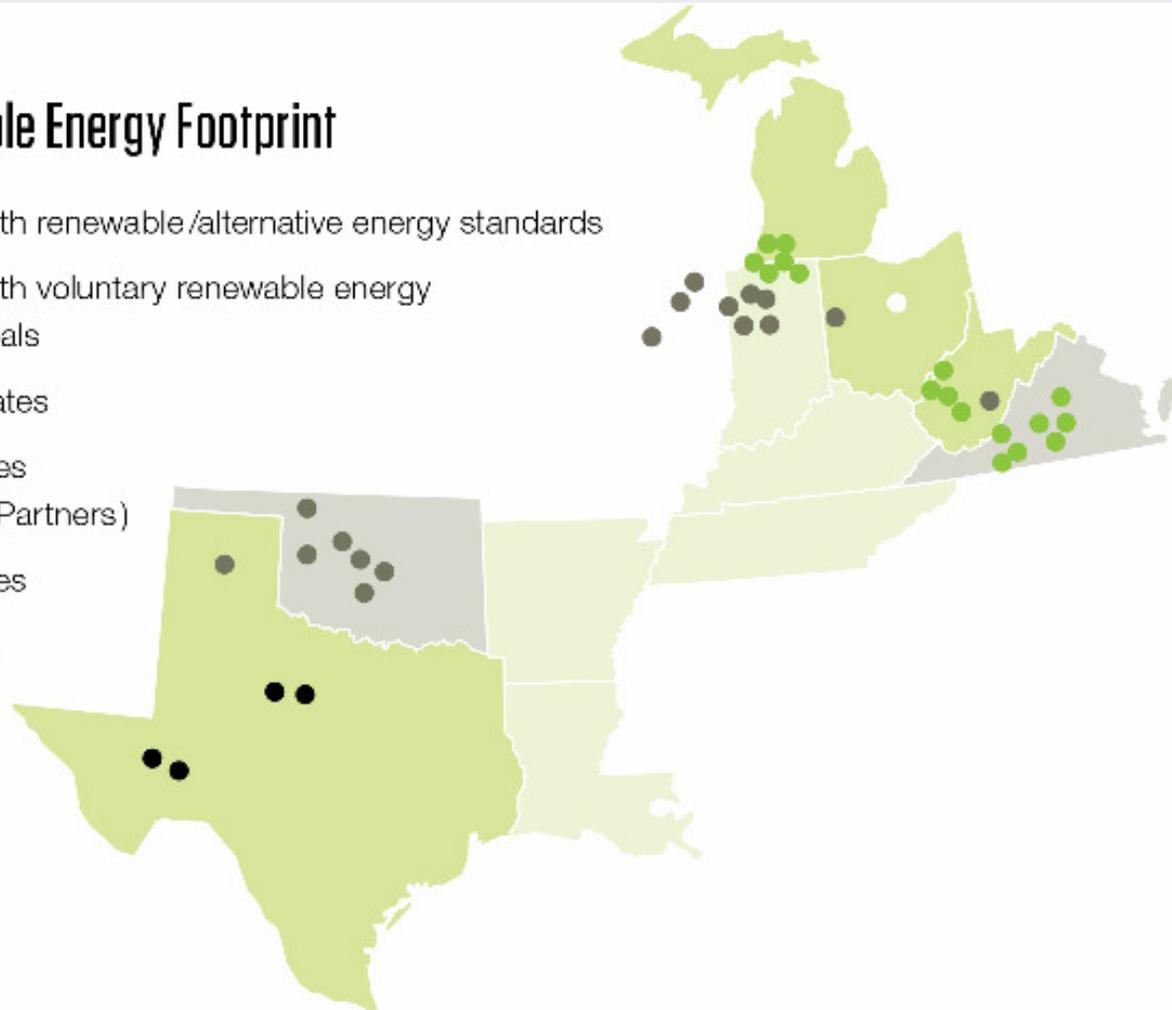
Updated March 2011

Company	Senior Unsecured		
	Moody's	S&P	Fitch
Appalachian Power Company	Baa2	BBB	BBB
Columbus Southern Power Company	A3	BBB	A-
Indiana Michigan Power Company	Baa2	BBB	BBB
Kentucky Power Company	Baa2	BBB	BBB
Ohio Power Company	Baa1	BBB	BBB+
Public Service Company of Oklahoma	Baa1	BBB	BBB+
Southwestern Electric Power Company	Baa3	BBB	BBB

AEP Renewable Footprint

AEP's Renewable Energy Footprint

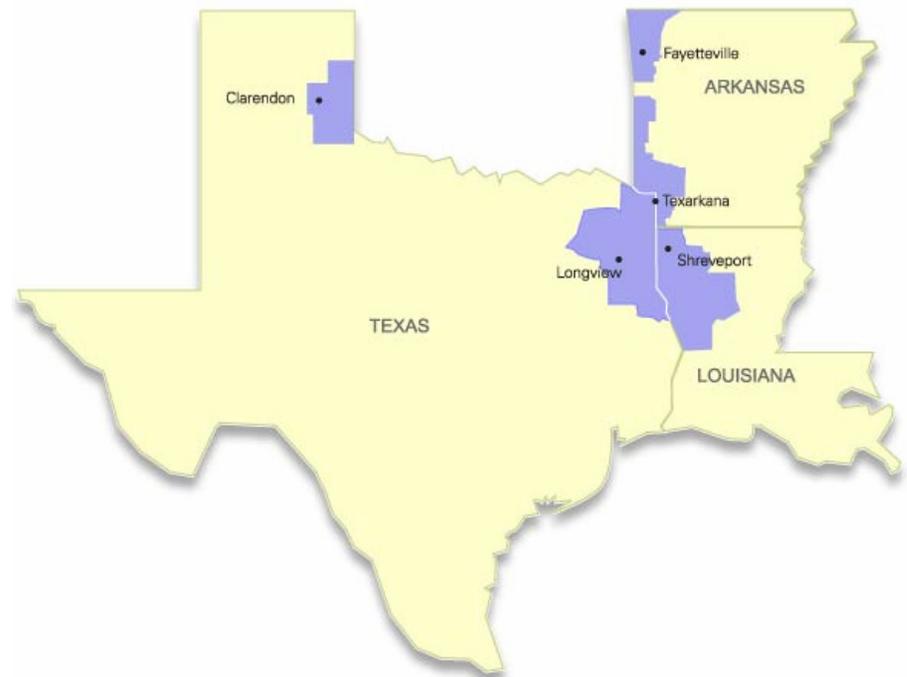
-  AEP states with renewable/alternative energy standards
-  AEP states with voluntary renewable energy standards/goals
-  Other AEP states
-  Wind resources (AEP Energy Partners)
-  Wind resources
-  Hydroelectric projects
-  Solar



1,494 MW Regulated Wind - 489 MW Non-Regulated Wind - 364 MW Run-of-river Hydro - 10 MW Solar

Southwestern Electric Power Company

- SWEPCO has been providing affordable and reliable electricity to customers since 1912
- SWEPCO serves 520,415 customers in Louisiana, Arkansas, East Texas, and the Panhandle area of North Texas
 - Residential Customers – 441,443
 - Commercial Customers – 71,264
 - Industrial Customers – 7,164
 - Public St. / Hwy Lighting – 544
- Employees: 1,576
- 3,905 miles of transmission lines
- 27,896 miles of distribution lines
- 4,870 MW of generating capacity
- Headquarters in Shreveport, LA



Further Information on SWEPCO can be viewed at: www.swepco.com

RFP Overview

RFP Website Structure

- Website: www.swepco.com/go/rfp
 - All SWEPCO RFP documents posted
 - LPSC documents posted



The screenshot shows the SWEPCO website interface. At the top left is the logo for AEP Southwestern Electric Power Company, with the tagline "A unit of American Electric Power". To the right is a search bar with a "Search" button. Below this is a navigation menu with the following items: Home, Your Account, Outages & Problems, Service Requests, Safety, Save Money & Energy, Environment, News & Information, and Contact Us (Contáctenos). The main content area features a large banner image of a customer service interaction. Below the banner, the heading "Energy Provider RFPs" is displayed. Underneath the heading is a breadcrumb trail: "Business To Business With SWEPCO / Energy Provider RFPs". There are also links for "Logged Out / Log In" and "2011 Renewable RFP". The main text of the page is a "Notice of Intent to Conduct 2011 RFP for Long-Term Renewable Generation Resources" from AEPSC as agent for SWEPCO, detailing the intent to conduct a Request for Proposals for 31 MW of Long-Term Renewable Generation Resources on or about April 11, 2011, with the posting to be made at <http://www.swepco.com/go/rfp/>.

RFP Website Structure

■ Questions and Answers

The screenshot shows a website navigation bar with the following items: Home, Your Account, Outages & Problems, Service Requests, Safety, Save Money & Energy, Environment, News & Information, and Contact Us (Contáctenos). Below the navigation bar is a banner image of a customer service center. The main content area is titled 'Energy Provider RFPs' and includes a breadcrumb trail: Business To Business With SWEPCO / Energy Provider RFPs / 2011 Renewable RFP. A 'Logged Out / Log In' link is visible. A sidebar on the left contains a list of links: '2011 Renewable RFP' (highlighted), 'Technical/Bidders' Conference', 'Questions/Answers', and 'Submit A Question'. A red arrow points from the 'Questions/Answers' link to the 'Q&A' text below the screenshot. The main content area features a section titled '2011 Renewable Request for Proposals' with a paragraph of text describing the RFP process.

Q&A

RFP Schedule (3.1)

RFP Schedule	
Activity	Date
Issue RFP	April 11, 2011
Pre-Bid Technical Conference / Webinar	April 28, 2011
Confidentiality Forms Due (optional)	June 1, 2011
Proposals Due	June 15, 2011
Review Proposal Summary w/ LPSC Staff	tbd
Notify Short-Listed Bidder(s)	August 1, 2011
Short-Listed Proposals submitted for SPP Aggregate Study	tbd
Review Final Recommendation w/ LPSC Staff	tbd
Final Contract(s) Awarded	tbd

Overview

RFP Section 2

- **Request for Proposals of 31 MWs of nameplate New Renewable Resources**
- **Power Purchase Agreement (PPA)**
 - **Term: 10 – 20 years**
 - **Energy + Capacity + Environmental Attributes**
- **Project On-Line Date**
 - **Projects expected on-line date between 1/1/2011 and 12/31/2014**
 - **New Renewable Resources¹**
 1. **Has entered commercial service on or after 1/1/2010**
 2. **Has increased its nameplate capacity rating above what existed on 12/31/2009, with the increase in nameplate capacity qualifying as “new”**
 3. **Has entered commercial service prior to 1/1/2010 and that has been re-tooled on or after 1/1/2010 (see additional details in LPSC Renewable Energy Pilot Program Implementation Plan)**
- **Minimum project size is 2 MW (nameplate)**

Note 1: as defined by the LPSC Renewable Energy Pilot Program Implementation Plan

Eligible Renewable Resources

RFP Section 2.2.1 / Appendix H

- Eligible New Renewable Resources include the following

Eligible New Renewable Resources ¹			
Biologically Derived Methane Gas (including landfill gas)	Biomass Energy	Black Liquor	Combined Heat & Power ² (“CHP”)
Distributed Generation Systems ²	Fuel Cells	Geothermal Energy	Low Impact Hydropower
Ocean Thermal, Wave, Tidal, Hydrokinetic	Solar Photovoltaic	Solar Thermal	Urban Waste
Waste-to-Energy (including Municipal Solid Waste)	Waste Heat Recovery (“WHR”)	Wind Power	Wood and Wood Waste

Note 1 - as defined by the LPSC Renewable Energy Pilot Program Implementation Plan

Note 2 - based on non-fossil fueled resources

Pricing

RFP Section 2.2.4

- **Bid Structure**
 - Pricing (\$/MWh) is for a delivered bundled product which includes energy, RECs, capacity, environmental interests and associated attributes
 - No separate capacity payment
 - Pricing shall be an “All-in” Price – includes
 - all capital costs
 - fixed and variable O&M costs
 - fuel costs (if applicable)
 - plus any other costs associated with delivering the full contracted energy output to the bid specified Point of Delivery
 - Bid Price “A” – Flat Price (\$/MWh) throughout the term
 - Bid Price “B” – Initial Price (\$/MWh) escalated annually at 2.25%

Interconnection

RFP Section 2.2.6 & 5.4

- **Project's output must be delivered to SPP or SWEPCO**
- **Project must have submitted the required generation interconnection application to**
 - **SPP;**
 - **SWEPCO (distribution);**
 - **or other non-SPP interconnecting utility**
- **Non-SPP Resources must obtain firm transmission service to SPP**
- **Bid(s) selected to the short-list may be screened for viability to deliver energy and capacity to SWEPCO's load**
- **The bid proposal screening and selection process is expected to include an estimate of the cost of upgrades that may be required on the Transmission System of the SPP RTO or other impacted Transmission Provider**
 - **Actual costs to be determined through the SPP Aggregate Transmission Service Study and/or the study procedures required by other impacted Transmission Providers**

SWEPCO Form PPA Terms

Item	PPA Section	Detail
Delay Liquidated Damages	Section 4.10	- Seller shall pay liquidated damages to Purchaser in the amount of \$350/MW of capacity deficiency each day of delay
Scheduling Arrangements	Section 5.6	- Seller (or Seller's Agent) will register with the Transmission Operator as the market participant for the Purchaser's Facility Capacity
Sale & Purchase	Section 7.1	- Purchaser shall only pay for MWh delivered to the Point of Delivery
Production Guarantee	Section 7.2	- Bidder may choose a Production Guarantee of an annual Committed Renewable Energy (MWh) (Option "A") <u>OR</u> an annual Guaranteed Availability (%) (Option "B") - Seller shall pay Purchaser Liquidated Damages for output below agreed upon production levels associated with Option "A" or Option "B"
Security For Performance	Section 11.1	- Seller shall establish the Security Fund at the amount of \$100,000 per MW no later than fifteen (15) days after the date the PPA is fully executed

Bidder Eligibility Requirements

RFP Section 7

- **Minimum Bid Eligibility Requirements**
 - **All required material as outlined in Section 6 (see outline next page)**
 - **Acceptable level of development, credit and technology risk**
 - **Demonstrated previous experience in comparable completed renewable energy project(s) in the U.S.**

Proposal Content Requirement

RFP Section 6

- **All proposals must provide concise and complete information on all of the following topics:**
 - **Executive Summary**
 - **Bidders Information (RFP Appendix A)**
 - **Bid Summary (RFP Appendix)**
 - **Technology Specific Information (RFP Appendix B2 - B5)**
 - **Energy Input Sheet (RFP Appendix C)**
 - **Financial Wherewithal (RFP Appendix E)**
 - **Legal Proceedings (RFP Appendix E)**
 - **Experience and References (RFP Appendix F)**
 - **Project and Construction Schedule**
 - **Financing Plan (RFP Appendix G)**
 - **Subsidies (Federal, State, other)**
 - **NERC Compliance Plan**

Evaluation Process

Evaluation Process

RFP Section 8

- ✓ **Completeness and Consistency (RFP Section 8.1)**
 - **Proposals are initially evaluated for completeness and consistency with the proposal content and bid requirements of the RFP**

- ✓ **Price (\$/MWh) (RFP Section 8.1)**
 - **Conforming proposals will be ranked according to price (\$/MWh) on a delivered basis to SPP or SWEPCO**

- ✓ **Non-Price Factors (RFP Section 8.3)**
 - **Conforming proposals will then be analyzed further using Non-Price Factors**

Evaluation Process

RFP Section 8.3

Non-Price Factors			
Developer Experience	Proposed Date of Commercial Operation	Time & Feasibility	Creditworthiness
Deliverability	Property & Site Control	Project Capacity (≥ 2 MW)	Proven Generation Technology
Probability of Financing	Confidence in Long-Term Projections	Regulatory Considerations	

Regulatory Overview

Regulatory Overview

RFP Section 10

- **SWEPCO shall review the bid results and evaluations with the LPSC staff prior to bid award. In accordance with the Commission's October 29, 2008 and May 27, 2009 General Orders, a certification proceeding will be conducted for each selected resource. In the certification proceeding, evidence shall be presented on the economic evaluation performed, the selection criteria used and the expected net impact on rates. The Commission will have the ultimate authority to approve or disapprove any new renewable resource seeking certification.**

Question and Answers

Questions & Answers

- **Questions and Answers from today's meeting (webinar) will be posted at the SWEPCO Renewable RFP website under the "Questions/Answers" section**
 - **Questions that are not answered today will also be posted and answered at the website**
- **Questions may also be submitted to the Q&A portion of the SWEPCO Renewable RFP website**
- **Open Q&A**

SWEPCO and AEP thank you for your participation today