



2009 AEP Renewable Energy RFP Bidder's Presentation

Pre-Bid Webinar

SPP Interconnected Projects

Thursday June 18, 2009

1:00 p.m. EPT

Webinar Registration info:

<https://www2.gotomeeting.com/register/704286290>

Webinar Agenda

- Introduction to AEP
- RFP Overview
- Evaluation Process
- Regulatory Overview
- RFP Communication

Introduction to AEP



American Electric Power (AEP)

- American Electric Power (NYSE: AEP)
 - Founded in 1906
 - Employees: 22,000
 - 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 and wind
 - Largest owner of transmission lines in U.S. (~39,000 miles)
 - Operates in three RTOs: PJM, SPP and ERCOT

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

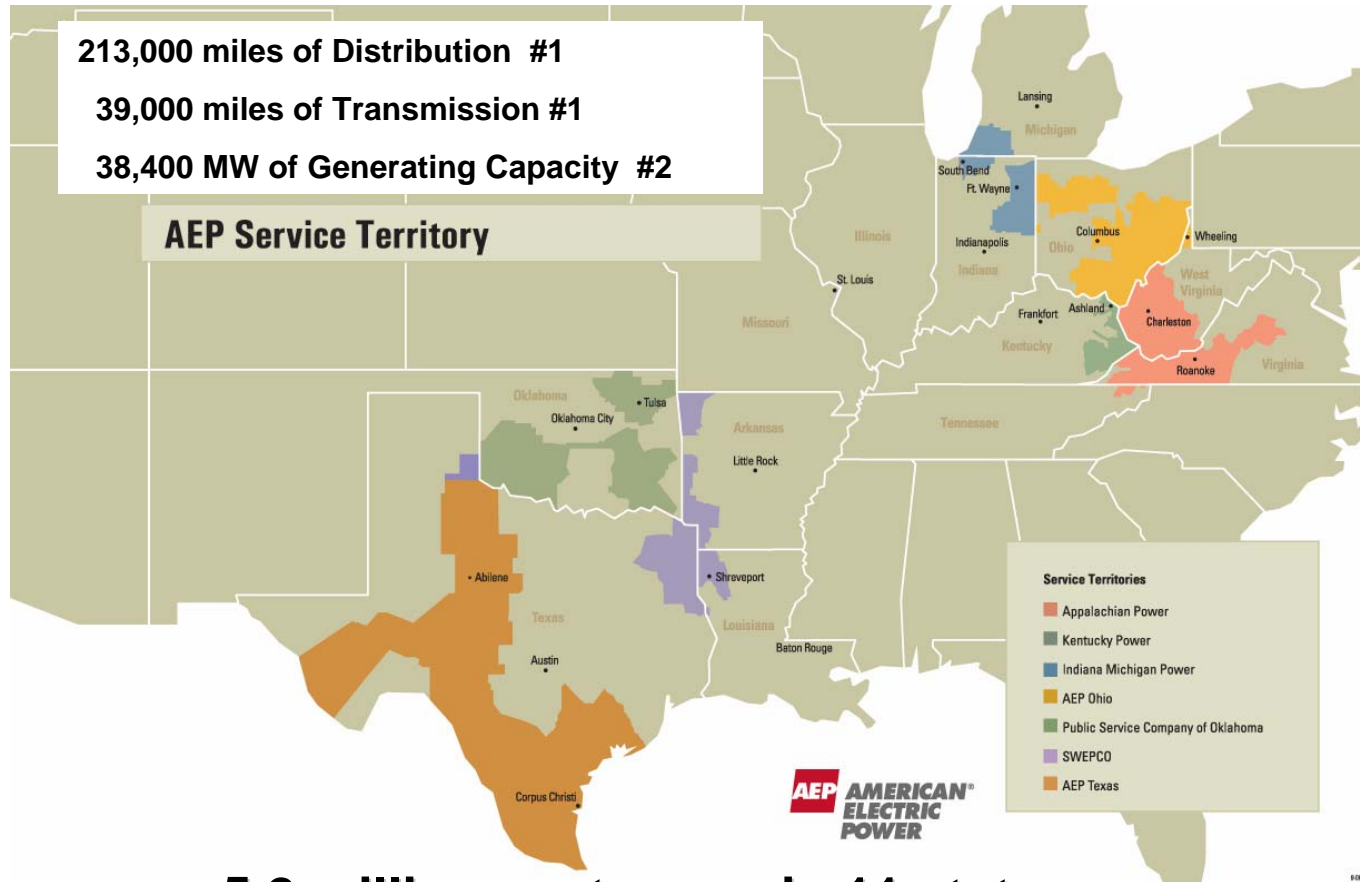


AEP Utility Subsidiary Credit Ratings

Company	Senior Unsecured		
	<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>
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	A3	BBB	BBB+
Public Service Company of Oklahoma	Baa1	BBB	BBB+
Southwestern Electric Power Company	Baa1	BBB	BBB+

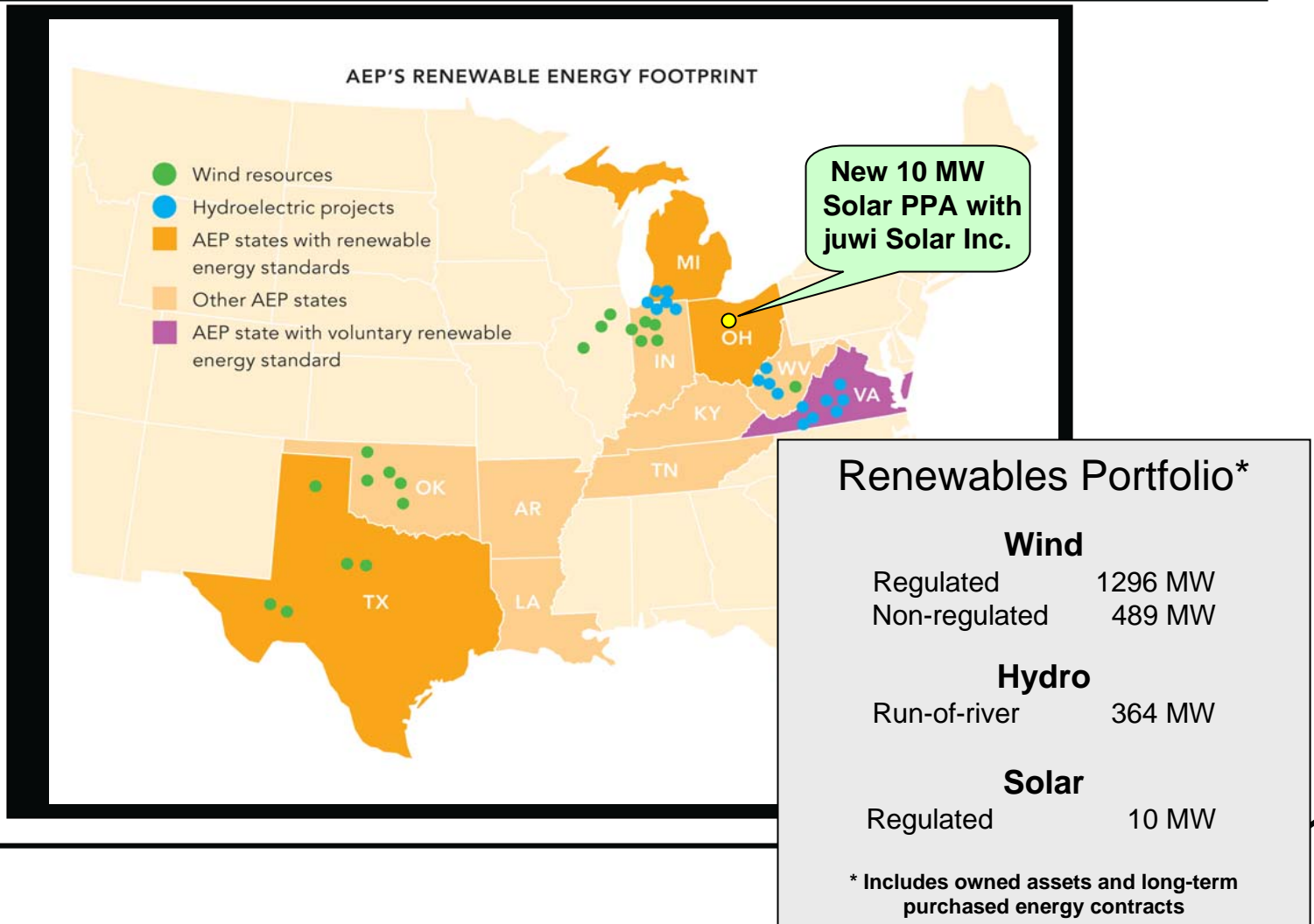
Current as of May 2009

AEP Service Territory



5.2 million customers in 11 states

AEP Renewable Footprint



Recent Successes

2007 AEP Corporate Sustainability Report

1000 MW Goal

2007

2 RFPs

2 OPCOs

Executed 275 MW

2008

4 RFPs

5 OPCOs

Executed 628.4 MW

2009 AEP Corporate Sustainability
Report increases Goal to total

2000 MW

Babcock & Brown

BP Alternative Energy

Edison Mission

Horizon Wind Energy

Invenergy

NextEra Energy Resources

(Formerly FPL Energy)

New This Year

New/Revised RFP Concepts

- **Right of First Offer (ROFO)**
- **Multiple Year Proposal Due date (2009 , 2010, 2011 Projects)**
- **Minimum Size Requirements**
- **Term Sheet submission for non-intermittent renewable projects**
- **Weighting of Price vs Non-price factors**
- **One electronic copy of the entire proposal in addition to one hard copy original**
- **Solar technology resources will not be accepted for SPP projects**

RFP Overview

RFP Overview

- **Seeking up to 1,100 MW of cost effective renewable energy from projects capable of being on-line in 2009, 2010 or 2011**
 - **Renewable Energy Project: Wind Power, Low-impact Hydro, Geothermal, Biomass Energy, Biologically-derived Methane**
 - **No AEP self-build / affiliate bidding into this RFP**

- **Renewable Energy Purchase Agreement (REPA)**
 - **20 year agreement**
 - **Energy + Capacity + Environmental Attributes**

- **Bidder must be interconnected to SPP or in the queue for interconnection**

- **Pricing (Time of day / seasonal, with annual escalator)**

- **Regulatory Approvals**
 - **REPA may be submitted for review and approval by applicable State Public Utilities Commissions**

RFP Website Structure/Access

- Website Structure
 - Utilizing a particular AEP subsidiary website to access the Q&A section or the Form REPA does not mean that you are bidding a project to that specific subsidiary
- Questions and Answers
 - Everyone will have access to the Q&A section of the RFP website
- Renewable Energy Purchase Agreement (REPA) access
 - Bidders will be required to provide a SPP queue number
 - Further Information on SPP Interconnection can be found at: <http://www.spp.org/>

SPP Transmission Queue

(RFP Section 2.2.5; Section 5.5)

- SPP Interconnection point may be in any state within the SPP operating territory (preference to AEP transmission)
- Submitted RFP bids must include:
 - SPP queue number and copies of any relevant SPP Interconnection Studies and third party load flow studies (if applicable)
 - Name of Transmission provider / Control Area
- Interconnection queue positions
 - Projects expected to be on-line in 2010 need to have completed a SPP System Impact Study and must submit such study with proposal
 - Projects expected to be on-line in 2011 that are further along in the SPP interconnection process will be viewed more favorably.

SPP Transmission Queue

(RFP Section 5.5.2.2)

- Short-listed SPP Projects may be:
 - Screened for cost to deliver product to AEP West load
 - Submitted to the SPP Aggregate System Impact Study for evaluation of obtaining Network Service
 - Costs associated with analysis for delivering product to AEP West load will be borne by Purchaser

Although the costs associated with delivery of energy at the point of delivery to AEP West load is borne by Purchaser, this cost is still taken into account in the evaluation process when assessing the “all in price”

RFP Timeline

(RFP Section 3.1)

	Project On-line Year		
	2009 (by 12/31/2009)	2010 (by 12/31/2010)	2011 (by 12/31/2011)
RFP Issued	6/1/2009		
Bidder's Conference (PJM)	6/16/2009		
Bidder's Conference (SPP)	N/A	6/18/2009	
Expression of Interest Form	6/9/2009	8/10/2009	12/22/2009
Confidentiality Form	6/16/2009	8/15/2009	1/4/2010
Proposals	6/30/2009	8/31/2009	1/15/2010
Short-listed Bidder Notification	8/14/2009	10/15/2009	3/1/2010

Minimum Project Size

(RFP Section 2.2.2)

- 5 MW minimum:
 - Landfill gas
 - Hydroelectric (low impact)
 - Biologically derived methane gas

- 20 MW minimum:
 - Wind energy
 - Biomass Energy
 - Geothermal

All awarded agreements presume a 20-year term

Bid Proposal Forms

- ***Submission of the following is required:***
 - ***Appendix A – Expression of Interest Form***
 - ***Appendix B (1-3) – Bid Summary***
 - ***Appendix C (1-2) – Bid Price Sheet (PJM/SPP)***
 - ***Appendix C-3 – Energy Input Sheet***
 - ***Appendix D – Mutual Confidentiality Agreement***
 - ***Appendix E – Bidder’s Credit-Related Information***
 - ***Appendix F – Bidder Profile (Background & Experience)***
 - ***Appendix G – Financing Plan***
 - ***Appendix H – Form REPA (comments to be provided separately)***
 - ***Exceptions to REPA, with explanations, must be submitted as a separate document with Proposals***
 - ***Redline versions of REPA will NOT be accepted as compliance with the terms of RFP***

*Red font denotes required information

REPA Exceptions/Term Sheet

(RFP Section 6.6)

- **REPA**

- Technology: Wind, Hydro
- Exceptions to REPA, with explanations, must be submitted as a separate document with Proposals
- Redline versions of REPA will NOT be accepted as compliance with terms of RFP

- **Term Sheet**

- Technology: Biomass, Landfill gas
- Requested to capture subjects such as fuel that are not specifically contemplated in the form REPA



Bundled All-in Bid Price

(RFP Section 2.2.4; Appendix C-2)

2010/2011 Production Year Bid Price

Period	Bid Price	Details
Premium-Peak	\$/MWh (120% of Peak)	Weekdays: Jan/Feb/Jul/Aug/Dec
Peak	\$ "Bid" / MWh	Weekdays: Mar/Apr/May/Jun/Sep/Oct/Nov
Off-Peak	\$42.00 / MWh	Nights, Weekends & NERC Holidays: Jan - Dec

Premium Peak – Defined as Monday through Friday, hours ending 7-27, for the months January, February, July, August and December (except NERC Holidays)

Peak – Defined as Monday through Friday, hours ending 7-22, for the months March, April, May, June, September, October and November. (except NERC Holidays)

Off Peak – Defined as Monday through Friday, hours ending 1-6 and 23-24; Saturday, Sunday and NERC Holidays, hour ending 1-24

*2012 bundled energy price = 2010/2011 bid price (Premium Peak, Peak and Off Peak) + 2.25%
Pricing 2012 and beyond will continue to escalate at 2.25% annually*

Energy Forecast

(RFP Section 6.7.2; Appendix C-3)

Projected Hourly Supply Data

Date/Hour Ending	MW
1/01/09-01	3.445
1/01/09-02	4.500

All proposals must provide an 8760 hourly production profile for a typical calendar year
Explain information source assumption for wake losses, line losses, etc., and the location where the data was measured

Hour Ending 1 = 12:00.01 AM – 01:00.00 AM

Hour Ending 2 = 1:00.01 AM – 2:00.00 AM

All Hour Ending “HE” times will be in CPT in accordance with SPP

Right of First Offer (ROFO)

(RFP Section 6.6.3)

- In the event that the developer decides to sell the facility or interest in the facility, the Purchaser would be interested in the right of first offer

Evaluation Process

Bidder Eligibility Requirements

- Minimum Bid Eligibility Requirements (Section 6)
 - All required material included per Section 7
 - Acceptable level of development, credit and technology risk
 - Demonstrated previous experience in comparable completed renewable energy project(s) in U.S.
- Proposal Content Requirements (Section)
 - Experience and references
 - Executive summary
 - Financial wherewithal
 - Legal proceedings
 - Exceptions to REPA
 - Type and terms of offer
 - Facility Information
 - Project and Construction Schedule

Evaluation and Selection

(RFP Section 8)

- Bid Evaluation and Selection Requirements
 - Quantitative Factors (Price Factors) 80%
include but are not limited to –
 - SPP Locational Imbalance Price (LIP) at delivery point (current and expected)
 - Imputed REC cost
 - Associated capacity value
 - Qualitative Factors (Non- Factors) 20%
include but are not limited to –
 - Location
 - AEP transmission lines
 - AEP state non on AEP transmission lines

*This criteria is used to screen qualified bids

Regulatory Overview

Regulatory Approval

(RFP Section 10)

- The REPA shall be dependent upon AEPSC obtaining sufficient assurance that the costs of power and energy purchased pursuant to the REPA will be recognized for recovery in the rates charged to its jurisdictional customers. The determination of what constitutes “sufficient assurance” shall be at the sole discretion and judgment of AEPSC.
 - Existing fuel recovery process and statutes provide paths for cost recovery of renewable energy purchases on behalf of AEP customers
 - Winning bidder(s) must support applications for approval and recovery
 - REPA must meet standards for recovery (may vary by state)

RFP Communication

RFP Communication

- RFP Manager
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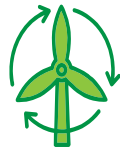
Successful Proposal Checklist

- ***Proposal Organization Checklist:***
(1 original, 1 electronic copy, 1 CD)
 - Transmittal letter
 - Bidder's Information
 - Experience & References
 - Executive Summary
 - Financial Wherewithal
 - Legal Proceedings (if any)
 - Type & Terms of Offer
 - Exceptions to REPA
 - Facility Information

Thank you for your attention



Solar



Wind



Biomass



Geothermal



Hydro