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AEP

AEP and New Albany Data Center (NADC) Reasonable Arrangement Approved (Case No. 23-891-EL-AEC)

Summary: Under the reasonable arrangement (RA) approved by the Public Utilities Commission of Ohio (PUCO) this week, AEP will construct, own, and operate a substation to serve both NADC's new data center and other customers in the area. NADC will enter an eight-year lease agreement with AEP for certain substation equipment, and NADC's lease payments will cover AEP's capital investment, return on equity, and maintenance expenses for the associated substation equipment. During Years 2–8 of the lease, NADC will pay a discounted transmission electric service rate, but according to the Application, this will not result in increased costs to other customers because NADC would be able to switch to the lower-cost rate even without the RA, had it built its own substation.

Additionally, Staff proposed and the PUCO approved, the following modifications: (1) if the RA terminates, AEP and NADC must file notice with the PUCO 30 days in advance, (2) if AEP or NADC seeks to extend the RA, they must file a new application with the PUCO, and (3) this approval does not predetermine the equipment's inclusion in plant in service and whether it is used and useful.

During the PUCO meeting approving the RA, Commissioner Conway stated that Ohio has “an attractive environment . . . for economic development,” and that “[o]ne of the critical elements of that environment is a robust electric infrastructure, which we do have currently in central Ohio as well as other parts of the state.” Interestingly, this comment comes at a time when various utilities are spending millions of dollars for supplemental transmission projects and infrastructure improvements that they claim are necessary to continue providing reliable electric service.

AES

AES Files Phase Two of its Smart Grid Plan (Case No. 24-0112-EL-GRD)

Summary: AES filed an application to implement Phase Two of its Smart Grid Plan (SGP II), which proposes a total spend of \$755.5 million over a ten-year period (\$682.9 million in capital investments and spend \$72.6 million in operation and maintenance expenses). This represents an annual increase of \$8.65 million compared to SGP I (about 13%). SGP II would include investments in volt/var

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optimization/conservation voltage reduction, advanced distribution management system, cyber security measures, distributed energy resource management, and deploying more AMI meters. AES would recover costs for SGP II from customers through its Infrastructure Investment Rider.