October 11, 2011

William C. Porth, Jr., Esq.
Counsel, Appalachian Power Company
Robinson & McElwee PLLC
PO Box 1791
Charleston, WV 25326

RE: Case No. 11-1034-E-P
Appalachian Power Company,
dba American Electric Power

Dear Mr. Porth:

Pursuant to Rule 2 of the Commission's Rules of Practice and Procedure, we are enclosing a copy of the Staff memorandum in this matter. If you wish to respond to the enclosed Staff memorandum, you may do so in writing, within 10 days, unless directed otherwise, of this date.

Your failure to respond in writing to the utility's answer, Staff's recommendations, or other documents may result in a decision in your case based on your original filing and the other documents in the case file, without further hearing or notice.

You have the ability to view documents as they are filed in this case if you have email. Please visit our web site at www.psc.state.wv.us and register with our email subscription system to receive customized daily activity information in this case. The public will not be given access to your email address. If you have provided an email address you will automatically receive docket notifications as documents are filed.

Sincerely,

Sandra Squire
Executive Secretary

SS/ck
Enclosure
On July 19, 2011, Appalachian Power Company, dba American Electric Power (APCo) filed a petition for Commission certification that thirteen of APCo’s electric generation facilities qualify as a “Qualified Energy Resource” as defined by the Commission’s Rules Governing Alternative and Renewable Energy Portfolio Standard or Portfolio Standard Rules, so APCo can start generating “Alternative and Renewable Energy Resource Credits” or “Credits.” The facilities include two supercritical advanced-coal technology plants, one gas-fired peaking plant, nine run-of-the-river hydro-electric facilities and one pumped storage hydro-electric facility. All of the facilities are wholly owned by APCo, except Unit No. 3 of the John E. Amos Generating Station, which is jointly owned with Ohio Power Company. APCo is also seeking certification of four EE/DR programs that the Commission has approved.

Donald Walker submitted the attached memorandum on September 28, 2011. Mr. Walker states all of the generation facilities are clearly “Qualified Energy Resources” that qualify for a different number of credits. The nine run-of-the-river hydro-electric facilities qualify for two credits per megawatt-hour generated. The gas-fired peaking plant and the pumped storage hydro-electric plant qualify for one credit per megawatt-hour generated. APCo only owns a third of the Amos facility, therefore, it only qualifies for 0.33 credits per every megawatt-hour generated. Lastly, the Mountaineer facility qualifies for one credit per megawatt-hour generated for utilizing supercritical technology, plus an additional 0.02 credit for the use of carbon capture and sequestration, for a total of 1.02 credits per megawatt-hour generated. As for the Energy Efficiency/Demand Response programs, Mr. Walker states it appears they qualify, but the credits should be determined and awarded upon APCo meeting and submitting the requirements in the Portfolio Standards as well as meeting the criteria set forth in the ENEC rate case (Case No. 10-0261-E-GI).

Legal Staff has reviewed the above mentioned memorandum and agrees with the contents therein. The generating facilities are all “Qualified Energy Resources” that generate differing numbers of credits. More information is needed for the EE/DR programs to know the amount of credits they will generate.
Final Engineering Memorandum

To: John Auville, Staff Attorney
   Legal Division

From: Donald E. Walker, Technical Analyst
       Engineering Division

Date: September 27, 2011

RE: Case Number: 11-1034-E-P
    Appalachian Power Company, dba American Electric Power

Scope of Petition

The Appalachian Power Company dba American Electric Power (Company) filed a petition consisting of thirteen (13) generating facilities and four (4) Energy Efficiency/Demand Response (EE/DR) Programs previously reviewed and approved regarding an ENEC rate increase effective July 1, 2010 (Case Number: 10-0261-E-GI).

The Company is seeking certification of its identified generating facilities and its EE/DR programs as qualified resources in accordance with West Virginia’s Rules Governing Alternative and Renewable Energy Portfolio Standard, 150 C.S.R. 34 (Portfolio Standard).

Discussion

I. Generation

Attachment A to this memorandum is a modification of the summary provided by the Company in its application filed on July 19, 2011 (EXHIBIT F) pertaining to its generating fleet. The additional section – outlined in double lines – titled “Commission Evaluation (Engineering Division)” summarizes the results of the engineering review.

The evaluation of the Company’s petition as it applies to generation was for the most part, straight forward. Nine of the facilities qualify for two credits per megawatt-hour generated as they are Renewable, Run of River generators. Two
additional facilities qualify for one credit per MW generated as they are categorized as Alternative Energy Resources – a pumped hydroelectric facility and a natural or synthetic gas fired facility as defined by the Portfolio Standard.

Two facilities having unique circumstances requiring a different procedure when reporting their generation and ultimately the number of credits assigned to those plants are the Amos and Mountaineer facilities.

Amos Facility

The Company indicated that Unit 1 and Unit 2 are 100 percent owned by the Appalachian Power Company, and Unit 3 is one third owned by the Appalachian Power Company with the remaining two thirds owned by an affiliate, the Ohio Power Company. In order to maintain the proper number of credits produced by the Amos Facility, each unit will report its generation on a unit basis – not as a total facility. Unit 1 will produce one credit for each MW generated. Unit 2 will produce one credit for each MW generated. Unit 3 will produce 0.33 credit for each MW generated.

Mountaineer Facility

The Mountaineer Facility qualifies for two Advanced Coal credits. As a supercritical unit, the facility will produce one credit for each MW generated. Additionally, the Mountaineer Facility employs Carbon Capture and Storage Technology (CCST) utilized in 20 MW of the total nameplate generation of 1300 MW or 0.015 MW of each MW generated (rounded to 0.02). Since the CCST is an integral part of the generation at the Mountaineer Facility, the credits produced by both Advanced Coal Technology categories as defined in the Portfolio Standard, can be added together producing 1.02 credits for each MW generated by the facility.

II. Energy Efficiency/Demand Response Programs

The Appalachian Power Company included in its petition a list of four (4) Energy Efficiency/Demand Response (EE/DR) Programs previously reviewed and approved regarding an ENEC rate increase effective July 1, 2010 (Case Number: 10-0261-E-GI). Credits will be determined and awarded upon meeting and submitting the requirements established in the Portfolio Standards as well as meeting the criteria set forth in the ENEC rate case (Case Number 10-0261-E-GI).

Conclusion

The Engineering Division reviewed the 13 generating facilities and the four (4) Energy Efficiency/Demand Response projects presented in this petition, for
certification as Alternative Energy Resources or Energy Efficiency or Demand-side Energy Initiative Projects as defined in the Portfolio Standard.

The generating facilities as reviewed in the Discussion section of this memorandum are summarized on “Attachment A” to this document indicating the criteria which was verified as required by the Portfolio Standard. The Commission Evaluation (Engineering Division) section also provides a summary of the number of credits each generating facility may produce based on the rules. Nine of the generating facilities petitioned by the Company qualify for two Renewable Energy Resource Credits per MW generated. Two additional facilities require a more detailed analysis and explanation when determining their qualified generated credits. The Amos Facility will report its individual unit generation with Unit 1 producing 1 credit per one MW generated, Unit 2 producing 1 credit per one MW generated and Unit 3 producing 0.33 of a credit per one MW generated because Appalachian Power Company owns one third of that generating unit. The Mountaineer Facility qualifies in producing 1.02 credits per one MW generated because of its integrated Carbon Capture and Storage Technology accounting for 20 MW of the nameplate generation of 1300 MW or 0.02 MW of each MW generated.

The Energy Efficiency/Demand Response (EE/DR) Programs petitioned by the Company for the production of Renewable Energy Resource Credits were reviewed. Credits will be determined and awarded upon meeting and submitting the requirements established in the Portfolio Standards as well as meeting the criteria set forth in the ENEC rate case (Case Number 10-0261-E-GI).

Recommendations

The Appalachian Power Company, dba as American Electric Power petition appears to comply with the Rules Governing Alternative and Renewable Energy Portfolio Standard, 150 C.S.R. 34. The Engineering Division recommends that the generating facilities petitioned by the Company be certified as Qualified Energy Resource Facilities as indicated on Attachment A of this memorandum.

The Energy Efficiency/Demand Response (EE/DR) Programs petitioned by the Company will be certified as Qualified Energy Resource projects when the required information is submitted to the Commission for review as established in Case Number 10-0261-E-GI and compliance with the Rules Governing Alternative and Renewable Energy Portfolio Standard, 150 C.S.R. 34 is verified.

DEW/s
attachment