

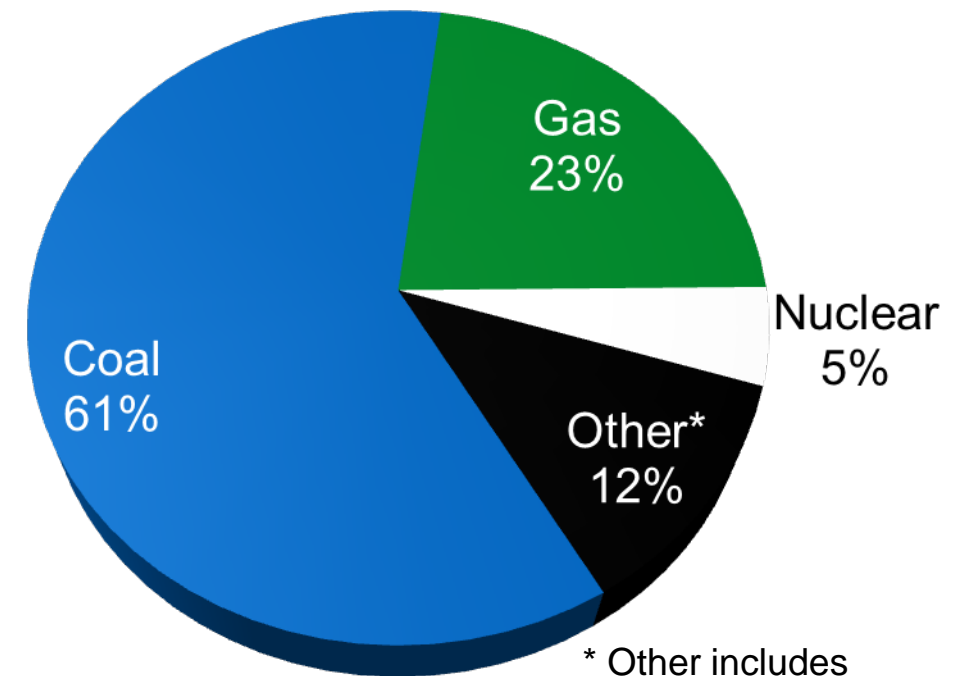
# RM-14-02-000: Alternatives

Proposed to NAESB  
Gas-Electric Forum  
April 22-23, 2014

We **power** life's possibilities<sup>SM</sup>



# About AEP



\* Other includes renewables, hydro, pumped storage and energy efficiency

- 5.3 million customers in 11 states
- Three RTOs (PJM, SPP and ERCOT)
- More than 40,000 miles of electric transmission network – the largest in the nation
- Nearly 38,000 MW of generating capacity

# Reliability Issues

- AEP is a leading advocate on reliability issues
- Most of these issues will converge in 14 months
- AEP applauds the accelerated schedule FERC has created for this effort

# AEP Proposal

- Hourly gas nomination cycles
- 4 a.m. start to the gas day
- Current bumping protocols (one no-bump cycle daily)
- Comparative economic analysis of alternatives

# Hourly Noms

- Spectra does it now
- Mitigates the conflict of gas day vs. power day
- Optimizes existing gas infrastructure
- RTO requirements can change every 15 minutes
- Inability to purchase gas in real time for emergency situations is a reliability issue

# Economic Analysis

- All options proposed will carry costs for either the gas or electric industry (or both)
- Comparative economic analysis should be conducted before final decisions are made
- What are the opportunity costs?
- What will the impact be to consumers?