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KPOW-86949

August 31, 2017

VIA EMAIL & FED EX:

Ms. Sharla Dillon, Docket Room Manager
Tennessee Regulatory Authority
502 Deaderick Street, 4th Floor
Nashville, TN 37243

**Re: PETITION OF KINGSFORT POWER COMPANY FOR APPROVAL OF
DEMAND RESPONSE PROGRAMS AND ASSOCIATED DEMAND
RESPONSE TARIFFS; TRA Docket No. 12-00012**

and

**PETITION OF EASTMAN CHEMICAL COMPANY AND AIR
PRODUCTS AND CHEMICALS, INC., FOR EXPEDITED REVIEW
TO ALLOW CERTAIN END USE CUSTOMERS OF KINGSFORT
POWER COMPANY TO PARTICIPATE IN PJM
INTERCONNECTION DEMAND RESPONSE PROGRAMS; TRA
Docket No.: 12-00026**

Dear Ms. Dillon:

Enclosed please find the Annual Demand Response Report of Kingsport Power Company
d/b/a AEP Appalachian Power for filing in the captioned dockets.

Sincerely yours,

HUNTER, SMITH & DAVIS, LLP



William C. Bovender

Enclosure

August 31, 2017

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cc: David Foster (via email)
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BEFORE THE
TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

August 31, 2017

IN RE:)	
)	
PETITION FOR APPROVAL OF DEMAND RESPONSE)	
PROGRAM AND ASSOCIATED DEMAND RESPONSE)	DOCKET NO.
TARIFFS ON BEHALF OF KINGSPORT POWER COMPANY)	12-00012
D/B/A AEP APPALACHIAN POWER)	
)	
IN RE:)	
)	
JOINT PETITION OF EASTMAN CHEMICAL COMPANY)	
AND AIR PRODUCTS AND CHEMICALS, INC. FOR)	DOCKET NO.
EXPEDITED REVIEW TO ALLOW CERTAIN END USE)	12-00026
CUSTOMERS OF KINGSPORT POWER COMPANY TO)	
PARTICIPATE IN PJM INTERCONNECTION DEMAND)	
RESPONSE PROGRAMS)	

ANNUAL DEMAND RESPONSE REPORT OF KINGSPORT POWER COMPANY
D/B/A AEP APPALACHIAN POWER

Comes Kingsport Power Company d/b/a AEP Appalachian Power ("KgPCo"), and submits its Annual Demand Response Report to the Utilities Division Staff of the Tennessee Public Utility Commission ("TPUC"). All correspondence and communications with respect to this report should be sent to the following on behalf of KgPCo:

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Respectfully submitted,
**Kingsport Power Company, d/b/a
AEP Appalachian Power**

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**Kingsport Power Company d/b/a AEP Appalachian Power
Annual Demand Response Report to the Utilities Division Staff of the Tennessee Public
Utility Commission**

Pursuant to the TPUC's March 4, 2013 Order in Docket Nos. 12-00012 and 12-00026, KgPCo provides the following information for the PJM Delivery Year ending May 31, 2017 ("2016/17 PJM Delivery Year"):

- (1) A list of participating KgPCo customers and the demand response programs they are enrolled in.

Response: Eleven KgPCo customers, utilizing the services of a Curtailment Service Provider ("CSP"), were enrolled in PJM demand response programs for the 2016/17 PJM Delivery Year and are shown in the table below.

PJM Delivery Year	Customer	DR Program	Part of Tariff RTODR?
2016/17	KPCS-Sevier Middle School	Emergency DR Full	Yes
2016/17	City of Kingsport Colonial View Station	Emergency DR Full	Yes
2016/17	City of Kingsport Raw Water Intake	Emergency DR Full	Yes
2016/17	City of Kingsport Hillcrest Pump Station	Emergency DR Full	Yes
2016/17	KPCS-Dobyns-Bennett High School	Emergency DR Full	Yes
2016/17	KPCS-Dobyns-Bennett High School	Emergency DR Full	Yes
2016/17	City of Kingsport Water Treatment Plant	Emergency DR Full	Yes
2016/17	City of Kingsport Wastewater Treatment Plant	Emergency DR Full	Yes
2016/17	KPCS-Robinson Middle School	Emergency DR Full	Yes
2016/17	Domtar Ridgefield Converting Plant Kingsport	Emergency DR Full	Yes
2016/17	Air Products – Kingsport, TN	Emergency DR Full	Yes

- (2) The Number of curtailments called.

Response: PJM did not initiate any Emergency or Pre-emergency Load Management Events for the whole RTO, AEP zone or AEP subzone during the compliance season. However, all customers were subject to a PJM required curtailment test.

- (3) A detailed calculation of the costs incurred and non-compliance payments received.

Response:

Total Costs	\$128,794
Less: Non-Compliance Payments Received	\$0
Less: Load Management Test Failure Charge Passed-Through	\$0
Net Cost	\$128,794

For the applicable demand response product registered by the CSP, the price is determined to be the average rate in \$/MW-day for all cleared MW, weighted by the megawatts cleared at each clearing price. Cleared MW shall include all cleared sell offers in the applicable Locational Deliverability Area from each RPM auction (Base Residual Auction, First

Incremental Auction, Second Incremental Auction and Third Incremental Auction) for the relevant PJM Delivery Year.

(4) A cost/benefit analysis of the Demand Response programs.

Response: A formal cost/benefit analysis of the Demand Response programs has not been performed. For the 2016/17 PJM Delivery Year, AEP included 6.82 MW from Tariff RTODR in its Fixed Resource Requirement ("FRR") plan with PJM. KgPCo benefits from Tariff RTODR by providing an alternative capacity resource to satisfy PJM reserve margin requirements.