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KPOW-86949

August 27, 2019

VIA EMAIL (tpuc.docketroom@tn.gov) & FEDEX

Ms. Robin Morrison, Chairman
c/o Ectory Lawless, Dockets & Records Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

**Re: PETITION FOR APPROVAL OF DEMAND RESPONSE PROGRAM AND
ASSOCIATED DEMAND RESPONSE TARIFFS ON BEHALF OF
KINGSPORT POWER COMPANY D/B/A AEP APPALACHIAN POWER
Docket No. 12-00012**

and

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

Dear Ms. Morrison:

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

Ms. Robin Morrison, Chairman
August 27, 2019
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Enclosure: As stated

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

August 27, 2019

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, 2019 ("2018/19 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 2018/19 PJM Delivery Year and are shown in the table below.

PJM Delivery Year	Customer	DR Program	Part of Tariff RTODR?
2018/19	KPCS-Sevier Middle School	Emergency DR Full	Yes
2018/19	City of Kingsport Colonial View Station	Emergency DR Full	Yes
2018/19	City of Kingsport Raw Water Intake	Emergency DR Full	Yes
2018/19	City of Kingsport Hillcrest Pump Station	Emergency DR Full	Yes
2018/19	KPCS-Dobyns-Bennett High School	Emergency DR Full	Yes
2018/19	KPCS-Dobyns-Bennett High School	Emergency DR Full	Yes
2018/19	City of Kingsport Water Treatment Plant	Emergency DR Full	Yes
2018/19	City of Kingsport Wastewater Treatment Plant	Emergency DR Full	Yes
2018/19	KPCS-Robinson Middle School	Emergency DR Full	Yes
2018/19	Domtar Ridgefield Converting Plant Kingsport	Emergency DR Full	Yes
2018/19	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 AEP subzone during the Capacity Year 2018/2019 period. All customers were subject to a PJM required curtailment test during the summer of 2018.

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

Response:

Total Costs	\$321,989
Less: Non-Compliance Payments Received	\$0
Less: Load Management Test Failure Charge Passed-Through	\$0
Net Cost	\$321,989

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 2018/19 PJM Delivery Year, AEP included 6.5 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.