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December 10, 2018

Ms. Terri Lemoine Bordelon  
Records Section  
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Galvez Building, 12<sup>th</sup> Floor  
602 North Fifth Street  
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Via Fax (225) 342-0877

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DEC 10 2018

LOUISIANA PUBLIC SERVICE COMMISSION

*In Re: Rulemaking to study the implications of participation of Aggregators of Retail Customers  
to determine whether, and under what conditions, such activity should be allowed in the  
Louisiana Public Service Commission's jurisdiction  
Docket No. R-34948*

Dear Terri:

We attached for filing in the above captioned docket Southwestern Electric Power Company's Comments, along with requisite copies. We will follow up this fax filing, with the original, a check for filing fees and requisite copies pursuant to Commission Rules.

As always, we appreciate your continued assistance and cooperation.

With best regards, I am

Yours very truly,

WILKINSON, CARMODY, &amp; GILLIAM

By:



Bobby S. Gilliam  
Jonathan P. McCartney

JPM/mml  
Attachment

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BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

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DOCKET NO. R-34948

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*In re: Rulemaking to study the implications of participation of Aggregators of Retail Customers to determine whether, and under what conditions, such activity should be allowed in the Louisiana Public Service Commission's jurisdiction*

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**COMMENTS ON BEHALF OF SOUTHWESTERN ELECTRIC POWER COMPANY**

Southwestern Electric Power Company ("SWEPCO" or "Company"), appreciates the efforts of Staff and the Louisiana Public Service Commission ("LPSC" or "Commission") in considering the implications of the participation of Aggregators of Retail Customers ("ARC") in the wholesale markets while developing a General Order. Unregulated solicitation of Louisiana jurisdictional retail customers by third-party ARCs to combine into separate groups and participate in wholesale markets, adversely impacts utility resource planning, risks cross-subsidization and interferes with the Commission's Integrated Resource Planning (IRP) process established by Commission General Order R-30021. The Company supports the Staff's Recommendation for rules prohibiting third-party ARCs from aggregating the loads of jurisdictional retail customers and participating in wholesale markets. SWEPCO is pleased to provide the following Comments in response to the November 16, 2018 Notice of Initial Staff Report and Recommendation and Request for Comments.

SWEPCO has a long history of prudently planning, operating and maintaining the necessary generation, transmission and distribution facilities to reliably serve its customers in Louisiana, Arkansas and Texas for over one hundred years. The Commission also reviews resource planning and has established an Integrated Resource Planning (IRP) process that directs Louisiana jurisdictional electric utilities to evaluate resources and load requirements over a planning period pursuant to the General Order dated April 18, 2012, *In Re: Development and Implementation of Rule for Integrated Resource Planning for Electric Utilities, Corrected General Order*, Docket R-30021 ("IRP Order"). The IRP Order establishes a framework for

consideration of resource needs and utility planning on a long term basis, while recognizing that final resource planning decisions are made by the respective utilities.

The unrestricted and unregulated aggregation of jurisdictional retail customers by third party ARCs for participation in the wholesale market as a Demand Response resource is contrary to the established goals of the Commission IRP Order and interferes with long term resource planning by utilities. A utility's infrastructure is planned to meet the firm loads of all customers served by the utility (and is paid for by customers). Allowing unrestricted participation by retail customers through third party ARCs could potentially impact long and short term investments in the infrastructure serving retail customers, and risks cross subsidization of certain retail customers by the remaining rate classes and customers. Furthermore, Government entities and utilities have entered into franchise agreements which could be impacted by this type of third party ARC service.

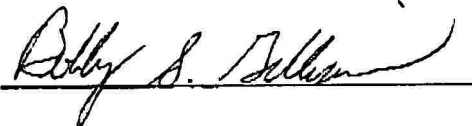
Finally, shifting a regulated utility's jurisdictional retail customers into a third party ARC to participate in a Demand Response program, or any other program, without regulatory oversight undermines a utility's ability to rely on that Demand Response for retail purposes in resource planning. The IRP Order has an established framework for evaluating demand resources as part of an overall resource planning process, and it relies upon these demand resource assets to be fully available for retail customers. Allowing retail customers unrestricted participation in wholesale markets through joining ARCs, circumvents the established resource planning guidelines of the IRP Order, and raises jurisdictional concerns due to lack of oversight of third-party aggregators. The Commission's established rules and procedures have provided the framework for utilities to provide reliable and reasonably priced electricity for the benefit of Louisiana ratepayers, allowing unrestricted retail participation in wholesale markets through third party ARCs runs contrary to that goal and is not in the public interest as it undermines successful resource planning.

Accordingly, in light of these concerns, SWEPCO supports the Commission Staff's Recommendation that the Commission adopt rules prohibiting third party ARCs from aggregating the loads of jurisdictional retail customers and participating in wholesale markets. As this rulemaking proceeding is ongoing, SWEPCO reserves the right to supplement and amend

its responses to provide additional information as necessary. SWEPCO appreciates the opportunity to provide its preliminary comments and will be pleased to discuss.

Respectfully submitted,

WILKINSON, CARMODY & GILLIAM

By: 

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