Inflation Reduction Act: Impacts & Perspectives on Grid Reliability and Energy Policy

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## **Our Company by the People and Numbers**

5.5 Million Customers in 11 States

16,800 Employees

The Largest Transmission Owner in North America with more than 40,000 Miles of Transmission Lines

We Own, Operate and Maintain Transmission Assets in PJM, SPP, MISO and ERCOT

223,000 Miles of Distribution Lines

30,000 MW of Generating Capacity



## Inflation Reduction Act: AEP Impacts - Generation

- Includes clean energy provisions that offer new types of tax credits (i.e. long-term extension of clean energy tax credits). ٠
- Provides a longer runway to implement AEP's renewable strategy and significantly drives down customer costs. ۲
- Provides incentives for advanced manufacturing, which can lead to economic growth in the communities we serve. ٠



## **AEP's Updated Renewable Goals**

## Inflation Reduction Act: AEP Impacts - Transmission

- Regardless of who develops the renewable generation promoted by the IRA, that generation will need to be interconnected to the transmission grid.
- As FERC has recognized, the electricity sector "is in the midst of a fundamental transition as the generation mix shifts rapidly from largely centralized resources located close to population centers towards renewable resources located far from customers."
- As we move towards the clean energy future, we must continue to expand our ٠ transmission grid to meet these needs while also prioritizing grid modernization to address aging infrastructure and ensure grid reliability and resilience for customers.





Photo of AEP line installation in 1925. Many such facilities remain in service today.



## **New Transmission Investment Necessary to Link Clean Resource-Rich Areas to Customers**

Increased flows across regional seams will link clean, resource-rich areas to customers







## FERC Proposed Rulemaking Focused on Regional Transmission Planning, Extreme Weather & Generator Interconnection Procedures

### Regional Transmission Planning and Cost Allocation (RM21-17)

*Comments filed 8/17. Reply comments filed 9/19.* 

Proposed reforms include longer asset planning time horizons and expansion of future planning scenarios, in addition to the consideration of broader benefits when investing in improvements.

Transmission Planning Performance Requirements for Extreme Weather (RM22-10)

Comments filed 8/26.

Proposed reforms would require NERC to submit modifications to Reliability Standard TPL-001-5.1 (Transmission System Planning Performance Requirements) to address the impacts of extreme weather.

### Generator Interconnection Procedures and Agreements (RM22-14)

*Comments filed 10/13. Reply comments due 11/14.* 

Proposed reforms include a first-ready, first-served cluster study process, more stringent financial commitments and readiness requirements, increasing the "speed of interconnection queue processing and better accommodating co-located resources (i.e. storage).



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## **Implications for Market Design & New Technologies**





# Maintaining a Proper Balance of Regulation, Prescription & Market Discretion

- Standard processes are needed to ensure consistency and alignment.
- However, a reasonable and balanced approach is necessary in planning to avoid stifling needed investment due to overregulation.





# Thank You

