The Honorable Bob Latta (R-OH)

The Southwestern Electric Power Company's (SWEPCO) service territory is experiencing rapid growth in electricity demand. Firm generation from coal and natural gas are critical tools to fuel increases in projected demand, as well as keeping the lights on through weather events like Winter Storm Fern.

What does it mean for your utility to have dispatchable resources that can be called upon to meet peak demand, compared to your wind resources whose fuel and output is not controllable or dispatchable?

For SWEPCO, dispatchable generation means having resources that are available on demand, can run for as long as needed, and can respond to changing system conditions regardless of weather. Dispatchable generating units provide grid operators with the critical ability to match power generation with load. This capability is foundational to maintaining reliability, particularly during peak demand periods and extreme weather events.

Wind and solar power plants are inherently not dispatchable – they can only operate when the wind is blowing or the sun is shining, and grid operators cannot require wind and solar plants to increase generation to meet increased demand for power as they can for dispatchable generation such as coal, gas, or nuclear power plants.

Dispatchable resources also provide operational flexibility and certainty for grid operators. They support voltage control, frequency stability, and reserve margins - services that are essential to maintaining a reliable grid but cannot be fully replicated by intermittent resources alone. As demand grows, driven by new industrial load and large data center development, this ability to match supply with demand at all hours becomes even more important.

In short, dispatchable resources like coal, natural gas, and nuclear are indispensable to ensuring that electricity is available when customers need it most, especially during extreme conditions when reliability is tested.

a. What does coal mean for affordability in electric generation?

Coal continues to play an important role in supporting affordability for SWEPCO's customers. One of its key advantages is fuel security: coal plants typically maintain on-site fuel supplies of 30 – 60 days for full load operations. These stockpiles provide reliability if fuel deliveries are interrupted due to adverse weather conditions or transportation problems. By having onsite fuel inventories, coal plants are less

impacted by fuel availability during system stress, such as winter storms as well as significant price swings due to pipeline congestion and fuel scarcity.

This stability translates into more predictable generation costs over time, helping to moderate the impact of fuel price spikes on customer bills. During Winter Storm Fern, for example, coal resources operated consistently using on-site fuel, avoiding the market pressures that can affect other fuel sources under stressed conditions.

Additionally, existing coal plants represent significant long-term investments that continue to provide value to customers. Prematurely retiring these assets before equally reliable and cost-effective replacement resources are available would likely increase costs, as utilities would need to invest in new generation, infrastructure, and fuel supply arrangements - all of which ultimately flow through to customers.

As SWEPCO plans for a future that includes growing demand and a more diverse resource mix, coal remains an important part of a balanced portfolio that supports both reliability and affordability. Ensuring that existing coal resources can continue operating while new, dispatchable and cost-effective technologies are developed and deployed will help maintain reasonable rates for customers.