



U-21117 DER INTERCONNECTION PROCEDURES

June 21, 2023

Background: How the AEPSC benefits I&M customers

- I&M is an operating company of American Electric Power, Inc. (AEP)
- AEP serves electric power to customers in 11 states, including Michigan
- I&M can leverage the AEP Service Corporation (AEPSC) for performance of numerous shared services including planning, engineering, and administrative support such as interconnection services
- The AEPSC drives down costs for the operating companies and shares best practices across the seven AEP utilities
 - Standardize work, share resources
 - Use enterprise software and tools

About the draft Procedures

- The draft reflects uniform approach across 11 jurisdictions and consistency with Michigan rules
- Some aspects are still under development such as criteria for the various tracks
- By being uniform the same workforce can administer the process consistently and with resulting cost savings
- Since the procedures work in 11 jurisdictions, many of the procedures will be familiar to participants who do business in multiple states
- AEP's and I&M's top priority is to maintain the safe and reliable operation of the electric distribution system, this guides the technical requirements we implement

DER processing highlights

- I&M already supports on-line DER application submittal and processing
- As part of the initiative for Standardized Interconnection Process we will update and enhance on-line information to help customers better navigate and understand what is needed to get their DERs connected



Standardized Interconnection Process

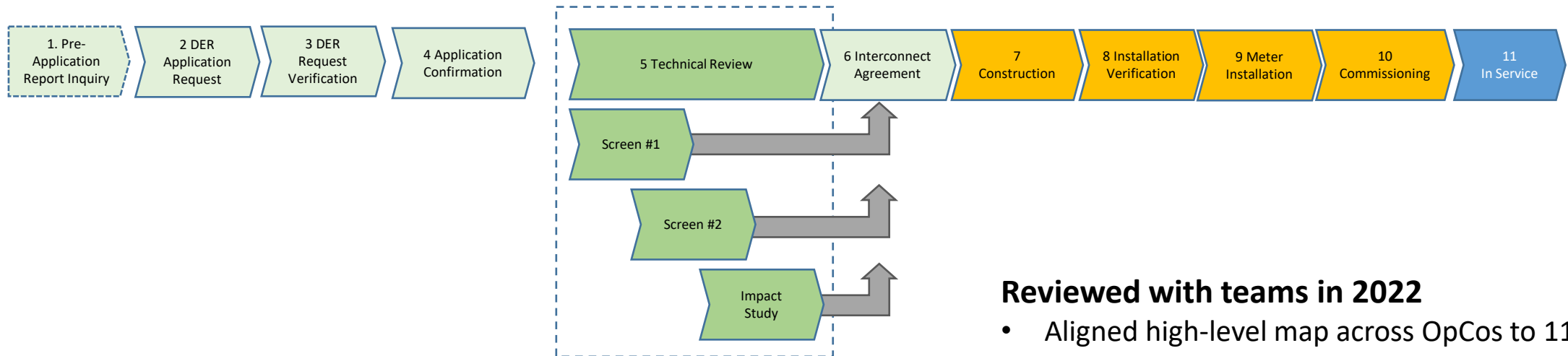
Initiatives are underway to update AEP's technical requirements for interconnecting to the distribution system and to standardize the interconnection process as we adopt the latest industry standard for DERs*

Benefits of a Standardized Interconnection Process:

- PROVIDING CLARITY TO INTERNAL AND EXTERNAL STAKEHOLDERS ON THE INTERCONNECTION PROCESS
- REDUCING MANUAL STEPS, OVERALL DURATIONS, AND COSTS FOR INTERCONNECTION APPLICATION PROCESSING
- SUPPORTING AUTOMATED REPORTING FOR REGULATORY AND CORPORATE BODIES
- STREAM-LINING TRAINING AND ON-BOARDING
- IMPROVING ABILITY TO FORECAST AND TRACK WORKLOADS AND COSTS

*IEEE 1547, Standard for Interconnection and Interoperability of Distributed Energy Resources with Associated Electric Power Systems Interfaces, 2018, (1547-2018).

DER Interconnection Key Process Steps (2022 version)

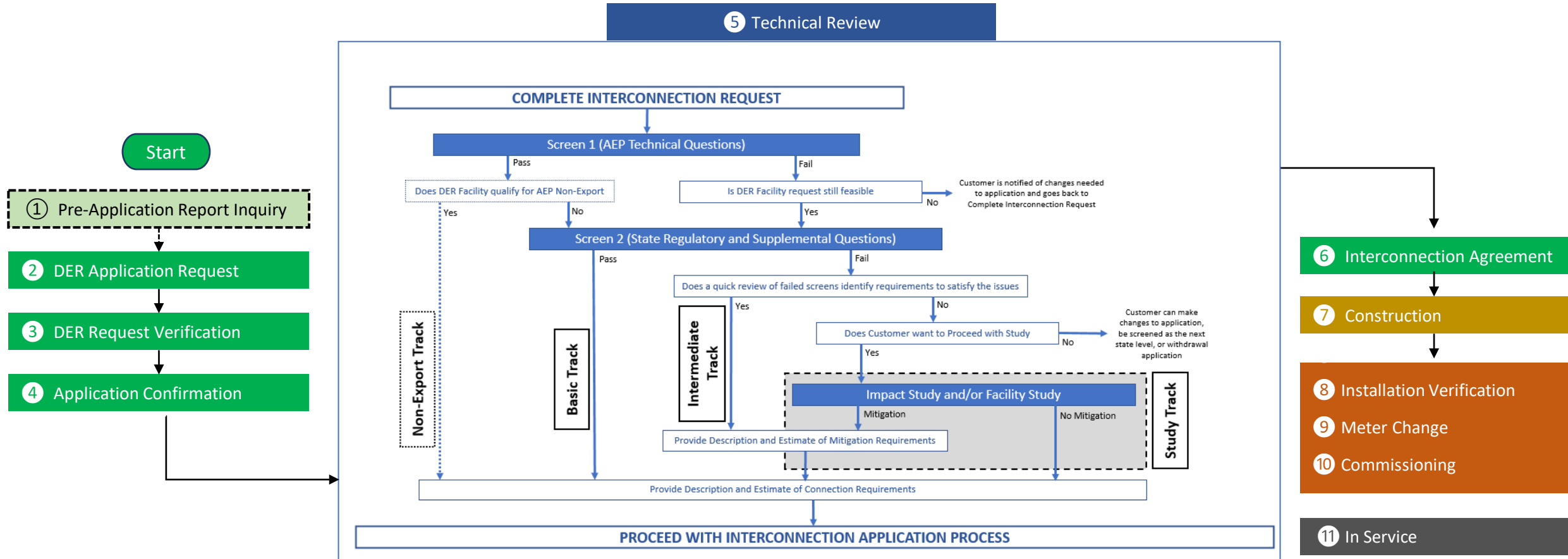


Reviewed with teams in 2022

- Aligned high-level map across OpCos to 11 Key Process Steps
- The Interconnection Agreement precedes construction, which is a change in some cases
- Highlighted the growing need for impact studies for larger and more complex applications

DER Interconnection Key Process Steps (2023 Proposal)

2023 Proposal to provide more application segmentation through tracks



Items for further clarification

- I&M seeks to better understand expectations related to costs and durations that result from DER applications with affected systems (transmission or distribution)
- I&M believes that it is important to have mechanisms to track and recover the full actual costs of new work associated with interconnection application processing