

AEP, Duke, and EKPC Experience in

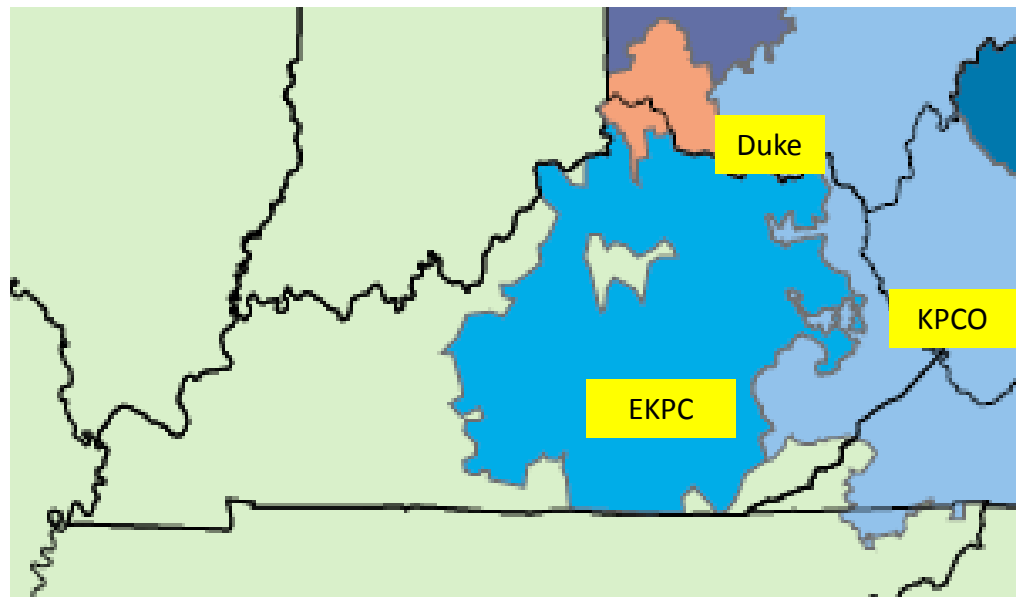


KENTUCKY INDUSTRIAL UTILITY CUSTOMERS ANNUAL ENERGY CONFERENCE

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Dates

- KPCO joined 2004
- Duke joined 2012
- EKPC joined 2013



Capacity Market Experience

- EKPC chose Reliability Pricing Model (RPM) auction process.
- KPCO and Duke have chosen Fixed Resource Requirement (FRR) self-supply option.

Common Characteristics of Capacity Market

- 3-year forward commitment
- Capacity requirement based on PJM load forecast
- Performance assessments possible during emergencies
- All three Kentucky companies are in Rest-of-Market

Changes Keep Coming

- Resilience
- Capacity market changes
- Price formation may change energy market
- Renewables making a difference

RTO Functions

What PJM Does	Implications
Provide non-discriminatory open access transmission service	Facilitates competition between generation resources
Platform for wholesale energy and capacity markets	Incentivizes efficient and cost-effective generation dispatch, and new generation investment
Perform system operations through energy markets	Least-cost dispatch that accounts for reliability needs
Long-term transmission planning, resource adequacy constructs	Enhanced long-term reliability