

# THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE PROCUREMENT  
OF STANDARD SERVICE OFFER  
GENERATION FOR CUSTOMERS OF DUKE  
ENERGY OHIO, INC.

CASE NO. 18-6000-EL-UNC

## FINDING AND ORDER

Entered in the Journal on January 26, 2022

### I. SUMMARY

{¶ 1} In this Finding and Order, the Commission directs Duke Energy Ohio, Inc. to modify its standard service offer procurement auction schedules in the manner set forth in its filing.

### II. PROCEDURAL BACKGROUND

{¶ 2} Duke Energy Ohio, Inc. (Duke) qualifies as an electric utility as defined by R.C. 4928.01(A)(11) and as an electric distribution utility (EDU) as defined by R.C. 4928.01(A)(6).

{¶ 3} R.C. 4928.141 provides that electric utilities shall provide consumers a standard service offer (SSO) of all competitive retail electric services in accordance with R.C. 4928.142 or 4928.143. The SSO functions to make generation supply available to customers that are not receiving this supply from a competitive retail electric services provider and is sometimes referred to as default supply. The Commission approved Duke's most recent electric security plan (ESP), which implemented a competitive auction-based SSO format, as well as a competitive bid procurement process for Duke's auctions, to procure generation supply for Duke's customers for a certain period of time. *In re Duke Energy Ohio, Inc.*, Case No. 17-1263-EL-SSO, et al., Opinion and Order (Dec. 19, 2018).

{¶ 4} Since the approval of Duke's ESP, Duke's auction schedule has been modified due to delays in the timing of PJM Interconnection, LLC's (PJM) base residual auction (BRA). *In re the Procurement of Standard Service Offer Generation Customers of Duke Energy Ohio, Inc.*, Case No. 18-6000-EL-UNC, Finding and Orders (Aug. 26, 2020) and (June 16, 2021).

{¶ 5} On December 22, 2021, the Federal Energy Regulatory Commission (FERC) issued an order reversing FERC's previous determination that the backward-looking energy and ancillary services offset (E&AS Offset) was just and reasonable. Given this reversal, FERC directed PJM to submit a compliance filing within 60 days to revise its Tariff and Operating Agreement and, in order to incorporate the revised E&AS Offset in the BRA for the 2023/2024 delivery year, directed PJM to submit a compliance filing within 30 days that proposes a new schedule for the BRA and subsequent BRAs. *Order on Voluntary Remand*, Case Nos. EL19-58-006; ER19-1486-003, at ¶ 2 (Dec. 22, 2021).

{¶ 6} On January 10, 2022, Duke filed a notice advising the Commission of FERC's order cited above delaying the January 2022 BRA for the 2023/2024 delivery year and a request for guidance regarding whether an amendment to Duke's upcoming SSO auction schedule should occur.<sup>1</sup>

### III. DISCUSSION

#### A. *Summary of Duke's Filing*

{¶ 7} In its filing, Duke notes that, as currently approved, its upcoming February 2022 SSO auction is scheduled to procure 20 tranches of the load for the 2022/2023 delivery year via a one-year product and 30 tranches for the 2022/2024 delivery period via a two-year product. Due to FERC's recent order described above, Duke asserts that PJM will not conduct its January 25, 2022 BRA prior to Duke's February 2022 SSO auction. The reasons for Duke submitting this notice are two-fold: (1) to inform the Commission of the potential implications caused by FERC's order on Duke's upcoming auction, and (2) to request guidance from the Commission on whether the SSO auction scope should be adjusted

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<sup>1</sup> Instead of making the above filing within Case Number 18-6000-EL-UNC, Duke made its filing within the following case dockets: 16-1602-EL-ESS, 17-32-EL-AIR, 17-33-EL-ATA, 17-34-EL-AAM, 17-872-EL-RDR, 17-873-EL-ATA, 17-874-EL-AAM, 17-1263-EL-SSO, 17-1264-EL-ATA, and 17-1265-EL-AAM. To keep all SSO auction modification-related matters within the same docket, the Commission takes administrative notice of the January 10, 2022 filing made within these other dockets and renders its decision on such filing within the docket for Case Number 18-6000-EL-UNC.

accordingly. Duke cautions that, while it is prepared to conduct the February 2022 SSO auction as currently scheduled, substantial uncertainty and confusion among bidders will likely result since they would not know the applicable PJM capacity rate that would have been procured during the January 2022 BRA for a substantial part of the covered period, 2023/2024 delivery year. Alternatively, to avoid such uncertainty, Duke requests that the Commission once again modify its auction so that its February 2022 SSO auction procures 50 tranches of load during the 2022/2023 delivery year.<sup>2</sup> If adjusted in this manner, Duke notes that it will adjust the load for the remaining period, June 2023 through May 2024, after a final PJM capacity rate is established.

**B. Commission's Decision**

{¶ 8} Upon review of FERC's December 22, 2021 order and Duke's filing, and given the uncertainty that proceeding with the SSO auction without a known PJM capacity rate for the 2023/2024 delivery year would cause, we find Duke's proposal to modify its February SSO auction such that it procure 50 tranches of the load during the 2022/2023 delivery year reasonable; therefore, we direct Duke to adjust its February SSO auction accordingly.

**IV. ORDER**

{¶ 9} It is, therefore,

{¶ 10} ORDERED, That Duke's February 2022 SSO auction be modified in a manner consistent with this order. It is further,

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<sup>2</sup> On January 25, 2022, Duke filed a letter clarifying that, in the January 10, 2022 memorandum in support, the reference to "20 tranches" on line four of the final paragraph on page 5 should be changed to "50 tranches."

Also, Duke filed this letter in the same dockets discussed above. Consistent with our handling of the January 10, 2022 filing, we take administrative notice of the letter filed in these dockets.

{¶ 11} ORDERED, That a copy of this Finding and Order be served upon all parties of record to Case No. 18-6000-EL-UNC and to Case Nos. 16-1602-EL-ESS, 17-32-EL-AIR, 17-33-EL-ATA, 17-34-EL-AAM, 17-872-EL-RDR, 17-873-EL-ATA, 17-874-EL-AAM, 17-1263-EL-SSO, 17-1264-EL-ATA, and 17-1265-EL-AAM.

COMMISSIONERS:

*Approving:*

Jenifer French, Chair  
M. Beth Trombold  
Lawrence K. Friedeman  
Daniel R. Conway  
Dennis P. Deters

MJS/kck

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**Case No(s). 18-6000-EL-UNC**

Summary: Finding & Order directing Duke Energy Ohio, Inc. to modify its standard service offer procurement auction schedules in the manner set forth in its filing. electronically filed by Ms. Mary E. Fischer on behalf of Public Utilities Commission of Ohio