

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF APPLICATION OF DUKE ENERGY OHIO, INC. FOR AUTHORITY TO ESTABLISH A STANDARD SERVICE OFFER PURSUANT TO R.C. 4928.143 IN THE FORM OF AN ELECTRIC SECURITY PLAN, ACCOUNTING MODIFICATIONS, AND TARIFFS FOR GENERATION SERVICE.

CASE NO. 17-1263-EL-SSO

IN THE MATTER OF APPLICATION OF DUKE ENERGY OHIO, INC. FOR AUTHORITY TO AMEND ITS CERTIFIED SUPPLIER TARIFF, P.U.C.O. No. 20.

CASE NO. 17-1264-EL-ATA

ENTRY

Entered in the Journal on July 31, 2019

I. SUMMARY

{¶ 1} The Commission modifies Duke Energy Ohio, Inc.'s auction schedule in response to a recent order from the Federal Energy Regulatory Commission regarding PJM Interconnection, LLC's base residual auction.

II. DISCUSSION

{¶ 2} Duke Energy Ohio, Inc. (Duke or the Company) is an electric distribution utility as defined in R.C. 4928.01(A)(6) and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4928.141 provides that an EDU shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric services to customers, including a firm supply of electric generation services. The SSO may be either a market rate offer in accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143.

{¶ 4} On December 19, 2018, in Case No. 17-1263-EL-SSO, et al., the Commission approved Duke's application for an ESP, including a competitive auction-based SSO format,

as well as a competitive bid procurement (CBP) process for Duke's auctions, for the period of June 1, 2018, through May 31, 2024. Under the CBP process, Duke will obtain all generation necessary to serve its SSO load through a series of auctions. With respect to the auction schedule, the Commission determined that Duke's fifth auction should occur in September 2019 and offer a 36-month product (for the period from June 2020 to May 2023) that accounts for 17 percent of the SSO load.

{¶ 5} On July 25, 2019, the Federal Energy Regulatory Commission (FERC) issued an order directing PJM Interconnection, LLC (PJM) to not conduct its base residual auction (BRA) regarding the 2022-2023 delivery year, previously scheduled for August 2019. *Order on Motion for Supplemental Clarification*, Case No. EL16-49-00 (*FERC Order*), at ¶ 2 (July 25, 2019). FERC previously determined that PJM's rate was unjust and unreasonable and concluded that PJM should delay the upcoming auction until a replacement rate was established.

{¶ 6} On July 29, 2019, Duke filed a notice regarding the *FERC Order*. Duke avers that the recent *FERC Order* will likely affect its upcoming SSO auction. According to Duke, due to the postponement of PJM's BRA, the applicable PJM rate for the 2022-2023 delivery year will be unknown at the time of Duke's auction in September 2019. Because the SSO auction, as scheduled, covers the period of June 2020 to May 2023, the Company asserts that the *FERC Order* could create significant uncertainty and confusion among bidders. Duke submits, however, that the Company could modify the SSO auction and offer a 24-month product instead of a 36-month product, covering the period of June 2020 to May 2022. Duke states that, after a final PJM rate is established, the Company could correspondingly adjust for the remaining period of June 2022 to May 2023. Accordingly, Duke seeks guidance from the Commission as to whether the SSO auction schedule should be modified.

{¶ 7} The Commission finds that Duke's SSO auction should be modified. As explained by the Supreme Court of Ohio, the Commission is entitled to modify a prior order,

provided that the Commission provides an explanation and that the modification is lawful and reasonable. *In re Application of Ohio Power Co.*, 144 Ohio St.3d 1, 2015-Ohio-2056 at ¶ 16. In light of the recent *FERC Order*, it is evident that PJM's rates for 2022-2023 delivery year will be unknown when Duke conducts the auction in September 2019. We affirm that such uncertainty could have significant effects on the auction process, including limiting participation, altering bidding strategies, and increasing bid prices. Therefore, the Commission determines that it is reasonable to adjust the auction schedule to provide greater certainty for the market. Instead of a 36-month product, Duke should offer a 24-month product covering the period of June 2020 to May 2022. Thereafter, the remaining product, for the period of June 2022 to May 2023, will be adjusted appropriately once a final PJM rate is established.

III. ORDER

{¶ 8} It is, therefore,

{¶ 9} ORDERED, That Duke's SSO auction schedule be modified, as described in Paragraph 7. It is, further,

{¶ 10} ORDERED, That a copy of this Entry be served upon all parties of record.

COMMISSIONERS:

Approving:

Sam Randazzo, Chairman

Lawrence K. Friedeman

Daniel R. Conway

NJW/hac

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Case No(s). 17-1263-EL-SSO, 17-1264-EL-ATA

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