

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio)	
Edison Company, The Cleveland Electric)	
Illuminating Company, and The Toledo)	Case Nos. 12-2190-EL-POR
Edison Company For Approval of Their)	12-2191-EL-POR
Energy Efficiency and Peak Demand)	12-2192-EL-POR
Reduction Program Portfolio Plans for 2013)	
through 2015)	

MEMO CONTRA OHIO ENERGY GROUP APPLICATION FOR CLARIFICATION OF
OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
AND THE TOLEDO EDISON COMPANY

I. INTRODUCTION

Pursuant to Ohio Administrative Code § 4901-1-35(B), Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company (collectively, “Companies”) submit their memorandum contra Ohio Energy Group’s (“OEG’s”) Application for Clarification (“AFC”) of the Commission’s March 20, 2013 Opinion and Order (“Order”) issued in this docket. OEG tries to create ambiguity where none exists. The Commission was clear in its Order that it was adopting “a portion” of the Commission Staff’s recommendation.¹ The Commission was also clear that the “portion” referred to in the Order related to the coincident demand reductions arising from *energy efficiency projects* – or “energy efficiency resources,” and not demand response resources associated with interruptible load that are neither existing nor planned,² as apparently OEG interprets the Order. Moreover, even if the Commission intended to include demand resources within the scope of its directive (which it

¹ Opinion and Order at 20 (Mar. 20, 2013).

² Id.

clearly did not), the demand resources OEG seeks to include are associated with Rider ELR and Rider OLR, both of which expire before the start of the 2016/17 Delivery Year, thus precluding these demand resources from being bid. Accordingly, OEG's Application for Clarification should be denied. The Order is clear on its face.

II. COMMENTS

As part of the Order, the Commission directed the Companies to bid into the upcoming May 2013 PJM Base Residual Auction ("BRA") "75 percent of the planned energy efficiency resources for the 2016/2017 planning year under their program portfolio."³ In its AFC, OEG claims that the Commission's directive is unclear as to "whether the Commission intended the term 'planned energy efficiency resources' to include [the Companies'] interruptible load under Rider ELR and OLR."⁴ The Companies disagree. The Commission's Order is clear on its face that the directive is limited to only planned energy efficiency resources, and not the demand resources referred to by OEG.

There are different resources that are eligible for participation in the PJM capacity market, each of which has their own rules. Energy efficiency resources differ from generation resources, transmission resources or demand response resources.⁵ The interruptible load associated with Riders ELR and OLR are *demand* resources, not *energy efficiency* resources. The Commission was deliberate and perfectly clear in its Order to limit its directive to only energy efficiency resources. For the OEG to interpret the Order any other way is simply wishful thinking on its part.

³ Opinion and Order, p. 21 (Mar. 20, 2013).

⁴ OEG AFC, p. 1.

⁵ See generally, IEU-Ohio Exh. 2 (PJM Manual 18).

Further, the Commission would not direct the Companies to bid resources that do not qualify under PJM guidelines for bidding. Under PJM's auction rules, Existing and Planned Demand Resources may participate in a BRA.⁶ Existing Demand Resources must be designated by the CSP offering the resource as being available in the future Delivery Year for which an auction is held. Planned Demand Resources are resources that are scheduled to be capable of providing demand reduction on or before the start of a delivery year.⁷ The Companies can not offer ELR related demand resources into base residual auctions for one simple but obvious reason – Riders ELR and OLR expire before the start of the 2016/17 Delivery Year. It would be imprudent for the Companies to assume these demand resources will be available to the Companies after May 31, 2016 for several reasons. First, because Riders ELR and OLR have a “hard stop” at May 31, 2016, there is no interruptible load (demand resources) under tariff (e.g., not “planned”) for which the Companies can demonstrate ownership at the time of the May 2013 auction for the 2016/17 Delivery Year.⁸ Second, existing Rider ELR customers may have already entered into contractual agreements with other curtailment service providers for the period beyond the Companies' existing Electric Security Plans, which end in May, 2016.⁹ Third, there are no such demand resources for 2016/2017 included in the Companies' current energy efficiency portfolio plans because those plans do not extend beyond the end of 2015. And, finally, inasmuch as the Commission approved the Companies' recommendation to allow demand resources participating in PJM capacity markets to count towards compliance with the Companies' statutory energy efficiency and peak demand reduction requirements set forth in

⁶ IEU-Ohio Exh. 2, PJM Manual 18, § 4.3.3.

⁷ *Id.*

⁸ Co. Exh. 23 (Mikkelsen Rebuttal), pp. 7 and 9.

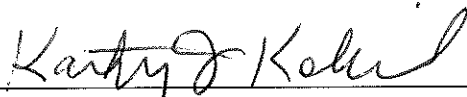
⁹ *Id.*, p. 9.

R.C. 4928.66, the need for Riders ELR and OLR in the future may either be altered or eliminated.

III. CONCLUSION

In light of the foregoing, the Commission need not clarify a provision in the Order that is not ambiguous. Demand resources are not energy efficiency resources. And, even if the Commission intended for demand resources to be bid (which it clearly did not), under PJM bidding rules, demand resources arising from Riders ELR and OLR cannot be bid into the May auction for delivery in 2016/2017. Accordingly, OEG's Application for Clarification should be denied.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that this Memorandum Contra OEG's Application for Clarification submitted by Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company was filed electronically this 15th day of April, 2013, with the Public Utilities Commission of Ohio Docketing Information System. A courtesy copy of this filing will be sent to the parties at the email addresses set forth below.


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Summary: Memorandum Contra Ohio Energy Group Application for Clarification electronically filed by Ms. Kathy J Kolich on behalf of Ohio Edison Company and The Cleveland Electric Illuminating Company and The Toledo Edison Company