

**BEFORE**  
**THE PUBLIC UTILITIES COMMISSION OF OHIO**

<b>In the Matter of the Application of Duke</b>	)	
<b>Energy Ohio for Authority to Establish a</b>	)	
<b>Standard Service Offer Pursuant to Section</b>	)	<b>Case No. 14-841-EL-SSO</b>
<b>4928.143, Revised Code, in the Form of an</b>	)	
<b>Electric Security Plan, Accounting</b>	)	
<b>Modifications and Tariffs for Generation</b>	)	
<b>Service.</b>	)	
<b>In the Matter of the Application of Duke</b>	)	
<b>Energy Ohio Inc. for Authority to Amend its</b>	)	<b>Case No. 14-842-EL-ATA</b>
<b>Certified Supplier Tariff, P.U.C.O. No. 20.</b>	)	

**DIRECT TESTIMONY OF**  
**LAEL CAMPBELL**  
**ON BEHALF OF INTERVENOR**  
**EXELON GENERATION COMPANY, LLC**

**September 26, 2014**

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1    **I.        INTRODUCTION AND IDENTIFICATION OF WITNESS**

2    **Q 1.    Please state your name and your business address.**

3    **A 1.**    My name is Lael Campbell, and my business address is 101 Constitution Avenue NW,  
4            Washington, DC 20001.

5    **Q 2.    By whom are you employed?**

6    **A 2.**    I am employed by Exelon Corporation.

7    **Q 3.    Are you the same Lael Campbell who provided testimony in this Docket on behalf of**  
8            **Constellation NewEnergy, Inc. and the Retail Energy Supply Association?**

9    **A 3.**    Yes, I am.

10   **Q 4.    On whose behalf are you testifying?**

11   **A 4.**    I am testifying today on behalf of Exelon Generation Company, LLC.

12   **Q 5.    Please describe Exelon Generation Company, LLC.**

13   **A 5.**    *Exelon Generation Company, LLC* (“Exelon Generation” or “ExGen”) is the largest  
14           competitive power generator in the U.S., with approximately 35,000 megawatts (“MWs”)  
15           of owned capacity, comprising one of the nation’s cleanest and lowest-cost power  
16           generation fleets including nuclear, fossil, hydroelectric, solar, landfill gas, and wind  
17           generation assets, located in a number of organized markets. It is the nation’s largest  
18           nuclear operator with 22 reactors located in Illinois, Pennsylvania, Maryland, New  
19           Jersey, and New York, and has a growing renewable energy business. Exelon is the 11<sup>th</sup>  
20           largest owner and operator of wind generation with 44 wind projects that in total are  
21           capable of generating nearly 1,300 MWs. In addition, Exelon Generation operates the  
22           nation’s largest urban solar power plant, Exelon City Solar, a 10MW solar installation

1 located on a 41-acre brownfield in Chicago, and two of the largest hydroelectric facilities  
2 in the Eastern United States, Conowingo Hydroelectric Generating Station and Muddy  
3 Run Pumped Storage Facility totaling nearly 1,600 MWs of capacity. Exelon Generation  
4 markets wholesale energy and capacity products to municipal, cooperative, and investor-  
5 owned utilities, retail suppliers, retail energy aggregators, merchant participants, power  
6 marketers, and major commodity trading houses. Exelon Generation has sold power to  
7 Duke Energy Ohio (“Duke”), and other Ohio electric distribution utilities (“EDUs”)  
8 pursuant to competitive wholesale procurement events overseen by the Public Utilities  
9 Commission of Ohio (“PUCO” or “the Commission”).

10 **Q 6. Has Exelon Generation participated in Ohio’s electric market development**  
11 **proceedings?**

12 **A 6.** Yes, Exelon Generation and Constellation Energy Commodities Group, Inc., which was  
13 subsumed by Exelon Generation, have been active participants before the Commission for  
14 a number of years. Exelon Generation has participated as a bidder in almost every ESP  
15 competitive supply offering by an Ohio utility, including Duke’s most recent descending  
16 clock auction.

17 **Q 7. What is the purpose of your testimony?**

18 **A 7.** Duke’s Master Supply Agreement (“MSA” or “Agreement”) and its attachments largely  
19 mirror what has been used in previous Duke SSO auctions, and strike the appropriate  
20 balance between the various interests. However, certain provisions of the MSA have  
21 been altered from the previous MSA in a way that Exelon Generation believes do not  
22 benefit the competitiveness of the auctions and may, in fact, harm them.

1    **II.    RECOMMENDED CHANGES TO THE MASTER SUPPLY AGREEMENT**

2    **Q 8.    Please identify the first change that you propose.**

3    **A 8.**    In the sixth recital paragraph, ExGen recommends that the phrase, “including, without  
4            limitation, through participation in the base residual auction and incremental auctions  
5            administered by PJM” be deleted. SSO Suppliers will be charged by PJM for Capacity  
6            necessary to meet their SSO Supplier Responsibility Share. An SSO Supplier’s  
7            participation, or lack thereof, in the Capacity auctions administered by PJM will have no  
8            direct impact on their obligations under this Agreement.

9    **Q 9.    Please identify the next change that you propose.**

10   **A 9.**    Paragraph 2.4, referring to Duke’s unilateral right to an Early Termination, should be  
11            deleted. A unilateral right to terminate lacks statutory authority on its face. Additionally,  
12            Duke provides no objective criterion by which to judge whether Duke’s termination is  
13            proper. Finally, the lack of certainty regarding the term of the ESP and the potential  
14            outcome if Duke elects to trigger its unilateral termination right places ExGen, as a  
15            potential SSO supplier, at risk, which would necessarily have to be factored into any bid.  
16            The reasons why the unilateral right to terminate should be rejected are discussed in more  
17            detail in my Constellation NewEnergy, Inc./RESA testimony.

18   **Q 10. Please identify the next change that you propose.**

19   **A 10.**    The definition of “ESP” should be modified to reflect the fact that the beginning of the  
20            ESP period is June 1, 2015.

21   **Q 11. Please identify the next change that you propose.**

22   **A 11.**    In the most recent Duke auction, “PIPP Customers” were specifically excluded from the  
23            definition of “SSO Customers”. In the current ESP, Duke proposes that the PIPP load be

1 included in the auction, and ExGen commends Duke for that change. In order to ensure  
2 clarity for bidders that may be familiar with Duke's most recent auction, ExGen  
3 recommends that instead of deleting the definition of "PIPP Customers" and the reference  
4 in the "SSO Customers" definition, that the "SSO Customers" definition be modified to  
5 specifically include "PIPP Customers".

6 **Q 12. Please identify the next change that you propose.**

7 **A 12.** "Generation Deactivation" and "Emergency Load Response" should be added back to the  
8 list 3.2(d)(i) of charges for which Duke will retain responsibility, as it is an unhedgeable  
9 risk to SSO Suppliers and therefore most properly should reside with the utility.  
10 Moreover, striking it creates inconsistency with Attachment F.

11 **Q 13. Please identify the next change that you propose.**

12 **A 13.** Paragraph 3.9 should be deleted after the initial sentence. ExGen would be amenable to  
13 changes to the Declaration Authority consistent with the terms of the Agreement, but  
14 Duke should not be permitted to revise the Declaration of Authority unilaterally unless a  
15 change to the Declaration of Authority is necessary to maintain consistency between the  
16 Declaration of Authority and the Parties obligations under the terms of the Agreement.

17 **Q 14. Please identify the next change that you propose.**

18 **A 14.** Paragraph 6.2(c) should be deleted. To the extent that a billing adjustment or resettlement  
19 is warranted, PJM is in the best position to perform any such recalculation, in which case  
20 Duke would be the appropriate party to approach PJM with such a request.

21 **Q 15. Please identify the next change that you propose.**

1   **A 15.** Currently, the values in Attachment B “Seasonal Billing Factor” are missing. ExGen  
2           expects that those values would be populated and provided to prospective bidders  
3           sufficiently in advance of the deadline for bid submissions.

4   **Q 16. Do you have any other objections?**

5   **A 16.** Yes, ExGen objects to the inclusion of Rider PSR. Providing Duke with a non-  
6           bypassable charge for its share of Ohio Valley Electric Corporation (“OVEC”) (and  
7           potentially other as-yet-unnamed generation units) distorts the wholesale market. Duke  
8           will no longer be incentivized to bid its OVEC share into the market at a rationale price.  
9           Rather, because it will never suffer a loss from its OVEC entitlement, Duke has no  
10          incentive to operate efficiently, or to bid into the market economically. As both a  
11          potential bidder in the SSO auction, and an owner of generation assets, ExGen finds Rider  
12          PSR very troubling. Please see my Constellation NewEnergy, Inc./RESA testimony for a  
13          more detailed discussion on the concerns surrounding Duke’s proposal for all customers  
14          to subsidize OVEC or other generation.

15   **III. CONCLUSION AND SUMMARY OF RECOMMENDATIONS**

16   **Q 17. Given those conclusions, what are ExGen’s recommendations?**

17   **A 17.** ExGen recommends that the Commission adopt a modified MSA consistent with the  
18          changes reflected in redline in Attachment 1 to my testimony.

19   **Q 18. Does this conclude your testimony?**

20   **A 18.** Yes, it does.

### CERTIFICATE OF SERVICE

The Public Utilities Commission of Ohio's e-filing system will electronically serve notice of the filing of this document on the parties referenced on the service list of the docket card who have electronically subscribed to the case (those individuals are marked with an asterisk below). In addition, the undersigned certifies that a courtesy copy of the foregoing document is also being served (via electronic mail) on the 26<sup>th</sup> day of September 2014 upon all persons/entities listed below:



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