

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

ENTRY

Entered in the Journal on February 10, 2023

{¶ 1} 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).

{¶ 2} 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).

{¶ 3} 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 (*Procurement Case*), Finding and Orders (Aug. 26, 2020) and (June 16, 2021).

{¶ 4} 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).

{¶ 5} 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. Duke also provided a modified auction schedule in case the Commission believed the SSO auction schedule should be amended.

{¶ 6} On January 26, 2022, the Commission approved Duke's proposal to modify its February 2022 SSO auction such that it procures 50 tranches of load during the 2022/2023 delivery year.

{¶ 7} On August 17, 2022, Duke filed a motion to confirm and clarify the SSO auctions for the remaining period of its ESP term.

{¶ 8} On August 24, 2022, the Commission approved Duke's proposal to modify its SSO auction schedule for the remainder of its ESP term.

{¶ 9} On September 20, 2022, Duke's competitive bid procurement (CBP) auction was held, during which the 40-tranche target of a 12-month product for delivery year 2023/2024 was reduced to 20 tranches due to lower than anticipated participation. *Procurement Case*, Finding and Order (Sept. 21, 2022) at ¶ 21.

{¶ 10} On September 21, 2022, the Commission issued a Finding and Order accepting the results of the auction and directing Duke to file revised auction schedules that account for the 20 unfulfilled tranches prior to the beginning of the 2023/2024 delivery year. *Procurement Case*, Finding and Order (Sept. 21, 2022) at ¶ 23.

{¶ 11} On February 7, 2023, Duke filed a motion to amend the SSO auction for February 2023. Duke notes that, as currently set, Duke is scheduled to hold an auction on

February 21, 2023, at which it would seek to procure 80 tranches for the 2023/2024 delivery year and 30 tranches for the 2024/2025 delivery year. Duke asserts that, as of February 2, 2023, PJM's BRA results for the 2024/2025 delivery year are still not available. Duke states that it is prepared to conduct the upcoming February 2023 auction; however, substantial uncertainty and confusion among bidders would likely result because the applicable PJM capacity rate for the 2024/2025 delivery year is unknown. Duke asserts that it has consulted with its auction manager and that it now requests that the Commission approve a delay in the auction for the 2024/2025 delivery year product until after such time as the relevant BRA results are available. According to Duke, it will submit a proposed auction schedule for Commission approval once such results are available.

{¶ 12} The attorney examiner notes that an expedited ruling on Duke's motion was not requested; however, considering that the auction is imminent, the attorney examiner finds it appropriate to address the motion. Upon review of Duke's motion¹ and considering the uncertainty that would be created among bidders if the February 21, 2023 CBP auction proceeds without delaying the auction for the 24-month product that includes the 2024/2025 delivery year, the attorney examiner finds Duke's motion reasonable and that good cause has been demonstrated, therefore, it should be granted. As a result, the auction for the 12-month product for delivery year 2023/2024 will proceed as scheduled on February 21, 2023,

¹ In its motion, Duke states the following: "As currently set, the Company is scheduled to hold an auction on February 21, 2023, at which it would seek to procure 80 tranches for the 2023/2024 delivery period and 30 tranches for the 2024/2025 delivery period." The attorney examiner points out that Duke's SSO auction schedule, as most recently revised, included the following schedule for the February 2023 auction: 12-month, 30-tranche auction for the 2023/2024 delivery year and a 24-month, 30-tranche auction for the 2023/2024 and 2024/2025 delivery years. (Emphasis Added). *Procurement Case*, Finding and Order (August 24, 2022) at ¶¶ 9-10; *Procurement Case*, Duke's Motion to Confirm and Clarify (Aug. 17, 2022) at 2. Further, the attorney examiner acknowledges that the 20 tranches of the 12-month product for the 2023/2024 delivery year that were unfulfilled in the September 2022 auction may have been included in the February 2023 auction. (Emphasis Added). *Procurement Case*, Finding and Order (Sept. 21, 2022) at ¶ 21. Therefore, the attorney examiner's ruling presumes the correct number of tranches for the 2023/2024 delivery year product to be as set forth in this footnote and that Duke's representation of the number of tranches in its motion was an error.

but the auction for the 24-month product for the 2023/2024 and 2024/2025 delivery years will be delayed to a later time.

{¶ 13} It is, therefore,

{¶ 14} ORDERED, That Duke's motion to amend the SSO auction for February 2023 be granted, consistent with this Entry. It is further,

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

THE PUBLIC UTILITIES COMMISSION OF OHIO

/s/Matthew J. Sandor

By: Matthew J. Sandor
Attorney Examiner

JSA/dmh

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Summary: Attorney Examiner Entry that Duke's motion to amend the SSO auction for February 2023 be granted electronically filed by Ms. Donielle M. Hunter on behalf of Matthew J. Sandor, Attorney Examiner, Public Utilities Commission of Ohio