

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Distribution Rates.	)	Case No. 17-0032-EL-AIR
	)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Tariff Approval.	)	Case No. 17-0033-EL-ATA
	)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods.	)	Case No. 17-0034-EL-AAM
	)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Modify Rider PSR.	)	Case No. 17-0872-EL-RDR
	)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Amend Rider PSR.	)	Case No. 17-0873-EL-ATA
	)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods.	)	Case No. 17-0874-EL-AAM
	)	
	)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, 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 the 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
	)	
	)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Authority to Defer Vegetation Management Costs.	)	Case No. 17-1265-EL-AAM
	)	
	)	
In the Matter of the Application of Duke Energy Ohio, Inc., to Establish Minimum Reliability Performance Standards Pursuant to Chapter 4901:1-10, Ohio Administrative Code.	)	Case No. 16-1602-EL-ESS

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**DUKE ENERGY OHIO, INC.’S NOTICE OF FEDERAL ENERGY REGULATORY  
COMMISSION ORDER DIRECTING PJM INTERCONNECTION, L.L.C. TO  
ESTABLISH A NEW AUCTION SCHEDULE FOR THE 2019 BASE RESIDUAL  
AUCTION AND REQUEST FOR GUIDANCE REGARDING WHETHER AN  
AMENDMENT TO DUKE ENERGY OHIO, INC.’S UPCOMING STANDARD  
SERVICE OFFER AUCTION SCHEDULE SHOULD OCCUR**

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**I. INTRODUCTION**

Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) hereby notifies the Public Utilities Commission of Ohio (Commission) that the Federal Energy Regulatory Commission (FERC) issued an order on December 19, 2019, that among other things, approved substantial changes to the PJM Interconnection, L.L.C., (PJM) Minimum Offer Price Rule and in turn, the eligibility of resources to participate in the Base Residual Auctions (BRA) for capacity and directed PJM to establish a new 2019 BRA schedule.<sup>1</sup> As a result of this recent order, Duke Energy Ohio requests the Commission to once again consider whether the upcoming standard service offer (SSO) supply auctions provided for under its current electric security plan (ESP) should be amended, as the Commission determined by Order dated July 31, 2019. As set forth in the accompanying Memorandum, absent a Commission-approved change to the current ESP auction, the anticipated February 2020 auction will likely be affected by the FERC’s directives as the May 2019 PJM capacity auction for the 2022/2023 delivery year has not yet occurred, and a schedule for this and future capacity auctions is not anticipated to be released until March 2020.

Previously, by Entry dated July 31, 2019 (Entry), the Commission determined that the Company’s September 2019 auction schedule should be amended due to the uncertainties related to the FERC-imposed delays in the PJM base residual auction (BRA) from May 2019 for the

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<sup>1</sup> *Order Establishing Just and Reasonable Rate*, Docket Nos. EL 16-49-000 and EL 18-178-000 (Consolidated) December 19, 2019. Available at <https://www.ferc.gov/whats-new/comm-meet/2019/121919/E-1.pdf>.

2022/2023 delivery year. Such uncertainties remain today and are likely to persist through most of 2020 until PJM holds its next BRA, the date of which is presently unknown. As the Commission previously ordered in its Entry, Duke Energy Ohio suggests that the Commission could, again, amend the upcoming February 2020 ESP auction to 17% of the load during the period from June 2020 to May 2022 (not 2023). Once PJM releases its proposed auction schedule, it may be necessary to consider additional amendments to Duke Energy Ohio's auction schedule.

If desired by the Commission, Duke Energy Ohio will proceed pursuant to the ESP auction schedule previously approved in this proceeding, but the Commission may find that uncertainty as to the applicable PJM rate for a portion of the period covered by the February 2020 ESP auction warrants modifying the ESP auction schedule. Duke Energy Ohio welcomes guidance from the Commission on the most prudent course of action for the benefit of customers.

Respectfully submitted,  
DUKE ENERGY OHIO, INC.

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## MEMORANDUM IN SUPPORT

On June 1, 2017, Duke Energy Ohio filed an application for approval of its standard service offer (SSO) for the period between June 1, 2018, and May 31, 2024 (the Application).<sup>2</sup> The Company proposed to implement this SSO in the form of an electric security plan (ESP). The Application docket was ultimately consolidated with numerous other dockets and resolved in a Stipulation that the Commission approved and adopted on December 19, 2018.<sup>3</sup> Among other things, the Stipulation recommended approval of the Application (subject to amendments in the Stipulation) for the period of June 1, 2018, through May 31, 2025.<sup>4</sup>

As approved, the ESP provided that Duke Energy Ohio was to conduct a series of auctions, including in September 2019 for 17% of the load during the period from June 2020 to May 2023. By order dated July 31, 2019, the Commission determined that it was reasonable to adjust the Company's retail auction product schedule "to provide greater certainty for the market" and directed Duke Energy Ohio to offer a product covering the period of June 2020 to May 2022.<sup>5</sup>

Recently, on December 19, 2019 the FERC issued an Order that, among other things, revised PJM's Minimum Offer Price Rule (MOPR) and directed PJM to submit, within 90 days, a new auction schedule to conduct the delayed May 2019 base residual auction (BRA) (Order) and subsequent auctions.<sup>6</sup> This directive confirms that PJM will not conduct its May 2019 BRA prior to Duke Energy Ohio's upcoming February 2020 ESP auction. This February 2020 auction, like the originally-approved September 2019 auction, is approved to procure an additional 17% of the load during the period June 2020 to May 2023.<sup>7</sup>

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<sup>2</sup> *Application of Duke Energy Ohio, Inc.*, Case No. 17-1263-EL-SSO, Application (June 1, 2017).

<sup>3</sup> *Application of Duke Energy Ohio, Inc.*, No. 16-1602-EL-ESS, *et al.*, Stipulation and Recommendation ((April 13, 2018); Opinion and Order) (approving and adopting stipulation) (Dec. 19, 2018).

<sup>4</sup> Stipulation, at 4.

<sup>5</sup> Entry at 3, July 31, 2019.

<sup>6</sup> *Order Establishing Just and Reasonable Rate*, Docket Nos. EL 16-49-000 and EL 18-178-000 (Consolidated) December 19, 2019. Available at <https://www.ferc.gov/whats-new/comm-meet/2019/121919/E-1.pdf>.

<sup>7</sup> Stipulation, Attachment A.

Accordingly, Duke Energy OhioDuke Energy Ohio submits this Notice to (1) inform the Commission of the Order's potential implications for the upcoming, previously scheduled ESP auction that Duke Energy Ohio had planned to conduct in February 2020; and (2) request guidance as to whether the ESP auction scope should, once again, be adjusted accordingly.

While Duke Energy Ohio is prepared to conduct the February 2020 ESP auction as scheduled, it would be doing so without knowing the applicable PJM capacity rate for a substantial part of the covered period (the 2022 to 2023 delivery year). This would create substantial uncertainty and confusion among bidders. The uncertainty could lead to some potential participants refraining from participation or including additional risk premiums in their bidding strategies for this period.

Accordingly, the Company requests the Commission consider modifying the ESP auction timetable to once again eliminate the uncertainty caused by the parallel FERC proceedings without delaying the auction altogether. As the Commission ordered previously as it relates to the September 2019 auction, Duke Energy Ohio could limit its February ESP auction to 17% of the load during the period from June 2020 to May 2022 (not 2023). If it limits the auction in this manner, Duke Energy Ohio would correspondingly adjust for the load for the remaining period (June 2022 through May 2023) after a final PJM rate is established. Doing so would delay the auction of a portion of the 2022-2023 load until a later date, and once the PJM auction(s) for the delivery years in question have occurred.

Given that the applicable PJM rate for the 2022-2023 delivery year will not be known by February 2020, Duke Energy Ohio seeks guidance from the Commission as to whether the previously approved ESP auction schedule should be further modified.

Respectfully submitted,  
DUKE ENERGY OHIO, INC.

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### **CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing Notice was served via electronic mail or ordinary mail on the following parties this 23rd day of January 2020.

/s/ Rocco O. D'Ascenzo  
Rocco O. D'Ascenzo

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