

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)
Energy Ohio, Inc., for Approval of) Case No. 19-2223-EL-UNC
McMann Battery Storage Project.)

**APPLICATION BY DUKE ENERGY OHIO, INC., FOR APPROVAL
OF ITS McMANN BATTERY STORAGE PROJECT**

I. Introduction

1. Duke Energy Ohio, Inc., (Duke Energy Ohio or the Company) is an electric distribution utility, as defined in R.C.4928.01(A)(6). As such, Duke Energy Ohio is a public utility subject to the jurisdiction of the Commission.

2. On June 1, 2017, the Company filed an application for approval of a standard service offer in the form of an electric security plan. Included in the Company’s application was a proposal to initiate a pilot distribution battery energy storage system. On December 19, 2018, the Public Utilities Commission of Ohio (Commission) issued an Opinion and Order (Order), approving and adopting a stipulation addressing several pending matters (Stipulation).¹ Among the topics covered by the Order was the Company’s proposal to commence a pilot battery storage project. The Stipulation, likewise, addressed this proposal, concluding that the Company should be permitted to install one or more battery storage projects for the purpose of deferring circuit investments or addressing distribution reliability issues. Under the terms of the Stipulation, Duke

¹ *In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase of its Electric Distribution Rates*, Case No. 17-0032-EL-AIR, *et al.*, Opinion and Order (December 19, 2018), *approving* Stipulation and Recommendation (April 13, 2018).

Energy Ohio would be allowed to invest up to \$20 million in such projects in its service territory, during the term of the approved electric security plan (ESP), with costs being eligible for recovery through Rider DCI.² Although there was some opposition to this proposal, the Commission decided that the project would be consistent with the state policies as set forth in R.C. 4928.02 to encourage innovation and to facilitate the state's effectiveness in the global economy. The Commission noted that, as a pilot, the project would offer the Commission financial and operational data that it would not otherwise be privy to. Therefore, the Commission approved the concept but required any project to be pre-approved by the Commission and subject to ongoing monitoring.³

3. This Application seeks approval for one battery storage pilot project, under the terms approved by the Commission in the Order. As discussed more fully in the testimony of Duke Energy Ohio witness Matthew Schultz, the Company is proposing to install a lithium ion battery, rated for approximately 3.95MW/8.9MWH, adjacent to the existing McMann substation in Union Township, Ohio. The primary application of the project will be to reduce the peak load on the circuit, in order to defer the need for an additional transformer and other distribution upgrades at that location. This is one of the purposes specifically permitted by the Commission in the Order.

4. If authorized by the Commission, the battery will also participate in the PJM regulation market when it is not otherwise needed to reduce peak load on the circuit. The Company recognizes that a footnote in the Stipulation states that the battery-related equipment must "qualify as distribution equipment under the FERC uniform system of accounts."⁴ Duke Energy Ohio

² Stipulation, pg. 13.

³ Order, ¶ 208.

⁴ Stipulation, pg. 13, footnote 10.

witness Linda Miller testifies that the facts and circumstances related to this project support the classification of the battery as a distribution function. Duke Energy Ohio witness Jay Brown also explains that revenue from participation in the PJM voltage regulation market, net of any associated costs, would be credited to customers through Rider DCI, thereby reducing the overall costs of the project to customers.

5. The project comprises development, design, procurement, construction, and operation. The Company intends to enter into a contract with a third-party for procurement and construction, under Company oversight. The request for proposals is expected to be issued such that the facility will be in service by September 2021.

6. The total estimated cost for the McMann project is approximately \$11.7 million, including procurement of the battery and associated materials, site work, project management, development, engineering, and contingencies, as well as other matters. Duke Energy Ohio witness Will Lowder testifies regarding the details of the cost estimate.

7. In addition to providing the distribution benefits discussed above, this pilot project will allow Duke Energy Ohio and the Commission to learn more about battery functionality, from development to ultimate decommissioning. Mr. Schultz testifies about the information that will be gained and reporting that will be provided to Commission staff as a result of this information.

8. Accordingly, Duke Energy Ohio requests authority to construct the McMann Battery Storage Pilot Project and to recover the costs thereof through Rider DCI. In addition, the Company seeks authority for the battery to participate in the PJM regulation market, with all net revenues therefrom being credited back to customers through Rider DCI.

THEREFORE, consistent with the information provided above as supported by the Company witnesses in testimony included with this Application, Duke Energy Ohio respectfully requests that the Commission approve this Application.

Respectfully submitted,
DUKE ENERGY OHIO, INC.

/s/ Jeanne W. Kingery

Rocco D'Ascenzo (0076517)

Deputy General Counsel

Jeanne W. Kingery (0012172) (Counsel of Record)

Associate General Counsel

Larisa M. Vaysman (0090290)

Senior Counsel

139 East Fourth Street, ML 1301

Cincinnati, Ohio 45202

Phone: 513-287-4320

Fax: 513-287-4385

Rocco.DAscenzo@duke-energy.com

Jeanne.Kingery@duke-energy.com

Larisa.Vaysman@duke-energy.com