THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF APPLICATION OF DUKE ENERGY OHIO, INC. FOR AUTHORITY TO ESTABLISH A STANDARD SERVICE OFFER PURSUANT TO R.C. 4928.143 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 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**

ENTRY

Entered in the Journal on February 13, 2020

I. SUMMARY

{¶ 1} The Commission modifies Duke Energy Ohio, Inc.'s auction schedule in response to recent orders from the Federal Energy Regulatory Commission regarding PJM Interconnection, LLC's base residual auction.

II. DISCUSSION

{¶ 2} Duke Energy Ohio, Inc. (Duke or the Company) is an electric distribution utility as defined in R.C. 4928.01(A)(6) and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4928.141 provides that an EDU shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric services to customers, including a firm supply of electric generation services. The SSO may be either a market rate offer in accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143.

{¶ 4} On December 19, 2018, in Case No. 17-1263-EL-SSO, et al., the Commission approved Duke's application for an ESP, including a competitive auction-based SSO format, as well as a competitive bid procurement (CBP) process for Duke's auctions, for the period

of June 1, 2018, through May 31, 2024. Under the CBP process, Duke will obtain all generation necessary to serve its SSO load through a series of auctions. With respect to the auction schedule, the Commission determined that Duke's sixth auction should occur in February 2020 and offer a 36-month product (for the period from June 2020 to May 2023) that accounts for 17 percent of the SSO load.

{¶ 5} On July 25, 2019, the Federal Energy Regulatory Commission (FERC) issued an order directing PJM Interconnection, LLC (PJM) to not conduct its base residual auction (BRA) regarding the 2022-2023 delivery year, previously scheduled for August 2019. *Order on Motion for Supplemental Clarification*, Case No. EL16-49-00, at ¶ 2 (July 25, 2019). Thereafter, on December 19, 2019, FERC ordered that PJM must submit a new schedule regarding the BRA within 90 days. *Order Establishing Just and Reasonable Rate*, Case No. EL16-49-000, at ¶ 4 (Dec. 19, 2019).

{¶ 6} On July 31, 2019, in response to FERC's July 25, 2019 Order, the Commission modified Duke's September 2019 SSO auction. Specifically, instead of a 36-month product, Duke was directed to offer a 24-month product covering the period of June 2020 to May 2022. Thereafter, the remaining product, for the period of June 2022 to May 2023, would be adjusted appropriately once a final PJM rate is established.

{¶ 7} Duke filed a notice regarding FERC's December 19, 2019 order on January 23, 2020. Duke avers that PJM's BRA will likely not be scheduled before Duke's auction in February 2020 and, as with Duke's previous auction, the applicable PJM rate for the 2022-2023 delivery year will be unknown at the time of the auction. As before, because the SSO auction covers the period of June 2020 to May 2023, the Company asserts that, without a BRA scheduled, there could be significant uncertainty and confusion among bidders. Duke submits that the Commission could again issue an order modifying the Company's SSO auction. Duke therefore seeks guidance from the Commission as to whether the SSO auction schedule should be modified.

{¶ 8} The Commission again finds that Duke's SSO auction should be modified. As explained by the Supreme Court of Ohio, the Commission is entitled to modify a prior order, provided that the Commission provides an explanation and that the modification is lawful and reasonable. *In re Application of Ohio Power Co.*, 144 Ohio St.3d 1, 2015-Ohio-2056 at ¶ 16. Considering FERC's recent directives, it is evident that PJM's rates for 2022-2023 delivery year will be unknown when Duke conducts the auction in February 2020. We affirm that such uncertainty could have significant effects on the auction process, including limiting participation and altering bidding strategies. Therefore, the Commission determines that it is reasonable to adjust the auction schedule to provide greater certainty for the market. Instead of a 36-month product, Duke should offer a 24-month product covering the period of June 2020 to May 2022. Thereafter, the remaining product, for the period of June 2022 to May 2023, will be adjusted appropriately once a final PJM rate is established. In a final matter, the Commission notes that the uncertainty caused by FERC's order is precluding the use of a three-year auction product to lock in historically low energy prices. Therefore, the Commission directs Staff to file a proposal for a modified product which contains capacity flow-through provisions. Staff's proposal should be filed within 30 days of this order.

III. ORDER

{¶ 9} It is, therefore,

{¶ 10} ORDERED, That Duke's SSO auction schedule be modified, as described in paragraph 8. It is, further,

{¶ 11} ORDERED, That Staff file a proposal for a modified product within 30 days, as described in paragraph 8. It is, further,

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

COMMISSIONERS:
Approving:
Sam Randazzo, Chairman
M. Beth Trombold
Lawrence K. Friedeman
Daniel R. Conway

NJW/hac

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Case No(s). 17-1263-EL-SSO, 17-1264-EL-ATA

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