

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE PROCUREMENT
OF STANDARD SERVICE OFFER
GENERATION FOR THE CUSTOMERS OF
OHIO POWER COMPANY.

CASE NO. 17-2391-EL-UNC

ENTRY

Entered in the Journal on April 6, 2020

{¶ 1} Ohio Power Company d/b/a AEP Ohio (AEP Ohio 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.

{¶ 2} R.C. 4928.141 provides that an electric distribution utility 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.

{¶ 3} In Case No. 16-1852-EL-SSO, et al., the Commission modified and approved a stipulation and recommendation filed by AEP Ohio, Staff, and numerous other signatory parties, which authorized the Company to implement an ESP for the period of June 1, 2018, through May 31, 2024. *In re Ohio Power Co.*, Case No. 16-1852-EL-SSO, et al., Opinion and Order (Apr. 25, 2018). AEP Ohio's ESP includes a competitive auction-based SSO format, as well as a competitive bid procurement (CBP) process for the Company's auctions, which procure generation supply for customers receiving service under the SSO.

{¶ 4} 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) for the prospective 2022-2023 delivery year, which had been scheduled to occur in August 2019. *Order on Motion for Supplemental Clarification*, Case No. EL16-49-00, at ¶ 2 (July 25, 2019). And, on December 19, 2019, FERC further ordered that PJM provide revised dates

and timelines for the 2019 BRA and related incremental auctions, as well as revised schedule for the May 2020 BRA as necessary. *Order Establishing Just and Reasonable Rate*, Case No. EL16-49-000, at ¶ 4 (Dec. 19, 2019).

{¶ 5} By Entry issued on February 13, 2020, in *In re Application of Duke Energy Ohio, Inc.*, Case No. 17-1263-EL-SSO, et al., Entry (Feb. 13, 2020) ¶ 8 (*Duke's ESP Case*), the Commission directed Staff to file a proposal for a modified product which contains capacity flow-through provisions since the uncertainty caused by FERC's order precludes the use of a three-year auction product to lock in historically low energy prices.

{¶ 6} On March 13, 2020, Staff filed its proposal and recommendation, as directed by the Commission in *Duke's ESP Case*. Staff recommends that the Commission direct utilities and their auction administrators, in consultation with the Commission consultant Bates White, LLC, to modify the SSO auction products such that the capacity obligation is priced at \$0/MW-day and suppliers are made whole for all Reliability Pricing Model capacity costs incurred through a "pass-through" charge. According to Staff, this charge shall be recovered within each utility's existing auction cost recovery mechanism for delivery year 2022/2023 through the end of each utility's current ESP. All of Ohio utilities' ESPs are set to expire by the end of the 2023/2024 delivery year, at which time Staff is cautiously optimistic a FERC approved capacity construct will be in effect. Staff considers the pass-through option to be the simplest and lowest risk option available to address the uncertainty surrounding PJM's capacity construct. Furthermore, Staff recommends that each utility be required to submit a modified auction timeline that clearly identifies which products include capacity as a "pass-through" and catches up on tranches not procured in previous auctions that had been modified by the Commission to exclude the 2022/2023 delivery year. Staff notes that Revised Master Supply Agreements and associated documents should also be submitted that reflect the modified auction product. Staff states that it recognizes that allowing a true-up for the capacity portion of the product will result in an artificially lower auction price where capacity is not known, so it recommends that subsequent procurements separate products where the capacity price is known from

products where the capacity cost will be trued-up. Staff also believes that CRA International Inc. d/b/a Charles River Associates and National Economic Research Associates, Inc. d/b/a NERA Economic Consulting possess the requisite skill to implement the recommended auction structure without undue harm on bidder interest or participation. As a final note, Staff points out that, if the Percentage of Income Payment Plan (PIPP) benchmark price does not include capacity, the PIPP product may need to be modified to include a capacity pass-through clause, so it can be compared on an apples-to-apples basis with the PIPP benchmark price.

{¶ 7} In order to accomplish the review of Staff's proposal and recommendation to modify the SSO auction products such that the capacity obligation is priced at \$0/MW-day and suppliers are made whole for all Reliability Pricing Model capacity costs incurred through a "pass-through" charge, the attorney examiner opens this case for comment.

{¶ 8} Interested stakeholders are invited to file public comments discussing Staff's proposal and recommendation.

{¶ 9} All comments should be filed in this docket on or before April 16, 2020. No reply comments will be accepted.

{¶ 10} It is, therefore,

{¶ 11} ORDERED, That this case be opened to solicit public comment from interested stakeholders in accordance with Paragraphs 7-9. It is, further,

{¶ 12} ORDERED, That these comments be filed in this docket on or before April 16, 2020. It is, further,

{¶ 13} ORDERED, That a copy of this Entry be served upon all parties of record, including all parties of record in AEP Ohio's ESP case, 16-1852-EL-SSO, et al.

THE PUBLIC UTILITIES COMMISSION OF OHIO

/s/ Matthew J. Sandor

By: Matthew J. Sandor
Attorney Examiner

JRJ/kck

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

4/6/2020 3:46:23 PM

in

Case No(s). 17-2391-EL-UNC

Summary: Attorney Examiner Entry this case be opened to solicit public comment from interested stakeholders and filed by 4.16.20. electronically filed by Mrs. Kelli C King on behalf of Matthew Sandor, Attorney Examiner, Public Utilities Commission of Ohio