

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE PROCUREMENT
OF STANDARD SERVICE OFFER
GENERATION AS PART OF THE FOURTH
ELECTRIC SECURITY PLAN FOR
CUSTOMERS OF OHIO EDISON
COMPANY, THE CLEVELAND ELECTRIC
ILLUMINATING COMPANY, AND THE
TOLEDO EDISON COMPANY.

CASE NO. 16-776-EL-UNC

FINDING AND ORDER

Entered in the Journal on December 1, 2021

I. SUMMARY

{¶ 1} In this Finding and Order, the Commission approves an application to adjust the Standard Service Offer procurement auction schedule filed by Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company.

II. PROCEDURAL BACKGROUND

{¶ 2} Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, FirstEnergy) each qualify 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).

{¶ 3} 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 has approved FirstEnergy's electric security plan (ESP), which implemented a competitive auction-based SSO format, as well as a competitive bid procurement process for the EDU's auctions, to procure generation supply for customers of FirstEnergy for a certain period of time. *In re Ohio Edison Co., The Cleveland Elec. Illuminating Co., and The Toledo Edison Co.*, Case No. 14-1297-EL-SSO, Opinion

and Order (Mar. 31, 2016). The use of this competitive bidding process is conducive to Ohio's legal framework that is designed to ensure that all retail electric customers served by EDUs have reliable access to electric generation supply at market-based prices.

{¶ 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) 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). This directive prevented PJM from moving forward with a wholesale competitive bidding process the output of which would have informed potential bidders in each EDU's retail competitive bidding process regarding the forward cost of the capacity obligation arising from the provision of SSO generation supply.

{¶ 5} 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. EL16-49-00, at ¶ 4 (Dec. 19, 2019).

{¶ 6} By Entry issued on February 13, 2020, in *In re Duke Energy Ohio, Inc.*, Case No. 17-1263-EL-SSO, et al. (*Duke's SSO Case*), Entry (Feb. 13, 2020) at ¶ 8, 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 more traditional three-year auction product at a time when market fundamentals were signaling opportunities to use a forward looking competitive bidding process to lock in historically low energy prices for the benefit of Ohio retail electric customers.

{¶ 7} On March 13, 2020, Staff filed, in the above-captioned case, a singular proposal and recommendation, as directed by the Commission in the February 13, 2020 Entry in *Duke's SSO Case*. Subsequent to this filing, the attorney examiner solicited comments from interested parties to be filed in this matter. Numerous parties elected to file comments.

{¶ 8} On July 15, 2020, the Commission issued its Finding and Order directing FirstEnergy and the other EDUs to file a proposal to modify their respective SSO procurement auctions in the manner described in the order.

{¶ 9} Pursuant to the Commission's directive in Paragraph 35(a) of the July 15, 2020 Finding and Order, on August 21, 2020, FirstEnergy filed a motion to adjust its auctions scheduled for Fall 2020 and Spring 2021

{¶ 10} On August 26, 2020 and February 10, 2021, the Commission issued Finding and Orders granting FirstEnergy's and the other EDUs' motions to adjust their Fall 2020 and Spring 2021 auctions to include only 12-month products.

{¶ 11} Pursuant to R.C. 4903.10, on August 14, 2020, applications for rehearing regarding the July 15, 2020 Finding and Order were filed by several parties. By Entry on Rehearing issued September 9, 2020, the Commission granted rehearing for further consideration of the matters specified in the applications for rehearing filed by most of the parties.

{¶ 12} On February 24, 2021, the Commission issued a Second Entry on Rehearing. Among other things, we recognized that PJM had reestablished its capacity auction schedule and, therefore, granted rehearing to indefinitely stay our directive in Paragraph 35(b) of the July 15, 2020 Finding and Order. Second Entry on Rehearing (Feb. 24, 2021) at ¶ 22. Furthermore, we directed FirstEnergy and the other EDUs to file, within 60 days, new proposed auction schedules consistent with the timeframes established by PJM for future BRAs and consistent with the provisions for staggering and laddering auctions contained in the EDUs' ESPs. Second Entry on Rehearing at ¶ 22.

{¶ 13} On April 13, 2021, FirstEnergy filed its application for approval of new proposed auction schedules.

{¶ 14} On June 16, 2021, the Commission issued a Finding and Order approving FirstEnergy's proposed auction schedule.

{¶ 15} On November 12, 2021, FirstEnergy filed an application to move its SSO procurement auction scheduled for January 2022 to March 2022.

III. DISCUSSION

{¶ 16} In its application, FirstEnergy notes that, pursuant to the auction schedules filed on April 13, 2021, FirstEnergy has conducted the August 2021 and October 2021 SSO auctions, and the remaining auctions are scheduled for January 2022, October 2022, and January 2023. FirstEnergy asserts that FERC recently issued an order approving a 55-day delay of PJM's next BRA for capacity delivery year 2023/2024. *Order on Compliance and Requests for Waiver*, FERC Case No. ER21-2877-000, at ¶ 22 (Oct. 25, 2021). Consequently, the December 1, 2021 BRA will now occur on January 25, 2022. FirstEnergy asserts that, due to this delay, it cannot conduct its SSO auction as scheduled in January 2022 and proposes that it conduct the auction on March 7, 2022. FirstEnergy believes that this proposed timing will enable it to receive the results of the BRA and seek approval of such results by the Commission, as well as afford FirstEnergy sufficient time to then conduct its percentage of income payment plan supply auction such that it can timely submit the Rider GEN tariff filings for Commission approval. FirstEnergy further notes that it will procure 34 tranches of a 24-month product for the period June 2022-May 2024, consistent with the already-approved auction schedules.

{¶ 17} Upon review, we note that FirstEnergy's proposed auction schedule adjustment is consistent with the timeframes established by PJM for future BRAs and consistent with the provisions for staggering and laddering auctions contained in each of the EDU's ESPs. Accordingly, the Commission finds FirstEnergy's application to move its January 2022 SSO procurement auction to March 2022 reasonable and grants the application.

IV. ORDER

{¶ 18} It is, therefore,

{¶ 19} ORDERED, That FirstEnergy's application to adjust its SSO procurement auction schedule be approved. It is further,

{¶ 20} ORDERED, That a copy of this Finding and Order be served upon all parties of record.

COMMISSIONERS:

Approving:

Jenifer French, Chair

M. Beth Trombold

Lawrence K. Friedeman

Daniel R. Conway

MJS/kck

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Summary: Finding & Order approving an application to adjust the Standard Service Offer procurement auction schedule filed by Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company electronically filed by Heather A. Chilcote on behalf of Public Utilities Commission of Ohio