

**Duke Energy Ohio**  
**Case No. 20-0167-EL-RDR**  
**London Economics International LLC First Set of Data Requests**  
**Date Received: August 17, 2020**

**LEI-DR-01-005**  
**CONFIDENTIAL**

**AS TO CERTAIN ATTACHMENTS ONLY**

**REQUEST:**

Please explain in detail Duke Ohio/OVEC's processes of offering into the PJM markets:

- a. Is there a daily meeting to discuss the assumptions used to prepare PJM market offers? For example, is there a forecast for daily generation in preparation for the resource offers in the DA market? Do the personnel in charge of offering into the PJM market receive feedback of daily data from the previous day?
- b. Please elaborate on Duke Ohio/OVEC's strategy for self-committing the two coal plants. Is it based on the economic minimum operating level over a period of several days (how many days?). Does it at least to cover the operational costs? Under what circumstances apart from outages are the plants not offered into the PJM market?

**RESPONSE:**

**CONFIDENTIAL PROPRIETARY TRADE SECRET**  
**AS TO CERTAIN ATTACHMENTS ONLY**

The following response was received from OVEC management:

- a. OVEC's Energy Scheduling department has an internal daily call every non-holiday weekday morning to review unit status and availability, including applicable unit derates, potential unit liabilities, outage status and expected unit return-to-service dates, etc. This information is used to formulate the DA unit offers into the PJM market. In advance of the morning call, the Energy Scheduling department also receives a daily unit status report from each plant. Information in this report is updated, as appropriate, based on real-time unit operating status during the morning calls. A similar, but less formal daily meeting takes place on weekends and holidays with OVEC's system operations personnel and the contractor that provides ES functions during weekends and holidays. The DA offers are then updated, if necessary, based on conditions at that time.

OVEC became fully integrated into PJM in November 2018; at that time, no formal process was in place whereby OVEC could evaluate prior day performance data. OVEC has subsequently established an internal PJM Demand Comparison Report which is generated daily. This report provides operating data that includes a unit-by-unit hourly comparison of actual net generation versus PJM demand. This report is also made available to plant

operations personnel to aid them in evaluating prior day unit and operations related performance.

An example of this report is provided as LEI-DR-01-005 CONF Attachment A.

- b. Units are offered into the PJM market consistent with the sponsor-approved Operating Committee procedures. With but one exception, units that are in service and expected to be available in the day-ahead market are offered as must run. During Ozone Season, Unit 6 at Clifty Creek is assigned an opportunity cost associated with its NOx emissions profile and is offered as Economic. Given OVEC's energy costs as determined pursuant to the PJM-approved fuel cost policy, units offered as must run consistently covered fuel costs during the audit period. Outside of outages, if a unit is available, OVEC offers it into the PJM market. Potential exceptions could include unusual non-market-related events such as coal shortages and/or some form of force majeure event outside of OVEC's control.

The following additional response is from Duke Energy:

In addition to the above process, every business day, for each hour of the upcoming 21-day period, Duke Energy independently projects the expected energy market revenues from operation of the units in PJM, the variable costs to operate the unit at the forecasted unit hourly loading, and the resulting hourly energy margin. This report, called the Daily Profit & Loss Analysis, shows results summarized to a daily amount. An example of the report generated on July 1, 2019, is shown as LEI-DR-01-005 CONF Attachment B. Note that generating units owned or operated by Duke Energy affiliates have been redacted from this report.

The purpose of this analysis is to monitor the expected energy market profitability from commitment of the OVEC units. In the event that Duke Energy observes a period in which the units are expected to be out of the money and could potentially be decommitted, Duke Energy then expresses this desire to the OVEC operations committee, and this option is then discussed in this committee. As an example, during April 2020, due to very low market prices from reduced loads in the PJM footprint due to COVID-19 impacts on customer demand, Duke Energy brought up this concern with OVEC. OVEC responded by proposing a modification of the Operating Committee process. The matter was voted on by members of the Operating Committee and passed.

The change to commitment during this time is included as LEI-DR-01-005 Attachment C.

Finally, in addition to the above more real-time processes, using the same plant parameters, unit variable cost, and forecasted PJM energy markets among other inputs, Duke Energy forecasts OVEC unit generation, energy revenue, variable costs, and energy margin for a longer term basis (up to 5-year) through a model called GenTrader.

**PERSON RESPONSIBLE:** OVEC and, as to Duke Energy response, John Swez

## **Sponsor Proposal Relative to Unit Dispatch**

Due to the unique and unprecedented circumstances driven primarily by the direct and indirect impacts COVID-19 is having on energy prices, OVEC is requesting Sponsors approve, pursuant to Section E.1.b, and c of the Operating Procedures, the ability for OVEC to offer units into the PJM Market as either “Economic” or “Must Run” from April 14, 2020 to no later than May 31, 2020, to allow time to prepare the units for the PJM “no fly” zone. OVEC will utilize multiple inputs in their offer decision, including 1) projected power prices and related margin, 2) COVID-19 staffing/safety issues, 3) operational requirements, such as JBR operation, environmental requirements, coal inventories, and related liquidating damages/penalties, and 4) other financial related impacts.

As required in the OVEC Operating Committee Rules of Procedure, a seven-day notification is required for any voting matter brought before the Operating Committee. OVEC is also requesting a waiver of this requirement to allow a vote to proceed during our conference call.

**This foregoing document was electronically filed with the Public Utilities  
Commission of Ohio Docketing Information System on**

**6/13/2022 12:05:20 PM**

**in**

**Case No(s). 20-0167-EL-RDR**

Summary: Exhibit OMAEG Exhibit 13 electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.