

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

IN THE MATTER OF THE PROCUREMENT OF STANDARD SERVICE OFFER GENERATION FOR CUSTOMERS OF DAYTON POWER & LIGHT COMPANY.

CASE NO. 17-957-EL-UNC

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

CASE NO. 17-2391-EL-UNC

IN THE MATTER OF THE PROCUREMENT OF STANDARD SERVICE OFFER GENERATION FOR CUSTOMERS OF DUKE ENERGY OHIO, INC.

CASE NO. 18-6000-EL-UNC

FINDING AND ORDER

Entered in the Journal on August 26, 2020

I. SUMMARY

{¶ 1} In this Finding and Order, the Commission grants the electric distribution utilities' motions to adjust their standard service offer procurement auction processes for the Fall 2020 and Spring 2021 auctions.

II. PROCEDURAL BACKGROUND

{¶ 2} Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, FirstEnergy); the Dayton Power and Light Company; Ohio Power Company d/b/a/ AEP Ohio (AEP Ohio); and Duke Energy Ohio,

Inc. (Duke) 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 the above EDUs' electric security plans (ESP), each of which implemented a competitive auction-based SSO format, as well as a competitive bid procurement process for the EDUs' auctions, to procure generation supply for customers of each EDU 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 (ESP IV), Opinion and Order (Mar. 31, 2016); *In re Dayton Power & Light Co.*, Case No. 16-395-EL-SSO, Opinion and Order (Oct. 20, 2017); *In re The Dayton Power and Light Co.*, Case No. 08-1094-EL-SSO, et al., Proposed Revised Tariffs (Nov. 26, 2019) *In re Ohio Power Co.*, Case No. 16-1852-EL-SSO, et al., Opinion and Order (Apr. 25, 2018); and *In re Duke Energy Ohio, Inc.*, Case. No. 17-1263-EL-SSO, et al., Opinion and Order (Dec. 19, 2018). 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 direction prevented PJM from moving forward with a wholesale competitive bidding process the output of which informed potential bidders in each EDU retail competitive bidding process associated with the SSO development of 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 its proposal and recommendation, as directed by the Commission in its February 13, 2020 Entry.

{¶ 8} By Entries issued on April 6, 2020, and on May 15, 2020, the attorney examiner invited interested stakeholders to file public comments discussing Staff's proposal and recommendation and subsequent stakeholder proposals. Several stakeholders submitted comments regarding the recommendation and proposals.

{¶ 9} On July 15, 2020, the Commission issued its Finding and Order in which EDUs were directed, in part, to modify their SSO procurement auctions by submitting a plan to change the current auctions scheduled for Fall 2020 and Spring 2021 to substitute a 12-month product for the current, planned products. *In re the Procurement of Standard Service Offer Generation as Part of the Fourth Electric Security Plan for Customers of Ohio Edison Co., The Cleveland Elec. Illuminating Co., and The Toledo Edison Co.*, Case Nos. 16-776-EL-UNC, et al., Finding and Order (July 15, 2020) (*Procurement Finding and Order*) at ¶35.

{¶ 10} On August 7, 2020, AEP Ohio filed a motion to adjust its auctions scheduled for Fall 2020 and Spring 2021. On August 14, 2020, in *Duke's SSO Case*, Duke filed its motion to adjust its Fall 2020 and Spring 2021 auctions. Although Duke filed its motion in *Duke's*

SSO Case, the Commission will address the filing in this proceeding. On August 21, 2020, FirstEnergy filed a motion to adjust its auctions scheduled for Fall 2020 and Spring 2021.

III. DISCUSSION

A. *Summary of AEP Ohio's, Duke's, and FirstEnergy's Motions to Adjust SSO Auctions*

{¶ 11} To comply with Commission's directive in the *Procurement Finding and Order*, AEP Ohio proposes removing the 36-month product for both the Fall 2020 and Spring 2021 auctions, thereby allocating each auction's entire tranche target of 33 to the 12-month product for each auction. Duke proposes removing the 36-month product for both the Fall 2020 and Spring 2021 auctions, thereby allocating each auction's entire tranche target of 17 to the 12-month product for each auction. Similarly, FirstEnergy proposes removing the 36-month product for both the Fall 2020 and Spring 2021 auctions, allocating each auction's entire tranche target of 33 to the 12-month product for each auction. In their motions, AEP Ohio, Duke, and FirstEnergy submit that their plans eliminate uncertainty for bidders that participate in these auctions with respect to forward prices, and the plans represent the simplest solution for complying with the Commission's directive.¹ (AEP Ohio Motion at 2-3; Duke Motion at 3-4; FirstEnergy Motion at 1-3.)

B. *Commission's Decision*

{¶ 12} The Commission finds AEP Ohio's, Duke's, and FirstEnergy's motions to adjust their Fall 2020 and Spring 2021 SSO procurement auction processes reasonable, satisfying the Commission's directive set forth in part "a." of Paragraph 35 in the *Procurement Finding and Order*, and directs AEP Ohio, Duke, and FirstEnergy to adjust their SSO procurement auctions in the manner described in their motions. The Commission notes

¹ AEP Ohio, Duke, and FirstEnergy state that, despite their proposals regarding near-term auctions, they fully reserve the right to challenge the directives found in part "b." of Paragraph 35 in the *Procurement Finding and Order* regarding the dual auction format (AEP Ohio Motion at 2; Duke Motion at 3; FirstEnergy Motion at 1).

that the EDUs' adjustments to their Fall 2020 and Spring 2021 SSO procurement auctions, as described in each of their motions, does not foreclose the EDUs' rights to challenge the Commission's directives set forth in part "b." of Paragraph 35 in the *Procurement Finding and Order* pursuant to R.C. 4903.10 or by way of other available remedies.

IV. ORDER

{¶ 13} It is, therefore,

{¶ 14} ORDERED, That the motions to adjust SSO procurement auctions filed by AEP Ohio, Duke, and FirstEnergy be granted in the manner set forth in Paragraph 12. It is further,

{¶ 15} 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
Dennis P. Deters

MJS/mef

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Case No(s). 16-0776-EL-UNC, 17-0957-EL-UNC, 17-2391-EL-UNC, 18-6000-EL-UNC

Summary: Finding & Order granting the electric distribution utilities' motions to adjust their standard service offer procurement auction processes for the Fall 2020 and Spring 2021 auctions. electronically filed by Ms. Mary E Fischer on behalf of Public Utilities Commission of Ohio