

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 February 9, 2022

I. SUMMARY

{¶ 1} In this Finding and Order, the Commission directs Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company to modify their standard service offer procurement auction schedules in the manner set forth in their filing.

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 approved FirstEnergy's most recent electric security plan (ESP), which implemented a competitive auction-based SSO format, as well as a competitive bid procurement process for FirstEnergy's auctions, to procure generation supply for FirstEnergy's customers for a certain period of time. *In re*

Ohio Edison Co., The Cleveland Elec. Illum. Co., and The Toledo Edison Co., Case No. 14-1297-EL-SSO, Opinion and Order (Mar. 31, 2016).

{¶ 4} Since the approval of FirstEnergy’s ESP, FirstEnergy’s auction schedule has been modified due to delays in the timing of PJM Interconnection, LLC’s (PJM) base residual auction (BRA). *In re the Procurement of Std. Serv. Offer Generation as Part of the Fourth Elec. Sec. Plan for Customers of Ohio Edison Co., The Cleveland Elec. Illum. Co., and The Toledo Edison Co.*, Case No. 17-2391-EL-UNC, Finding and Orders (Aug 26, 2020); (June 16, 2021); (December 1, 2021).

{¶ 5} On December 22, 2021, the Federal Energy Regulatory Commission (FERC) issued an order reversing FERC’s previous determination that the backward-looking energy and ancillary services offset (E&AS Offset) was just and reasonable. Given this reversal, FERC directed PJM to submit a compliance filing within 60 days to revise its Tariff and Operating Agreement and, in order to incorporate the revised E&AS Offset in the BRA for the 2023/2024 delivery year, directed PJM to submit a compliance filing within 30 days that proposes a new schedule for the BRA and subsequent BRAs. *Order on Voluntary Remand*, Case Nos. EL19-58-006; ER19-1486-003, at ¶ 2 (Dec. 22, 2021).

{¶ 6} On January 21, 2022, PJM submitted a compliance filing in response to the above order in which PJM proposed changing the BRA for the 2023/2024 delivery year from January 25, 2022, to June 8, 2022. *Compliance Filing Concerning Certain Proposed Revised Pre-Auction Deadlines*, Case Nos. EL19-58-010; ER19-1486-00, at 2 (Jan. 21, 2022).

{¶ 7} On January 31, 2022, FirstEnergy filed an application for approval to adjust its March 2022 SSO procurement auction and to conduct an additional auction.

III. DISCUSSION

A. *Summary of FirstEnergy’s Filing*

{¶ 8} In its filing, FirstEnergy notes that, as currently approved, its upcoming March 2022 SSO auction is scheduled to procure 34 tranches of a 24-month product for the 2022/2024 delivery period. Due to FERC's recent order described above, FirstEnergy asserts that PJM will not conduct a BRA prior to FirstEnergy's March 2022 SSO auction. To avoid the uncertainty that would result from conducting the March 2022 SSO auction without a known PJM capacity rate, FirstEnergy proposes to procure 34 tranches of a 12-month product for delivery year 2022/2023 at its March 2022 SSO auction instead of the currently approved 34 tranches of a 24-month product. FirstEnergy further seeks Commission approval to conduct one additional auction between August 2022 and March 2023 at a date to be set in consultation with the Commission's consultant, Bates White Economic Consulting, and FirstEnergy's auction manager, CRA International, Inc. At this additional auction, FirstEnergy seeks to procure 34 tranches of a 12-month product ending May 2024. FirstEnergy also notes that it plans to conduct its October 2022 and January 2023 SSO auctions, as planned, with no changes.

B. Commission's Decision

{¶ 9} Upon review of FERC's December 22, 2021 order and FirstEnergy's filing, and given the uncertainty that proceeding with the SSO auction without a known PJM capacity rate for the 2023/2024 delivery year would cause, we find FirstEnergy's proposed schedule to modify its March 2022 SSO procurement auction reasonable; therefore, we grant the application and direct FirstEnergy to adjust its March 2022 SSO procurement auction accordingly. Further, we approve FirstEnergy's request to conduct one additional SSO procurement auction between August 2022 and March 2023, as proposed, and direct FirstEnergy to file a letter in this case docket informing the Commission of the additional auction's approximate date as soon as FirstEnergy becomes aware of it.

IV. ORDER

{¶ 10} It is, therefore,

{¶ 11} ORDERED, That FirstEnergy's application to adjust its March 2020 SSO procurement auction and to conduct an additional auction be granted in a manner consistent with this order and that FirstEnergy file a letter in this case docket informing the Commission of the additional auction's approximate date as soon as FirstEnergy becomes aware of it. It, is further,

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

COMMISSIONERS:

Approving:

Jenifer French, Chair

M. Beth Trombold

Lawrence K. Friedeman

Daniel R. Conway

Dennis Deters

MJS/kck

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Case No(s). 16-0776-EL-UNC

Summary: Finding & Order directing Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company to modify their standard service offer procurement auction schedules in the manner set forth in their filing. electronically filed by Kelli C. King on behalf of The Public Utilities Commission of Ohio