



**BakerHostetler**

**Duke Energy Ohio:  
Significant Developments**

**27<sup>th</sup> Annual Ohio Energy Savings & Management Conference**

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## Duke Energy Ohio – Standard Service Offer (SSO) Rates – How SSO Rates Are Set and Expected Increases Starting June 1, 2023

- The **Standard Service Offer** – the “default” utility service for electricity.
- **Competitive SSO load procurement** process through auctions typically held twice a year.
- Generation and competitive supply companies bid to serve a **certain % of the full requirements** (energy, capacity, and ancillary services) of SSO load.
- **One “tranche” = 1% of the SSO load.**
- Historically, Duke and other utilities have auctioned off **12, 24 and 36 month products.**

# Duke Energy Ohio – 2022 Load Migration to SSO

2022 ELECTRIC CHOICE % BY MONTH (MWH SALES)

<b>Month</b>	<b>CRES (MWh)</b>	<b>CRES %</b>	<b>SSO (MWh)</b>	<b>SSO %</b>
Jan.	1,355,491	76%	418,169	24%
Feb.	1,277,238	75%	432,184	25%
Mar.	1,137,590	78%	327,081	22%
Apr.	604,009	69%	272,319	31%
May	1,240,157	79%	322,327	21%
June	1,202,649	77%	362,617	23%
July	1,608,073	78%	456,651	22%
Aug.	1,247,759	68%	577,035	32%
Sept.	1,156,392	62%	712,590	38%
Oct.	993,548	64%	552,078	36%
Nov.	717,620	57%	542,744	43%
Dec.	787,783	46%	907,570	54%

## Duke Energy Ohio – Standard Service Offer (SSO) Rates *continued*....

- The impacts on SSO rates from **energy price increases** and **load migration** in 2022.
- **September 20, 2022 Duke SSO auction:** First SSO auction of the Fall 2022 season for all utilities showing impacts on SSO pricing for June 1, 2023 – May 31, 2024 delivery year.
- **Lower participation** by SSO load suppliers.
- **Only 1 of 4** prior winning bidders won tranches at the Duke SSO auction.
- **Tranche target = 40 tranches or 40% of load**
- Only 20 tranches (20%) of load was successfully auction.

## Duke Energy Ohio – Standard Service Offer (SSO)

### Rates *continued*....

- Past auctions: 15-21% premium over forward energy prices.
- September 20, 2022 results: Over 70% premium over forward energy prices.

**Table 2. Winning Bidders and Tranches Won**

<b>Winning Bidder</b>	<b>Number of Winning Tranches</b>	<b>Tranche-Weighted Average Price to be Paid (\$/MWh)</b>
ConocoPhillips Company	4	\$115.50
Boston Energy Trading and Marketing LLC	4	\$115.50
Constellation Energy Generation, LLC	7	\$115.50
NextEra Energy Marketing, LLC	5	\$116.50
<b>TOTAL</b>	<b>20</b>	<b>\$115.75</b>

## Duke Energy Ohio – Standard Service Offer (SSO) Rates *continued*....

- Forward market prices have moderated since Fall 2022.
- Delay in BRA results for capacity in PJM continue to limit auction products.
- On February 7, 2023, Duke file a motion to amend its auction schedule to not include a 24-month product in the auction – PUCO granted the motion.
- Since Duke only sold 20 tranches in its September 20, 2022 auction, Duke was required to sell 80 tranches in its February 21, 2023 auction.

# Duke Energy Ohio – February 21, 2023 Auction Results

**Table 1. Summary of SSO Auction Results**

Period of Delivery	June 1, 2023 - May 31, 2024
Number of Registered Bidders	8
Total initial eligibility of Registered Bidders	
Total initial eligibility divided by tranche target	
Number of bidders that submitted bids in round 1	
Number of tranches bid in round 1	
Number of tranches bid in round 1 divided by tranche target	
Number of tranches to procure in auction (tranche target)	80 tranches
Number of tranches procured in auction	80 tranches
Number of rounds in clock phase	13
Was there a sealed-bid round?	Yes
Number of winning bidders	8
Starting price range	\$90.00 to \$130.00 per MWh
Starting price	
Tranche-weighted average price of winning bids	\$82.79 per MWh

# Duke Energy Ohio – Standard Service Offer (SSO) Rates Starting June 1, 2023

SSO Auction Results	June 1, 2022 – May 31, 2023 Year
September 21, 2021 Results	50 tranches sold at \$47.99/MWh
February 22, 2022 Results	50 tranches sold at \$64.78/MWh
Weighted Average Clearing Price	\$56.38/MWh

*Small Commercial DS/DM: Duke's residential "Price to Compare" for the generation supply portion of your bill for the period of February 1, 2023 to February 28, 2023 is **\$0.0659/kWh**.*

SSO Auction Results	June 1, 2023 – May 31, 2023 Year
September 20, 2022 Results	20 tranches sold at \$115.75/MWh
February 21, 2023 Results	80 tranches sold at \$82.79/MWh
Weighted Average Clearing Price	\$89.38/MWh



# Duke Energy Ohio – Standard Service Offer (SSO) Rates Starting June 1, 2023

## RIDER RE

### RETAIL ENERGY RIDER

#### **APPLICABILITY**

Applicable to all retail jurisdictional customers in the Company's electric service territory who receive electric generation service from the Company under the Standard Service Offer (SSO). Rider RE does not apply to customers taking generation service from a Competitive Retail Electric Service provider.

## RIDER RC

### RETAIL CAPACITY RIDER

#### **APPLICABILITY**

Applicable to all retail jurisdictional customers in the Company's electric service territory who receive electric generation service from the Company under the Standard Service Offer (SSO). Rider RC does not apply to customers taking generation service from a Competitive Retail Electric Service provider.

## RIDER SCR

### SUPPLIER COST RECONCILIATION RIDER

#### **APPLICABILITY**

Applicable to all retail jurisdictional customers in the Company's electric service territory who receive electric generation service from the Company under the Standard Service Offer (SSO). Rider SCR does not apply to customers taking generation service from a Competitive Retail Electric Service (CRES) provider except as provided below in the NON-BYPASSABLE PROVISION section.

# In The Matter Of The Application Of Duke Energy Ohio, Inc. For An Increase In Electric Distribution Rates (Case No. 21-0887-EL-AIR)

- In October 2021, Duke filed its application for approval of an increase in its electric distribution rates, tariff modifications, and changes in accounting methods.
- Stipulation filed in September 2022 by Signatory Parties.
- Evidentiary hearing held in October 2022.
- The Commission issued an Order approving the Stipulation on December 14, 2022:
  - An authorized revenue increase of \$22,594,133 will result in an operating income of \$139,758,732.
  - This reflects an increase in overall base distribution rates of approximately \$23.1 million and a decrease of miscellaneous revenues of approximately \$0.5 million.
  - This yields a rate of return of approximately 6.86 percent.
  - The allowable gross annual revenue to which Duke is entitled is \$578,116,287.
- OCC filed an application for rehearing in January 2023, arguing that the stipulation was unfair and unlawful by increasing to electric distribution rates “by \$23.1 million annually while providing little protection to Duke’s residential consumers and at-risk populations.”
- The Commission granted the application for rehearing on February 8, 2023.

## In the Matter of the Quadrennial Review Required by R.C. 4928.143(E) for the Electric Security Plan of Duke Energy Ohio (Case No. 22-1153-EL-UNC)

- Duke's ESP was approved in December 2018 running through May 2025.
- Duke filed a motion on December 14, 2022 requesting the Commission commence its quadrennial review of the ESP:
  - Ohio Revised Code 4928.143(E) provides that, if an electric utility's approved ESP "has a term...that exceeds three years from the effective date of the plan, the [C]ommission shall test the plan in the fourth year...to determine whether [or not] the plan...continues to be more favorable in the aggregate [] during the remaining term of the plan[,] as compared to the expected results that would otherwise apply" under a standard service offer price for retail electric generation service that is delivered to the utility under a market-rate offer (MRO).
- Proposed Schedule:
  - January 31, 2023 – Testimony
  - February 15, 2023 – Motions to Intervene
  - March 15, 2023 – Staff and Intervenors Testimony
  - April 17, 2023 – Evidentiary Hearing

## Duke Energy Ohio's Power Forward Rider (Case No. 19-1750-EL-UNC, et al. )

- On September 29, 2019, Duke Energy Ohio filed an application for approval of component three of its Power Forward Rider (Rider PF):
  - (1) investments needed to upgrade the Company's customer Information System (CIS) (aka "Customer Connect")
  - (2) a new Land Mobile Radio (LMR) Communication System;
  - (3) a Smart Cities Infrastructure Acceleration Program (Smart Cities); and
  - (4) a pilot electric vehicle (EV) program
- Staff Report issued in April 2020 that made several recommendations & intervening parties have filed comments and had settlement discussions.
- Duke and IGS have jointly moved to bifurcate supplier consolidated billing issues into a separate case.

# Questions?

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