



Public Utilities Commission

John R. Kasich, Governor
Todd A. Snitchler, Chairman

Commissioners

Cheryl Roberto
Steven D. Lesser
Andre T. Porter
Lynn Slaby

December 12, 2012

Members of the 129th General Assembly of Ohio,

It is my pleasure to provide you with the attached report regarding the value of continued participation by the State of Ohio in wholesale electricity markets through regional transmission organizations (RTOs). This report is furnished by the Federal Energy Advocate (FEA) pursuant to Ohio Revised Code §4928.24 and satisfies the provision requiring the FEA to provide the Public Utilities Commission of Ohio (PUCO or Commission) [a] report regarding the value of continued participation in RTOs.¹ I am forwarding a copy of this report to you due to the high level of legislative and public interest in electricity regulation in Ohio.

On March 4, 2009, the PUCO issued an entry inviting public input and comments on various RTO functions and policies in order to construct a record concerning the value of RTO participation in the State of Ohio. Among other things, the entry requested input regarding whether RTOs are meeting the Federal Energy Regulatory Commission's (FERC) Order 2000 goals and objectives. FERC Order 2000 intends to promote efficiency in wholesale electric markets and to ensure that electric customers pay the lowest price possible for service. The Commission's entry also invited input concerning whether RTOs are providing value to Ohio's consumers through more effective management of the grid and whether RTO pricing procedures are providing value to consumers and resulting in the capital necessary to incent the construction of generation facilities. Finally, the PUCO's entry also invited comments on practical cost-effective alternatives to RTO participation.

This report summarizes the filed comments and provides an analysis and recommendation for each of the previously noted issues. It also includes information regarding recent events and issues faced by the PUCO; and current rulemakings and policies issued by FERC and others. The report was prepared by the Federal Energy Advocate Team including Daniel Shields, Evan Dean, Kevin Moore, James Dunn, Krista

¹ Ohio Revised Code §4928.24 reads as follows: "The public utilities commission shall employ a federal energy advocate to monitor the activities of the federal energy regulatory commission and other federal agencies and to advocate on behalf of the interests of retail electric service consumers in this state. The attorney general shall represent the advocate before the federal energy regulatory commission and other federal agencies. Among other duties assigned to the advocate by the commission, the advocate shall examine the value of the participation of this state's electric utilities in regional transmission organizations and submit a report to the public utilities commission on whether continued participation of those utilities is in the interest of those consumers."

Meyer and Lori Sternisha. While the report was a team effort, the ultimate opinions and recommendations solely remain those of the Federal Energy Advocate, Daniel Shields.

I hope that you find this report both informational and useful. Should you have any questions, please do not hesitate to contact Dan Shields at 614-644-7797 or daniel.shields@puc.state.oh.us.

Sincerely,

A handwritten signature in black ink that reads "Todd A. Snitchler". The signature is written in a cursive style with a large, stylized initial "T".

Todd A. Snitchler
Chairman
Public Utilities Commission of Ohio
(614)466-3204