

# ACEC Energy Forum

## Energy Law Topics

Mike Settineri  
Vorys, Sater, Seymour and Pease LLP  
[mjsettineri@vorys.com](mailto:mjsettineri@vorys.com)  
614-464-5462

**VORYS**

# Background / Overview

- Relevant Regulatory Agencies
  - Federal Energy Regulatory Commission
  - Public Utilities Commission of Ohio
  - Ohio Power Siting Board
- Natural Gas Service
  - Delivery from well to plant
  - Natural gas utilities and their tariffs
- Electric Service
  - Generation and delivery to plant
  - Electric utilities and their tariffs
  - Rural electric cooperatives
- House Bill 6 Update
- Renewable Energy Trends

# Relevant Regulatory Agencies – FERC

- Organization and Financial Information
- Mission
- What it regulates
- Other helpful information

# Federal Energy Regulatory Commission – Organization & Financial Information

## Organization:

- 5 Commissioners appointed by the President with consent of the Senate
- Staff of ~1,500 employees
- 12 departments
- Main office in DC, with field offices

## Financial Information:

- 2018 Actual Revenues and Expenditures = \$368 million
- Revenues are collected through annual charges and filings fees
- 66% of the expenditures are the agency's payroll

# Federal Energy Regulatory Commission – Mission & What it Regulates

**Mission:** “Assist consumers in obtaining economically efficient, safe, reliable, and secure energy services at a reasonable cost through appropriate regulatory and market means, and collaborative efforts.”

## **Regulates:**

- ❑ Transmission and wholesale sale of electricity in interstate commerce
- ❑ Transportation and sale of natural gas for resale in interstate commerce
- ❑ Siting and abandonment of interstate natural gas pipelines and storage
- ❑ Energy markets – as a monitor and investigator

# Relevant Regulatory Agencies – PUCO

- Organization / Staff
- Mission
- Financial Information
- Cases Filed Each Year
- Other Helpful Information

# Public Utilities Commission of Ohio – Organization

## Key Sections:

- ❑ PUCO Commissioners and their Aides
- ❑ Public Affairs Office (media office, legislative liaison and outreach)
- ❑ Technical Staff
  - Chief of Staff / Chief Analyst
  - Rates and Analysis Department
  - Service Monitoring and Enforcement Department
  - Legal Department
  - Transportation Department

## Other Sections:

- ❑ Federal Energy Advocate (monitors federal agencies and PJM, advocates in FERC proceedings, monitors the wholesale and retail competitive markets, reviews LTFRs of the utilities and develops state-wide LTFR)
- ❑ Administration (Docketing)
- ❑ Business Resources (Human Resources, Fiscal, Office Services and IT)

Assistant Attorneys General: Represent Staff in litigated matters at the PUCO and OPSB, and also represent the PUCO and OPSB in appeals and federal proceedings.

# Public Utilities Commission of Ohio – Mission

**Our mission is to assure all residential and business consumers access to adequate, safe and reliable utility services at fair prices, while facilitating an environment that provides competitive choices.**

Annual reports, testimony, and educational materials typically highlight how the agency satisfies its mission, especially the components of safety, customer protection, and health of the utilities it regulates.

## Examples:

- ❑ PUCO call center contacts and responses (how much it saves Ohioans)
- ❑ Case decisions (winner reconnect order, gas pipeline safety decisions, motor carrier/railroad rulings)
- ❑ Special initiatives (e.g., PowerForward)



# Public Utilities Commission of Ohio - Financial Information

## Revenues

Roughly \$53 Million each year / not a general revenue funded agency. Primary revenue sources are:

- ☐ Annual assessments paid by the utilities and all who hold certificates
- ☐ Motor carrier assessments and registrations
- ☐ Railroad protection
- ☐ OPSB applications
- ☐ Gas pipeline safety forfeitures

## Expenditures

Roughly 80% of the agency's expenditures is for its payroll.

# Public Utilities Commission of Ohio – Cases

Many cases are statutorily mandated, but the PUCO, the utilities, and others can initiate cases by filing in the Docketing Information System (DIS).

- ❑ Typically, more than 2,000 cases are filed every year.
- ❑ For the past couple years, 71% of the cases opened each year were electric cases, 10% were natural gas cases, and 10% were telecommunications cases.

The PUCO acts through its written decisions. It considers them at public meetings subject to the Ohio Sunshine Laws. Typically, the PUCO meets weekly to consider its decisions. The agendas are published in advance.

- ❑ Can sign up for notifications related to the agendas, daily filings and specific cases.

# Public Utilities Commission of Ohio – Other Helpful Information

- PUCO publishes **industry information** through DIS, its website, reports to General Assembly, etc.
- PUCO website includes a link to the “**Apples-to-Apples chart**” on the Energy Choice Ohio website.
- PUCO **spots issues and trends** via calls to its call center.

# Ohio Power Siting Board – Organization and Oversight

## Key Players:

- ❑ PUCO Chairman is OPSB Chairman
- ❑ Other Board members are directors of Ohio EPA, Department of Agriculture, Department of Development Services, Department of Health, ODNR and a public member
- ❑ Technical Staff
  - Executive Director
  - Section managers
  - Project Managers

## Jurisdiction:

- ❑ Siting and operation of electric generation facilities 50 MW or more
- ❑ Siting and operation of wind turbine facilities 5 MW or more
- ❑ Siting and operation of gas pipelines 9 inch o.d., over 500 feet and 125 psi
- ❑ Siting and operation of electric transmission lines more than 100 kv

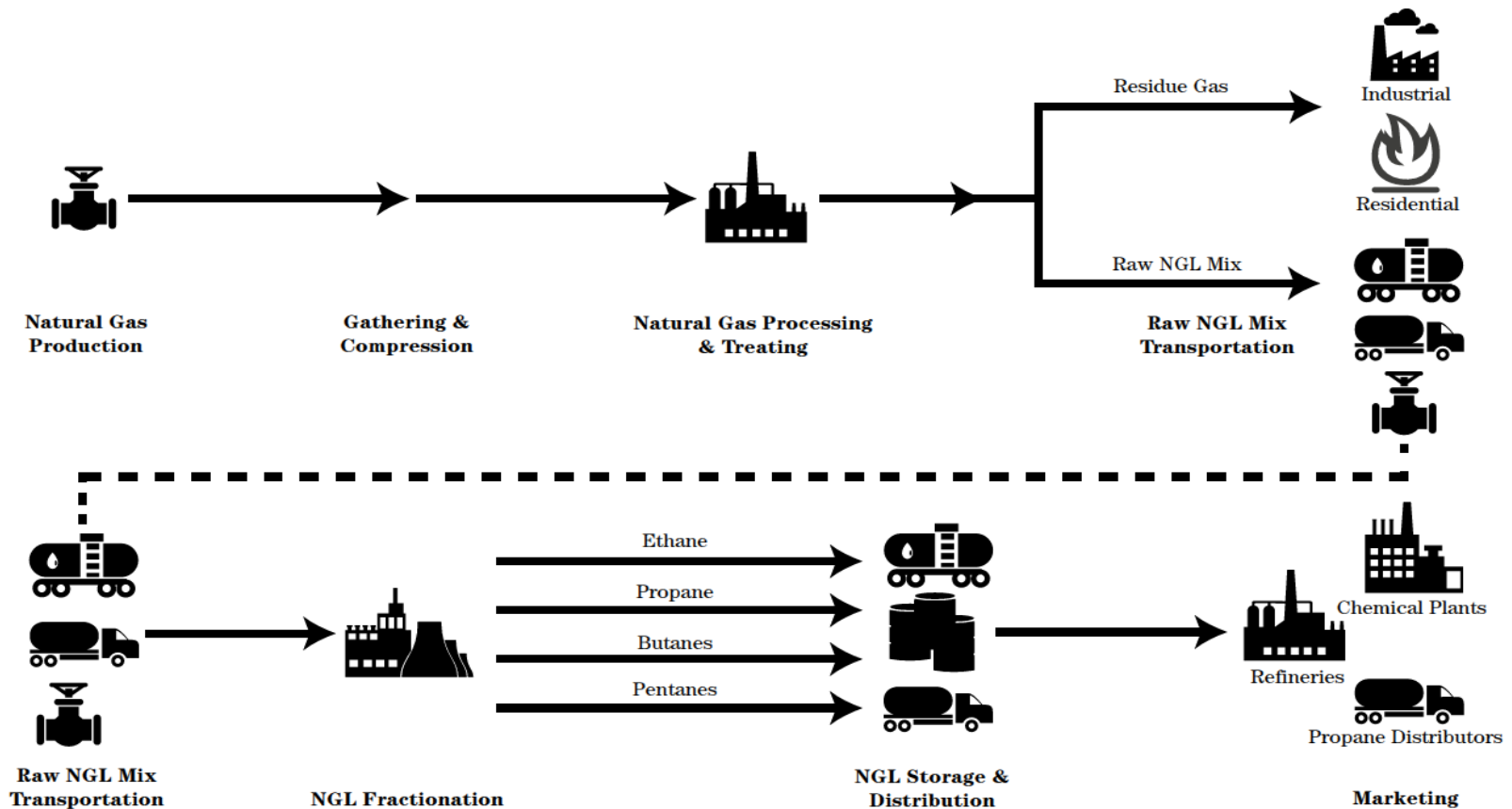
# Ohio Power Siting Board – Mission

**Our mission is to support sound energy policies that provide for the installation of energy capacity and transmission infrastructure for the benefit of the Ohio citizens, promoting the state's economic interests, and protecting the environment and land use.**

## Authority to:

- ☐ Issue certificates of environmental compatibility and public need, and also impose conditions
- ☐ Issue rules including turbine setback rules
- ☐ Investigate incidents
- ☐ Hear complaints

# Natural Gas – Delivery from Well to Plant



# Natural Gas – Utilities and Their Tariffs

PUCO regulates: 24 Ohio LDCs and 7 gas pipeline companies

Ohio Revised Code 4905.30:

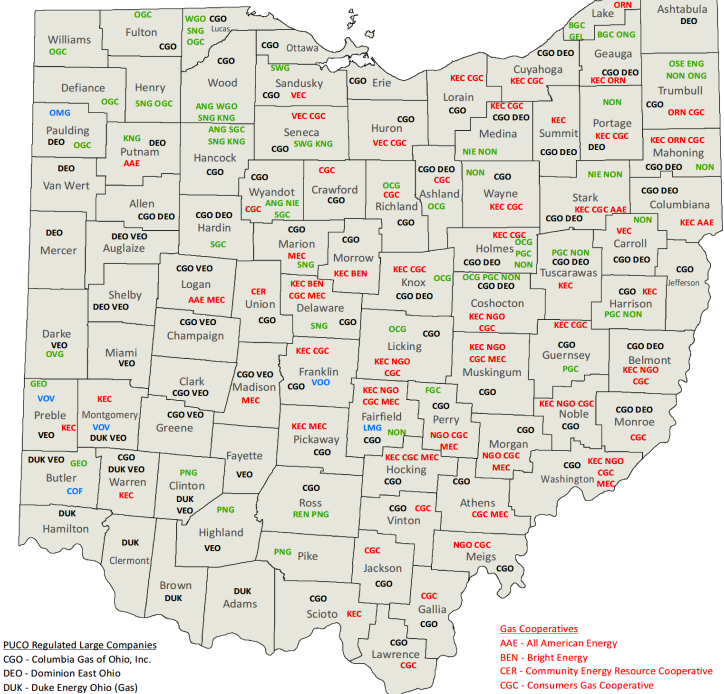
PUCO-regulated public utilities are required to have on file and act in accordance with tariffs (printed schedules)

- ☐ PUCO must preapprove rates
- ☐ PUCO must preapprove terms/conditions of service
- ☐ PUCO will audit / enforce tariff

**Ohio** Public Utilities Commission

**Natural Gas Distribution Service Providers**

As of March 15, 2017



**PUCO Regulated Large Companies**  
CGO - Columbia Gas of Ohio, Inc.  
DEO - Dominion East Ohio  
DUK - Duke Energy Ohio (Gas)  
VEO - Vectren Energy Delivery of Ohio

**PUCO Regulated Small Companies**  
ANG - Arlington Natural Gas Company  
BGC - Brainerd Gas Corporation  
ENG - Eastern Natural Gas  
FGC - Foraker Gas Company  
GEL - Granger Energy of Lake County  
GEO - Glenwood Energy of Oxford, Inc.  
KNG - KNG Energy, Inc.  
NIE - Northern Industrial Energy Development  
NNG - Northeast Ohio Natural Gas Corporation  
ONG - Ohio Cumberland Gas Company

OGC - Ohio Gas Company  
OVG - Ohio Valley Gas Corporation  
ONG - Orwell Natural Gas Company  
OSE - One Source Energy  
PGC - Piedmont Gas Company  
PNG - Pike Natural Gas Company  
REN - Ross Energy  
SGC - Sheldon Gas Company  
SNG - Suburban Natural Gas Company  
SWG - Swickard Gas Company  
WGO - Waterville Gas and Oil Company

**Gas Cooperatives**  
AAE - All American Energy  
BEN - Bright Energy  
CER - Community Energy Resource Cooperative  
CGC - Consumers Gas Cooperative  
KEC - Knox Energy Cooperative Association, Inc.  
MEC - Madison Energy Cooperative Association, Inc.  
NGO - National Gas and Oil Cooperative  
ORN - Ohio Rural Natural Gas Cooperative  
VEC - Village Energy Cooperative Association, Inc.  
**Municipal Gas Systems**  
COF - City of Hamilton  
LMG - Lancaster Municipal Gas  
OMG - Oakwood Municipal Gas  
VOO - Village of Obetz  
VOV - Village of Verona  
VOW - Village of Williamsport

Notes: Data on operations by county is from the PUCO Gas Pipeline Safety database. Map produced on March 15, 2017.

# Natural Gas – Fast Facts about the Major Ohio Local Distribution Companies

- **Vectren**: serves ~316,000 customers in a 17-county region in Ohio, with its office in Dayton, Ohio. Recently became part of the CenterPoint Energy family providing natural gas and electric services to 7 million customers in 8 states and competitive services in nearly 40 states.
- **Columbia Gas**: serves more than 1.4 million customers throughout most of Ohio (largest natural gas service provider in Ohio), headquartered in Columbus, and part of the NiSource family providing natural gas and electric services to nearly 4 million customers in 7 states.
- **Duke Energy**: serves ~529,000 customers in southwestern Ohio and (small portion) of northern Kentucky. Part of Duke Energy family providing electric and natural gas services to 9.1 million customers in six states.
- **Dominion Energy Ohio**: serves 1.2 million customers in mostly in northern Ohio through two operating areas, has its own storage and production facilities, and access to multiple intrastate pipelines. Part of the Dominion Energy family providing electric and natural gas services to 7.5 million customers in 18 states.

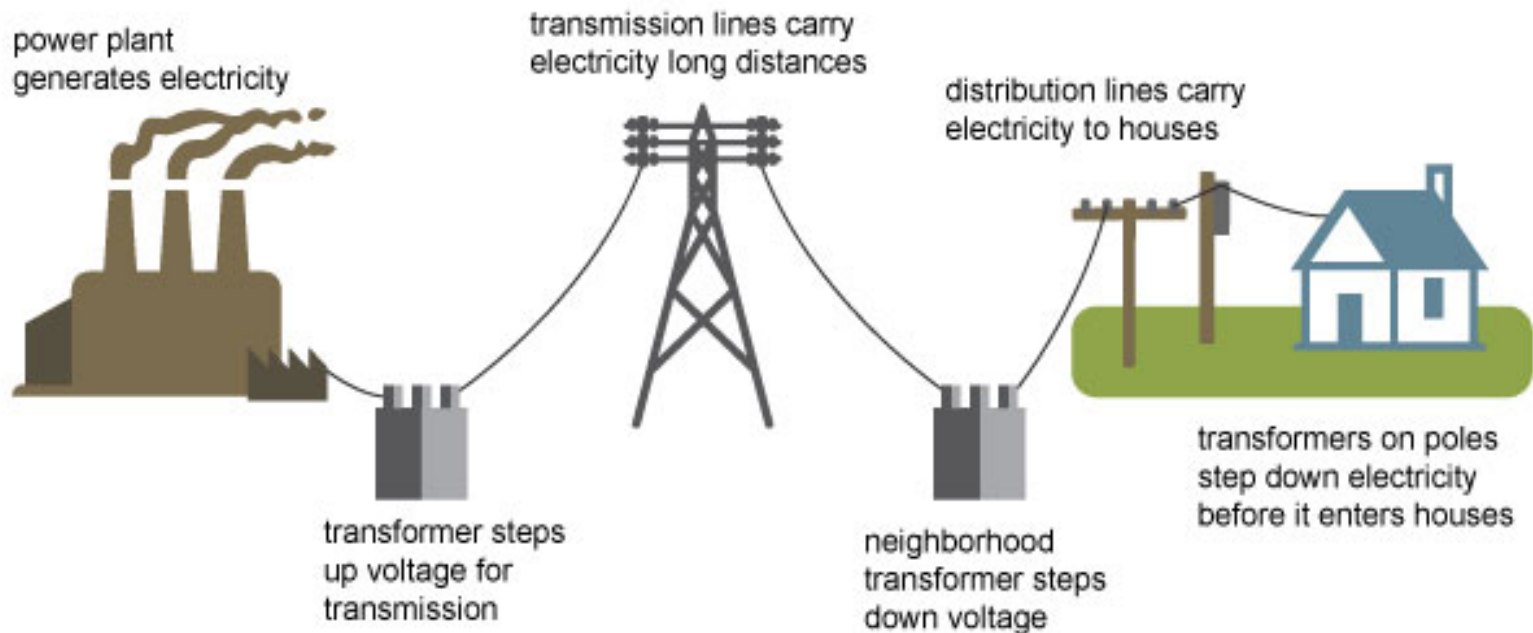


# Natural Gas – Contracting for the Natural Gas Utility's Service

- **Distribution service** is provided by the LDC, under various options depending on type of customer, usage level and facilities available.
- **Natural gas commodity** can be provided by the LDC or by a competitive supplier at the option of the customer.
- **Transportation service** is provided by the LDC, under various options depending on the type of customer and usage level.

# Electricity – Generation and Delivery to Plant

## Electricity generation, transmission, and distribution



Source: Adapted from National Energy Education Development Project (public domain)

# What is PJM

- PJM Interconnection is a regional transmission organization (RTO) that coordinates the movement of wholesale electricity in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia

# PJM

- Acting as a neutral, independent party, PJM operates a competitive wholesale electricity market and manages the high-voltage electricity grid to ensure reliability for more than 65 million people
- Regulated by the FERC and has an over 3,000 page tariff

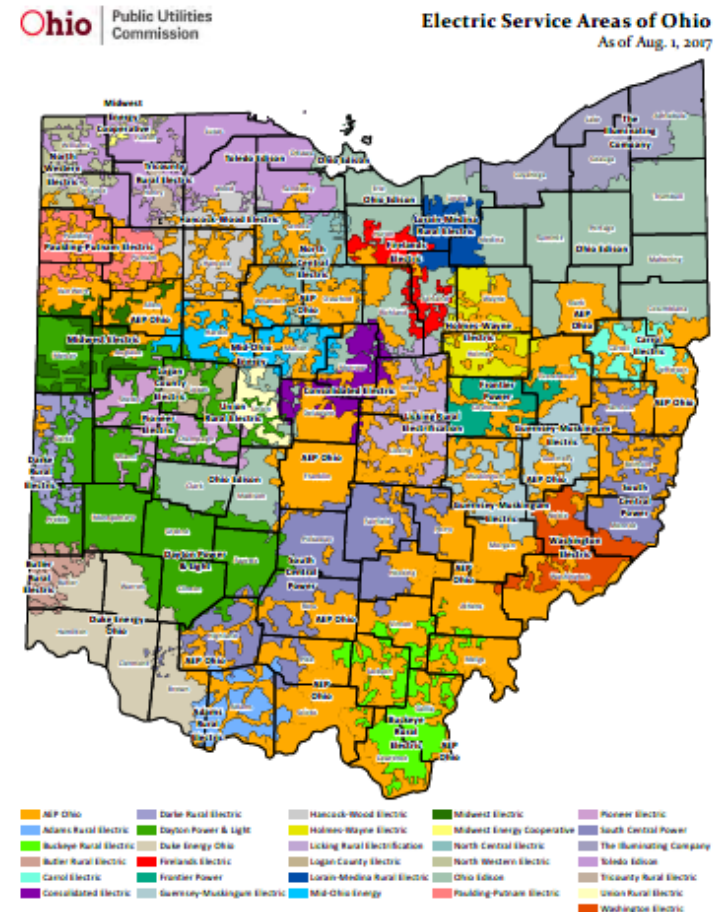
# Electricity – Utilities and Their Tariffs

- PUCO regulates only 6 Ohio EDUs
- Many rural electric cooperatives and municipal electric companies

## Ohio Revised Code 4905.30:

PUCO-regulated public utilities are required to have on file and act in accordance with tariffs (printed schedules)

- ☐ PUCO must preapprove rates
- ☐ PUCO must preapprove terms/conditions of service
- ☐ PUCO will audit / enforce tariff



Data maintained by the PUCO. Electric service areas, or certified territories, are geographic regions within which an electric distribution utility (EDU) has the obligation and exclusive right to provide electric service. EDUs do not include municipalities that maintain their own electric system.

# Electric Distribution Utilities – Fast Facts about the Major Ohio Electric Utilities

- **DP&L**: serves ~520,000 customers in 24 western Ohio counties, headquartered in Dayton, Ohio and part of the AES Corporation family of companies.
- **AEP**: serves ~1.5 million customers in 61 Ohio counties, headquartered in Gahanna and part of the American Electric Power family of companies.
- **FirstEnergy**: serves 2.1 million customers primarily in northern Ohio through three separate Ohio utilities (Ohio Edison, Toledo Edison, and Cleveland Electric Illuminating), and part of the FirstEnergy family of electric utilities serving customers in six states.
- **Duke**: serves ~850,000 customers in Ohio and Kentucky (small part), in southwestern Ohio and part of the Duke Energy family of companies serving electric and natural gas customers in six states.

# Rural Electric Cooperatives

- Rural electric cooperatives generally do not allow or provide for choice supply in deregulated states
- Your options are limited if a facility is located in a rural electric cooperative territory
  - Accept service at cooperative rates
  - Seek service territory change

# Electricity – Rural Electric Cooperatives

- 25 electric cooperatives provide electricity in Ohio.
- Ohio's electric cooperatives serve more than 380,000 homes and businesses in 77 of Ohio's 88 counties.
- Buckeye Power is the wholesale power provider to cooperatives.



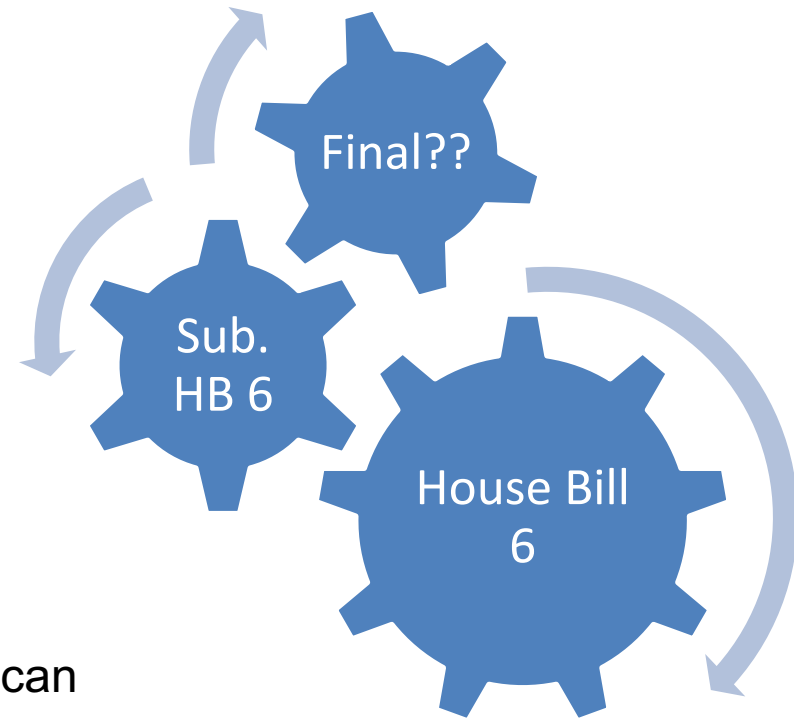
# Electricity – Contracting for the Electric Distribution Utility's Service

- **Distribution service** is provided by the EDU, under various options depending on type of customer, voltage needs of customer and facilities available.
- **Generation service** can be provided by the EDU or by a competitive supplier at the option of the customer.
- **Transmission service** generally provided by the EDU, unless the customer opted out, assuming that is an option available from the EDU.
- **Special arrangements** are permitted under regulatory framework – Ohio Revised Code 4905.31 and Ohio Admin. Code 4901:1-38.
  - Economic development purposes
  - Energy efficiency purposes

# Trends in Generation

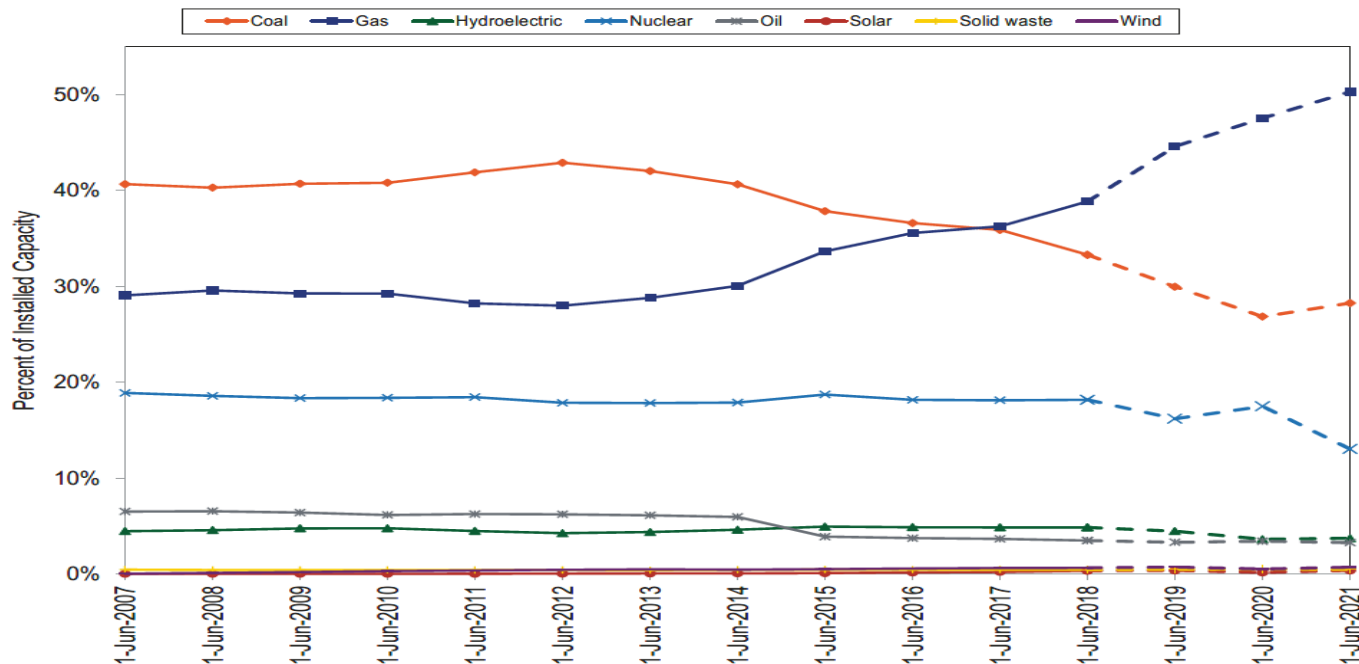
## House Bill 6

- Stated purpose = to encourage electricity produced from “clean air resources” / keep certain CO2-free plants running
- Plants that qualify may consist of nuclear, solar, wind and other zero carbon emission facilities and also can consist of “reduced emission resources.”
- Qualified plants can apply to the Ohio Air Quality Development Authority for certification and \$9 per megawatt-hour provided by the utility ratepayers (industrial = \$250 or \$2500 monthly)



# Trends in Generation

**Figure 5-1 Percent of installed capacity (By fuel source): June 1, 2007 through June 1, 2021**



Quarterly State of the Market Report for PJM by Monitoring Analytics, LLC, May 9, 2019 at page 259 available at [http://www.monitoringanalytics.com/reports/PJM\\_State\\_of\\_the\\_Market/2019/2019q1-som-pjm.pdf](http://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2019/2019q1-som-pjm.pdf)

# Renewable Energy Trends

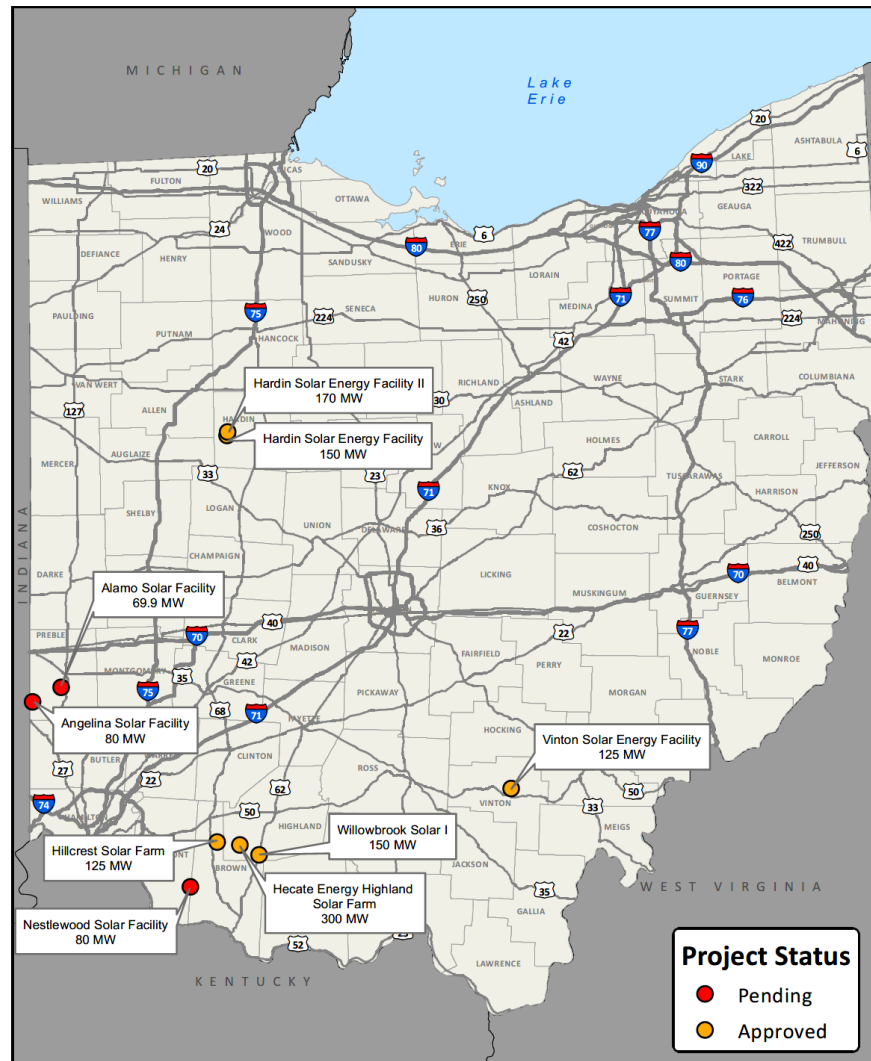
- Solar development in Ohio (commercial solar and residential solar increasing)
- Wind farm development continues to be hampered because of litigation and setback law
- Some utilities remain interested in owning and operating renewables with rate-payer guarantee (example AEP Ohio)



Power Siting  
Board

## Power Siting Solar Case Status

As of 5/17/2019



Notes: Project locations are provided by applicants. Case and construction status is determined by the case filings. The nameplate capacity shown is the maximum capacity that could be built based on the number of approved photovoltaic panels and the highest nameplate capacity of the approved panel models. Map produced on 5/17/2019.

# Solar Projects in Ohio

5/17/19

Operational Solar Facilities		Potential Solar Facilities (Approved and Pending)	
Operational Megawatts (MW):	NA	Potential Megawatts (MW):	1,324.9

Approved Solar Facilities (50 MW or greater)					
Case Number	Related Cases	Project Name	Approval Date	County	MW
<a href="#">17-0773-EL-BGN</a>	NA	Hardin <sup>1</sup>	2/15/18	Hardin	150
<a href="#">17-0774-EL-BGN</a>	NA	Vinton	9/20/18	Vinton	125
<a href="#">17-1152-EL-BGN</a>	<a href="#">18-1267-EL-BGA</a>	Hillcrest	2/15/18	Brown	200
			2/21/19		
<a href="#">18-1024-EL-BGN</a>	NA	Willowbrook I	9/17/18	Brown, Highland	150
<a href="#">18-1334-EL-BGN</a>	NA	Hecate Energy Highland	5/16/19	Highland	300
<a href="#">18-1360-EL-BGN</a>	NA	Hardin II <sup>1</sup>	5/16/19	Hardin	170
				<b>TOTALS:</b>	<b>1095</b>

<sup>1</sup> OPSB certificates merged 5/16/19

Pending Solar Facilities (50 MW or greater)				
Case Number	Project Name	Filing Date	County	MW
<a href="#">18-1546-EL-BGN</a>	Nestlewood	12/14/18	Brown, Clermont	80
<a href="#">18-1578-EL-BGN</a>	Alamo	12/10/18	Preble	69.9
<a href="#">18-1579-EL-BGN</a>	Angelina	12/3/18	Preble	80
			<b>TOTALS:</b>	<b>229.9</b>

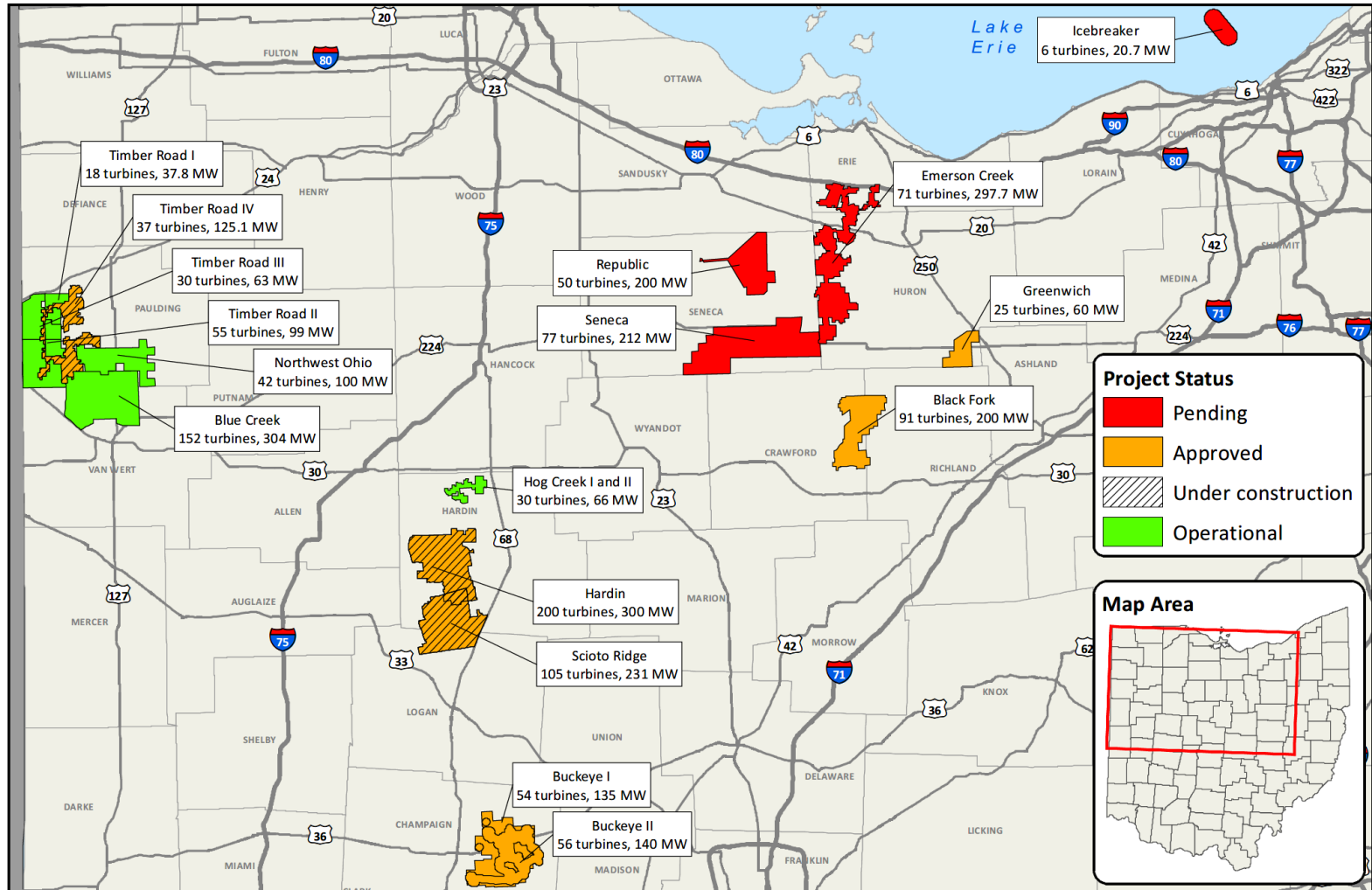
Source: Ohio Power Siting Board at <https://www.opsb.ohio.gov/information/solar-farm-map/>



Power Siting  
Board

# Power Siting Wind Case Status

As of 4/18/2019



VORYS

Higher standards make better lawyers.®