



Federal Energy Regulatory Commission
October 21, 2010
Open Commission Meeting
Staff Presentation
Item E-1

"Good morning, Chairman Wellinghoff and Commissioners.

Item E-1 involves two requests by Duke Energy Ohio and Duke Energy Kentucky. The utilities' first request is to withdraw their membership in Midwest Independent Transmission System Operator (Midwest ISO) and to join PJM Interconnection, LLC (PJM), with an anticipated effective date of January 1, 2012. As part of this request, Duke asks the Commission to approve its participation in PJM's May 2011 capacity auction for the 2014-15 capacity delivery year. Duke explains that its initial request is the first step in the RTO realignment process, and that it will make several future filings to address, among other things, its contractual obligations under the Midwest ISO Transmission Owners Agreement, including its exit fee and "hold harmless" obligations.

The draft order approves Duke's request to transfer its membership from Midwest ISO to PJM, subject to future filings and proceedings. The draft order finds that Duke has satisfied, or committed to satisfy, its contractual arrangements regarding withdrawal from Midwest ISO, but it also notes that there are a number of steps involved in proceeding with an orderly withdrawal from an RTO. The draft order rejects requests for the Commission to change how it evaluates applications to withdraw from an RTO. It notes that RTO participation is voluntary, and that the Midwest ISO TO Agreement provides a contractual right for parties to withdraw. The draft order also grants approval for Duke to participate in PJM's May 2011 capacity auction for the 2014-15 Delivery Year.

Duke's second request involves Duke's proposed Fixed Resource Requirement Integration Plan, which details Duke's proposal to meet PJM resource adequacy requirements from January 1, 2012, the date it proposes its integration into PJM to take effect, up to June 1, 2014, the date it will be able to fully participate in PJM's capacity market. The draft order accepts Duke's Fixed Resource Requirement Integration Plan, subject to a compliance filing requiring additional information about the proposal.

That concludes our presentation. Staff would be happy to answer any questions."