

Initial Comments of Duke Energy

Transaction Structure

In the presentation held in Columbus, it was stated that AEP would still receive all charges and credits associated with the load. It was further clarified that, despite delivery to a load zone, the supplier would not be receiving the associated ARRs. What is the rationale behind having a supplier deliver to a zone, but not providing the supplier with the associated ARRs? We suggest that if delivery is required to a load zone, the supplier should receive the ARRs to help offset congestion costs. Or, alternatively, AEP could consider taking delivery at AD Hub.

Delivery Point

The proposed structure states that the delivery point will be either AEP Zone or a to-be-developed AEP-Ohio Aggregate Zone. We suggest using either AD Hub for the reasons stated above, or AEP Zone as opposed to a newly developed zone. It will be more difficult to accurately price the energy at a new zone. This will cause suppliers to increase their risk adder since there will be no historic data to evaluate.