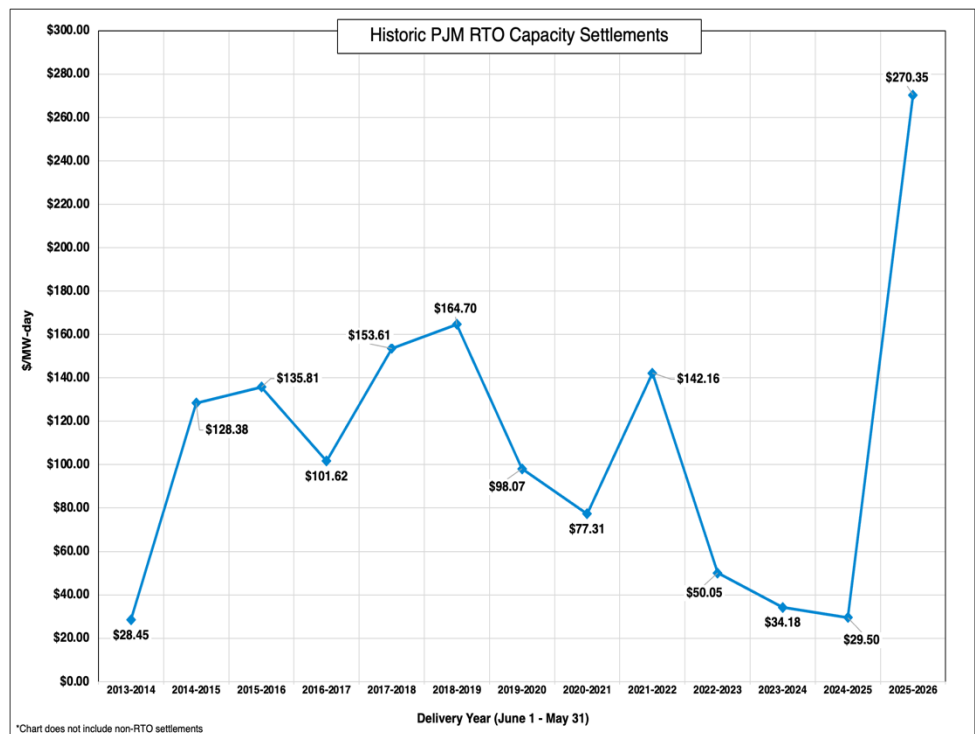


OSC Quick 3 – Capacity Brief September 2024

As you may have recently seen in the news, PJM, the Regional Transmission Organization (RTO) overseeing the electric grid in Ohio and many surrounding states, announced the generation capacity auction results for the delivery year beginning June 1, 2025. The announcement garnered wide attention due to a price jump from the current rate of \$29.50/MW-day for most Ohioans, to a rate of \$270.35/MW-day (see historic rate chart). The items below are key considerations to be aware of as outside entities may approach your organization with varying details on this impact.



-This change will not impact consumers' bills until June 1, 2025.

-The increase is unavoidable for all Ohio customers behind investor-owned utilities (AEP, AES, FirstEnergy, and Duke). Consumers in Ohio will see the impact of increased capacity costs whether they are supplied directly through their local utility or shopping for third-party power supplies.

-Capacity costs are a portion of your monthly electric bill. Your monthly invoice includes regulated charges from your local utility for distribution and transmission, accounting for approximately 50% of the monthly electric bill. The other 50% of your monthly bill is the deregulated generation charges, where capacity is a portion of these costs. The financial impact will vary based on several factors, however, it's important to remember the increase applies to one component of a portion of your overall monthly electricity bills.

-The increase in the capacity rate is the result of shifting supply and demand dynamics. The electricity demand throughout the U.S. continues to grow while the available supply has been affected by generation retirements and longer and costlier timelines to construct new generating units.

Additional information will be provided over the coming months regarding how this announcement will impact your organization and important considerations for future planning.