

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE PROCUREMENT
OF STANDARD SERVICE OFFER
GENERATION FOR CUSTOMERS OF THE
DAYTON POWER AND LIGHT COMPANY
D/B/A AES OHIO.

CASE NO. 23-923-EL-UNC

ENTRY

Entered in the Journal on March 19, 2025

I. SUMMARY

{¶ 1} The Commission grants The Dayton Power and Light Company d/b/a AES Ohio's application to clarify the competitive bid process to procure standard service offer supply, as set forth in this Entry.

II. DISCUSSION

{¶ 2} The Dayton Power and Light Company d/b/a AES Ohio (AES Ohio or the Company) qualifies as an electric utility as defined by R.C. 4928.01(A)(11) and an electric distribution utility as defined by R.C. 4928.01(A)(6).

{¶ 3} R.C. 4928.141 provides that electric utilities shall provide consumers a standard service offer (SSO) of all competitive retail electric services in accordance with R.C. 4928.142 or 4928.143. The SSO, which may either be a market rate offer in accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143, functions to make generation supply available to customers that are not receiving this supply from a competitive retail electric services provider. The SSO is sometimes referred to as default supply.

{¶ 4} On August 28, 2023, the Commission approved a stipulation establishing AES Ohio's fourth ESP (ESP IV) for the period September 1, 2023, through August 31, 2026. *In re The Dayton Power and Light Co. d/b/a AES Ohio for Approval of Its Electric Security Plan,*

Case Nos. 22-900-EL-SSO, et al. (*ESP IV Case*), Opinion and Order (Aug. 9, 2023). As part of the approved ESP IV, AES Ohio will continue to use a competitive auction-based format to supply AES Ohio's SSO load throughout the three-year term. The Company will conduct two auctions annually, consistent with the process approved by a September 21, 2022 Finding and Order issued in Case No. 17-957-EL-UNC. *ESP IV Case*, Opinion and Order (Aug. 9, 2023); Stipulation (Apr. 10, 2023); Testimony of Robert J. Lee (Sept. 27, 2022); *In re the Procurement of Std. Service Offer Generation for Customers of The Dayton Power and Light Co.*, Case No. 17-957-EL-UNC, Finding and Order (Sept. 21, 2022). Furthermore, the Company will reintroduce contract laddering, or using "a schedule of 1, 2 and 3-year term contracts with two auctions a year and a 3-year ESP" to mitigate price volatility." *ESP IV Case*, Stipulation (Apr. 10, 2023) at 4, Testimony of Robert J. Lee (Sept. 27, 2022) at 6-7.

{¶ 5} AES Ohio conducted its most recent SSO auction using the competitive bidding process (CBP) approved under ESP IV on October 15, 2024, procuring 50 tranches of a 12-month product with power flow commencing on June 1, 2025, and the results of that auction were approved by the Commission. Entry (Oct. 18, 2024).

{¶ 6} On February 6, 2025, AES Ohio filed an application seeking to clarify the CBP, as authorized in the *ESP IV Case*, to procure SSO supply. Specifically, AES Ohio seeks confirmation that the Company can maintain the benefits of staggered and laddered auction products throughout the term of ESP IV (which ends August 31, 2026) by procuring supply contracts that extend beyond August 2026. AES Ohio states that the Company believes it is in the interest of customers to procure 50 tranches of both a 12-month and a 24-month supply at its April 2025 auction, 37 tranches of both a 12-month and a 24-month supply at its October 2025 auction, and 38 tranches of both a 12-month and a 24-month supply at its April 2026 auction. To do so, however, would be to procure supplies beyond the three-year ESP term. The Company notes that the approved ESP IV does not address, nor foreclose, the procurement of contracts that extend beyond the ESP term; hence, the application.

{¶ 7} Continuing, AES Ohio explains that, without the clarification it seeks, the Company would be compelled to procure only 12-month contracts at its upcoming April 2025 auction, covering the June 2025 to May 2026 delivery year, so as to not extend beyond ESP IV. The question of how supply should be procured for the remainder of ESP IV would also remain unsettled, leading to a potential reset of all laddering and the diminishment of the hedge value of the current framework. As such, AES Ohio requests that, in the absence of a finding that the Company has the authority to proceed as intended under ESP IV, the Commission should exercise its continuing jurisdiction to make modification to the Company's CBP process to reduce price volatility. *See ESP IV Case, Opinion and Order* (Aug. 9, 2023) at ¶ 248.

{¶ 8} No memoranda contra or other responsive documents were filed.

{¶ 9} As noted by the Company, under our continuing jurisdiction, the Commission may review and modify any feature of the SSO auction process in order to reduce price volatility and ensure consistency. *ESP IV Case, Opinion and Order* (Aug. 9, 2023) at ¶ 248. *See also In re the Proposed Modifications to the Electric Distribution Utilities' Standard Service Offer Procurement Auctions, Case No. 23-781-EL-UNC, Finding and Order* (Dec. 13, 2023) at ¶ 35. Here, the Commission finds that AES Ohio has presented a reasonable auction schedule that utilizes laddering to reduce the price effects of any one auction by combining auction results for any given delivery period. Further, the proposed schedule does not contravene any term or condition of ESP IV. As such, the Commission authorizes the Company to conduct the next three SSO procurement auctions as set forth in the application. This authorization, however, is not intended to – nor should it be construed under any circumstances to – extend ESP IV beyond its scheduled termination date of August 31, 2026. Finally, the Commission retains its continuing jurisdiction to make additional modifications to the CBP.

III. ORDER

{¶ 10} It is, therefore,

{¶ 11} ORDERED, That the Commission grants AES Ohio's application to clarify the competitive bid process, as stated in Paragraph 10. It is, further,

{¶ 12} ORDERED, That nothing in this Entry should be construed to extend the term of ESP IV beyond August 31, 2026. It is, further,

{¶ 13} ORDERED, That a copy of this Entry be served upon all parties of record.

COMMISSIONERS:

Approving:

Jenifer French, Chair
Daniel R. Conway
Lawrence K. Friedeman
Dennis P. Deters
John D. Williams

PAS/dr

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in

Case No(s). 23-0923-EL-UNC

Summary: Entry that the Commission grants The Dayton Power and Light Company d/b/a AES Ohio's application to clarify the competitive bid process to procure standard service offer supply, as set forth in this Entry. electronically filed by Ms. Mary E. Fischer on behalf of Public Utilities Commission of Ohio.