

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE PROCUREMENT
OF STANDARD SERVICE OFFER
GENERATION FOR CUSTOMERS OF
DAYTON POWER & LIGHT COMPANY.

CASE NO. 17-957-EL-UNC

FINDING AND ORDER

Entered in the Journal on March 11, 2020

I. SUMMARY

{¶ 1} The Commission accepts the results of Dayton Power & Light Company's auction and authorizes Dayton Power & Light Company to file final tariffs implementing the rates for standard service offer customers.

II. DISCUSSION

{¶ 2} Dayton Power & Light Company (DP&L) is an electric utility as defined by R.C. 4928.01.

{¶ 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 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.

{¶ 4} On October 20, 2017, the Commission modified and approved an amended stipulation establishing DP&L's third ESP (ESP III). *In re Dayton Power & Light Co.*, Case No. 16-395-EL-SSO (*ESP III Case*), Opinion and Order (Oct. 20, 2017). ESP III included a competitive auction-based format for supply of DP&L's SSO load for the period between November 1, 2017, and October 31, 2023, a format that the Commission had previously accepted in DP&L's original ESP (ESP I). As part of the competitive bid process (CBP) outlined in ESP III, DP&L was expected to conduct an auction in March 2020 for 50 percent of the SSO load starting January 1, 2020, and ending May 31, 2023.

{¶ 5} Following protracted litigation, which included several rounds of rehearing and a second evidentiary hearing compelled by an intervenor’s withdrawal from the amended stipulation establishing ESP III, the Commission issued a Supplemental Opinion and Order further modifying and approving ESP to eliminate DP&L’s distribution modernization rider. *ESP III Case*, Supplemental Opinion and Order (Nov. 21, 2019). Consequently, on November 26, 2019, DP&L filed a notice of withdrawal of its application for ESP III pursuant to R.C. 4928.143(C)(2)(a) and signaled its intent to implement its most recent SSO – ESP I – pursuant to R.C. 4928.143(C)(2)(b) by filing proposed revised tariffs in Case No. 08-1094-EL-SSO. *ESP III Case*, Notice of Withdrawal (Nov. 26, 2019); *In re The Dayton Power and Light Co.*, Case No. 08-1094-EL-SSO, et al. (*ESP I Case*), Proposed Revised Tariffs (Nov. 26, 2019).

{¶ 6} On December 18, 2019, in addition to approving DP&L’s withdrawal of its ESP application and terminating ESP III,¹ the Commission issued a Second Finding and Order approving, with modifications, DP&L’s proposed revised tariffs in the *ESP I Case*. *ESP I Case*, Second Finding and Order (Dec. 18, 2019). Therein, the Commission noted that, in order to maintain the integrity of competitive wholesale and retail markets in the state, ESP I included and continued to embrace the CBP process for procuring SSO generation. *ESP I Case*, Second Finding and Order (Dec. 18, 2019) at ¶ 28. The Commission further directed “DP&L to continue to request appropriate CBP auction schedules as necessary to continue to serve SSO customers until DP&L’s next SSO is approved.” *Id.*

{¶ 7} Meanwhile, on July 25, 2019, the Federal Energy Regulatory Commission (FERC) issued an order directing PJM Interconnection, LLC (PJM) to not conduct its base residual auction (BRA) for the prospective 2022-2023 delivery year, which had been scheduled to occur in August 2019. *Order on Motion for Supplemental Clarification*, Case No. EL16-49-00, at ¶ 2 (July 25, 2019). And, on December 19, 2019, FERC further ordered that PJM provide revised dates and timelines for the 2019 BRA and related incremental auctions,

¹ *ESP III Case*, Finding and Order (Dec. 18, 2019).

as well as revised schedule for the May 2020 BRA as necessary. *Order Establishing Just and Reasonable Rate*, Case No. EL16-49-000, at ¶ 4 (Dec. 19, 2019).

{¶ 8} In response to these FERC orders, DP&L filed an application requesting a modification to its CBP auction schedule on February 7, 2020. Citing to uncertainty regarding the PJM capacity rate for the 2022-2023 delivery year, DP&L sought to eliminate the 36-month product and offer only the 12- and 24-month products in its March auction.

{¶ 9} On February 14, 2020, the Commission granted the application and modified DP&L's March 2020 SSO auction. Specifically, the Commission directed DP&L to eliminate the 36-month product and offer only the 12- and 24-month product covering the period ending May 31, 2022. Thereafter, the remaining product (for the period of June 1, 2022, to May 31, 2023) would be adjusted appropriately once a final PJM rate is established.

{¶ 10} Under applicable competitive bidding rules, DP&L's CBP is to be conducted by an independent bid manager, CRA International, Inc. (CRA). Although CRA is to select the winning bidder(s), the Commission may reject the results within 48 hours of the auction conclusion.

{¶ 11} Pursuant to the February 14, 2020 Entry, a CBP auction was held on March 9, 2020. The auction used a multi-product, descending-clock format that consisted of 15 rounds. On March 10, 2020, CRA and Bates White Economic Consulting (Bates White), a consultant retained by the Commission to monitor the CBP auction, filed reports regarding the auction. These reports consisted of confidential versions, filed under seal, and a redacted version of the report filed by CRA, which is publicly available in this docket.

{¶ 12} According to the reports filed by Bates White and CRA, the auction procured a total of 50 tranches spread over two products, with terms of 12- and 24-months, both of which commence June 1, 2020. For the one-year product, the auction resulted in a clearing price of \$36.96 per MWh for the June 1, 2020 - May 31, 2021 delivery period. For the two-year product, the auction resulted in a clearing price of \$40.56 per MWh for the delivery

period of June 1, 2020, to May 31, 2022. CRA and Bates White each recommended that the Commission find that the CBP auction, within the limits of its structures, had sufficient competitive attributes and resulted in winning prices that are reasonable.

{¶ 13} The Commission finds that the reports filed by CRA and Bates White do not contain any recommendation or evidence that the auction violated the CBP rules in such a manner as to invalidate the auction. Accordingly, the Commission accepts the results of the CBP auction.

{¶ 14} On March 10, 2020, Staff filed a motion for protective order pursuant to Ohio Adm.Code 4901-1-24. The motion requests that both the report of the Commission's consultant regarding DP&L's auction and the notification of the auction results filed on March 10, 2020, be kept confidential. In support of the motion, Staff states that the documents are highly competitively sensitive because they identify details of various bids and parties making the bids in the auction. Staff submits that disclosure of this information would be highly prejudicial to the bidding parties and the viability of any future auction in Ohio.

{¶ 15} Ohio Adm.Code 4901-1-24 provides that, unless otherwise ordered, protective orders issued pursuant to the rule automatically expire after 24 months. However, given the highly competitive nature of the reports filed by CRA and Bates White, the Commission finds that sensitive information contained therein should be deemed confidential and remain under seal indefinitely, or until otherwise ordered by the Commission. Accordingly, we find that Staff's March 10, 2020 motion for protective order is reasonable and should be granted to the extent stated in this Finding and Order. Unless and until the Commission orders otherwise, the Bates White report and the following information related to the CRA report will be protected from public release: the names of unsuccessful bidders; price information, including starting price methodologies and round prices/quantities for individual bidders; all information contained in Part I and Part II bidder applications; and indicative pre-auction offers.

{¶ 16} However, the Commission also finds that certain information regarding the auction contained in the reports submitted by CRA should be released to the public after a brief time to allow the winning bidders to procure any additional necessary energy or capacity to serve the SSO load. Therefore, unless otherwise ordered by the Commission, the following information will be subject to public release 21 days after the issuance of this Finding and Order: the names of bidders who won tranches in the auction; the number of tranches won by each bidder; the first round ratio of tranches supplied compared to tranches needed; and the redacted report filed by CRA detailing the CBP auction proceedings, subject only to the redaction of any confidential information enumerated in Paragraph 15. The Commission's docketing division is directed to work with Staff to assure the appropriate public release of information.

{¶ 17} Finally, all bidders are required to immediately disclose to the Commission and Staff all prices, terms, and conditions for any post-auction assignments of the tranches obtained through the CBP auction, subject to any appropriate protections for confidential or proprietary information.

{¶ 18} Accordingly, the Commission accepts the results of the auction conducted March 9, 2020, and finds that DP&L should be authorized to file final tariffs implementing the rates for SSO customers consistent with this Finding and Order. The final tariffs shall be approved effective June 1, 2020, contingent upon final review by the Commission.

III. ORDER

{¶ 19} It is, therefore,

{¶ 20} ORDERED, That the information set forth in Paragraph 15 be deemed confidential and remain under seal indefinitely. It is, further,

{¶ 21} ORDERED, That, unless otherwise ordered by the Commission, the information set forth in Paragraph 16 be subject to public release 21 days after the issuance of this Finding and Order. It is, further,

{¶ 22} ORDERED, That DP&L is authorized to file tariffs, in final form, consistent with this Finding and Order. DP&L shall file one copy in this case docket and one copy in its TRF docket. It is, further,

{¶ 23} ORDERED, That DP&L notify its customers of the changes to the tariff via bill message or bill insert within 30 days of the effective date. A copy of this notice shall be submitted to the Commission's Service Monitoring and Enforcement Department at least 10 days prior to distribution to customers. It is, further,

{¶ 24} ORDERED, That a copy of this Finding and Order be served on all interested persons and parties of record.

COMMISSIONERS:

Approving:

Sam Randazzo, Chairman
M. Beth Trombold
Lawrence K. Friedeman
Daniel R. Conway
Dennis P. Deters

PAS/hac

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