

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Dayton)	
Power and Light Company to Transfer or)	Case No. 13-2420-EL-UNC
Sell its Generation Assets.)	
)	

**INITIAL COMMENTS OF DIRECT ENERGY SERVICES, LLC
AND DIRECT ENERGY BUSINESS, LLC (“DIRECT ENERGY”)**

On December 30, 2013, The Dayton Power and Light Company (“DP&L”) filed an Application for authority to transfer or sell its generation assets. Direct Energy Services, LLC and Direct Energy Business, LLC (“Direct Energy”) submitted Initial Comments in this proceeding. Subsequently DP&L filed its Supplemental Application of the Dayton Power & Light Company to Transfer or Sell its Generation Assets on February 25, 2014. The Attorney Examiner set a procedural schedule with a March 25, 2014 deadline for the filing of comments/objections to the supplemental application. Direct Energy respectfully submits these Initial Comments on DP&L’s Supplemental Application.

DP&L owns 4.9% of Ohio Valley Electric Corporation (“OVEC”) but was ordered to fully divest its generation assets.¹ Unfortunately, other OVEC Sponsoring Companies have been unable to obtain the necessary consents from other OVEC members to transfer ownership interests. For this reason, DP&L asks to be permitted to retain its interest in OVEC.² As such, Direct Energy respectfully requests the Public Utilities Commission of Ohio (“Commission”) to treat all OVEC Sponsoring Companies similarly regarding their ownership interests in OVEC.

The Ohio Power Company (“AEP-Ohio”), in its most recent Separation Plan, had requested to retain its partial ownership of OVEC, claiming it could not obtain approval from the

¹ Supplemental Application at 5.

² *Id.* at 6.

other joint owners of OVEC to permit transfer of its ownership portion to AEP Generation Resources, Inc. (“GenCo”).³ In that case, the Commission required AEP-Ohio to ensure that the power (capacity, energy, and ancillary service components) from the OVEC assets are sold into the PJM Interconnection, LLC (“PJM”) market. Moreover, AEP-Ohio is not allowed to deviate from the OVEC power into PJM without explicit Commission approval.

DP&L assumes in its’ Supplemental Application that it will be treated similarly to other OVEC Sponsoring Companies from OVEC members. As such, DP&L should assume that the Commission will also treat it similarly to other OVEC Sponsoring Companies. Therefore, Direct Energy recommends that the Commission impose the same requirements on DP&L as it recently did to AEP-Ohio. By doing so the competitive market would receive assurances the OVEC power will be sold at a market price and that in light of a full divestiture, the essential elements of a full divestiture would still be achieved.

It is important that customers taking generation from a CRES provider are not subject to costs/credits for OVEC. The existing DP&L electric security plan was approved based on the assumption that all generation would be sold or divested. For DP&L to not only keep their portion of OVEC but to attempt to pass any costs/credits through to customers would throw off the assumptions used to determine whether the ESP was more favorable in the aggregate than the expected market rate offer.

³ *In the Matter of the Application of Ohio Power Company for Approval of an Amendment to Its Corporate Separation Plan*, Case No. 12-1126-EL-UNC, Application at 2-5 (October 4, 2013).

Respectfully Submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing Initial Comments of Direct Energy Services, LLC and Direct Energy Business, LLC was served this 25th day of March, 2014 by electronic mail delivery upon the persons listed below.

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Summary: Comments (Initial) electronically filed by JOSEPH CLARK on behalf of Direct Energy Services, LLC and Direct Energy Business, LLC