

# NERA

Economic Consulting

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*DELIVERED BY EMAIL*

May 20, 2015

Ray Strom  
Public Utilities Commission of Ohio  
Rates & Analysis Department  
Siting, Efficiency & Renewables Division

Tamara S. Turkenton  
Public Utilities Commission of Ohio  
Rates & Analysis Department  
Regulatory Services Division

**Re: Update to Redactions**

Dear Mr. Strom and Ms. Turkenton:

Pursuant to the requirements of paragraph 9 of the April 29, 2015 Finding and Order of the Public Utilities Commission of Ohio (“PUCO” or “Commission”), please find attached to this letter a redacted version of the report from NERA Economic Consulting (“NERA”), the Auction Manager under AEP Ohio’s Competitive Bidding Process (“CBP”). This report was submitted on April 28, 2015 following the conclusion of the auction to procure full requirements supply for 50% of the energy and capacity requirements of AEP Ohio’s Standard Service Offer (“SSO”) customers using supply periods of twelve months, twenty-four months, and thirty-six months.

Other than an update to the redactions pursuant to paragraph 9 of the Finding and Order cited above, the attached report is the same as the report sent to you on April 28, 2015.

Sincerely yours,



Chantale LaCasse,  
Senior Vice President, NERA

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cc: Andre Porter, Chairman, Public Utilities Commission of Ohio  
Thomas Johnson, Commissioner, Public Utilities Commission of Ohio  
Lynn Slaby, Commissioner, Public Utilities Commission of Ohio  
M. Beth Trombold, Commissioner, Public Utilities Commission of Ohio  
Asim Z. Haque, Commissioner, Public Utilities Commission of Ohio

Jason Rafeld, Public Utilities Commission of Ohio  
Greg Price, Public Utilities Commission of Ohio

Frank Mossburg, Boston Pacific Company

Michael McCulty, AEP Ohio  
David Weiss, AEP Ohio  
Steven T. Nourse, AEP Ohio

April 28, 2015  
Final Report (Redacted Version)

# **Final Report of the Auction Manager**

## **AEP Ohio CBP**

**April 28, 2015**

**(Redacted Version)**

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**Table 1. Summary of Auction Results**

	Delivery Period			Total
	June 1, 2015 to May 31, 2016	June 1, 2015 to May 31, 2017	June 1, 2015 to May 31, 2018	
Number of Registered Bidders				13
Total initial eligibility of Registered Bidders (# of tranches)				
Total initial eligibility divided by tranche target				
Number of bidders that submitted bids in round 1				
Number of tranches bid in round 1	91	64	43	198
Number of tranches bid in round 1 divided by tranche target/volume	5.35	3.76	2.69	3.96
Number of tranches to procure in auction (tranche target/volume)	17	17	16	50
Number of tranches procured in auction	17	17	16	50
Number of rounds in the auction				18
Number of winning bidders	5	7	5	9
Starting price range (\$/MWh)	70.00 - 95.00	70.00 - 95.00	70.00 - 95.00	
Starting price (\$/MWh)				
Clearing price (\$/MWh)	53.79	53.51	55.58	

**Table 2. Winning Bidders, Tranches Won, and Clearing Prices**

	Delivery Period			Total
	June 1, 2015 to May 31, 2016	June 1, 2015 to May 31, 2017	June 1, 2015 to May 31, 2018	
<b>Clearing Price (\$/MWh)</b>	53.79	53.51	55.58	
<b>Winning Bidder</b>	<b>Tranches Won</b>	<b>Tranches Won</b>	<b>Tranches Won</b>	
AEP Energy Partners, Inc.	1	2	4	7
American Electric Power Service Corporation as agent for Appalachian Power Company, Indiana Michigan Power Company and Kentucky Power Company	4	-	-	4
BP Energy Company	-	4	3	7
ConocoPhillips Company	3	-	-	3
DTE Energy Trading, Inc.	6	3	1	10
Exelon Generation Company, LLC	-	2	4	6
FirstEnergy Solutions Corp.	-	1	4	5
The Dayton Power and Light Company	3	3	-	6
TransCanada Power Marketing Ltd.	-	2	-	2
<b>Total</b>	<b>17</b>	<b>17</b>	<b>16</b>	<b>50</b>

**Table 3. Auction Manager’s Assessment of the Conduct of the Auction**

#	Question	Answer
1	Were the competitive bidding rules violated?	No.
2	Does the Auction Manager believe the auction was open, fair, transparent, and competitive?	Yes.
3	Did bidders have sufficient information to prepare for the auction?	Yes. Bidders received information from the competitive bidding process documents, the CBP Website, FAQs posted to the CBP Website, and a bidder webcast.
4	Was the information generally provided to bidders in accordance with the published timetable? Was the timetable updated appropriately as needed?	Yes. No updates to the timetable were needed.
5	Were there any issues and questions left unresolved prior to the auction that created material uncertainty for bidders?	We do not believe that there were any unresolved issues or questions that created material uncertainty for bidders.
6	Were there any procedural problems or errors with the auction, including the electronic bidding process, the backup bidding process, and communications between bidders and the Auction Manager?	No.
7	Were protocols for communication between bidders and the Auction Manager adhered to?	Yes.

#	Question	Answer
8	Were there any hardware or software problems or errors, either with the auction system or with its associated communications systems?	No.
9	Were there any unanticipated delays during the auction?	No.
10	Did unanticipated delays appear to adversely affect bidding in the auction?	No.
11	Were appropriate data backup procedures planned and carried out?	Yes. The database was saved in two locations each round.
12	Were any security breaches observed with the auction process?	No security breaches were observed.
13	Were protocols for communications followed by AEP Ohio, the Auction Manager, the PUCO, and the PUCO's consultant during the auction?	Yes.
14	Were the protocols followed for decisions regarding changes in auction parameters (e.g., volume adjustments and price decrements)?	Yes. There were no volume adjustments. The decrements were set according to the information provided to bidders.
15	Were the calculations (e.g., for price decrements or bidder eligibility) produced by the auction software double-checked or reproduced off-line by the Auction Manager?	Yes.
16	Was there evidence of confusion or misunderstanding on the part of bidders that delayed or impaired the auction?	No. There was no such evidence.

#	Question	Answer
17	Were the communications between the Auction Manager and bidders timely and effective?	Yes. The Auction Manager provided information on the schedule and reminders through the messaging function of the auction system.
18	Was there evidence that bidders felt unduly rushed during the process?	No.
19	Was there any evidence of collusion or improper coordination among bidders?	No.
20	Was there any evidence of anti-competitive behavior in the auction?	No.
21	Was information made public appropriately? Was confidential and sensitive information treated appropriately?	Yes.
22	Were there factors exogenous to the auction (e.g., changes in market environment) that materially affected the auction in unanticipated ways?	No, we are not aware of any factors exogenous to the auction that materially affected the auction in unanticipated ways.

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ECONOMIC CONSULTING

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**5/20/2015 11:50:22 AM**

**in**

**Case No(s). 15-0792-EL-UNC**

Summary: Report - Updated Redacted Version - Final Report of the Auction Manager, AEP Ohio CBP, April 28, 2015 electronically filed by Raymond W. Strom on behalf of PUCO Staff