

# NERA

ECONOMIC CONSULTING

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*DELIVERED BY EMAIL*

November 3, 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

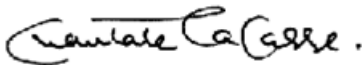
**Re: Notification of Auction Results under AEP Ohio's CBP**

Dear Mr. Strom and Ms. Turkenton:

Please find attached to this letter the redacted version of the report that NERA Economic Consulting, as Auction Manager under AEP Ohio's Competitive Bidding Process ("CBP"), prepared at the conclusion of the November 2015 Auction under ESP III. This auction procured full requirements supply for 17% of the energy and capacity requirements of AEP Ohio's Standard Service Offer ("SSO") customers for a supply period of twenty-four months.

Please let us know whether you require any additional information.

Sincerely yours,



Chantale LaCasse,  
Senior Vice President, NERA

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

# **Final Report of the Auction Manager**

## **AEP Ohio CBP**

**November 3, 2015**

**(Redacted Version)**

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**Table 1. Summary of Auction Results**

	<b>Delivery Period</b> <b>June 1, 2016 to</b> <b>May 31, 2018</b>
Number of Registered Bidders	14
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	
Number of tranches bid in round 1 divided by tranche target	
Number of tranches to procure in auction (tranche target)	17
Number of tranches procured in auction	17
Number of rounds in the auction	13
Number of winning bidders	6
Starting price range (\$/MWh)	70.00 - 95.00
Starting price (\$/MWh)	
Clearing price (\$/MWh)	48.29

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

	<b>Delivery Period</b>
	<b>June 1, 2016 to May 31, 2018</b>
<b>Clearing Price (\$/MWh)</b>	<b>48.29</b>
<b>Winning Bidder</b>	<b>Tranches Won</b>
<b>Total</b>	<b>17</b>

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

#	Question	Answer
1	Were the competitive bidding rules violated?	
2	Does the Auction Manager believe the auction was open, fair, transparent, and competitive?	
3	Did bidders have sufficient information to prepare for the auction?	
4	Was the information generally provided to bidders in accordance with the published timetable? Was the timetable updated appropriately as needed?	
5	Were there any issues and questions left unresolved prior to the auction 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?	
7	Were protocols for communication between bidders and the Auction Manager adhered to?	
8	Were there any hardware or software problems or errors, either with the auction system or with its associated communications systems?	
9	Were there any unanticipated delays during the auction?	

#	Question	Answer
10	Did unanticipated delays appear to adversely affect bidding in the auction?	
11	Were appropriate data backup procedures planned and carried out?	
12	Were any security breaches observed with the auction process?	
13	Were protocols for communications followed by AEP Ohio, the Auction Manager, the PUCO, and the PUCO's consultant during the auction?	
14	Were the protocols followed for decisions regarding changes in auction parameters (e.g., volume adjustments and price decrements)?	
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?	
16	Was there evidence of confusion or misunderstanding on the part of bidders that delayed or impaired the auction?	
17	Were the communications between the Auction Manager and bidders timely and effective?	
18	Was there evidence that bidders felt unduly rushed during the process?	

#	Question	Answer
19	Was there any evidence of collusion or improper coordination among bidders?	
20	Was there any evidence of anti-competitive behavior in the auction?	
21	Was information made public appropriately? Was confidential and sensitive information treated appropriately?	
22	Were there factors exogenous to the auction (e.g., changes in market environment) that materially affected the auction in unanticipated ways?	



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

**Commission of Ohio Docketing Information System on**

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**in**

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

Summary: Report - Redacted Version - Final Report of the Auction Manager, AEP Ohio CBP,  
November 3, 2015 electronically filed by Raymond W. Strom on behalf of PUCO Staff