

DELIVERED BY EMAIL

December 20, 2017

Tim Benedict
Public Utilities Commission of Ohio
The Office of the Federal Energy Advocate

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

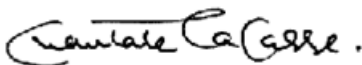
Re: Update to Redactions

Dear Mr. Benedict and Ms. Turkenton:

Pursuant to the requirements of paragraph 13 of the November 29, 2017 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 that NERA Economic Consulting (“NERA”), as Auction Manager under AEP Ohio’s Competitive Bidding Process (“CBP”), prepared at the conclusion of the November 2017 Auction. This report was submitted on November 28, 2017 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 for supply periods of twelve months, twenty-four months, and thirty-six months.

Other than an update to the redactions pursuant to paragraph 13 of the Finding and Order cited above, the attached report is the same as the report sent to you on November 28, 2017.

Sincerely yours,



Chantale LaCasse,
Managing Director, NERA Economic Consulting

Page 2

cc:

Asim Z. Haque, Chairman, Public Utilities Commission of Ohio
Daniel R. Conway, Commissioner, Public Utilities Commission of Ohio
M. Beth Trombold, Commissioner, Public Utilities Commission of Ohio
Thomas W. Johnson, Commissioner, Public Utilities Commission of Ohio
Lawrence K. Friedeman, Commissioner, Public Utilities Commission of Ohio

M. Howard Petricoff, Public Utilities Commission of Ohio
Greg Price, Public Utilities Commission of Ohio

Frank Mossburg, Bates White, LLC

Michael McCulty, AEP Ohio
Andrea Moore, AEP Ohio
Steven T. Nourse, AEP Ohio

Final Report of the Auction Manager

AEP Ohio CBP

November 28, 2017

(Redacted Version)

NERA
ECONOMIC CONSULTING

Table 1. Summary of Auction Results

	Delivery Period			Total
	June 1, 2018 to May 31, 2019	June 1, 2018 to May 31, 2020	June 1, 2018 to May 31, 2021	
Number of Registered Bidders				12
Total initial eligibility of Registered Bidders (# of tranches)				
Total initial eligibility divided by volume				
Number of bidders that submitted bids in round 1				
Number of tranches bid in round 1	78	48	43	169
Number of tranches bid in round 1 divided by tranche target	4.59	2.82	2.69	3.38
Number of tranches to procure in auction (tranche targets)	17	17	16	50
Number of tranches procured in auction	17	17	16	50
Number of rounds in the auction				16
Number of winning bidders	7	5	5	7
Starting price range (\$/MWh)	65.00 - 85.00			
Starting price (\$/MWh)				
Clearing price (\$/MWh)	52.39	49.32	47.27	

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

	Delivery Period			Total
	June 1, 2018 to May 31, 2019	June 1, 2018 to May 31, 2020	June 1, 2018 to May 31, 2021	
Clearing Price (\$/MWh)	52.39	49.32	47.27	
Winning Bidder	Tranches Won			
AEP Energy Partners, Inc.	3	3	4	10
BP Energy Company	4	4	2	10
DTE Energy Trading, Inc.	2	–	–	2
Exelon Generation Company, LLC	4	7	5	16
FirstEnergy Solutions Corp.	1	1	3	5
NextEra Energy Marketing, LLC	2	–	–	2
Vitol Inc.	1	2	2	5
Total	17	17	16	50

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?	No.
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.
8	Were there any hardware or software problems or errors, either with the auction system or with its associated communications systems?	No.

#	Question	Answer
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 or changes to the 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?	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.

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). 17-2391-EL-UNC

Summary: Report - Updated Redacted Version - Final Report of the Auction Manager, AEP
Ohio CBP, November 28, 2017 electronically filed by Raymond W. Strom on behalf of PUCO
Staff