

NERA

Economic Consulting

Chantale LaCasse

Senior Vice President

National Economic Research Associates, Inc.
1255 23rd Street NW, Suite 600
Washington, DC 20037
Office: 202-466-9218, Fax: 202-466-3605
Mobile: +1 919 699 1230
Chantale.LaCasse@nera.com
www.nera.com

DELIVERED BY EMAIL

December 11, 2014

Ray Strom
Public Utilities Commission of Ohio
Energy & Environment Department
Efficiency & Renewables Division

Tamara S. Turkenton
Public Utilities Commission of Ohio
Chief of Accounting and Electricity Division, Utilities Department

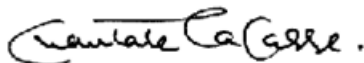
Re: Update to Redactions

Dear Mr. Strom and Ms. Turkenton:

Pursuant to the requirements of paragraph 10 of the November 20, 2014 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 November 18, 2014 following the conclusion of the auction to procure a load-following energy-only product for 40% of the energy requirements of AEP Ohio’s Standard Service Offer (“SSO”) customers.

Other than an update to the redactions pursuant to paragraph 10 of the Finding and Order cited above, the attached report is the same as the report sent to you on November 18, 2014.

Sincerely yours,



Chantale LaCasse,
Senior Vice President, NERA

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cc:

Thomas Johnson, Chairman, Public Utilities Commission of Ohio
Lynn Slaby, Commissioner, Public Utilities Commission of Ohio
M. Beth Trombold, Commissioner, Public Utilities Commission of Ohio
Steven D. Lesser, Commissioner, Public Utilities Commission of Ohio
Asim Z. Haque, Commissioner, Public Utilities Commission of Ohio

Katie Stenman, 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 2014 Auction

November 18, 2014

(Redacted Version)

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Table 1. Summary of SSO Auction Results

	Delivery Period January 1, 2015 to May 31, 2015
Number of Registered Bidders	7
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	109
Number of tranches bid in round 1 divided by tranche target	2.73
Number of tranches to procure in auction (tranche target)	40
Number of tranches procured in auction	40
Number of rounds in the auction	14
Number of winning bidders	5
Starting price range (\$/MWh)	65.00 - 85.00
Starting price (\$/MWh)	
Clearing price (\$/MWh)	\$51.37

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

	Delivery Period
	January 1, 2015 to May 31, 2015
Clearing Price (\$/MWh)	\$51.37
Winning Bidder	Tranches Won
AEP Energy Partners, Inc.	22
ConocoPhillips Company	4
DTE Energy Trading, Inc.	2
Exelon Generation Company, LLC	10
Noble Americas Gas & Power Corp.	2
Total	40

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.
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.

#	Question	Answer
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.
17	Were the communications between the Auction Manager and bidders timely and effective?	Yes. The Auction Manager provided information on the schedule 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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This foregoing document was electronically filed with the Public Utilities

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12/11/2014 12:39:18 PM

in

Case No(s). 14-0300-EL-UNC

Summary: Report - Final Report of the Auction Manager, AEP Ohio CBP - November 2014 Auction - Updated Redacted Version electronically filed by Raymond W. Strom on behalf of PUCO Staff