

DELIVERED BY EMAIL

November 5, 2018

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

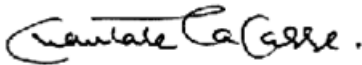
Re: Notification of Auction Results under AEP Ohio's CBP

Dear Mr. Benedict 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 2018 Auction. 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 twelve months.

Please let us know whether you require any additional information.

Sincerely yours,



Chantale LaCasse,
Managing Director, NERA Economic Consulting

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

Matthew D. Snider, Public Utilities Commission of Ohio

Ray Strom, 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 5, 2018

(Redacted Version)

NERA
ECONOMIC CONSULTING

Table 1. Summary of Auction Results

| | Delivery Period |
|---|---|
| | June 1, 2019 to May 31, 2020 |
| Number of Registered Bidders | 12 |
| Total initial eligibility of Registered Bidders (# of tranches) | |
| Total initial eligibility divided by volume | |
| Number of bidders that submitted a non-zero bid 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) | |
| Number of tranches procured in auction | 17 |
| Number of rounds in the auction | 13 |
| Number of winning bidders | 4 |
| Starting price range (\$/MWh) | 60.00 - 80.00 |
| Starting price (\$/MWh) | |
| Clearing price (\$/MWh) | |

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

| | Delivery Period |
|--------------------------------|---|
| | June 1, 2019 to May 31, 2020 |
| Clearing Price (\$/MWh) | 46.16 |
| Winning Bidder | Tranches Won |
| | |
| Total | 17 |

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? | |

| # | Question | Answer |
|----|---|--------|
| 9 | Were there any unanticipated delays during the auction? | |
| 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? | |

| # | Question | Answer |
|----|---|--------|
| 18 | Was there evidence that bidders felt unduly rushed during the process? | |
| 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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in

Case No(s). 17-2391-EL-UNC

Summary: Report Report - Redacted Version - Final Report of the Auction Manager, AEP Ohio
CBP, November 5, 2018 electronically filed by Dorothy Bremer on behalf of PUCO Staff