

**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Procurement of	:	
Standard Generation for Customers of	:	Case No. 17-957-EL-UNC
The Dayton Power and Light Company	:	

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**APPLICATION OF  
THE DAYTON POWER AND LIGHT COMPANY D/B/A AES OHIO**

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The Dayton Power and Light Company d/b/a AES Ohio submits this Application requesting that the Public Utilities Commission of Ohio (“PUCO” or “Commission”) issue an order authorizing AES Ohio to conduct a competitive auction for a 12-month supply in March 2022 for its standard service offer customers without, at this time, seeking proposals of 24- and 36-month supplies. As described in more detail below, the wholesale cost of capacity beyond the 12-month period has not yet been established by PJM Interconnection, L.L.C. (“PJM”) and the Federal Energy Regulatory Commission (“FERC”).

The rationale for AES Ohio’s request here is essentially identical to that presented to the Commission last year in similar circumstances where the PJM and FERC wholesale capacity prices had not been established beyond a 12-month period. The Commission then authorized a 12-month SSO auction without, at this time, seeking proposals of 24- and 36-month supplies for the period June 1, 2021-May 31, 2022.<sup>1</sup> Similarly, the Commission here should authorize a 12-month SSO auction without, at this time, seeking proposals of 24- and 36-month supplies for the period June 1, 2022-May 31, 2023. As part its Application, AES Ohio has included an auction schedule detailing the timeframe in which it will conduct its auctions as Exhibit 1.

On October 20, 2017, the Commission issued an order approving the Amended Stipulation and Recommendation filed in Case No. 16-395-EL-SSO (“ESP III”) that, among

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<sup>1</sup> Case No. 17-957-EL-UNC, Finding and Order, ¶ 20 (Feb. 10, 2021).

other things, required AES Ohio to conduct annual competitive bid auctions in order to procure load for its standard service offer customers.<sup>2</sup> Using a standard blending technique, these competitive auctions offer multiple products with varying lengths in order to secure load at low and stable prices for customers. Upon the subsequent termination of ESP III, the Commission issued the December 18, 2019 Second Finding and Order in Case No. 08-1094-EL-SSO, which among other things, approved AES Ohio's to maintain the integrity of its current process for procuring SSO generation through competitive bid auctions.<sup>3</sup> The Commission further directed AES Ohio "to continue to request appropriate CBP auction schedules as necessary to continue to continue to serve SSO customers until [AES Ohio's] next SSO is approved."<sup>4</sup>

As the Commission previously recognized, on July 25, 2019, the FERC issued an order directing PJM Interconnection, LLC not to conduct its base residual auction ("BRA") regarding the 2022-2023 delivery year, previously scheduled for August 2019.<sup>5</sup> This direction prevented PJM from moving forward with a wholesale competitive bidding process the output of which is critically important to bidders in AES Ohio's competitive bidding process associated with the SSO development. Without a known forward wholesale capacity price established by PJM and the FERC for the out-years beyond May 2023, prospective bidders into AES Ohio's SSO auction will not know what price they will pay PJM to buy capacity from wholesale markets that would be resold into the SSO auction, or, if they control generation directly, what price they would be foregoing if they sell into the SSO auction rather than into PJM wholesale markets. Thus,

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<sup>2</sup> Case No. 16-0395-EL-SSO, Opinion and Order, p. 8 (Oct. 20, 2017).

<sup>3</sup> Case No. 08-1094-EL-SSO, Second Finding and Order, ¶ 28 (Dec. 18, 2019).

<sup>4</sup> *Id. Accord*: Case No. 17-957-EL-UNC, Finding and Order, ¶ 6 (Mar. 24, 2021).

<sup>5</sup> *Order on Motion for Supplemental Clarification*, Case No. EL16-49-00, ¶ 2 (July 25, 2019).

prospective bidders face so much risk of mispricing their SSO bids that they will either not participate in the SSO auction or will add a very large risk factor into their bid price.

On July 15, 2020, the Commission issued a Finding and Order in this proceeding directing AES Ohio and other electric distribution utilities to file a proposal to modify their respective SSO procurement auctions. On February 10, 2021, the Commission issued a Finding and Order in this proceeding granting AES Ohio's application to adjust its March 2021 auction to include only a 12-month product. On June 16, 2021, the Commission issued a Finding and Order in this proceeding granting AES Ohio's application under the then-current BRA schedule to offer a 12-month, 50 tranche product and a 24-month 50 tranche product for its March 2022 auction, and a 12-month, 25 tranche product and 24-month, 25 tranche product for its March 2023 auction.

Since the June 16, 2021 Finding and Order, the FERC issued an order on December 22, 2021 that, among other things, affected the timing of the BRA for the May 2023-June 2024 delivery year.<sup>6</sup> PJM subsequently proposed that the BRA for the May 2023-June 2024 delivery year not be held until June 2022.<sup>7</sup> The FERC has not approved PJM's proposal to date.

In light of the continued uncertainty of when that BRA will be conducted, AES Ohio requests that the Commission allow AES Ohio to modify the offering at its March 2022 auction to include 100 tranches of a 12-month product, and the offering at its March 2023 auction to include 50 tranches of a 12-month product, and 50 tranches of a 24-month product as shown on Exhibit 1.

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<sup>6</sup> Order On Voluntary Remand, Docket Nos. EL 19-58-006 and EL 19-1486-003 (December 22, 2021).

<sup>7</sup> FERC Docket Nos. EL19-58-009 and ER19-1486-00 (consolidated), Compliance Filing Concerning Certain Proposed Revised Pre-Auction Deadlines and \*\*\*Motion for a Shortened Comment Period of 7 Days \*\*\* and \*\*\*Request for Expediated Consideration (January 21, 2022).

Respectfully submitted,

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## CERTIFICATE OF SERVICE

Pursuant to Ohio Adm.Code 4901-1-05, I certify that a copy of the foregoing was e-filed with the Public Utilities Commission of Ohio on February 3, 2022. The PUCO's e-filing system will electronically service notice of the filing of this document on the following parties:

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Christopher C. Hollon

**THE DAYTON POWER AND LIGHT COMPANY  
d/b/a AES Ohio CASE NO. 17-957-EL-UNC**

**Exhibit 1  
AES Ohio Revised Auction  
Schedule**

Auction	# Tranches to Procure	Load Cap	2017												2018												2019												2020												2021												2022												2023												2024												2025																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
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\*\*\* Due to the delayed BRA auction, the 24-month product in the March 2022 auction has been updated to a 12-month product.

\*\*\* The Tranche Target has been increased to 100 tranches total, to make up for the 50 tranche reduction in the March 2022 auction.



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Power and Light Company d/b/a AES Ohio