

**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 TO MODIFY ITS COMPETITIVE BID PROCESS**

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Pursuant to the December 18, 2019 Second Finding and Order in Case No. 08-1094-EL-SSO, *et al.*, The Dayton Power and Light Company d/b/a AES Ohio requests that the Public Utilities Commission of Ohio authorize AES Ohio to modify its competitive bid process for the procurement of Standard Service Offer (“SSO”) supply. Specifically, AES Ohio requests to hold auctions in November 2022 and March 2023 to procure SSO supply for the 2023/2024 delivery year. AES Ohio further requests that the Commission authorize AES Ohio to procure a 12-month supply of 35 tranches at the November auction, and both a 12-month supply of 25 tranches and a 24-month supply of 40 tranches at the March auction, as shown in Exhibit 1.

Since Ohio electric distribution utilities began procuring their SSO supply through a competitive bid process, AES Ohio has held a single annual auction each spring. AES Ohio formerly procured varied-length products at those auctions, which resulted in blended SSO rates that were not dependent a single auction result. In recent years, that process broke down due to delays in the timing of the Base Residual Auction held by PJM Interconnection, LLC, which forced AES Ohio to limit its annual offerings.<sup>1</sup>

Earlier this year, customers felt the brunt of that breakdown. AES Ohio was required to procure 100% of SSO supply for the 2022/2023 delivery year at this year’s auction, leaving

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<sup>1</sup> Case No. 17-0957-EL-UNC, Finding and Orders (Feb. 10, 2021), (June 16, 2021), and (Feb. 23, 2022).

customers exposed to a sudden and dramatic increase in global energy prices, causing the Standard Offer Rate for AES Ohio customers to increase from 4.508 cents per kilowatt-hour to 10.91 cents per kilowatt-hour.<sup>2</sup>

As an electric distribution utility, AES Ohio does not benefit from a higher Standard Offer Rate. That rate merely reflects the results of the competitive bid process. Revenue from that rate is paid to suppliers who win the annual SSO auction, *i.e.*, the suppliers who agree to provide generation service to AES Ohio's SSO customers at the lowest price. Nevertheless, AES Ohio seeks to improve that process to protect its customers.

By holding multiple auctions per year and offering varied-length products as proposed in this Application, AES Ohio's customers will enjoy a blended Standard Offer Rate with more laddering than offered in the past. This enhanced process will provide customers with greater protection against market volatility and more stable generation prices over time.

This Application is supported by Commission precedent. On October 20, 2017, the Commission approved the Amended Stipulation and Recommendation filed in Case No. 16-395-EL-SSO ("ESP III"), which, among other things, required AES Ohio to conduct annual auctions to procure supply for its SSO customers.<sup>3</sup> Using a standard blending technique, those auctions offered multiple products with varying lengths to secure load at low and stable prices. Upon the subsequent termination of ESP III, the Commission authorized AES Ohio to maintain the integrity of its competitive bid process for procuring SSO supply.<sup>4</sup> The Commission further

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<sup>2</sup> Case No. 22-373-EL-RDR, Finding and Order (May 18, 2022).

<sup>3</sup> Case No. 16-0395-EL-SSO, Opinion and Order (Oct. 20, 2017), p. 8.

<sup>4</sup> Case No. 08-1094-EL-SSO, Second Finding and Order (Dec. 18, 2019) at ¶ 28.

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>5</sup>

Pursuant to that order, the Commission has modified AES Ohio’s auction offerings on numerous occasions to account for delays in PJM’s Base Residual Auction.<sup>6</sup> This Application is consistent with that flexible framework.

If left unchanged, AES Ohio would again need to procure 100% of SSO supply for the 2023/2024 delivery year next spring. The Commission should mitigate that risk to customers by granting this Application to authorize AES Ohio to hold auctions in November 2022 and March 2023 to procure SSO supply for the 2023/2024 delivery year, and to procure a 12-month supply of 35 tranches at the November auction, and both a 12-month supply of 25 tranches and a 24-month supply of 40 tranches at the March auction.

Respectfully submitted,

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<sup>5</sup> *Id. Accord*: Case No. 17-957-EL-UNC, Finding and Order (Mar. 24, 2021) and Finding and Order (Mar. 23, 2022).

<sup>6</sup> *In re the Procurement of Std. Serv. Offer Generation Customers of The Dayton Power and Light Co.*, Case No. 17-0957-EL-UNC, Finding and Orders (Feb. 10, 2021), (June 16, 2021), and (Feb. 23, 2022). PJM’s current schedule for that auction does not impede the auction process requested in this Application; however, to the extent that the process becomes impracticable, AES Ohio will work collaboratively with the Staff to propose a new schedule.

## 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 August 12, 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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**THE DAYTON POWER AND LIGHT COMPANY  
d/b/a AES Ohio CASE NO. 17-957-EL-UNC**

**Exhibit 1  
AES Ohio Revised Auction  
Schedule**

## AES Ohio - Proposed Competitive Bidding Process Schedule

Auction	# Tranches to Procure	Load Cap	2022					2023												2024												2025											
			6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	
Auction 1 Nov. 2022	35	28													12-Month June 2023 - May 2024																												
Auction 2 March 2023	25	52													12-Month June 2023 - May 2024																												
	40														24-Month June 2023 - May 2025																												

**This foregoing document was electronically filed with the Public Utilities  
Commission of Ohio Docketing Information System on**

**8/12/2022 2:25:11 PM**

**in**

**Case No(s). 17-0957-EL-UNC**

Summary: Application Application of The Dayton Power and Light Company d/b/a  
AES Ohio to Modify Its Competitive Bid Process electronically filed by Mr.  
Christopher C. Hollon on behalf of The Dayton Power and Light Company d/b/a  
AES Ohio