

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Procurement of Standard Service Offer Generation as Part of the Fourth Electric Security Plan for Customers of Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company.	:	Case No. 16-776-EL-UNC
	:	
	:	
	:	
	:	
	:	
In the Matter of the Procurement of Standard Service Offer Generation for Customers of Dayton Power & Light Company.	:	Case No. 17-957-EL-UNC
	:	
	:	
	:	
In the Matter of the Procurement of Standard Service Offer Generation for Customers of Ohio Power Company.	:	Case No. 17-2391-EL-UNC
	:	
	:	
	:	
In the Matter of the Procurement of Standard Service Offer Generation for Customers of Duke Energy Ohio, Inc.	:	Case No. 18-6000-EL-UNC
	:	
	:	

COMMENTS OF THE OHIO ENERGY GROUP

Pursuant to the Commission’s January 3, 2023 Entry in the above-captioned proceedings, the Ohio Energy Group (“OEG”) submits the following Comments on two possible modifications to the electric distribution utility Standard Service Offer (“SSO”) auctions addressed in the Entry. Those two modifications are: 1) including six-month products in the mix of products for each auction; and 2) revising credit requirements for companies seeking to bid at the auctions in order to promote participation without unduly increasing risk. Both suggested modifications appear to have merit.

Currently, each tranche procured in an SSO auction requires an auction provider to supply 1% of SSO load, no matter how big or small. This volume risk recently became evident as aggregation and non-aggregation customers migrated to SSO service because of high market prices. The SSO was an attractive option because it reflected historic pricing, which was good

for customers. But the auction providers found themselves having to cover the new load with expensive market purchases while being required to sell at the historic low price. To cover this volumetric risk, the current SSO prices reflect increased risk premiums.

The first recommended modification - introducing a six-month product – will result in lower SSO prices since reducing supplier volumetric risk will lower supplier risk premiums. But there is a tradeoff - less stable SSO prices. That tradeoff appears reasonable in this case, however, given the very high clearing prices of the recent SSO auctions.

The second recommended modification – revising credit requirements for companies seeking to bid in the SSO auctions – appears reasonable provided it does not significantly increase the risk of SSO supplier default. In the last year, the number of participants in the SSO auctions has dwindled as compared to the number of participants in many auctions held prior to 2022. A sampling of auction results over the last three years is provided below.¹

Utility	Auction Date	Period at Issue	Bidders	Winners	Clearing Price	Winning Companies
FirstEnergy	1/10/2023	6/1/23 - 5/31/24	6	6	\$97.70	
AES Ohio	11/29/2022	6/1/23 - 5/31/24	9	5	\$113.42	AEP Energy, ConocoPhillips, Energy Harbor, IGS, NextEra
AEP Ohio	11/1/2022	6/1/23 - 5/31/24	7	6	\$119.98	AEP Energy, ConocoPhillips, Constellation, Energy Harbor, IGS, NextEra
FirstEnergy	10/4/2022	6/1/23 - 5/31/24	7	5	\$122.30	AEP Energy, ConocoPhillips, Constellation, IGS, NextEra
Duke Ohio	9/20/2022	6/1/23 - 5/31/24	6	4	\$115.75	ConocoPhillips, Boston Energy, Constellation, NextEra
AES Ohio	4/18/2022	6/1/22-5/31/23	9	7	\$122.50	AEP Energy, ConocoPhillips, Constellation, DTE Energy, Hartree Partners, NextEra, Vitol
AES Ohio	3/22/2022	6/1/22-5/31/23	9	7	\$75.13	AEP Energy, ConocoPhillips, Constellation, DTE Energy, Dynegy Marketing, Enel Trading, Vitol
AEP Ohio	3/8/2022	6/1/22-5/31/23	11	9	\$69.27	BP Energy, ConocoPhillips, Constellation, DTE Energy, DXT Commodities, Dynegy, Enel Trading, Next Era, Vitol
FirstEnergy	3/7/2022	6/1/22-5/31/23	11	7	\$68.11	AEP Energy, ConocoPhillips, DTE Energy, Dynegy, Enel Trading, Hartree, Vitol
Duke Ohio	2/22/2022	6/1/22-5/31/23	12	6	\$64.78	Constellation, DTE Energy, Dynegy, Enel Trading, NextEra, TransAlta
FirstEnergy	10/4/2021	6/1/22-5/31/23	11	5	\$50.21	DTE Energy, Dynegy, Hartree, NextEra, TransAlta
Duke Ohio	9/21/2021	6/1/22-5/31/23	12	4	\$47.99	Dynegy Marketing, Hartree, NextEra, TransAlta
FirstEnergy	8/23/2021	6/1/22-5/31/23	11	5	\$42.10	DTE Energy, Dynegy, Energy Harbor, Hartree, TransAlta
AES Ohio	3/22/2021	6/1/21-5/31/22	12	8	\$47.22	ConocoPhillips, DTE Energy, Enel Trading, Energy Harbor, Exelon, Hartree, TransAlta, Vitol
Duke Ohio	2/23/2021	6/1/21-5/31/22	14	4	\$46.00	DXT Commodities, Exelon, Hartree, Energy Harbor
FirstEnergy	1/26/2021	6/1/21-5/31/22	12	9	\$46.80	AEP Energy, DTE Energy, Dynegy, Energy Harbor, Hartree Partners, IGS, NextEra, TransAlta, Vitol
FirstEnergy	10/5/2020	6/1/21-5/31/22	12	6	\$48.47	Axpo U.S., DTE Energy, Dynegy, Exelon, IGS, TransAlta
Duke Ohio	9/22/2020	6/1/21-5/31/22	13	6	\$45.85	DTE Energy, Dynegy, Enel Trading, Energy Harbor, Hartree, TransAlta

¹ Sourced from Notifications of CBP Auction Results filed in Case No. 18-6000-EL-UNC.

As shown above, prior to early 2022, the number of registered bidders in SSO auctions regularly reached double digits. For example, in a Duke Energy Ohio SSO auction held in February 2021, there were 14 registered bidders and 4 winners.² But more recently, the number of registered bidders has been less than ten - the most recent FirstEnergy SSO auction held in January 2023 had 6 registered bidders and 6 winners.³ It therefore may be worthwhile to encourage greater participation, and thus greater competition, so long as credit requirements still remain stringent enough to protect against the risk of SSO supplier default.

Respectfully submitted,

/s/ Michael L. Kurtz

Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

Jody Kyler Cohn, Esq.

BOEHM, KURTZ & LOWRY

36 East Seventh Street, Suite 1510

Cincinnati, Ohio 45202

Ph: (513) 421-2255 Fax: (513) 421-2764

E-Mail: mkurtz@BKLawfirm.com

kboehm@BKLawfirm.com

jkylercohn@BKLawfirm.com

January 24, 2023

² Notification of CBP Auction Results – Updated Redacted Version, Case No. 18-6000-EL-UNC (March 17, 2021).

³ Notification of CBP Auction Results – Redacted Version, Case No. 18-6000-EL-UNC (January 11, 2023).

CERTIFICATE OF SERVICE

In accordance with Rule 4901-1-05, Ohio Administrative Code, the PUCO's e-filing system will electronically serve notice of the filing of this document on the parties referenced on the service list of the docket card who have electronically subscribed to this case. In addition, the undersigned certifies that a courtesy copy of the foregoing document is also being served (via electronic mail) on the 24th day of January, 2023 to the following:

/s/ Michael L. Kurtz

Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

Jody Kyler Cohn, Esq.

Thomas Lindgren – Thomas.Lindgren@OhioAGO.gov
Rocco O. D'Ascenzo – rocco.dascenzo@duke-energy.com
Jeanne W. Kingery – jeanne.kingery@duke-energy.com
Larisa M. Vaysman – larissa.vaysman@duke-energy.com
N. Trevor Alexander – talexander@beneschlaw.com
Mark T. Keaney – mkeaney@beneschlaw.com
Kari D. Hehmeyer – khehmeyer@beneschlaw.com
Robert M. Endris – rendris@firstenergycorp.com
Christopher Hollon – Christopher.Hollon@aes.com
William J. Michael – william.michael@occ.ohio.gov
Maureen R. Willis – maureen.willis@occ.ohio.gov
Steven T. Nourse – stnourse@aep.com
Gretchen L. Petrucci – glpetrucci@vorys.com
Joseph Olikier – joe.oliker@igs.com
Michael Nugent – michael.nugent@igs.com
Mark A. Whitt – whitt@whitt-sturtevant.com

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

1/24/2023 4:29:48 PM

in

**Case No(s). 16-0776-EL-UNC, 17-0957-EL-UNC, 17-2391-EL-UNC, 18-6000-EL-
UNC**

Summary: Comments Ohio Energy Group (OEG) Comments electronically filed by
Mr. Michael L. Kurtz on behalf of Ohio Energy Group