

**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. 16-0776-EL-UNC
In the Matter of the Procurement of Standard Service Offer Generation for Customers of Dayton Power	:	Case No. 17-0957-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

REPLY COMMENTS OF AES OHIO

Pursuant to the January 30, 2023 Entry in these proceedings, The Dayton Power and Light Company d/b/a AES Ohio (“AES Ohio” or the “Company”) files these reply comments.¹ On January 3, 2023, the Commission solicited public comment regarding two potential modifications to Standard Service Offer auctions:

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.

Jan. 3, 2023 Entry, ¶ 4.

¹ See also Comments of AES Ohio (Jan. 24, 2023).

In addition to filing initial comments, AES Ohio has reviewed the comments filed by other parties, many of which proposed additional reforms beyond the modifications raised by the Commission. At the outset, AES Ohio believes that any proposals should be carefully considered and focused on the best interest of customers.

More specifically, AES Ohio first agrees with Duke Energy Ohio Inc. (“Duke”) (p.2), Constellation Energy Generation, LLC (“Constellation”) (pp. 2-3) and Ohio Power Company (“AEP Ohio”) (pp. 3-4) that the addition of a six-month auction product will not solve current issues facing Ohio SSO markets. A six-month auction product does not address market volatility, which has been a major concern in recent auctions; in fact, it may exacerbate it. AES Ohio, instead, believes that multiple auctions per year with varied-length products of 12 months or more are a better approach to mitigate risk. AES Ohio already implemented this change.² This approach is also consistent with the schedule proposed by the Company in its pending Electric Security Plan proceeding, Case No. 22-0900-EL-SSO, *et al.*

Second, AES Ohio agrees with Duke (p.2), Constellation (pp. 4-5), Vitol Inc. (“Vitol”) (p. 24) and AEP Ohio (pp. 11-12) that revised credit requirements may create more risk within the SSO auctions. AES Ohio understands that increased bidder participation is desirable, but this outcome creates a higher risk to customers of supplier default. AES Ohio stresses the importance of protecting its customers, especially in current market dynamics. The Commission should be wary of implementing this modification.

Third, AES Ohio would like to address comments made by Enel Trading North America, LLC (“Enel”) (p. 16) and Vitol (pp. 4-8) regarding customer switching. AES Ohio agrees that limiting load migration can help mitigate risk premiums that SSO suppliers experience in SSO

² *In re AES Ohio*, Case No. 17-0957-EL-UNC (Sept. 21, 2022).

auctions. To help alleviate this risk, AES Ohio has been authorized to amend its Electric Generation Service – Alternate Generation Supplier Coordination Tariff (Tariff sheet G8) by creating a new section 4.11.³ This section will prohibit governmental aggregators that return more than 5,000 customers from an opt-out aggregation program to AES Ohio’s Standard Service Offer before an aggregation term ends from offering another opt-out aggregation program for at least twelve months following that return. The amended G8 Tariff will also require a governmental aggregator, operating in the Company’s service territory, to provide no less than 10 days’ notice before any return, the name, service address, and account number of all customers who are being returned to the Standard Offer Rate, as well as 36 months of energy consumption data, or the maximum amount of such data that is available up to 36 months, for the returning customers, by customer class. The Company recognizes the risks that SSO suppliers are currently facing with load migration and believes the revisions mentioned above in its Tariff sheet G8 can help mitigate this issue.

Fourth, AES Ohio shares the concerns in AEP Ohio’s supplemental comments (p. 5) that a MWh cap on tranche volume may not reduce overall risk. A cap on MWh tranche volume could be effective in reducing risk premiums for SSO suppliers; however, AES Ohio is concerned that this Maryland approach would shift risk onto customers. Moreover, this methodology may not be easily replicated in Ohio based on differences between the states’ respective auction structures. Unlike in Ohio, Maryland auctions are conducted by service type; thus, implementing similar contractual protections may not directly translate. The Commission should tread carefully before imposing such a methodology in the Ohio market.

³ *In re AES Ohio*, Case No. 22-1138-EL-ATA, *et al.* (Mar. 8, 2023 Finding and Order).

AES Ohio appreciates the comments and perspectives of the interested stakeholders regarding the effectiveness of the two proposed auction reforms raised by the Commission. The Company again stresses that any proposals should be carefully considered and focused on the best interest of customers. While longer-term and varied-length products and sufficient credit requirements have been proven in the past, AES Ohio remains interested in exploring potential reforms of the SSO procurement process for the benefit of its customers.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that the foregoing document was e-filed with the Public Utilities Commission of Ohio on March 16, 2023. The PUCO's e-filing system will electronically serve notice of the filing of this document.

/s/ Christopher C. Hollon
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UNC**

Summary: Comments Reply Comments of AES Ohio electronically filed by Mr.
Christopher C. Hollon on behalf of The Dayton Power and Light Company d/b/a
AES Ohio.