

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Proposed)	
Modifications to the Electric)	Case No. 23-781-EL-UNC
Distribution Utilities' Standard Service)	
Offer Procurement Auctions.)	

**REPLY COMMENTS
SUBMITTED ON BEHALF OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO**

The Staff of the Public Utilities Commission of Ohio offers the following reply comments for the Commission's consideration regarding certain comments offered by parties in response to Staff's recommendation that the Commission direct each of its regulated electric distribution utilities, in consultation with their independent auction administrators, to modify their auction products such that capacity is priced at a proxy rate for years in which the actual price has not yet been established.

Staff appreciates that there is widespread acknowledgement amongst the commenting parties that delays imposed by the Federal Energy Regulatory Commission (FERC) to PJM Interconnection's (PJM) capacity construct have negatively impacted Standard Service Offer (SSO) auctions. Staff believes that the proxy rate recommendation is a limited modification in response to delays that the wholesale markets continue to experience and will provide benefits to SSO customers.

Certain parties, including The Dayton Power and Light Company (AES Ohio) and The Retail Energy Supply Association (RESA), encourage the Commission, should it act on Staff's recommendation, to be careful and thorough in its implementation so suppliers

may fully understand how the concept will work in practice. Staff shares this concern and believes the best practice is to defer to the expertise of each utility's independent auction administrator.

The auction administrators are responsible for the technical implementation details of the competitive bid process and for providing the bidding rules and other supplier documents that are necessary for potential bidders to understand the product and their obligations as a supplier. Should the Commission implement a proxy rate for capacity, Staff recommends the utilities be directed, in consultation with their independent auction administrator, to revise all supplier documents as necessary, including the bidding rules and Master Supply Agreement. This should also include updated bidder information sessions, which are conducted by the auction administrators prior to each auction and allow prospective bidders to ask questions about the competitive bid process. Of particular interest should be the process by which the proxy rate will be trued-up and settled once the actual capacity price has been established. Finally, Staff notes that the auction administrators utilized by distribution utilities in Ohio also serve in a similar role in other PJM jurisdictions and have experience implementing similar auction modifications to what Staff is recommending. As such, Staff would not expect to encounter any significant unforeseen technical or practical difficulties upon implementation.

RESA and Interstate Gas Supply, LLC (IGS) raise concerns in their initial comments relating to certain marketing practices of Competitive Retail Electric Service (CRES) Suppliers and how they might be impacted by the implementation of a proxy rate

in SSO auctions. These concerns arise out of the guidance given by the Commission in Case No. 14-568-EL-COI, which is known as the “Fixed Means Fixed” order.¹ IGS states, in part, “The order effectively bars CRES providers the same true-up mechanism being contemplated for the SSO. Should the Commission determine that a proxy price is needed in limited circumstances, the Commission should also unequivocally state that similar capacity true-ups by CRES providers do not violate the Fixed Means Fixed order.”² Similarly, RESA requests that if the Commission allows a proxy price for the SSO, the Commission authorize CRES providers to offer fixed-price contracts that contain provisions allowing for future adjustments once the capacity price becomes known.

Although Staff appreciates the concerns raised by RESA and IGS, Staff believes that the issues of marketing a fixed-rate contract were thoroughly examined in the “Fixed Means Fixed” case and these issues are outside the scope of Staff’s limited recommendation in this proceeding. Any modification to the marketing of a fixed-rate contract would more appropriately be reviewed in a rule-making process.

While generally supportive of Staff’s proxy rate recommendation, the Ohio Consumers’ Counsel also asks the Commission to adopt a residential-only SSO auction product. Staff does not believe this modification is within the scope of Staff’s recommendation in this proceeding, which is a limited response to the FERC-imposed

¹ *In re Commission-Ordered Investigation of Marketing Practices in the Competitive Retail Electric Service Market*, Case No. 14-568-EL-COI, Finding and Order (Nov. 18, 2015).

² IGS Initial Comments at 8.

delays to PJM's capacity market that continue to affect the ability of Ohio utilities to hold SSO auctions as originally contemplated by the Commission.

In conclusion, Staff appreciates the opportunity to respond to commenter concerns and encourages the Commission to direct each of its regulated distribution utilities, in consultation with their independent auction administrators, to implement Staff's recommendation.

Respectfully submitted,

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PROOF OF SERVICE

I hereby certify that a true copy of the foregoing **Reply Comments**, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served via electronic mail upon the following parties of record, this 15th day of September, 2023.

/s/ Thomas G. Lindgren

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Summary: Comments Reply Comments electronically filed by Mrs. Tonnetta Y.
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