

**OCC EXHIBIT NO.** \_\_\_\_\_

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio	)	
Edison Company, the Cleveland Electric	)	
Illuminating Company, and the Toledo	)	Case No. 23-301-EL-SSO
Edison Company for Authority to	)	
Establish a Standard Service Offer	)	
Pursuant to R.C. 4928.143 in the Form of	)	
an Electric Security Plan.	)	

**DIRECT TESTIMONY  
OF  
JAMES F. WILSON**

**On Behalf of the  
Office of the Ohio Consumers' Counsel**  
*65 East State Street, Suite 700  
Columbus, Ohio 43215*

**October 23, 2023**

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## **LIST OF ATTACHMENTS**

Attachment JFW-1: James Wilson's CV

Attachment JFW-2: Cited Interrogatories

*Direct Testimony of James F. Wilson  
On Behalf of the Office of the Ohio Consumers' Counsel  
PUCO Case No. 23-301-EL-SSO*

1    **I.       INTRODUCTION**

2

3    ***Q1.    PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.***

4    ***A1.***    My name is James F. Wilson. I am an economist and principal of Wilson Energy  
5           Economics. My business address is 4800 Hampden Lane Suite 200, Bethesda,  
6           MD 20814.

7

8    ***Q2.    PLEASE DESCRIBE YOUR EXPERIENCE AND QUALIFICATIONS.***

9    ***A2.***    I have forty years of consulting experience in the electric power and natural gas  
10           industries. Many of my past assignments have focused on the economic and  
11           policy issues arising from the introduction of competition into these industries,  
12           including restructuring policies, market design, and market power. Other  
13           engagements have included contract litigation and damages; pipeline rate cases;  
14           forecasting and market assessment; evaluating allegations of market  
15           manipulation; probabilistic modeling of utility planning problems; and a wide  
16           range of other issues arising in these industries. I also spent five years in Russia in  
17           the early 1990s advising on the reform, restructuring, and development of the  
18           Russian electricity and natural gas industries for the World Bank and other  
19           clients. I have submitted affidavits and presented testimony in proceedings of the  
20           Federal Energy Regulatory Commission ("FERC"), state regulatory agencies, and  
21           a U.S. district court.

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1 I have been involved in electricity restructuring and wholesale market design for  
2 over twenty years in the Mid-Atlantic (PJM) region, New England, Ontario,  
3 California, Russia, and other regions. With regard to the PJM system, I have been  
4 involved in a broad range of market design, planning, load forecasting, and  
5 capacity market issues over many years. I have a B.A. in Mathematics from  
6 Oberlin College and an M.S. in Engineering-Economic Systems from Stanford  
7 University. My curriculum vitae, summarizing my experience and listing past  
8 testimony, is Attachment JFW-1 attached hereto.

9

10 **Q3. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC UTILITIES**  
11 **COMMISSION OF OHIO ("PUCO")?**

12 **A3.** Yes. I testified in Case No. 23-23-EL-SSO (the application of Ohio Power  
13 Company for Authority to Establish a Standard Service Offer in the Form of an  
14 Electric Security Plan); Case No. 22-900-EL-SSO (the application of The Dayton  
15 Power and Light Company for Approval of Its Electric Security Plan); Case No.  
16 17-0032-EL-AIR (the application of Duke Energy Ohio, Inc., for an increase in  
17 electric distribution rates); Case No. 14-1693-EL-RDR (the application of Ohio  
18 Power Company for approval to enter into an Affiliate Power Purchase  
19 Agreement); Case No. 14-1297-EL-SSO (the application of Ohio Edison  
20 Company, The Cleveland Electric Illuminating Company and The Toledo Edison  
21 Company for approval of an Electric Security Plan); Case No. 14-841-EL-SSO  
22 (the application of Duke Energy Ohio for approval of an Electric Security Plan);  
23 Case No. 13-2385-EL-SSO (the application of Ohio Power Company for approval

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of an Electric Security Plan); Case No. 12-426-EL-SSO (the application of The Dayton Power and Light Company for approval of a Market Rate Offer); Case No. 12-1230-EL-SSO (the application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for approval of an Electric Security Plan); and Case No. 09-906-EL-SSO (the application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for approval of a Market Rate Offer).

***Q4. WHAT IS THE PURPOSE AND SCOPE OF YOUR DIRECT TESTIMONY?***

***A4.*** In Case No. 23-301-EL-SSO Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company (the “Companies”) request PUCO approval of the Companies’ fifth Electric Security Plan (“ESP V”) for the period June 1, 2024 through May 31, 2032. My assignment was to review the Company’s application, the supporting Direct Testimony of Robert J. Lee, and responses to discovery, and to provide analysis and recommendations with regard to certain aspects of the Company’s proposed approach to the SSO auctions. More specifically, I was asked to evaluate the following provisions against the objective of achieving efficient and low cost SSO auction outcomes for customers:

1. The proposed Capacity Proxy Price mechanism; and

1           2.       The decision to continue to use a “slice-of-system” product in the SSO  
2                    auctions rather than to separate the SSO auctions for residential  
3                    consumers, or perhaps for residential and small commercial consumers.  
4

5   **II.       SUMMARY AND RECOMMENDATIONS**  
6

7   ***Q5.    FIRST, PLEASE SUMMARIZE THE MAIN REASONS WHY THE PUCO,***  
8   ***OHIO UTILITIES, THEIR CUSTOMERS, AND OTHER STAKEHOLDERS***  
9   ***HAVE BEEN CONSIDERING CHANGES TO THE SSO AUCTIONS THIS***  
10   ***YEAR.***

11   ***A5.***   Recent SSO auctions have led to very high prices, high on an absolute basis and  
12           relative to forward prices. These results reflect recent events that may have  
13           substantially increased potential SSO suppliers’ perception of the risk associated  
14           with providing SSO service, leading to higher offer prices in the recent SSO  
15           auctions. If the risk perceived by SSO suppliers can be mitigated, this should lead  
16           to lower SSO auction prices, benefiting consumers.  
17

18   ***Q6.    PLEASE DESCRIBE THE PROPOSED CAPACITY PASS-THROUGH***  
19   ***MECHANISM.***

20   ***A6.***   The capacity pass-through mechanism addresses the concern that the applicable  
21           PJM capacity prices may not be known before an SSO auction, creating risk for  
22           bidders into the SSO auction. The proposed mechanism calls for establishing a  
23           Capacity Proxy Price (“CPP”) that will be known to bidders in the auction.

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1           During the actual delivery year, there will be a true-up based on the difference  
2           between the actual capacity price and the CPP.

3

4   ***Q7.   WHAT IS YOUR CONCLUSION AND RECOMMENDATION WITH***  
5   ***REGARD TO THE PROPOSED CAPACITY PASS-THROUGH***  
6   ***MECHANISM?***

7   ***A7.***   A capacity pass-through mechanism is valuable to mitigate supplier risk,  
8           however, the PUCO should consider calling for an alternative approach to setting  
9           the CPP. If the CPP will be set based on recent PJM capacity prices, the PUCO  
10          should call for it to be based on the two most recent base residual auction prices.  
11          The updates to the capacity year average values that result from reflecting  
12          incremental auction results are minor, and these average values are much less  
13          transparent.

14

15   ***Q8.   PLEASE SUMMARIZE YOUR CONCLUSIONS REGARDING SEPARATE***  
16   ***AUCTIONS BY CUSTOMER GROUP.***

17   ***A8.***   Holding separate SSO auctions for residential customers, or perhaps residential  
18           and small commercial customers together, an approach many other states have  
19           adopted, is the best option for improving the efficiency of SSO auction outcomes,  
20           thereby benefiting consumers and the public interest. SSO suppliers are likely to  
21           find smaller customers less likely to switch into and out of SSO service and,  
22           therefore, less risky to serve.

23

1 A separate auction for residential customers would lead to lower SSO costs for  
2 them, while not imposing any additional costs on any other customer group. The  
3 PUCO should require the Companies to modify their proposal to provide for  
4 separate SSO auctions for residential customers, perhaps together with smaller  
5 commercial customers.

6

7 ***Q9. HOW IS THE REMAINDER OF YOUR DIRECT TESTIMONY***  
8 ***ORGANIZED?***

9 ***A9.*** The next section of my direct testimony discusses the proposed Capacity Proxy  
10 Price mechanism. The final section discusses the potential benefits of including  
11 residential-only auctions and the decision to continue to use a “slice-of-system”  
12 product in the SSO auctions.

13

14 **III. THE PROPOSED CAPACITY PASS-THROUGH MECHANISM**

15

16 ***Q10. WHY HAVE THE COMPANIES PROPOSED A CAPACITY PASS-***  
17 ***THROUGH MECHANISM?***

18 ***A10.*** The capacity pass-through mechanism addresses the concern that the applicable  
19 PJM capacity prices may not be known before an SSO auction, creating risk for  
20 bidders into the SSO auction.

21

22



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1 ***Q11. PLEASE DESCRIBE THE PROPOSED CAPACITY PASS-THROUGH***  
2 ***MECHANISM.***

3 ***A11.*** If the applicable PJM capacity prices will not be available for an SSO auction, the  
4 Companies propose to establish a Capacity Proxy Price (“CPP”) that will be  
5 known to bidders in the auction. During the actual delivery year, there will be a  
6 true-up based on the difference between the actual capacity price and the CPP.  
7 The true-ups occur in the delivery year for which the CPP was used, not at a later  
8 time.

9  
10 ***Q12. HOW WILL THE CPP VALUE BE DETERMINED?***

11 ***A12.*** The Companies propose to set the CPP based on the “average of the capacity  
12 prices from the last auctions of the previous two capacity market auctions [sic]  
13 conducted by PJM.”<sup>1</sup> Through discovery, the Companies clarified that this could  
14 include not just base residual auctions but also the later “incremental” capacity  
15 auctions held for each delivery year,<sup>2</sup> for which volumes can be very low and  
16 prices volatile. A contradictory discovery response suggests the two most recent  
17 capacity year average values (averaging multiple auctions), rather than recent  
18 single auction prices, would be used.<sup>3</sup>

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<sup>1</sup> Attachment RJL-7 Appendix F – Capacity Proxy Price.

<sup>2</sup> Response to OCC Set 06-INT-008b.

<sup>3</sup> Response to Constellation Set 02-INT-025.

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1 **Q13. DO YOU HAVE ANY CONCERNS ABOUT THE CAPACITY PASS-**  
2 **THROUGH MECHANISM?**

3 **A13.** Yes, I have the following concerns.

4 1. The mechanism and associated true-up are potentially confusing,  
5 especially to smaller residential and commercial consumers who are likely  
6 paying less attention to the details of the SSO auctions. The mechanism  
7 may render any “apples to apples” comparison or “price to compare” less  
8 meaningful at best, and misleading at worst, to the detriment of  
9 consumers. And when a true-up occurs and changes the anticipated cost of  
10 SSO service, this could potentially leave some customers feeling cheated,  
11 especially if the SSO price is sharply increased. This concern can be  
12 mitigated to some extent through disclosure and reporting requirements,  
13 however, again, smaller consumers likely will not get the message.

14  
15 2. The proposal to base the CPP on recent capacity prices exacerbates this  
16 concern, because this will likely result in the CPP being too low, leading  
17 to later increases in SSO prices as a result of the true-ups.

1 **Q14. WHY DO YOU EXPECT THAT A CPP BASED ON RECENT PJM**  
2 **CAPACITY PRICES WILL LIKELY BE TOO LOW?**

3 **A14.** Recent PJM capacity prices have been very low by historical standards, and future  
4 PJM capacity prices will likely be higher due to changes underway at PJM,  
5 including the following:<sup>4</sup>

- 6 1. An anticipated increase in retirements, with much of the replacement  
7 capacity being renewable wind and solar;  
8
- 9 2. Changes to resource adequacy analysis to more fully capture winter risks;  
10
- 11 3. Changes to accreditation approaches to more accurately reflect capacity  
12 value, including changes to more fully capture winter fuel supply  
13 challenges for gas-fired resources; and  
14
- 15 4. Various other changes in anticipation of the challenges resulting from the  
16 changing resource mix.  
17

18 **Q15. PLEASE SUMMARIZE YOUR RECOMMENDATIONS REGARDING THE**  
19 **CAPACITY PASS-THROUGH MECHANISM.**

20 **A15.** If the capacity pass-through mechanism is approved, to ensure it benefits  
21 consumers and the public interest, the PUCO should call for an alternative

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<sup>4</sup> See, for instance, PJM Board, *Board Letter Substantive Direction*, September 27, 2023 (providing direction on tariff changes to be filed by PJM on October 13, 2023), available at <https://www.pjm.com/-/media/about-pjm/who-we-are/public-disclosures/20230927-pjm-board-letter-re-its-decision-within-the-cifp-ra.ashx>.

1 approach to setting the CPP. Setting the proxy price based on a historical average  
2 of capacity prices is likely to err on the low side, because these prices have been  
3 very low recently.

4

5 If the CPP will be set based on recent PJM capacity prices, the PUCO should call  
6 for it to be based on the two most recent base residual auction prices. The updates  
7 to the capacity year average values that result from reflecting incremental auction  
8 results are minor, and these average values are much less transparent.

9

10 ***Q16. WOULD THIS CAPACITY PASS-THROUGH MECHANISM ADDRESS THE***  
11 ***SSO SUPPLIER RISK ISSUES YOU DISCUSSED ABOVE?***

12 ***A16.*** No. The capacity pass-through mechanism addresses a different and very specific  
13 issue around the relative timing of the PJM capacity auctions and SSO auctions. It  
14 does not address the risks due to customers switching into and out of SSO service.

15

16

17 **IV. SEPARATE SSO AUCTIONS FOR DIFFERENT CUSTOMER CLASSES**

18

19 ***Q17. PLEASE EXPLAIN YOUR CONCLUSION THAT HOLDING SEPARATE***  
20 ***AUCTIONS BY CUSTOMER CLASS WOULD LEAD TO MORE EFFICIENT***  
21 ***SSO AUCTION OUTCOMES, BENEFITING CONSUMERS AND THE***  
22 ***PUBLIC INTEREST.***

23 ***A17.*** Different customer classes are different in two principal ways relevant to the cost  
24 to serve under an SSO obligation:

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1           1.       Different customer groups have different load shapes throughout the hours  
2                   of the day and on a seasonal basis; in general, more variable load shapes  
3                   are more costly to serve.

4  
5           2.       The customer groups also differ in the propensity to switch into or out of  
6                   SSO service when market prices change and render a switch attractive.  
7                   Generally speaking, smaller customers with less to save by switching are  
8                   less likely to switch; large customers with more at stake are more likely to  
9                   be watching the market for opportunities to save on their electricity costs.

10  
11       Holding separate auctions for different customer classes would allow SSO  
12       suppliers to tailor their bids to the particular costs and risks presented by each  
13       class. When the costs and risks differ but the classes are included in the same  
14       auction, the lower-cost customer classes will in effect be subsidizing the service  
15       provided to the higher-cost customer classes.

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1 **Q18. DO OTHER RETAIL ACCESS STATES SEPARATE DEFAULT SERVICE**  
2 **INTO DIFFERENT PRODUCTS FOR DIFFERENT CUSTOMER GROUPS?**

3 **A18.** Yes. It is common to hold separate auctions for either residential customers, or  
4 residential together with small commercial. In particular, New Jersey, Maryland,  
5 the District of Columbia, and Illinois hold separate auctions for residential  
6 together with small commercial customers. In Pennsylvania, Delaware and  
7 Massachusetts the auctions are by customer class, so residential customers have a  
8 separate auction. These approaches to standard offer service in these states have  
9 been in place for many years. The following paragraphs summarize early  
10 decisions to employ these approaches:

- 11       ▪ Massachusetts (2000), providing a six-month fixed price approach for  
12       residential and small commercial and industrial customers, and a variable  
13       price approach for medium and large commercial and industrial  
14       customers.<sup>5</sup>
- 15       ▪ New Jersey (2002), approving two auctions for Basic Generation Service,  
16       one for larger commercial and industrial customers and one for all other  
17       small customers.<sup>6</sup>

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<sup>5</sup> Massachusetts Public Utilities Commission, Opinion and Order, *Re Pricing & Procurement of Default Service*, Docket No. 99-60; issued June 30, 2000, p. 4.

<sup>6</sup> New Jersey Board of Public Utilities Decision and Order, *In the Matter of the Provision of Basic Generation Service Pursuant to the Electric Discount and Energy Competition Act*, Docket Nos. EX011110754 and EO02070384, issued December 11, 2001, p. 3.

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- 1           ▪ Maryland (2004), providing for Residential Standard Offer Service  
2           ("SOS") and three types of non-residential SOS.<sup>7</sup>  
3
- 4           ▪ Delaware (2005), providing for a fixed price SOS for all but the largest  
5           customers and an hourly priced service for the largest customers.<sup>8</sup>  
6
- 7           ▪ Illinois (2006), adopting an approach with three-year contracts for serving  
8           residential and small commercial customers.<sup>9</sup>  
9
- 10          ▪ Pennsylvania (2007), recommending different procurement strategies for  
11          different customer classes, consistent with the level of energy knowledge,  
12          financial resources, and opportunity to shop associated with these  
13          groups.<sup>10</sup>  
14

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<sup>7</sup> Maryland Public Service Commission Order No. 78400, *In the Matter of the Commission's Inquiry into the Competitive Selection of Electricity Supplier/Standard Offer Service*, Case No. 8098, issued April 29, 2003, p. 3.

<sup>8</sup> Delaware Public Service Commission Order No. 6746, *In the Matter of the Provision of Standard Offer Supply to Retail Consumers in the Service Territory of Delmarva Power & Light Company after May 1, 2006*, Docket No. 04-391, issued October 11, 2005, p. 4.

<sup>9</sup> Illinois Commerce Commission, Order, Central Illinois Light Company d/b/a AmerenCILCO, Docket No. 05-1650, issued January 24, 2006, p. 129.

<sup>10</sup> Pennsylvania Public Utility Commission Final Policy Statement, Default Service and Retail Electric Markets, Docket No. M-00072009, issued May 10, 2007, p. 6.

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1 ***Q19. PLEASE SUMMARIZE YOUR CONCLUSIONS REGARDING SEPARATE***  
2 ***AUCTIONS BY CUSTOMER GROUP.***

3 ***A19.*** Holding separate SSO auctions for residential customers, or perhaps residential  
4 and small commercial customers together, an approach many other states have  
5 adopted, is the best option for improving the efficiency of SSO auction outcomes,  
6 thereby benefiting consumers and the public interest. SSO suppliers are likely to  
7 find smaller customers less likely to switch into and out of SSO service and,  
8 therefore, less risky to serve.  
9

10 ***Q20. DOES THE COMPANIES' AUCTION MANAGER HAVE EXPERIENCE IN***  
11 ***CONDUCTING SSO AUCTIONS BY CUSTOMER CLASS IN OTHER***  
12 ***STATES?***

13 ***A20.*** Yes. Witness Lee states that he has conducted over 30 such customer class-based  
14 auctions, all of which were approved by the applicable state regulatory body.<sup>11</sup>  
15

16 ***Q21. DOES THE COMPANIES' AUCTION MANAGER HAVE THE SYSTEMS IN***  
17 ***PLACE TO CONDUCT SSO AUCTIONS BY CUSTOMER CLASS?***

18 ***A21.*** Yes. Witness Lee states that the systems are in place,<sup>12</sup> and that there are no  
19 system limitations or other limitations that preclude the Companies from  
20 conducting SSO auctions with customer class-based products.<sup>13</sup>  
21

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<sup>11</sup> Response to Constellation Set 02-INT-048A.

<sup>12</sup> Response to Constellation Set 02-INT-049.

<sup>13</sup> Response to Constellation Set 02-INT-050.



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1 ***Q22. THEN WHY DID THE COMPANIES ELECT TO NOT PROPOSE HOLDING***  
2 ***SEPARATE AUCTIONS BY CUSTOMER GROUP?***

3 ***A22.*** Witness Lee states (p. 36) that this was not included due to concern that “some  
4 products or customer classes may garner limited or no bidder interest, and some  
5 tranches may be unserved in the auction.”  
6

7 ***Q23. WHAT COULD CAUSE THERE TO BE LIMITED BIDDER INTEREST,***  
8 ***AND/OR SOME TRANCHES UNSERVED, FOR A CUSTOMER GROUP IN***  
9 ***AN SSO AUCTION?***

10 ***A23.*** This could occur if the customer group is very small, or if it is relatively risky to  
11 serve, perhaps due to a propensity to switch into and out of SSO service that  
12 creates volume risk for SSO suppliers.  
13

14 ***Q24. DID THE COMPANIES CONSIDER AGGREGATING SOME CUSTOMER***  
15 ***GROUPS, TO REDUCE THE CHANCE OF LOW BIDDER INTEREST?***

16 ***A24.*** No; Witness Lee considered only a “standard residential, commercial, and  
17 industrial customer break out.”<sup>14</sup>  
18

19 ***Q25. WHICH CUSTOMER GROUPS HAVE SHOWN A PROPENSITY TO***  
20 ***SWITCH INTO AND OUT OF SSO SERVICE?***

21 ***A25.*** The Companies’ industrial customers’ SSO volumes have been highly volatile  
22 recently. In 2023, industrial SSO volumes were over 800,000 MWh in March but

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<sup>14</sup> Response to OCC Set 06-INT-010 a, b.

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1 fell to 50,079 MWh in August.<sup>15</sup> In 2022, the Companies' industrial customer  
2 SSO volumes varied from 68,523 in January to 490,820 in December. By  
3 contrast, the Companies' Commercial and Residential SSO volumes varied by  
4 roughly a factor of two during 2023 and 2022.

5

6 ***Q26. WHAT HAPPENS WHEN THERE IS LIMITED BIDDER INTEREST,***  
7 ***AND/OR SOME TRANCHES ARE UNSERVED, FOR A CUSTOMER***  
8 ***GROUP IN AN SSO AUCTION?***

9 ***A26.*** Witness Lee states that limited bidder interest could lead to high SSO prices for  
10 the customer group, and unserved tranches would be served at market prices  
11 under a contingency plan.<sup>16</sup>

12

13 ***Q27. WHAT CUSTOMERS ARE AFFECTED IF SSO AUCTION PRICES FOR A***  
14 ***CUSTOMER GROUP ARE HIGH, OR SOME TRANCHES ARE SERVED AT***  
15 ***MARKET PRICES?***

16 ***A27.*** This would only affect customers in that group, not other customers, of course.  
17 And the customers in that group can always decline the SSO service and elect  
18 competitive suppliers. Note also, as suggested above, there might be low interest  
19 in an SSO auction for a customer group because few such customers remain on  
20 SSO supply.

21

22

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<sup>15</sup> PUCO Electric Choice Activity by Customer Class, available at  
<https://puco.ohio.gov/utilities/electricity/resources/ohio-customer-choice-activity>.

<sup>16</sup> Response to OCC Set 06-INT-012 a, b, c.

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1 ***Q28. DO THE COMPANIES CLAIM THAT HARM OCCURS TO THE***  
2 ***AFFECTED CUSTOMERS WHEN SSO AUCTION PRICES FOR THE***  
3 ***CUSTOMER GROUP ARE HIGH, OR SOME TRANCHES ARE SERVED AT***  
4 ***MARKET PRICES?***

5 ***A28.*** No. In response to an interrogatory about harm, Witness Lee only states, "...a  
6 desired result of the SSO auctions is to provide a provider of last resort function  
7 and option for customers at reasonable and stable prices. Serving customers at  
8 prevailing market prices can be highly volatile and is considered an undesirable  
9 outcome."<sup>17</sup>

10  
11 ***Q29. WHAT IS YOUR CONCLUSION REGARDING THE POTENTIAL FOR***  
12 ***HARM TO THE AFFECTED CUSTOMERS WHEN SSO AUCTION PRICES***  
13 ***FOR THE CUSTOMER GROUP ARE HIGH, OR SOME TRANCHES ARE***  
14 ***SERVED AT MARKET PRICES?***

15 ***A29.*** It is unclear that there is any harm. As noted above, the affected customers have  
16 the choice to be served by competitive suppliers according to agreed-upon pricing  
17 rules, which could be fixed prices, or real-time market prices, or something else.  
18 Neither the Companies nor Witness Lee have identified any harm resulting from  
19 this outcome, or any reason to impose higher SSO costs on residential customers  
20 (through combining them with riskier industrial customers) to protect against such  
21 outcomes.

22  
23  

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<sup>17</sup> Response to OCC Set 06-INT-012 d.

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1 **Q30. DID THE COMPANIES IDENTIFY ANY INSTANCES IN OTHER STATES**  
2 **WHERE HARM OCCURRED DUE TO LIMITED INTEREST OR**  
3 **UNSERVED TRANCHES IN SIMILAR AUCTIONS?**

4 **A30.** No. In response to an interrogatory, Witness Lee identified an instance where  
5 tranches were unfilled, but asserted, "It is impossible to define or quantify the  
6 harm in the context of that outcome."<sup>18</sup>

7  
8 **Q31. PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATION**  
9 **REGARDING THE COMPANIES' CHOICE TO NOT HOLD SEPARATE**  
10 **AUCTIONS FOR DIFFERENT CUSTOMER CLASSES.**

11 **A31.** It is clear that combining the highly volatile industrial volumes with the more  
12 stable residential volumes increases the risk and ultimate cost of the SSO product  
13 used to serve residential customers. A separate auction for residential customers  
14 would lead to lower SSO costs for them, while not imposing any additional costs  
15 on any other customer group. The PUCO should require the Companies to modify  
16 their proposal to provide for separate SSO auctions for residential customers,  
17 perhaps together with smaller commercial customers.

18  
19 **Q32. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?**

20 **A32.** Yes, it does. However, I understand that I may be asked to update or supplement  
21 my testimony based on new information that may become available.

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<sup>18</sup> Response to OCC Set 06-INT-13d.

## **CERTIFICATE OF SERVICE**

I hereby certify that a true copy of this Direct Testimony of James F. Wilson on Behalf of the Office of the Ohio Consumers' Counsel was served via electronic transmission this 23<sup>rd</sup> day of October 2023 upon the parties below.

/s/ John Finnigan  
John Finnigan  
Assistant Consumers' Counsel

The PUCO's e-filing system will electronically serve notice of the filing of this document on the following parties:

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## **SUMMARY**

James F. Wilson is an economist with over 35 years of consulting experience, primarily in the electric power and natural gas industries. Many of his assignments have pertained to the economic and policy issues arising from the interplay of competition and regulation in these industries, including restructuring policies, market design, market analysis and market power. Other recent engagements have involved resource adequacy and capacity markets, contract litigation and damages, forecasting and market evaluation, pipeline rate cases and evaluating allegations of market manipulation. Mr. Wilson has been involved in electricity restructuring and wholesale market design for over twenty years in California, PJM, New England, Russia and other regions. He also spent five years in Russia in the early 1990s advising on the reform, restructuring and development of the Russian electricity and natural gas industries.

Mr. Wilson has submitted affidavits and testified in Federal Energy Regulatory Commission and state regulatory proceedings. His papers have appeared in the *Energy Journal*, *Electricity Journal*, *Public Utilities Fortnightly* and other publications, and he often presents at industry conferences.

Prior to founding Wilson Energy Economics, Mr. Wilson was a Principal at LECG, LLC. He has also worked for ICF Resources, Decision Focus Inc., and as an independent consultant.

## **EDUCATION**

MS, Engineering-Economic Systems, Stanford University, 1982  
BA, Mathematics, Oberlin College, 1977

## **RECENT ENGAGEMENTS**

- Analysis of provisions to enhance resource fuel security in day-ahead and real-time wholesale electricity markets.
- Evaluated peak electric load forecasts and enhancements to load forecasting methodologies.
- Evaluated a probabilistic analysis to determine the electric generating capacity reserve margin to satisfy resource adequacy criteria.
- Evaluated the potential impact of an electricity generation operating reserve demand curve on a wholesale electricity market with a capacity construct.
- Developed wholesale capacity market enhancements to accommodate seasonal resources and resource adequacy requirements.
- Evaluation of wholesale electricity market design enhancements to accommodate state initiatives to promote state environmental and other policy objectives.
- Evaluation of proposals for natural gas distribution system expansions.
- Various consulting assignments on wholesale electric capacity market design issues in PJM, New England, the Midwest, Texas, and California.
- Cost-benefit analysis of a new natural gas pipeline.
- Evaluation of the impacts of demand response on electric generation capacity mix and emissions.

- Panelist on a FERC technical conference on capacity markets.
- Affidavit on the potential for market power over natural gas storage.
- Executive briefing on wind integration and linkages to short-term and longer-term resource adequacy approaches.
- Affidavit on the impact of a centralized capacity market on the potential benefits of participation in a Regional Transmission Organization (RTO).
- Participated in a panel teleseminar on resource adequacy policy and modeling.
- Affidavit on opt-out rules for centralized capacity markets.
- Affidavits on minimum offer price rules for RTO centralized capacity markets.
- Evaluated electric utility avoided cost in a tax dispute.
- Advised on pricing approaches for RTO backstop short-term capacity procurement.
- Affidavit evaluating the potential impact on reliability of demand response products limited in the number or duration of calls.
- Evaluated changing patterns of natural gas production and pipeline flows, developed approaches for pipeline tolls and cost recovery.
- Evaluated an electricity peak load forecasting methodology and forecast; evaluated regional transmission needs for resource adequacy.
- Participated on a panel teleseminar on natural gas price forecasting.
- Affidavit evaluating a shortage pricing mechanism and recommending changes.
- Testimony in support of proposed changes to a forward capacity market mechanism.
- Reviewed and critiqued an analysis of the economic impacts of restrictions on oil and gas development.
- Advised on the development of metrics for evaluating the performance of Regional Transmission Organizations and their markets.
- Prepared affidavit on the efficiency benefits of excess capacity sales in readjustment auctions for installed capacity.
- Prepared affidavit on the potential impacts of long lead time and multiple uncertainties on clearing prices in an auction for standard offer electric generation service.

## **EARLIER PROFESSIONAL EXPERIENCE**

LECG, LLC, Washington, DC 1998–2009.

### Principal

- Reviewed and commented on an analysis of the target installed capacity reserve margin for the Mid Atlantic region; recommended improvements to the analysis and assumptions.
- Evaluated an electric generating capacity mechanism and the price levels to support adequate capacity; recommended changes to improve efficiency.
- Analyzed and critiqued the methodology and assumptions used in preparation of a long run electricity peak load forecast.
- Evaluated results of an electric generating capacity incentive mechanism and critiqued the mechanism's design; prepared a detailed report. Evaluated the impacts of the mechanism's flaws on prices and costs and prepared testimony in support of a formal complaint.
- Analyzed impacts and potential damages of natural gas migration from a storage field.
- Evaluated allegations of manipulation of natural gas prices and assessed the potential impacts of natural gas trading strategies.
- Prepared affidavit evaluating a pipeline's application for market-based rates for interruptible transportation and the potential for market power.
- Prepared testimony on natural gas industry contracting practices and damages in a contract dispute.
- Prepared affidavits on design issues for an electric generating capacity mechanism for an eastern US regional transmission organization; participated in extensive settlement discussions.



- Prepared testimony on the appropriateness of zonal rates for a natural gas pipeline.
- Evaluated market power issues raised by a possible gas-electric merger.
- Prepared testimony on whether rates for a pipeline extension should be rolled-in or incremental under Federal Energy Regulatory Commission (“FERC”) policy.
- Prepared an expert report on damages in a natural gas contract dispute.
- Prepared testimony regarding the incentive impacts of a ratemaking method for natural gas pipelines.
- Prepared testimony evaluating natural gas procurement incentive mechanisms.
- Analyzed the need for and value of additional natural gas storage in the southwestern US.
- Evaluated market issues in the restructured Russian electric power market, including the need to introduce financial transmission rights, and policies for evaluating mergers.
- Affidavit on market conditions in western US natural gas markets and the potential for a new merchant gas storage facility to exercise market power.
- Testimony on the advantages of a system of firm, tradable natural gas transmission and storage rights, and the performance of a market structure based on such policies.
- Testimony on the potential benefits of new independent natural gas storage and policies for providing transmission access to storage users.
- Testimony on the causes of California natural gas price increases during 2000-2001 and the possible exercise of market power to raise natural gas prices at the California border.
- Advised a major US utility with regard to the Federal Energy Regulatory Commission’s proposed Standard Market Design and its potential impacts on the company.
- Reviewed and critiqued draft legislation and detailed market rules for reforming the Russian electricity industry, for a major investor in the sector.
- Analyzed the causes of high prices in California wholesale electric markets during 2000 and developed recommendations, including alternatives for price mitigation. Testimony on price mitigation measures.
- Summarized and critiqued wholesale and retail restructuring and competition policies for electric power and natural gas in select US states, for a Pacific Rim government contemplating energy reforms.
- Presented testimony regarding divestiture of hydroelectric generation assets, potential market power issues, and mitigation approaches to the California Public Utilities Commission.
- Reviewed the reasonableness of an electric utility’s wholesale power purchases and sales in a restructured power market during a period of high prices.
- Presented an expert report on failure to perform and liquidated damages in a natural gas contract dispute.
- Presented a workshop on Market Monitoring to a group of electric utilities in the process of forming an RTO.
- Authored a report on the screening approaches used by market monitors for assessing exercise of market power, material impacts of conduct, and workable competition.
- Developed recommendations for mitigating locational market power, as part of a package of congestion management reforms.
- Provided analysis in support of a transmission owner involved in a contract dispute with generators providing services related to local grid reliability.
- Authored a report on the role of regional transmission organizations in market monitoring.
- Prepared market power analyses in support of electric generators’ applications to FERC for market-based rates for energy and ancillary services.
- Analyzed western electricity markets and the potential market power of a large producer under various asset acquisition or divestiture strategies.
- Testified before a state commission regarding the potential benefits of retail electric competition and issues that must be addressed to implement it.

- Prepared a market power analysis in support of an acquisition of generating capacity in the New England market.
- Advised a California utility regarding reform strategies for the California natural gas industry, addressing market power issues and policy options for providing system balancing services.

ICF RESOURCES, INC., Fairfax, VA, 1997–1998.

Project Manager

- Reviewed, critiqued and submitted testimony on a New Jersey electric utility's restructuring proposal, as part of a management audit for the state regulatory commission.
- Assisted a group of US utilities in developing a proposal to form a regional Independent System Operator (ISO).
- Researched and reported on the emergence of Independent System Operators and their role in reliability, for the Department of Energy.
- Provided analytical support to the Secretary of Energy's Task Force on Electric System Reliability on various topics, including ISOs. Wrote white papers on the potential role of markets in ensuring reliability.
- Recommended near-term strategies for addressing the potential stranded costs of non-utility generator contracts for an eastern utility; analyzed and evaluated the potential benefits of various contract modifications, including buyout and buydown options; designed a reverse auction approach to stimulating competition in the renegotiation process.
- Designed an auction process for divestiture of a Northeastern electric utility's generation assets and entitlements (power purchase agreements).
- Participated in several projects involving analysis of regional power markets and valuation of existing or proposed generation assets.

IRIS MARKET ENVIRONMENT PROJECT, 1994–1996.

Project Director, Moscow, Russia

Established and led a policy analysis group advising the Russian Federal Energy Commission and Ministry of Economy on economic policies for the electric power, natural gas, oil pipeline, telecommunications, and rail transport industries (*the Program on Natural Monopolies*, a project of the IRIS Center of the University of Maryland Department of Economics, funded by USAID):

- Advised on industry reforms and the establishment of federal regulatory institutions.
- Advised the Russian Federal Energy Commission on electricity restructuring, development of a competitive wholesale market for electric power, tariff improvements, and other issues of electric power and natural gas industry reform.
- Developed policy conditions for the IMF's \$10 billion Extended Funding Facility.
- Performed industry diagnostic analyses with detailed policy recommendations for electric power (1994), natural gas, rail transport and telecommunications (1995), oil transport (1996).

Independent Consultant stationed in Moscow, Russia, 1991–1996

Projects for the WORLD BANK, 1992-1996:

- Bank Strategy for the Russian Electricity Sector. Developed a policy paper outlining current industry problems and necessary policies, and recommending World Bank strategy.
- Russian Electric Power Industry Restructuring. Participated in work to develop recommendations to the Russian Government on electric power industry restructuring.
- Russian Electric Power Sector Update. Led project to review developments in sector restructuring, regulation, demand, supply, tariffs, and investment.
- Russian Coal Industry Restructuring. Analyzed Russian and export coal markets and developed forecasts of future demand for Russian coal.
- World Bank/IEA Electricity Options Study for the G-7. Analyzed mid- and long-term electric power demand and efficiency prospects and developed forecasts.

- Russian Energy Pricing and Taxation. Developed recommendations for liberalizing energy markets, eliminating subsidies and restructuring tariffs for all energy resources.

Other consulting assignments in Russia, 1991–1994:

- Advised on projects pertaining to Russian energy policy and the transition to a market economy in the energy industries, for the Institute for Energy Research of the Russian Academy of Sciences.
- Presented seminars on the structure, economics, planning, and regulation of the energy and electric power industries in the US, for various Russian clients.

DECISION FOCUS INC., Mountain View, CA, 1983–1992

Senior Associate, 1985-1992.

- For the Electric Power Research Institute, led projects to develop decision-analytic methodologies and models for evaluating long term fuel and electric power contracting and procurement strategies. Applied the methodologies and models in numerous case studies, and presented several workshops and training sessions on the approaches.
- Analyzed long-term and short-term natural gas supply decisions for a large California gas distribution company following gas industry unbundling and restructuring.
- Analyzed long term coal and rail alternatives for a midwest electric utility.
- Evaluated bulk power purchase alternatives and strategies for a New Jersey electric utility.
- Performed a financial and economic analysis of a proposed hydroelectric project.
- For a natural gas pipeline company serving the Northeastern US, forecasted long-term natural gas supply and transportation volumes. Developed a forecasting system for staff use.
- Analyzed potential benefits of diversification of suppliers for a natural gas pipeline company.
- Evaluated uranium contracting strategies for an electric utility.
- Analyzed telecommunications services markets under deregulation, developed and implemented a pricing strategy model. Evaluated potential responses of residential and business customers to changes in the client's and competitors' telecommunications services and prices.
- Analyzed coal contract terms and supplier diversification strategies for an eastern electric utility.
- Analyzed oil and natural gas contracting strategies for an electric utility.

## TESTIMONY AND AFFIDAVITS

Virginia Electric and Power Company's 2023 Integrated Resource Plan filing, Virginia State Corporation Commission Case No. PUR-2023-00066, Direct Testimony on behalf of Appalachian Voices, August 8, 2023.

In the Matter of the Application of Ohio Power Company for Authority to Establish a Standard Service Offer in the Form of an Electric Security Plan, Public Utilities Commission of Ohio Case No. 23-23-EL-SSO, Direct Testimony on Behalf of the Office of the Ohio Consumers' Counsel, June 9, 2023.

Essential Power OPP, LLC, et al. v. PJM Interconnection, L.L.C., FERC Docket No. EL23-53 (Winter Storm Elliott complaint cases), Affidavit in Support of the Comments of Sierra Club, May 26, 2023.

PJM Interconnection, L.L.C., FERC Docket No. ER23-1609 (RPM auction delay), Affidavit in Support of the Comments of Sierra Club, May 2, 2023.

In the Matter of the Application of The Dayton Power and Light Company d/b/a AES Ohio for Approval of Its Electric Security Plan, Public Utilities Commission of Ohio Case No. 22-900-EL-SSO, Direct Testimony on Behalf of the Office of the Ohio Consumers' Counsel, April 21, 2023; deposition, April 26, 2023; testimony at hearings May 3, 2023.

PJM Interconnection, L.L.C., FERC Docket No. ER22-2984 (RPM Quadrennial Review), Affidavit in Support of the Comments of the Public Interest Entities, October 21, 2022; Reply Affidavit in Support of the Reply Comments of the Public Interest Entities, November 4, 2022.

In the Matter of the Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2023 Energy Resource Recovery Account, California Public

Utilities Commission Application 22-05-029, Direct Testimony on behalf of Small Business Utility Advocates, September 7, 2022.

In the Matter of the Application of DTE Electric Company for Approval to Implement a Power Supply Cost Recovery Plan for the 12 months ending December 31, 2022, Michigan Public Service Commission Case No. U-21050, Direct Testimony on behalf of Michigan Environmental Council, August 3, 2022.

In Re: Washington Utilities and Transportation Commission v. Avista Corporation d/b/a Avista Utilities; In the Matter of the Electric Service Reliability Reporting Plan of Avista Corporation d/b/a Avista Utilities; Dockets UE-220053, UG-220054, and UE-210854 (Consolidated), Joint Testimony in Support of the Full Multiparty Settlement on behalf of Small Business Utility Advocates, July 8, 2022; Supplemental Joint Testimony in Support of the Colstrip Tracker and Schedule 99, July 29, 2022; Testimony at hearings September 21, 2022.

In Re: Georgia Power Company's 2022 Integrated Resource Plan and 2022 Application for the Certification, Decertification, and Amended Demand- Side Management Plan; Georgia Public Service Commission Docket Nos. 44160 and 44161; Direct Testimony on behalf of Georgia Interfaith Power & Light and the Partnership For Southern Equity, May 6, 2022; testimony at hearings May 26, 2022.

Clean Air Council et al. v. Pennsylvania Department of Environmental Protection, Environmental Hearing Board Docket No. 2021-055, *Review and Evaluation of the Need for and Alternatives to the Proposed Renov Energy Center Power Plant*, report prepared on behalf of Clean Air Council, Citizens for Pennsylvania's Future, and the Center for Biological Diversity, filed March 30, 2022; additional affidavit, June 29, 2022.

Appalachian Power Company and Wheeling Power Company, Petition for Commission Consent and Approval to Enter into Ownership and Operating Agreements for the Mitchell Plant, Public Service Commission of West Virginia Case No. 21-0810-E-PC, Direct Testimony on Behalf of West Virginia Citizen Action Group, Solar United Neighbors, and Energy Efficient West Virginia, March 28, 2022.

In the matter of the Application of DTE Electric Company for Reconciliation of its Power Supply Cost Recovery Plan for the 12-month Period Ending December 31, 2020, Michigan Public Service Commission Case No. U-20528, Direct Testimony on behalf of Michigan Environmental Council, November 23, 2021.

In the Matter of the Application of San Diego Gas & Electric Company for Approval of its 2022 Electric Sales Forecast, California Public Utilities Commission Application 21-08-010, Direct Testimony on behalf of Small Business Utility Advocates, October 1, 2021.

In the Matter of the Nova Scotia Power Inc. 2021 Load Forecast Report, Nova Scotia Utility and Review Board Matter No. M10109, Evidence on behalf of the Nova Scotia Consumer Advocate, July 21, 2021.

In the Matter of the Application of DTE Electric Company for Approval to Implement a Power Supply Cost Recovery Plan for the 12 months ending December 31, 2021, Michigan Public Service Commission Case No. U-20826, Direct Testimony on behalf of Michigan Environmental Council, June 6, 2021; Surrebuttal Testimony September 8, 2021.

Independent Market Monitor for PJM v. PJM Interconnection, LLC, FERC Docket No. EL19-47-000, and Office of the People's Counsel for District of Columbia et al v. PJM Interconnection, LLC, FERC Docket No. Docket No. EL19-63-000, Affidavit in Support of the Reply Brief of the Joint Consumer Advocates, June 9, 2021.

In Re: Application for the issuance of a certificate of public convenience and necessity for the internal modifications at coal fired generating plants necessary to comply with federal environmental regulations, Appalachian Power Company and Wheeling Power Company, Public Service Commission of West Virginia Case No. 20-1040-E-CN, Direct Testimony on behalf of West Virginia Citizens Action Group, Solar United Neighbors, and Energy Efficient West Virginia, Direct Testimony May 6, 2021; Rebuttal Testimony May 20, 2021; testimony at hearings June 9, 2021; Supplemental Direct Testimony September 24, 2021; testimony at additional hearings September 24, 2021.

In the Matter of the 2020 Biennial Integrated Resource Plans and Related 2020 REPS Compliance Plans of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC, *Review and Evaluation of the 2020 Resource Adequacy Studies Relied Upon for the Duke Energy Carolinas and Duke Energy Progress 2020 Integrated Resource Plans*, Attachment 5 to the Partial Initial Comments of Southern Alliance for

Clean Energy, Sierra Club, and Natural Resources Defense Council, North Carolina Utilities Commission Docket No. E-100 Sub 165, March 1, 2021.

In the Matter of South Carolina Energy Freedom Act (House Bill 3659) Proceeding Related to S.C. Code Ann. Section 58-37-40 and Integrated Resource Plans for Duke Energy Carolinas, LLC and Duke Energy Progress, LLC, South Carolina Public Service Commission Docket Nos. 2019-224-E and 2019-225-E, Direct Testimony on behalf of Natural Resources Defense Council, Southern Alliance for Clean Energy, Sierra Club, South Carolina Coastal Conservation League, and Upstate Forever, February 5, 2021; Surrebuttal Testimony April 15, 2021.

In the matter of the Application of DTE Electric Company for Reconciliation of its Power Supply Cost Recovery Plan for the 12-month Period Ending December 31, 2019, Michigan Public Service Commission Case No. U-20222, Direct Testimony on behalf of Michigan Environmental Council, October 27, 2020.

Virginia Electric and Power Company's 2020 Integrated Resource Plan filing, Virginia State Corporation Commission Case No. PUR-2020-00035, Direct Testimony on behalf of Environmental Respondent, September 15, 2020; testimony at hearings, October 27, 2020.

PJM Interconnection, L.L.C., FERC Docket Nos. ER19-1486 and EL19-58-003, Affidavit in Support of the Public Interest and Customer Organizations' Partial Protest of and Comments on PJM's Compliance Filing Regarding Energy and Ancillary Service Offset, September 2, 2020.

In the Matter of the Application of DTE Electric Company for Authority to Implement a Power Supply Cost Recovery Plan in its Rate Schedules for 2020 Metered Jurisdictional Sales of Electricity, Michigan Public Service Commission Case No. U-20527, Direct Testimony on behalf of Michigan Environmental Council, June 17, 2020.

ISO New England Inc., FERC Docket Nos. EL18-182, ER20-1567 (New England Energy Security), Prepared Testimony in Support of the Protest of the New England States Committee on Electricity, May 15, 2020.

Proceedings on Motion of the Commission to Consider Resource Adequacy Matters, New York Public Service Commission Case No. 19-E-0530, Reply Affidavit on behalf of Natural Resources Defense Council, Sustainable FERC Project, Sierra Club, New Yorkers for Clean Power, Environmental Advocates of New York, and Vote Solar, January 31, 2020.

In the Matter of the Application of DTE Electric Company for Reconciliation of its Power Supply Cost Recovery Plan for the 12-month Period Ending December 31, 2018, Michigan Public Service Commission Case No. U-20203, Direct Testimony on behalf of Michigan Environmental Council, January 17, 2020.

In Re: Joint Application of Longview Power II, LLC and Longview Renewable Power, LLC to Authorize the Construction and Operation of Two Wholesale Electric Generating Facilities and One High-Voltage Electric Transmission Line in Monongalia County, Public Service Commission of West Virginia Case No. 19-0890-E-CS-CN, Direct Testimony on behalf of Sierra Club, January 3, 2020; testimony at hearings January 30, 2019.

In Re: Alabama Power Company Petition for a Certificate of Convenience and Necessity, Alabama Public Service Commission Docket No. 32953, Direct Testimony on Behalf of Energy Alabama and Gasp, December 4, 2019; testimony at hearings March 11, 2020; declaration (re COVID-19 impact) September 11, 2020.

In the Matter of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC Standard Offer, Avoided Cost Methodologies, and Form Contract Power Purchase Agreements, South Carolina Public Service Commission Docket Nos. 2019-185-E and 2019-186-E, Direct Testimony on behalf of the South Carolina Coastal Conservation League and Southern Alliance for Clean Energy, September 11, 2019; surrebuttal testimony, October 11, 2019; direct and surrebuttal testimony at hearings, October 22, 2019.

In the Matter of the Application of DTE Electric Company for Authority to Implement a Power Supply Cost Recovery Plan in its Rate Schedules for 2019 Metered Jurisdictional Sales of Electricity, Michigan Public Service Commission Case No. U-20221, Direct Testimony on behalf of Michigan Environmental Council, May 28, 2019.

PJM Interconnection, L.L.C., FERC Docket Nos. EL19-58 and ER19-1486 (Reserve Pricing - ORDC), Affidavit in Support of the Protest of the Clean Energy Advocates, May 15, 2019.



PJM Interconnection, L.L.C., FERC Docket Nos. EL19-58 and ER19-1486 (Reserve Pricing - Transition), Affidavit in Support of the Protests of the PJM Load/Customer Coalition and Clean Energy Advocates, May 15, 2019.

In Re: Georgia Power Company's 2019 Integrated Resource Plan, Georgia Public Service Commission Docket No. 42310, Direct Testimony on Behalf of Georgia Interfaith Power & Light and the Partnership For Southern Equity, April 25, 2019; testimony at hearings May 14, 2019.

PJM Interconnection, L.L.C., FERC Docket No. EL19-63 (RPM Market Supplier Offer Cap), Affidavit in Support of the Complaint of the Joint Consumer Advocates, April 15, 2019.

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*Ancillary Services and Market Power*, presented at the Electric Utility Consultants' Ancillary Services Conference (New Business Opportunities in Competitive Ancillary Services Markets), Sept. 14, 2000.

*Market Monitoring Workshop*, presented to RTO West Market Monitoring Work Group, June 2000.

*Screens and Thresholds Used In Market Monitoring*, presented at the Conference on RTOs and Market Monitoring, Edison Electric Institute and Energy Daily, May 19, 2000.

*The Regional Transmission Organization's Role in Market Monitoring*, report for the Edison Electric Institute attached to their comments on the FERC's NOPR on RTOs, August, 1999.

*The Independent System Operator's Mission and Role in Reliability*, presented at the Electric Utility Consultants' Conference on ISOs and Transmission Pricing, March 1998.

*Independent System Operators and Their Role in Maintaining Reliability in a Restructured Electric Power Industry*, ICF Resources for the U. S. Department of Energy, 1997.

*Rail Transport in the Russian Federation, Diagnostic Analysis and Policy Recommendations*, with V. Capelik and others, IRIS Market Environment Project, 1995.

*Telecommunications in the Russian Federation: Diagnostic Analysis and Policy Recommendations*, with E. Whitlock and V. Capelik, IRIS Market Environment Project, 1995.

*Russian Natural Gas Industry: Diagnostic Analysis and Policy Recommendations*, with I. Sorokin and V. Eskin, IRIS Market Environment Project, 1995.

*Russian Electric Power Industry: Diagnostic Analysis and Policy Recommendations*, with I. Sorokin, IRIS Market Environment Project, 1995.

June 2023

**OCC Set 06**  
**Answer Prepared By: Robert J. Lee**  
**As to Objections: Trevor Alexander**

**Case No. 23-0301-EL-SSO**  
**In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Authority to Provide for a Standard Service Offer Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan**

**ANSWERS TO INTERROGATORIES**

**OCC Set 06**     Reference the Lee Testimony at page 13 lines 2-5:  
**– INT-008**

The Companies anticipate using a CPP value calculated as the average of the two most recent PJM capacity year values. The calculation may include a BRA, 1st Incremental, 2nd Incremental, or 3rd Incremental auction results, whichever is the latest conducted for the requisite delivery year.

- a.     Were other approaches to calculating the Capacity Proxy Price (“CPP”) considered? Describe all alternatives considered.
- b.     Explain more specifically how the “two most recent PJM capacity year values” that would be averaged to calculate the CPP would be determined. Do you mean the two most recent Reliability Pricing Model base residual or incremental auction results, without regard to the delivery year of the auction?

- Response:**
- a.     Objection. The Companies object to this Request that purports to require a detailed, narrative response. *Penn Central Transp. Co. v. Armco Steel Corp.*, 27 Ohio Misc. 76, 77 (C.P. 1971). The Request is overbroad and unduly burdensome in requesting information regarding every approach that was considered. This Request seeks information that is not relevant and not reasonably calculated to lead to the discovery of admissible evidence. The Companies object to this Request to the extent it calls for the disclosure of attorney work product and/or attorney-client privileged information. Subject to and without waiving the foregoing objections: the Companies considered using a \$0 CPP and a non-zero CPP and determined a non-zero CPP was preferable. To determine the mechanism to calculate a non-zero CPP, the Companies looked at approaches in use in other jurisdictions.
  - b.     The Companies intend to use the two most recent auction results to calculate the CPP price whether those recent results are BRA or incremental auctions for the delivery year. For example, if the PJM capacity auction has not been



run for the 2025/2026 delivery year, the two years that will be used to calculate the CPP will be the two preceding delivery years that a capacity price is known either through the BRA or the BRA plus subsequent incremental auctions, which in this example would be the 2024/2025 and 2023/2024 delivery years.

**Constellation Set 02**  
**Answer Prepared By: Robert J. Lee**

**Case No. 23-0301-EL-SSO**  
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Standard Service Offer Pursuant to R.C. § 4928.143 in the Form of an Electric Security  
Plan**

**ANSWERS TO INTERROGATORIES**

**Constellation Set 02 –  
INT-025** Are the Applicants requesting Commission approval in this Proceeding of the  
option to use a Capacity Proxy Price value that is only calculated as the average  
of the two most recent PJM capacity year values?

**Response:** Yes. The Applicants proposal is to use the average of the two most recent PJM  
capacity year values as the Capacity Proxy Price.

**Constellation Set 02**  
**Answer Prepared By: Robert J. Lee**  
**As to Objections: N. Trevor Alexander**

**Case No. 23-0301-EL-SSO**  
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**ANSWERS TO INTERROGATORIES**

**Constellation Set 02 – INT-048** What experience does the Applicants' Auction Manager have with auctions that procure electricity based on customer class products (e.g., residential, commercial and industrial)?

- A. How many auctions using customer-class based products has the Auction Manager conducted?
- B. Please describe in detail the Auction Manager's abilities to conduct such auctions.
- C. In what jurisdictions were such auctions held?
- D. Were such auctions competitive?
- E. Were such auctions successful?
- F. Did those auctions result in a market-based SSO price?

**Response:** Objection. The Request is overbroad and unduly burdensome in requesting a comprehensive response regarding different auction products in other jurisdictions. Objecting further, the Request seeks information that is not relevant and not reasonably calculated to lead to the discovery of admissible evidence. This Request improperly seeks or purports to require the Companies to provide documents and/or information that is publicly available or already in the possession, custody, or control of the requesting party, and thus equally available to the requesting party. This Request is vague and ambiguous in its failure to differentiate between standard service auction products and other types of auctions which may vary by customer class. The Companies object to subpart B of this Request that purports to require a detailed, narrative response. *Penn Central Transp. Co. v. Armco Steel Corp.*, 27 Ohio Misc. 76, 77 (C.P. 1971).

Subject to and without waiving the forgoing objections:

- A. The Auction Manager has conducted over 30 such customer class-based auctions.

B. The Auction Manager has the capabilities to conduct such auctions.

C. Pennsylvania

D-F. Results of all auctions have been approved by the Pennsylvania Public Utility Commission.

**Constellation Set 02**  
**Answer Prepared By: Robert J. Lee**  
**As to Objections: N. Trevor Alexander**

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Plan**

**ANSWERS TO INTERROGATORIES**

**Constellation Set 02 –**  
**INT-049** Does the Applicants' Auction Manager have the systems in place to conduct an auction that procures electricity based in part or in whole on customer class products (e.g. residential, commercial and industrial) for the Applicants' service territories?

**Response:** Objection. This Request seeks information that is not relevant and not reasonably calculated to lead to the discovery of admissible evidence. This Request is vague and ambiguous in its failure to define with specificity the type of auction product it relates to, as there are numerous types of auctions which procure energy in part or in whole based on customer class. Subject to and without waiving the forgoing objections, yes.

**Constellation Set 02**  
**Answer Prepared By: Robert J. Lee**  
**As to Objections: N. Trevor Alexander**

**Case No. 23-0301-EL-SSO**  
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**ANSWERS TO INTERROGATORIES**

**Constellation Set 02 –** Are there any systems limitations or other limitations that would preclude the Applicants from conducting default service auctions with class-based products?  
**INT-050** If so, what are those limitations?

**Response:** Objection. This Request seeks information that is not relevant and not reasonably calculated to lead to the discovery of admissible evidence. This Request is vague and ambiguous in its failure to define with specificity the type of auction product it relates to as there are numerous types of auctions which procure energy in part or in whole based on customer class. Subject to and without waiving the forgoing objections, no.

**OCC Set 06**  
**Answer Prepared By: Robert J. Lee**  
**As to Objections: Trevor Alexander**

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**ANSWERS TO INTERROGATORIES**

**OCC Set 06 – INT-010**      Reference the Lee Testimony at page 36 lines 8-11 (the Companies considered conducting separate solicitations by customer class.)

- a.      Name specifically the customer classes for which the Companies considered holding separate solicitations.
- b.      Did Mr. Lee consider other approaches that might combine customer classes, resulting in fewer solicitations, such as two solicitations: 1. Residential and small commercial, 2. All other customers (larger commercial, industrial, other classes)?
- c.      If such other approaches were considered, explain why they were not proposed.
- d.      If no such other approaches were considered, explain why not.

**Response:**

- a.      The Companies considered, at a high level the concept of customer-class based bidding, generally, for a standard residential, commercial, and industrial customer break out.
- b.      Objection. This Request seeks information that is not relevant and not reasonably calculated to lead to the discovery of admissible evidence. The Companies object to this Request to the extent it calls for the disclosure of attorney work product and/or attorney-client privileged information. Subject to and without waiving the foregoing objections: No, as noted in the Companies' response to subpart a., the customer-class considerations were general and did not progress to proposing detailed class designation rules. The concerns identified in testimony are not specific to any customer class designation. The Companies' concerns were that by breaking the product into small components, there was a risk that some may not garner sufficient interest or may go unserved.
- c.      Objection. The Companies object to this Request that purports to require a detailed, narrative response. *Penn Central Transp. Co. v. Armco Steel Corp.*, 27 Ohio Misc. 76, 77 (C.P. 1971). The Request is overbroad and

unduly burdensome in requesting information regarding every approach that was considered. This Request seeks information that is not relevant and not reasonably calculated to lead to the discovery of admissible evidence. The Companies object to this Request to the extent it calls for the disclosure of attorney work product and/or attorney-client privileged information. Subject to and without waiving the foregoing objections: not applicable.

- d. Please refer to the Companies' responses to subparts a. through c. above.



**OCC Set 06**  
**Answer Prepared By: Robert J. Lee**  
**As to Objections: Trevor Alexander**

**Case No. 23-0301-EL-SSO**  
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**ANSWERS TO INTERROGATORIES**

**OCC Set 06**      Reference the Lee Testimony at page 36 lines 12-13: "... the Companies are  
– **INT-012**      concerned that some products or customer classes may garner limited or no  
bidder interest, and some tranches may go unserved in the auction."

- a.      Explain what is alleged to happen when "some products or customer classes may garner limited or no bidder interest." Do bidders not participate, or do they participate and offer at higher prices? Explain your understanding of how bidders decide what to do under such circumstances.
- b.      Explain the auction outcomes when "some products or customer classes may garner limited or no bidder interest." Would it be higher auction prices, or some tranches may go unserved? Identify any other outcomes that can occur.
- c.      Explain the auction outcomes when "some tranches may go unserved in the auction." Would the process follow the "contingency plan" described in the Lee Testimony at page 37 line 20 through page 38 line 15? If so, doesn't this mean that either the tranches are served by an SSO supplier identified in this contingency plan, or else "unfilled tranches will be met through PJM-administered markets at prevailing day-ahead zonal spot prices" (unhedged, unless hedging is ordered)? If not, explain.
- d.      Explain why this is a reason to not hold separate solicitations by customer class. If harm to customers is alleged if some tranches go unserved in the auction, explain the types of customers harmed (customer class, etc.) and describe the harm.

**Response:**      Objection. The Companies object to all subparts of this Request that purport to require a detailed, narrative response. *Penn Central Transp. Co. v. Armco Steel Corp.*, 27 Ohio Misc. 76, 77 (C.P. 1971). The Companies object to subpart d., which assumes facts not in evidence. Subject to and without waiving the forgoing objections:

- a. Situations where products garner limited or no bidder interest would include scenarios where a product receives fewer tranches offered than the supply up for bid, leaving the product undersubscribed from the outset of the auction. Alternatively, a product may be exactly subscribed at the conclusion of round 1 of the auction and the product closes at the starting price.
- b. Under the scenarios described in (a), the supply for bid may go unserved or it may be priced at a significant premium to other products up for bid. Under the scenario where tranches go unserved, the contingency plan included in the Bidding Rules would need to be executed to serve the load.
- c. Correct.
- d. Objection. The request assumes facts not in evidence. Subject to and without waiving the foregoing objections, a desired result of the SSO auctions is to provide a provider of last resort function and option for customers at reasonable and stable prices. Serving customers at prevailing market prices can be highly volatile and is considered an undesirable outcome.

**OCC Set 06**  
**Answer Prepared By: Robert J. Lee**  
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**ANSWERS TO INTERROGATORIES**

**OCC Set 06**      Reference the Lee Testimony at page 36 lines 12-13: "... the Companies are  
**– INT-012**      concerned that some products or customer classes may garner limited or no bidder interest, and some tranches may go unserved in the auction."

- a.      Explain what is alleged to happen when "some products or customer classes may garner limited or no bidder interest." Do bidders not participate, or do they participate and offer at higher prices? Explain your understanding of how bidders decide what to do under such circumstances.
- b.      Explain the auction outcomes when "some products or customer classes may garner limited or no bidder interest." Would it be higher auction prices, or some tranches may go unserved? Identify any other outcomes that can occur.
- c.      Explain the auction outcomes when "some tranches may go unserved in the auction." Would the process follow the "contingency plan" described in the Lee Testimony at page 37 line 20 through page 38 line 15? If so, doesn't this mean that either the tranches are served by an SSO supplier identified in this contingency plan, or else "unfilled tranches will be met through PJM-administered markets at prevailing day-ahead zonal spot prices" (unhedged, unless hedging is ordered)? If not, explain.
- d.      Explain why this is a reason to not hold separate solicitations by customer class. If harm to customers is alleged if some tranches go unserved in the auction, explain the types of customers harmed (customer class, etc.) and describe the harm.

**Response:**      Objection. The Companies object to all subparts of this Request that purport to require a detailed, narrative response. *Penn Central Transp. Co. v. Armco Steel Corp.*, 27 Ohio Misc. 76, 77 (C.P. 1971). The Companies object to subpart d., which assumes facts not in evidence. Subject to and without waiving the forgoing objections:

- a. Situations where products garner limited or no bidder interest would include scenarios where a product receives fewer tranches offered than the supply up for bid, leaving the product undersubscribed from the outset of the auction. Alternatively, a product may be exactly subscribed at the conclusion of round 1 of the auction and the product closes at the starting price.
- b. Under the scenarios described in (a), the supply for bid may go unserved or it may be priced at a significant premium to other products up for bid. Under the scenario where tranches go unserved, the contingency plan included in the Bidding Rules would need to be executed to serve the load.
- c. Correct.
- d. Objection. The request assumes facts not in evidence. Subject to and without waiving the foregoing objections, a desired result of the SSO auctions is to provide a provider of last resort function and option for customers at reasonable and stable prices. Serving customers at prevailing market prices can be highly volatile and is considered an undesirable outcome.

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**ANSWERS TO INTERROGATORIES**

**OCC Set 06 – INT-013** Is Mr. Lee aware of any instances where a standard supply offer auction by customer class in another state garnered inadequate interest and/or failed to serve all tranches? If so, for each such instance:

- a. Identify the state, utility and date, and provide relevant documents.
- b. Describe the harm that resulted from this outcome, if any; identify the customers harmed, and provide an estimate of the harm.

**Response:**

- a. Objection. This Request is vague and ambiguous in its use of the term “inadequate.” This Request improperly seeks or purports to require the Companies to provide documents and/or information that is publicly available or already in the possession, custody, or control of the requesting party, and thus equally available to the requesting party. Subject to and without waiving the foregoing objections: Duquesne Light held a POLR Procurement auction on September 19, 2022. That POLR Procurement resulted in placement of 3 tranches of The Company’s Medium C&I product. An additional tranche of the Medium C&I product was unfilled at the conclusion of the auction. Materials related to the Duquesne Light auction can be found at <https://www.duquesnedsp.com/>. In addition, Mr. Lee is aware that the Companies’ Maryland affiliate has conducted procurement auctions by class where industrial load received no bids in certain auctions or limited interest in subsequent auctions.
- b. Objection. The Request is overbroad and unduly burdensome in requesting estimates of the harm(s) that may have stemmed from a standard supply offer auction by customer class in another state which garnered inadequate interest and/or failed to serve all tranches and a description of the customers harmed in this process. Subject to and without waiving the foregoing objections: in the Duquesne Light instance referenced in subpart a, the company executed a contingency plan to identify alternative supplier options and all tranches were priced

at the starting price for the auction. It is impossible to define or quantify the harm in the context of this outcome.

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**Case No(s). 23-0301-EL-SSO**

Summary: Testimony Direct Testimony of James F. Wilson on Behalf of the Office of the Ohio Consumers' Counsel electronically filed by Mrs. Tracy J. Greene on behalf of Finnigan, John.