

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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| In the Matter of the Application of Ohio |) | |
| Power Company for Authority to Establish a |) | |
| Standard Service Offer Pursuant to Section |) | Case No. 23-23-EL-SSO |
| 4928.143, Revised Code, in the Form of an |) | |
| Electric Security Plan |) | |

| | | |
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| In the Matter of the Application of Ohio |) | |
| Power Company for Approval of Certain |) | Case No. 23-24-EL-AAM |
| Accounting Authority |) | |

**OHIO POWER COMPANY’S MOTION FOR INTERIM RELIEF TO CONDUCT
MARCH 2024 SSO AUCTION AND REQUEST FOR EXPEDITED RULING**

Pursuant to Rule 4901-1-12 of the Ohio Administrative Code, Ohio Power Company (“AEP Ohio” or the “Company”) respectfully moves the Public Utilities Commission of Ohio (“Commission”) for interim relief authorizing the Company to conduct a March 2024 full requirements auction for a delivery period during the ESP V term consistent with the competitive bidding process approved in the Company’s current electric security plan (“ESP IV”). *See* Case Nos. 16-1852-EL-SSO, et al., Opinion and Order (April 25, 2018). The Commission previously granted interim relief authorizing the Company to conduct a November 2023 full requirements auction for a delivery period during the ESP V term. *See* Case No. 23-23-EL-SSO, Entry (September 20, 2023).

To facilitate conducting a March 2024 auction and comply with pre-auction notice requirements, the Company requests that this motion be considered on an expedited basis pursuant to Rule 4901-1-12(C); a ruling on this request by January 10, 2024 would be timely. Counsel for AEP Ohio contacted counsel for all parties on December 21, 2023, and requested that any party that opposes this motion or the Company’s request for expedited ruling respond. Most parties confirmed that they do not oppose the request to expedite (Staff, OEG, OELC,

OMAEG, OHA, The Kroger Co, NOPEC, Direct Energy, Enel, OP&E, OTA, One Energy, and WalMart). Other parties have not responded or did respond and take no position (OCC). No party, however, has indicated that it opposes AEP Ohio's request for an expedited ruling.

The grounds for this motion are set forth more fully in the accompanying memorandum in support.

Respectfully submitted,



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Counsel for Ohio Power Company

MEMORANDUM IN SUPPORT

During the term of ESP IV (June 1, 2018 through May 31, 2024), Ohio Power Company (“AEP Ohio” or the “Company”) has procured generation for standard service offer (“SSO”) customers through competitive descending clock auctions in which potential suppliers bid to provide tranches of the SSO load. *See* Case Nos. 16-1852-EL-SSO, et al., Opinion and Order (April 25, 2018). After the Commission approves the results of each auction, winning bidders execute the Master Standard Service Offer Supply Agreement (“MSA”), which defines the winning bidders’ and the Company’s rights and obligations concerning the provision of SSO supply. All current MSAs that have been or will be executed for the ESP IV term are scheduled to expire on May 31, 2024.

On January 6, 2023, the Company filed an Application and supporting testimony to initiate the current proceeding and seek approval for an electric security plan that will commence upon the expiration of the Company’s current ESP IV (June 1, 2024) and continue through May 31, 2030 (“ESP V”). *See* Application at 2 (Jan. 6, 2023). To ensure that its SSO obligation is met on and after June 1, 2024, the Company has proposed to conduct two auctions prior to June 1, 2024, in November 2023 and March 2024 for a delivery period during the ESP V term. *See* McCulty Test. at 6. Each of the auctions would seek to procure 50% (or 50 tranches) of SSO load. At the time the Application was filed, this proposed auction schedule was consistent with timelines established by PJM for future BRAs so that the capacity price applicable to the products available would be known at the time of the auction. *Id.* at 8. Additionally, the proposed changes to the SSO auction process and documents in the Application, as compared to the

auction process and documents established in the Company's current electric security plan, ESP IV, do not constitute revisions to the auction process or qualification requirements of potential bidders in the auctions and instead, primarily reflect those measures taken in response to COVID-19. *Id.* at 11-16.

AEP Ohio and numerous other parties to these proceedings filed a Joint Stipulation and Recommendation ("Stipulation") on September 6, 2023, recommending that the Commission approve AEP Ohio's application as modified by the Stipulation. *See* Stipulation at §III.A (Sep. 6, 2023). The Stipulation adopts the Company's SSO auction-related proposals but calls for modifications. The first is inclusion of an option for full requirements auction products with a true-up to account for a proxy capacity price (if needed) and the withdrawal of the Company's proposed Governmental Aggregation Standby Rider, which was a newly proposed rider for ESP V. *Id.* at §III.B. Further, the Stipulation reduces the length of the Company's ESP to May 31, 2028. Second, the Stipulation proposes to support continuing jurisdiction over certain SSO issues that may be addressed in separate dockets. In addition, the Stipulation provisions support continuing jurisdiction by the Commission over CBP matters during the term of ESP V.

The Commission previously granted interim relief authorizing the Company to conduct the November 2023 auction in advance of a merit decision in this proceeding. *See* Case No. 23-23-EL-SSO, Entry (September 20, 2023). As it is unlikely that the Commission's decision on the Stipulation in this proceeding will be final before pre-auction activities are proposed to take place for preparation of the Company's proposed March 2024 auction, interim relief is again needed. *See* Case No. 23-23-EL-SSO, McCulty Test. Appendix 1 – Provisional Schedule.

Accordingly, AEP Ohio respectfully now requests that the Commission issue an order authorizing the Company to conduct a March 2024 auction. Maintaining consistency in the

Company's auction schedule and holding a March 2024 auction is preferable to the Company waiting until after a Commission decision on the Stipulation to begin the process to procure the remaining 50% of its SSO supply for the delivery period beginning June 1, 2024. Continuing with the November and March auction schedule that the Commission previously approved in the ESP IV cases aims to minimize uncertainty and rate volatility for SSO customers. It will also provide certainty to suppliers interested in participating in the Company's SSO auctions. Additionally, an auction held in March 2024 would capture any favorable market conditions that may presently exist. Further, granting interim relief by January 10, 2024, will allow the Company to conduct a March 2024 auction that largely maintains the various timelines provided in the auction rules. Such timelines are not only constructed to accommodate various bidder deadlines related to the auction, and to accommodate holding the Company's SSO auction on a date not yet set to hold an SSO auction for another electric distribution utility, but for the March 2024 auction specifically, these timelines are also constructed so that the Company can hold its annual procurement for load for its Percentage of Income Payment Plan ("PIPP") customers. The Company must conduct its March 2024 auction prior to holding its 2024 PIPP RFP as the March 2024 auction results are used to calculate the PIPP RFP "price to beat" which is the weighted-average SSO price applicable to the 2024 PIPP RFP delivery period of June 1, 2024 through May 31, 2025. For reasons further discussed below, AEP Ohio proposes to conduct this March 2024 auction consistent with the competitive bidding process approved in the Company's current electric security plan, ESP IV. To be clear, the modifications described above being proposed under the Application in this case and the Stipulation filed on September 6, 2023, will not be incorporated into the proposed March 2024 auction.

First, it is no longer possible to conduct a March 2024 auction in accordance with the provisional dates provided in the Application. As such, the Company is including as Appendix A to this Motion a revised provisional schedule for a March 2024 auction. If granted interim relief by January 10, 2024, the Company will be able to conduct a March 2024 auction following the revised provisional schedule provided as Appendix A, that largely maintains the various timelines for bidder deadlines provided in the auction rules to the extent possible. This revised schedule is also consistent with the schedule established for the Company's most recent SSO auction held in November 2023 for which the Company also sought, and the Commission granted, interim relief. *See* Case No. 23-23-EL-SSO, Ohio Power Company's Motion for Interim Relief to Conduct November 2023 SSO Auction and Request for Expedited Ruling (September 15, 2023).

Importantly, on April 11, 2023, the PJM Interconnection L.L.C. ("PJM") filed to revise its schedule for its capacity auctions for the 2025/2026 delivery year as well as for subsequent delivery years. On June 9, 2023, the Federal Energy Regulatory Commission (the "FERC") issued an Order accepting PJM's proposed revisions to the BRA schedules. Specifically, PJM's approved schedule revisions call for the base residual auction for the 2025/2026 delivery year to be held in June 2024 and for the base residual auction for the 2026/2027 delivery year to be held in December 2024. Consequently, the results of the BRAs for the 2025/2026 and 2026/2027 delivery years will not be available until June 2024 and December 2024, respectively, after the start of the ESP V term, so the capacity price applicable to some of the auction products originally planned for the March 2024 auction in the Application will not be known.

As discussed, the Stipulation includes an option for full requirements auction products with a true-up to account for a proxy capacity price (if needed), however, a Commission decision

on the Application and Stipulation is not available at this time. Further, on July 26, 2023, the Attorney Examiner issued an Entry that included a proposal by Commission Staff detailing a potential modification to the electric distribution utilities' ("EDUs") SSO auction products to price capacity at a proxy rate for delivery years for which the actual capacity price has not yet been established. *See* Case No. 23-0781-EL-UNC, Attorney Examiner Entry (July 26, 2023).¹ On December 13, 2023, the Commission issued a Finding and Order approving Staff's proposal that each EDU modify its SSO auction products to price capacity at a proxy rate for years in which the capacity price is not known. *See* Case No. 23-0781-EL-UNC, Finding and Order (December 13, 2023). In its Order, the Commission directs the EDUs "to work in conjunction with their auction managers to revise all supplier documents, as necessary, as well as update the pertinent information presented at bidder information sessions to be conducted prior to each auction." *Id.* at 13. The Commission goes on to clarify that it is not directing the EDUs to employ a specific method to true-up the capacity rate, and the Commission also does not direct the EDUs to employ a specific method to calculate the value of the capacity proxy rate. *Id.* at 13.

The Company appreciates the Commission's action in the above-mentioned proceeding. However, as recognized by the Commission in its December 13th Order, the implementation of a capacity proxy rate, as well as a true-up for such rate, will involve careful consideration by, and coordination between, the Company and its auction manager. The steps needed to implement the capacity proxy rate (including the calculation methodology, the appropriate education of potential bidders, as well as the updates to the auction rules, Master SSO Supply Agreement, bidder information sessions, and other auction documents) and true-up method will not be

¹ The Entry invited interest stakeholders to submit initial comments on this potential modification by August 25, 2023, and then to submit reply comments by September 11, 2023. *Id.* On September 8, 2023, the deadline for submission of reply comments was extended to September 15, 2023, by way of Attorney Examiner Entry. *See* Case No. 23-0781-EL-UNC, Attorney Examiner Entry (September 8, 2023).

completed in time for the Company to hold a March 2024 auction following the revised provisional schedule provided as Appendix A, that largely maintains the various timelines for bidder deadlines provided in the auction rules. As such, AEP Ohio proposes to conduct the March 2024 auction consistent with the competitive bidding process approved in the Company's current electric security plan, ESP IV, and to revise its auction product schedule to procure 50 tranches of a 12-month product in its March 2024 auction. Conducting a March 2024 auction consistent with the competitive bidding process approved in the Company's current electric security plan, ESP IV, would mean conducting an SSO auction relatively consistent with the auction process proposed in the Application, and as modified by the Stipulation, but also under a competitive bid process with which potential bidders are already familiar. Further, conducting a March 2024 auction and offering only a 12-month product would allow the Company to ensure that its SSO obligation is met while still taking the appropriate time to adjust the auction documents and formulate a true-up process for a capacity proxy rate to be used in future SSO auctions. Additionally, as a Commission decision has not yet been made regarding the Company's Application, as modified by the Stipulation, procuring a 12-month product in a March 2024 auction would mean that the Company would not be procuring longer-term products into the term of its proposed ESP V prior to receiving a Commission decision on the Application and Stipulation.

CONCLUSION

For the foregoing reasons, AEP Ohio respectfully requests that the Commission approve its request for interim relief and authorize the Company to conduct a March 2024 auction consistent with the competitive bidding process approved in the Company's ESP IV, for 50 tranches of a 12-month product, and consistent with the dates established in the revised provisional schedule included herein.

To facilitate a March 2024 auction and to provide sufficient notice, information, and application time to potential bidders in advance of the auction, the Company requests expedited ruling on this motion. Specifically, in order for the Company and its auction manager to conduct an orderly and robust process leading up to the auction, and in accordance with Appendix A, included herein, the Company requests that the Commission issue an order granting this motion on or before January 10, 2024.

Respectfully submitted,



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Counsel for Ohio Power Company

Appendix A – Revised Provisional Schedule for March 2024 Auction

The actual schedule for each auction will be posted to the calendar page of the CBP website. The Auction Manager, in consultation with AEP Ohio and Commission Staff, may make changes to the schedule as circumstances warrant. Any such change will be announced to bidders and posted to the CBP website.

March 2024 Auction

| Activity | Date |
|--|---|
| Bidder Information Session | Thursday, January 18, 2024 |
| Auction Manager announces tranche targets, tranche size, MW-measure, minimum and maximum starting prices | Friday, January 19, 2024 |
| Part 1 Window opens | Friday, January 19, 2024 |
| Part 1 Applications are due | 12PM (noon) Wednesday, January 31, 2024 |
| Part 1 Notification Date | Tuesday, February 06, 2024 |
| Part 2 Window opens | Wednesday, February 07, 2024 |
| Auction Manager announces any update to the MW-measure and announces seasonal factors | Wednesday, February 07, 2024 |
| Part 2 Applications are due | 12PM (noon) Tuesday, February 20, 2024 |
| Part 2 Notification Date | Tuesday, February 27, 2024 |
| Bidder User Manual Distributed | Tuesday, February 27, 2024 |
| Trial Auction for Registered Bidders | Wednesday, February 28, 2024 |
| Auction Manager informs Registered Bidders of round 1 prices | Thursday, February 29, 2024 |
| Auction begins | Tuesday, March 05, 2024 |
| Auction Manager notifies AEP Ohio and the Commission of results | On day of auction close |
| End of Commission review period | Within two days of the auction close |
| Master SSO Supply Agreements Signed | Within three days of end of Commission review |
| Power Flow | Saturday, June 01, 2024 |

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 upon the following parties.

In addition, I hereby certify that a service copy was sent by, or on behalf of, the undersigned counsel to the following parties of record this 21st day of December 2023, via e-mail:

/s/ Steven T. Nourse

Steven T. Nourse (0046705)

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Case No(s). 23-0023-EL-SSO, 23-0024-EL-AAM

Summary: Motion FOR INTERIM RELIEF TO CONDUCT MARCH 2024 SSO
AUCTION AND REQUEST FOR EXPEDITED RULING electronically filed by Mr.
Steven T. Nourse on behalf of Ohio Power Company.