THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE PROCUREMENT OF STANDARD SERVICE OFFER GENERATION FOR CUSTOMERS OF DAYTON POWER & LIGHT COMPANY.	**CASE NO. 17-957-EL-UNC**

ENTRY

Entered in the Journal on February 14, 2020

I. SUMMARY

{¶ 1} The Commission approves the Dayton Power & Light Company's application to modify its standard service offer auction schedule.

II. DISCUSSION

{¶ 2} Dayton Power & Light Company (DP&L or the Company) is a public utility and an electric distribution utility as defined under R.C. 4905.02 and R.C. 4928.01, respectively. Therefore, the Company is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4928.141 provides that an electric distribution utility shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric service to consumers, including a firm supply of electric generation service. The SSO may either be a market rate offer in accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143.

{¶ 4} On October 20, 2017, the Commission modified and approved an amended stipulation establishing DP&L's third ESP (ESP III). *In re Dayton Power & Light Co.*, Case No. 16-395-EL-SSO (*ESP III Case*), Opinion and Order (Oct. 20, 2017). In part, ESP III provided that, for the period between November 1, 2017, and October 31, 2023, DP&L would supply its SSO load entirely through competitive bid auctions as accepted by the Commission in DP&L's original ESP (ESP I) and charged on a $/kilowatt hour basis for all tariff classes. As part of the competitive bid process (CBP) outlined in ESP III, the Company was expected to conduct an auction on March 12, 2020, for 50 percent of the SSO load starting June 1, 2020, and ending May 31, 2023.

{¶ 5} On November 21, 2019, following the rehearing process and a second evidentiary hearing compelled by an intervenor's withdrawal from the amended stipulation establishing ESP III, the Commission issued a Supplemental Opinion and Order further modifying and approving ESP III to eliminate DP&L's distribution modernization rider. *ESP III Case*, Supplemental Opinion and Order (Nov. 21, 2019). Consequently, on November 26, 2019, DP&L filed a notice of withdrawal of its application for ESP III pursuant to R.C. 4928.143(C)(2)(a) and signaled its intent to implement its most recent SSO—ESP I—pursuant to R.C. 4928.143(C)(2)(b) by filing proposed revised tariffs in Case No. 08-1094-EL-SSO. *ESP III Case*, Notice of Withdrawal (Nov. 26, 2019); *In re The Dayton Power and Light Co.*, Case No. 08-1094-EL-SSO, et al. (*ESP I Case*), Proposed Revised Tariffs (Nov. 26, 2019).

{¶ 6} On December 18, 2019, the Commission issued two orders: a Finding and Order approving DP&L's withdrawal of its ESP application and terminating ESP III in the *ESP III Case* and a Second Finding and Order approving, with modifications, DP&L's proposed revised tariffs in the *ESP I Case*. *ESP III Case*, Finding and Order (Dec. 18, 2019); *ESP I Case*, Second Finding and Order (Dec. 18, 2019). In the *ESP I Case* Second Finding and Order, the Commission noted that, in order to maintain the integrity of competitive wholesale and retail markets in the state, ESP I included and continued to embrace the CBP process for procuring SSO generation. *ESP I Case*, Second Finding and Order (Dec. 18, 2019) at ¶ 28. The Commission further directed "DP&L to continue to request appropriate CBP auction schedules as necessary to continue to serve SSO customers until DP&L's next SSO is approved." *Id.*

{¶ 7} The next day, December 19, 2019, the Federal Energy Regulatory Commission (FERC) issued an order that, among things, approved substantial changes to the PJM Interconnection LLC (PJM) Minimum Offer Price Rule and eligibility of resources to participate in the base residual auctions (BRA) for capacity and directed PJM to provide revised dates and timelines for the 2019 BRA and related incremental auctions, along with revised dates and timelines for the May 2020 BRA as necessary. *Order Establishing Just and Reasonable Rate*, Case No. EL16-49-000, at ¶ 2, 4 (Dec. 19, 2019) (FERC Order). The FERC Order followed a previous order in the same case that instructed PJM to not conduct its BRA for the prospective 2022-2023 delivery year, which had been scheduled to occur in August 2019. *Order on Motion for Supplemental Clarification*, Case No. EL16-49-000, at ¶ 2 (July 25, 2019).

{¶ 8} On February 7, 2020, in this case docket, DP&L filed an application requesting a modification to its CBP auction schedule in response to the FERC Order. The Company explains that, consistent with years past, DP&L's CBP auction typically includes 12-, 24-, and 36-month products, but the cited FERC orders have caused complications in conducting SSO CBP auctions. Specifically, the 36-month product extends through May 31, 2023, but, as of now, there is no known PJM capacity rate for the 2022/2023 delivery year. Therefore, according to DP&L, including the 36-month product in the Company's competitive bid will inevitably increase the amount of inherited risk and cause prices to be unusually high for the final 12 months. Thus, to alleviate this uncertainty and risk, DP&L proposes to eliminate the 36-month product and offer only the 12- and 24-month products in its upcoming March 2020 auction. DP&L states that the Company's request is consistent with the Commission's treatment of similar problems raised by Duke Energy Ohio, Inc. (Duke) in implementing Duke's SSO auction schedules. *See In re Duke Energy Ohio, Inc.*, Case No. 17-1263-EL-SSO, et al., Entry (July 31, 2019). In short, DP&L requests that the Commission approve the Company's request to offer a 24-month product, temporarily eliminating the 36-month product, in the interest of consistency and to benefit customers.

{¶ 9} The Commission finds that DP&L's application is reasonable and should be approved. The Commission is entitled to revisit and modify a prior order so long as we provide an explanation and the modification is substantively reasonable and lawful. *In re Application of Ohio Power Co.*, 144 Ohio St.3d 1, 2015-Ohio-2056, 40 N.E.3d 1060, ¶ 16-17.

Pursuant to Commission orders, DP&L is currently obligated to conduct its March 2020 auction with 12-, 24-, and 36-month products. Given the recent FERC Order, however, it is highly likely that PJM's rates for the 2022-2023 delivery year will be unknown when DP&L conducts the auction in March. As we noted in *In re Duke Energy Ohio, Inc.*, Case No. 17-1263-EL-SSO, et al., Entry (Feb. 13, 2020), such uncertainty could have significant effects on the auction process, including limiting participation and altering bidding strategies. Therefore, the Commission determines that it is reasonable to adjust the previously ordered auction schedule as requested to provide greater market certainty. Accordingly, DP&L should eliminate the 36-month product, offering only 12- and 24-month product covering the period ending May 31, 2022, in its upcoming March 2020 auction. Thereafter, the remaining product, for the period of June 1, 2022, to May 31, 2023, will be adjusted appropriately once a final PJM rate is established. Finally, because the uncertainty caused by FERC's orders is precluding the use of three-year auction product to lock in historically low energy prices, the Commission directs Staff to file a proposal for a modified product that contains capacity flow-through provisions within 30 days of this order.

III. ORDER

{¶ 10} It is, therefore,

{¶ 11} ORDERED, That DP&L's application to modify its SSO auction schedule be granted as described Paragraph 9. It is, further,

{¶ 12} ORDERED, That Staff file a proposal for a modified product within 30 days, also as described in Paragraph 9. It is, further,

{¶ 13} ORDERED, That a copy of this Entry be served on all interested persons and parties of record.

COMMISSIONERS:
Approving:
M. Beth Trombold
Lawrence K. Friedeman
Daniel R. Conway
Dennis P. Deters

PAS/hac