

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE PROCUREMENT
OF STANDARD SERVICE OFFER
GENERATION AS PART OF THE FOURTH
ELECTRIC SECURITY PLAN FOR
CUSTOMERS OF OHIO EDISON
COMPANY, THE CLEVELAND ELECTRIC
ILLUMINATING COMPANY, AND THE
TOLEDO EDISON COMPANY.

CASE NO. 16-776-EL-UNC

FINDING AND ORDER

Entered in the Journal on October 7, 2020

I. SUMMARY

{¶ 1} The Commission approves the results of the auction conducted on October 5, 2020, for the procurement of FirstEnergy's standard service offer generation as part of its fourth electric security plan.

II. DISCUSSION

{¶ 2} Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company (collectively, FirstEnergy) are electric distribution utilities as defined by R.C. 4928.01.

{¶ 3} R.C. 4928.141 provides that electric distribution utilities shall provide consumers a standard service offer (SSO) of all competitive retail electric services in accordance with R.C. 4928.142 or 4928.143.

{¶ 4} On March 31, 2016, the Commission issued its Opinion and Order in FirstEnergy's fourth electric security plan (ESP) in *In re FirstEnergy*, Case No. 14-1297-EL-SSO (ESP IV), approving the stipulations filed by various parties. The ESP IV provides that, for the period between June 1, 2016, and May 31, 2024, retail generation rates will be determined by a descending-clock format competitive bid process (CBP).

{¶ 5} In the CBP, FirstEnergy agreed to procure, on a slice of system basis, 100 percent of its aggregate, wholesale full requirements SSO supply. Further, the

stipulations provided that the CBP would be conducted by an independent bid manager, CRA International (CRA). Although the stipulations provided that CRA was to select the winning bidder(s), the stipulations also provided that the Commission may reject the results within 48 hours of the auction conclusion.

{¶ 6} On July 25, 2019, the Federal Energy Regulatory Commission (FERC) issued an order directing PJM Interconnection, LLC (PJM) to not conduct its base residual auction (BRA) regarding the 2022-2023 delivery year, previously scheduled for August 2019. Order on Motion for Supplemental Clarification, Case No. EL16-49-00, at ¶ 2 (July 25, 2019). This direction prevented PJM from moving forward with a wholesale competitive bidding process the output of which informed potential bidders in each EDU retail competitive bidding process associated with the SSO development of the forward cost of the capacity obligation arising from the provision of SSO generation supply. Thereafter, on December 19, 2019, FERC ordered that PJM must submit a new schedule regarding the BRA within 90 days. Order Establishing Just and Reasonable Rate, Case No. EL16-49-00, at ¶ 4 (Dec. 19, 2019).

{¶ 7} Subsequently, on August 26, 2020, the Commission granted FirstEnergy's motion to adjust its CBP as established in *ESP IV*, in order to address the uncertainty regarding the BRA created by FERC's action. Specifically, FirstEnergy's motion proposed to modify the existing auction scheduled for October 2020 and replace the auction products with 33 tranches of a 12-month product for the June 1, 2021 through May 31, 2022 delivery period.

{¶ 8} Pursuant to the Commission's directives, a CBP auction was held on October 5, 2020. On October 6, 2020, CRA and Bates White Economic Consulting (Bates White), a consultant retained by the Commission to monitor the CBP auction, filed reports regarding the conduct of the auction. These reports consisted of confidential versions, filed under seal, and a redacted version of the report filed by CRA, which is publicly available in this docket.

{¶ 9} According to the reports filed by CRA and Bates White, the auction procured 33 tranches of a 12-month product with a clearing price of \$48.47 per MWh for the June 1, 2021, to May 31, 2022 delivery period. CRA and Bates White each recommended that the Commission find that the CBP auction, within the limits of its structures, had sufficient competitive attributes and resulted in winning prices that are reasonable.

{¶ 10} The Commission finds that the reports filed by CRA and Bates White do not contain any recommendation or evidence that the auction violated the CBP rules in such a manner as to invalidate the auction. Accordingly, the Commission will not reject the results of the CBP auction.

{¶ 11} In addition, the Commission notes that the reports filed by CRA and Bates White also contain sensitive information which should be deemed confidential and remain under seal. Therefore, the Commission finds that the following information will be protected from public release indefinitely: the names of unsuccessful bidders; price information, including starting price methodologies and round prices/quantities for individual bidders; all information contained in Part I and Part II bidder applications; and, indicative pre-auction offers.

{¶ 12} However, the Commission finds that certain information regarding the CBP auction contained in the reports submitted by CRA should be released to the public after a brief period of time to allow the winning bidders to procure any additional necessary capacity to serve the SSO load. Therefore, unless otherwise ordered by the Commission, the following information will be subject to public release 21 days after the issuance of this Finding and Order: the names of bidders who won tranches in the CBP auction; the number of tranches won by each bidder; the first round ratio of tranches supplied compared to tranches needed; and, the redacted report filed by CRA detailing the CBP auction proceedings, subject only to redaction of any confidential information enumerated in Paragraph 9.

{¶ 13} Finally, the Commission notes that all bidders are required to immediately disclose to the Commission and Staff all prices, terms and conditions for any post auction assignments of tranches obtained through the CBP, subject to appropriate protections for confidential or proprietary information. *In re FirstEnergy*, Case No. 10-388-EL-SSO, Opinion and Order (Aug. 25, 2010) at 34.

III. ORDER

{¶ 14} It is, therefore,

{¶ 15} ORDERED, That the information set forth in Paragraph 9 be deemed confidential and remain under seal indefinitely. It is, further,

{¶ 16} ORDERED, That, unless otherwise ordered by the Commission, the information set forth in Paragraph 10 be subject to public release 21 days after the issuance of this Finding and Order. It is, further,

{¶ 17} ORDERED, That a copy of this Finding and Order be served upon all parties of record.

COMMISSIONERS:

Approving:

Sam Randazzo, Chairman

M. Beth Trombold

Lawrence K. Friedeman

Daniel R. Conway

Dennis P. Deters

GAP/hac

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

10/7/2020 3:04:01 PM

in

Case No(s). 16-0776-EL-UNC

Summary: Finding & Order approving the results of the auction conducted on October 5, 2020, for the procurement of FirstEnergy's standard service offer generation as part of its fourth electric security plan electronically filed by Heather A Chilcote on behalf of Public Utilities Commission of Ohio