Dayton seeks FERC approval of transfer of power plants to another AES unit

This follows through on Ohio policy for utilities to get rid of power plants

08/26/2016 by Barry Cassell

Under a plan previously approved by the Public Utilities Commission of Ohio, Dayton Power and Light (DP&L) and AES Ohio Generation LLC (AES Ohio Gen) applied Aug. 25 at the Federal Energy Regulatory Commission for approval of a transfer of DP&L’s mostly coal-fired power plants to AES Ohio Gen.

These two companies are both subsidiaries of AES Corp. (NYSE: AES). Utility subsidiaries of FirstEnergy (NYSE: FE) and American Electric Power (NYSE: AEP) have already sold their power plants in Ohio or that are outside of the state but are serving their Ohio needs to non-regulated subsidiaries under Ohio’s utility deregulation program.

In 2014, the Public Utilities Commission of Ohio (PUCO) approved a plan for DP&L to divest its generation on or before Jan. 1, 2017. This transaction involves the transfer by DP&L of generation facilities, along with ancillary assets and property associated with generation assets, to an affiliated entity, AES Ohio Gen. AES Ohio Gen, as the ultimate acquiring entity, will consolidate these assets with its existing generation assets and will continue to use its existing and newly acquired generation assets to make wholesale sales in interstate commerce under its market based rate authority granted by FERC.

The applicants requested that FERC establish a period of not more than 21 days for comments on the application and issue an order within 45 days of the date this application is filed. The transaction is scheduled to close on or before Jan. 1, 2017.

AES Ohio Gen is an Ohio public utility, engaged in the generation of electric power and wholesale power sales from its existing generation assets located in Ohio and Indiana. Prior to Feb. 1, 2016, it operated under the legal name of DPL Energy LLC. Its existing generation assets are capacity resources within the PJM Interconnection region and are bid into markets administered by PJM. AES Ohio Gen owns no transmission facilities except those necessary to interconnect with the PJM transmission grid.

The generation assets owned by DP&L to be transferred are: Stuart Units 1-4, 35% ownership, 808 MW summer rating (DP&L share), Coal Stuart Diesel, 35% ownership, 3 MW summer rating (DP&L share), Oil Killen Unit 2, 67% ownership, 402 MW summer rating (DP&L share), Coal Killen CT, 67% ownership, 12 MW summer rating (DP&L share), Oil Conesville Unit 4, 16.5% ownership, 129 MW summer rating (DP&L share), Coal Miami Fort Units 7-8, 36% ownership, 368 MW summer rating (DP&L share), Coal Zimmer Station, 28.1% ownership, 371 MW summer rating (DP&L share), Coal Hutchings Turbine Unit 7, 100% ownership, 25 MW summer rating, Gas Tait CT Units 1-3, 100% ownership, 256 MW summer rating, Gas Tait Diesel, 100% ownership, 10 MW summer rating, Oil Monument, 100% ownership, 12 MW summer rating, Oil Sidney, 100% ownership, 12 MW summer rating, Oil Yankee Street CT Units 1-7, 100% ownership, 101 MW summer rating, Gas Yankee Solar, 100% ownership, 1 MW, Solar

The generation assets currently owned by AES Ohio Gen are: Tait CT Units 4-7, 100% ownership, 320 MW summer rating, Gas Montpelier Units 1-4, 100% ownership, 236 MW summer rating, Gas
In addition, AES Ohio Gen will assume rights and obligations held by DP&L under contracts with third parties that are directly tied to the generation business and are still in effect as of the closing date. DP&L currently owns only a portion of several generation units, the other portions of which are owned by various subsidiaries of Dynegy (NYSE: DYN) or, in some instances, by a Dynegy subsidiary and the Ohio Power unit of AEP. AES Ohio Gen will assume DP&L's rights and obligations under the contractual relationships among the co-owners.

Similarly, any of DP&L's coal supply agreements or power sales or purchase agreements that are still in effect as of the closing date will be assigned to AES Ohio Gen. Any power sales transactions that are still in effect as of the closing date and which were entered into based on the underlying generation assets, will also be transferred to AES Ohio Gen.

ABOUT THE AUTHOR

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Barry Cassell is Chief Analyst for GenerationHub covering coal and emission controls issues, projects and policy. He has covered the coal and power generation industry for more than 26 years, beginning in November 2011 at GenerationHub and prior to that as editor of SNL Energy's Coal Report. He was formerly with Coal Outlook for 15 years as the publication's editor and contributing writer, and prior to that he was editor of Coal & Synfuels Technology and associate editor of The Energy Report. He has a bachelor's degree from Central Michigan University.

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