



NERA
Economic Consulting

*PPL Electric Utilities Corporation
Default Service Procurement Plan*

**Bidder Information Web Cast
September 16, 2009**



*Default Service
Procurement Plan
DSPP*

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Disclaimer

- ❖ Any statements herein describing or referring to documents and agreements are summaries only, and are qualified in their entirety by reference to such documents and agreements
- ❖ The governing documents in this Solicitation are:
 - ❑ the June 30, 2009 Commission's Order approving the PPL Electric Utilities Corporation Default Service Program and Procurement Plan for the Period January 1, 2011 through May 31, 2013, Docket No. P-2008-2060309
 - ❑ the applicable RFP Rules
 - ❑ the applicable Supply Master Agreements
- ❖ Please see the RFP Web site (www.pplpolr.com) for complete documentation

Agenda

- ❖ Regulatory Background
- ❖ Overview of the RFP Process
- ❖ Product Design
- ❖ Qualifications and Bidding Process
- ❖ RFP Web site

Regulatory Background

Why Are We Here?

- ❖ In 1997, Pennsylvania deregulated the generation of electricity
 - ❑ PPL Electric rates were unbundled
 - ❑ PPL Electric rate caps for generation costs established through December 31, 2009
- ❖ In 2000, PPL Electric restructured and divested its generation as separate affiliates
- ❖ In 2001, PPL Electric entered into a long term contract with PPL EnergyPlus to supply the generation needs of PPL Electric's default service customers through the end of the rate caps on December 31, 2009
- ❖ Since 2001, the rate caps at Duquesne, Pike County, and Penn Power have ended. Other EDCs -- Allegheny Energy, FirstEnergy (Met-Ed and Penelec) and PECO -- have rate caps that end on December 31, 2010

The Competitive Bridge Plan

- ❖ In 2006, PPL Electric filed and the PUC approved the Competitive Bridge Plan to get in sync with other large EDCs to obtain supply for its default service customers in 2010
- ❖ The final solicitation of six solicitations will be complete in October

The Default Service Procurement Plan (DSPP)

- ❖ In 2008, PPL Electric filed the Default Service Procurement Plan to obtain supply for its default service customers for the period January 1, 2011 through May 31, 2013
- ❖ Plan was approved by the Commission on June 30, 2009
- ❖ The first of 14 scheduled solicitations concluded in August 2009
- ❖ The second solicitation has begun

PA Act 129

- ❖ Nov. 14, 2008 – Act 129 became effective
- ❖ Jul. 1, 2009 – PPL Electric filed its energy efficiency and conservation (EE&C) plan with the PUC
- ❖ Nov. 1, 2009 – The PUC must act on the EE&C plans

EDCs' retail customers	By:	Minimum % Reduction
Consumption	May 31, 2011	1%
	May 31, 2013	3%
Demand	May 31, 2013	4.5%

- ❖ For more information see www.pplact129.com

PPL's Rate Stabilization Plan

- ❖ Plan to allow all customers to pre-pay the price increase in 2010 associated with the CBP procurements
- ❖ Approved by the PUC on August 7, 2008
- ❖ Available to some residential and small commercial and industrial customers and street light customers
- ❖ Customers pay charges in 2008 and 2009
- ❖ Customers receive credits in 2010 and 2011
- ❖ Approximately 140,000 customers are participating in the plan

PPL's Rate Mitigation Plan

- ❖ Plan to allow all customers to defer price increases in 2010 above 25%
- ❖ Filed with the PUC on February 19, 2009
- ❖ Available to some residential and small commercial and industrial customers
- ❖ Customers receive credits in 2010 and, in some cases, in 2011
- ❖ Customers pay back all deferrals by the end of 2012
- ❖ Filed Plan is pending approval from PUC at this time

The Role of NERA

- ❖ To ensure a transparent process, PPL Electric has hired NERA to continue its role as independent third-party RFP Manager for the solicitations under the DSSP
- ❖ NERA's role is:
 - ❑ To be the main point of contact with bidders
 - ❑ To ensure the RFP Process and Rules, as approved by the PUC, are followed
 - ❑ To ensure qualifications are evaluated equitably and fairly
 - ❑ To ensure conforming Bids
 - ❑ To evaluate and determine the lowest-cost combination of Bids based solely on price
 - ❑ To present the results to the PUC

Overview of the RFD Process

Default Service

- ❖ A default service customer is a retail customer that does not purchase electric supply from an Electric Generation Supplier (EGS)
- ❖ As an Electric Distribution Company (or Default Service Provider), PPL Electric has the obligation to obtain supply for its default service customers

Procurement Groups

- ❖ A “Customer Group” is a grouping of customers

Group	Description	General Criteria
R	Residential	All Residential Customers
SC&I	Small Commercial and Industrial	< 500 kW annual peak demand
LC&I	Large Commercial and Industrial	≥ 500 kW annual peak demand

- ❖ Section 1.1.3 of the Full Requirements RFP Rules provides full description of rate schedules within each Customer Group

3 RFPs, Multi-Solicitation Process

- ❖ 3 RFPs
 - ❑ Full Requirements RFP for load-following, full requirements products
 - ❑ Block Energy RFP for standard wholesale products
 - ❑ AEC RFP for Alternative Energy Credits
- ❖ Fourteen solicitations between Aug. 2009 and Jan. 2013
 - ❑ Bid Dates are provided in RFP Rules

October 2009 Solicitation Bid Products

Delivery Period	RFP	Product Description	Quantity to be Procured
8 Months beginning Jan 1, 2011	Full Requirements	Residential Fixed Price	12 Tranches
		Small C&I Fixed Price	9 Tranches
	Block	7 x 24 Energy	2 Tranches (25 MW)
	AEC	Tier I (non-Solar)	8,485 AECs
		Tier I Solar	67 AECs
		Tier II	16,625 AECs

Full Requirements Suppliers Serve Percent of Load

- ❖ Suppliers serve a percent of the Customer Group load:
 - ❑ on a fixed-price (\$/MWh) basis or
 - ❑ with energy priced to the PJM real-time spot market
 - ❑ includes AEPS compliance
- ❖ Loads are adjusted for losses to zonal aggregate load bus
- ❖ A tranche for a Group is a fixed percentage of PPL Electric's load for that Group
- ❖ Customers are free to switch out of, and back to, default service with appropriate notice to PPL Electric

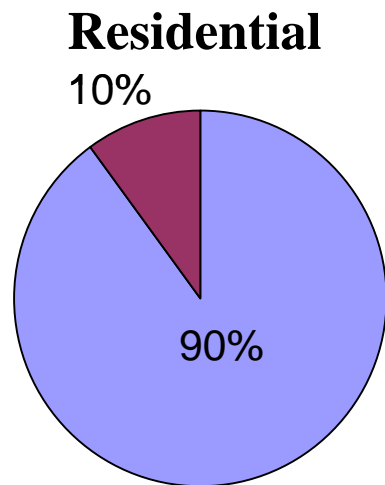
Full Requirements Load is Residual Load

- ❖ PPL Electric has long-term contract with the Allegheny Electric Cooperative for capacity and energy from NYPA
 - ❑ capacity and energy under this contract is uniformly allocated between the Residential, SC&I, and LC&I Groups
 - ❑ full requirements load for Residential, SC&I, and LC&I Groups will be reduced by capacity and energy obtained
 - ❑ contract and historical data available on RFP Web site
- ❖ **In addition:**
 - ❑ For Residential Group, full requirements load will be reduced by block energy supply of 300 MW and unit entitlement supply of up to 50 MW and associated capacity and ancillary services bought from PJM
 - ❑ For LC&I Group, full requirements load will be reduced by any optional monthly or quarterly product being developed

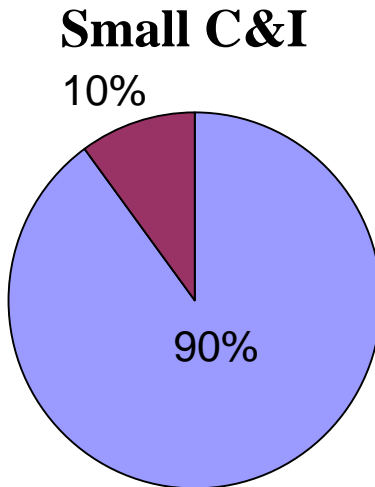
Residual Load for Each Group Supplied by Full Requirements

Full Requirements Load excludes:

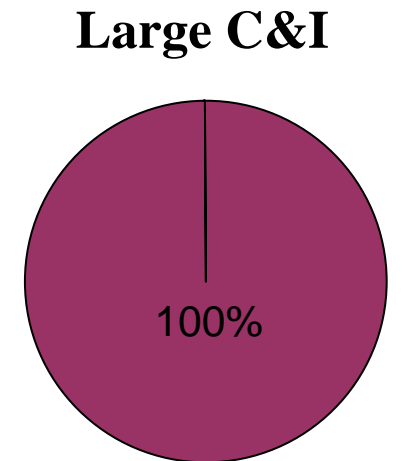
- load served by EGS (i.e., non default-service load)
- long-term supply from NYPA



■ Fixed Price (Full Req.)
■ Spot Market (Full Req.)



■ Fixed Price (Full Req.)
■ Spot Market (Full Req.)



■ Fixed Price (Full Req.)
■ Spot Market (Full Req.)

Also excludes:

optional monthly or quarterly fixed-price product being developed by collaborative

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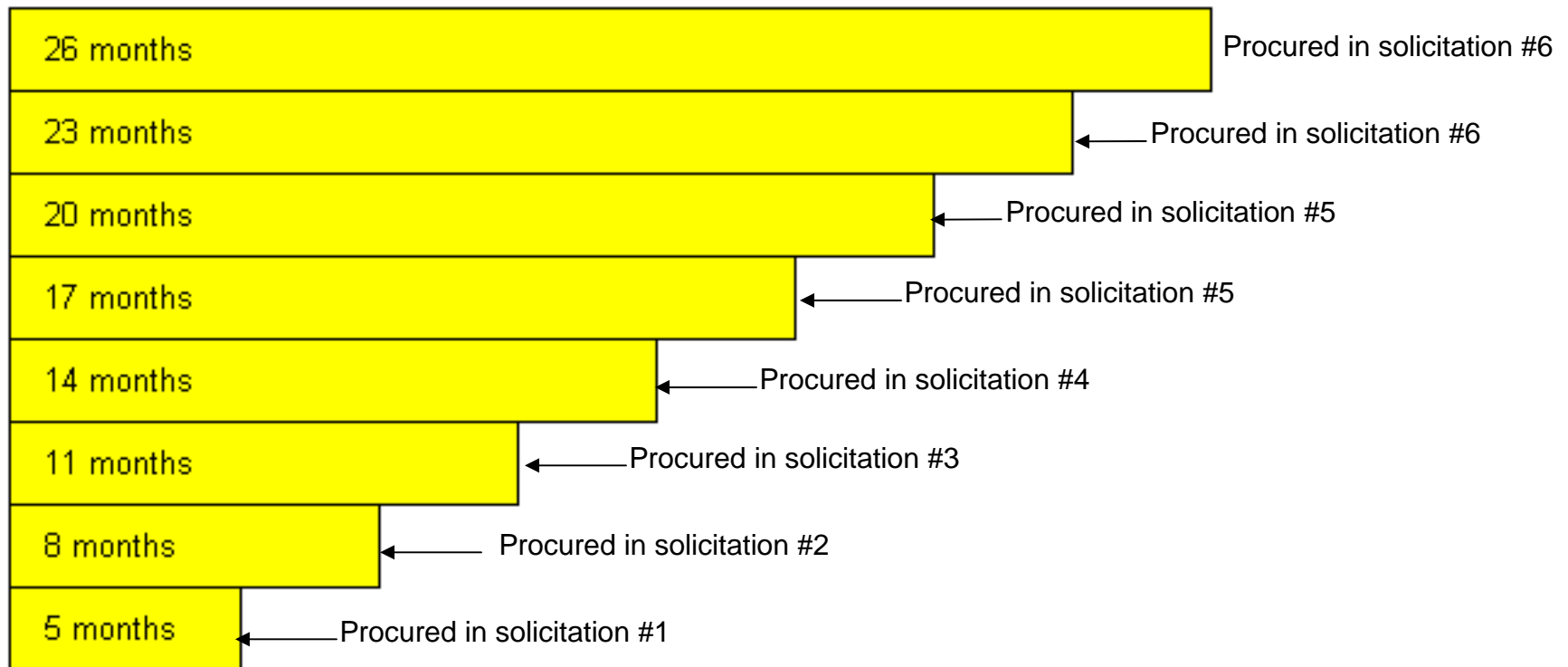
Also excludes

- 300 MW from **Block Energy RFP**
- up to 50 MW unit entitlement supply

Future Solicitations: Transitional Products

Start Date:
January 1, 2011
↓

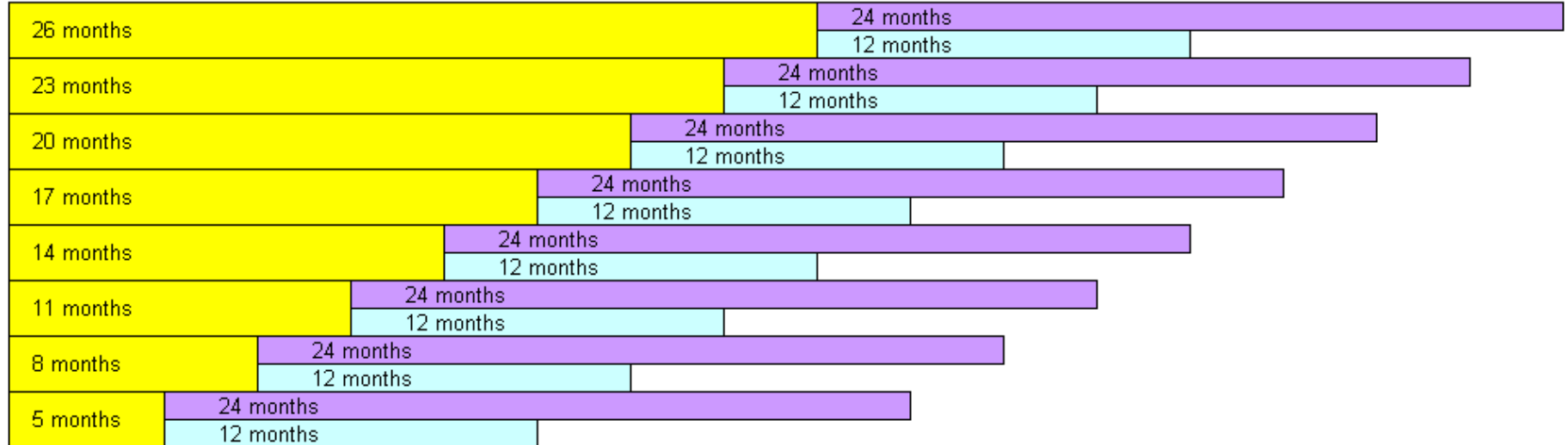
Transitional Products are **fixed price full requirements** products for the Residential and the Small C&I Group



Spot Market Products are procured in solicitation prior to supply period and are initially procured for 5-months and replaced by 12-months contracts

Future Solicitations: Steady State Products

Transitional Products are replaced by supply contracts of 12 months and 24 months for full requirements each quarter (“Steady-State Products”)



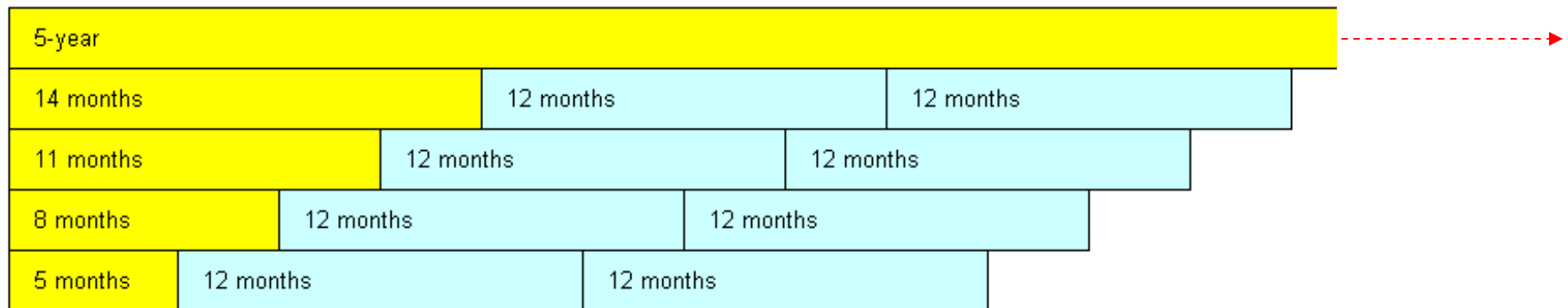
Bids due generally 6 weeks before delivery start date of steady state products

Block Energy: Product and Supply Periods

❖ Block Energy

- ❑ Supplier supplies a constant quantity of 24 x 7 energy delivered to the PPL Zone during supply period on fixed price (\$/MWh) basis
- ❑ Included in portfolio of Residential Group only

- ❖ Transitional products: 5-months: 50MW (solicitation 1);
8-months: 50 MW (solicitation 2); 11-months: 50 MW (solicitation 3);
14-months: 50 MW (solicitation 4)
- ❖ 5-Year Product: 100 MW (solicitations 5 & 6)



Transitional Products are replaced by supply contracts of 12 months each quarter (“Steady-State Products”).

AEPS Requirements and AEC Products

- ❖ **Full Requirements** Suppliers are responsible for providing AECs during the term of the Default Service SMA so PPL Electric can meet AEPS requirements
- ❖ **AEC Suppliers** are responsible for providing AECs during the term of the AEC SMA so PPL Electric can meet its AEPS requirements associated with the **Block Energy** purchases

Compliance Period	Percent of Total Retail Electric Sales		
	Tier I Rqmt	Solar Rqmt (included in Tier I)	Tier II Rqmt
1/1/11 – 5/31/11	3.00%	0.0203%	6.20%
6/1/11 – 5/31/12	3.50%	0.0325%	6.20%
6/1/12 – 5/31/13	4.00%	0.0510%	6.20%
6/1/13 – 5/31/14	4.50%	0.0840%	6.20%
6/1/14 – 5/31/15	5.00%	0.1440%	6.20%
6/1/15 – 5/31/16	5.50%	0.2500%	8.20%
Any updates to AEPS Requirements will be announced at the start of each solicitation			

Each Solicitation Is in Three Steps

Step 1: Bidder Qualification

- ❑ RFP Bidders must meet all qualification requirements, including a creditworthiness assessment
- ❑ Due Date: **noon on September 28, 2009**

Step 2: Bid Assurance Collateral/SMA Due

- ❑ RFP Bidders submit supporting financial guarantees and signed standard contracts
- ❑ Due Date: **noon on October 16, 2009**

Step 3: Bids Due

- ❑ Block Energy and AECs: **9 – 11 am (October 20)**
- ❑ Full Requirements: **12 – 2 pm (October 20)**

PUC Review and Approval

- ❖ The RFP Manager will submit a report to the PUC on **Oct. 21 (Wednesday)**, which is one business day after the Bid Proposal Due Date
- ❖ The PUC will issue a decision by **Oct. 22 (Thursday)**

Product Design

Components of Full-Requirements Service

❖ Full Requirements Service is Load Following

- ❑ Includes energy, capacity, ancillary services, certain transmission services, and AEPS requirements
- ❑ Supplier is responsible for all congestion costs as no ARR's will be allocated to suppliers
- ❑ A Supplier for a Group supplies a fixed percentage of actual default service load for that Group during the supply period

❖ Payments to Suppliers depend on whether Full Requirements is

❑ **Fixed Price Default Service (\$/MWh); or**

❑ **Spot Market Default Service**

- ➔ Energy priced at the PJM real-time spot market price
- ➔ Capacity priced at RPM (Final Zonal Capacity Price)
- ➔ Ancillary services, congestion costs, AEPS costs and supplier margin at fixed (\$/MWh) basis

Full Requirements RFP: Tranche Size

- ❖ A tranche in a Group represents a fixed percent of the Default Service Load for that Group

Group	2011 Projected PLC (MW)	Product Type	Tranches	Tranche Size
Residential	3,585 - 3,765	Fixed Price	64	1.40625%
		Spot Market	5	2.00000%
SC&I	1,832 - 1,936	Fixed Price	48	1.87500%
		Spot Market	5	2.00000%
LC&I	2,109	Spot Market	20	5.00000%

Load Cap for Full Requirements RFP

- ❖ In every solicitation, a Bidder can bid no more than a maximum number of tranches for a Group, based on:
 - ❑ an **85%** solicitation load cap
 - ❑ an aggregate load cap across all solicitations (**70% for the Residential Group** and **65% for the Small C&I Group**)
- ❖ Limit on tranches bid for a bidder in a given solicitation will take into account tranches won in previous solicitations

October 2009 Solicitation			
Product	Available Tranches	Load Cap	Maximum Tranches Bidder can Bid
Residential (8-month)	12	85%	10
Small C&I (8-month)	9	85%	7

Block Energy RFP: Tranche Size

- ❖ Block Energy is fixed MW for energy only (only for Residential Group)
- ❖ A Block Energy tranche is a 25MW baseload block (24 x 7)
- ❖ In aggregate, a Bidder cannot bid or win more than a maximum number of tranches based on an aggregate load cap of 70%
- ❖ 12-month blocks replace expiring contracts quarterly

Solicitation	Product	Tranches	Total MW
Aug 09	5-month	2	50
Oct 09	8-month	2	50
Jan 10	11-month	2	50
Apr 10	14-month	2	50
Jul & Oct 10	5-year	4	100

AEC RFP - 3 Products

Solicitation	Term	Start Date	Tier I Non-solar	Solar	Tier II
Oct 09	8-month	1/1/2011	8,485	67	16,625

- ❖ Bidders may bid on each of the three products, namely: Tier I (non-solar), Tier I (Solar), and Tier II
- ❖ One AEC is equivalent to 1 MWh of energy generated from renewable resources defined in the AEPS Act
- ❖ Seller transfers AECs to PPL Electric's GATS account
- ❖ For second solicitation, AEC must be based on renewable energy generation for following period:
 - ❑ 5/8 of AECs: between 6/1/2008 and 5/31/2011
 - ❑ 3/8 of AECs: between 6/1/2009 and 8/31/2011

Supply Master Agreements (SMAs)

- ❖ Separate SMA for:
 - ❑ Full requirements fixed price products
 - ❑ Full requirements spot market products
 - ❑ Block Energy products
 - ❑ AEC products
- ❖ Contract is standard and non-negotiable
- ❖ Contract is between Supplier and PPL Electric
- ❖ Bidder provides signed SMA for the relevant RFP prior to Bid Submission

PJM's Perspective of Default Service Suppliers

For **Full Requirements RFP**, suppliers take on responsibilities of LSEs

Each Day

Unforced capacity and transmission obligations

PPL Electric will transmit to PJM the supplier responsibility share of POLR Peak capacity and transmission obligations (Suppliers are not responsible for NITS)

Each Hour

Energy at zone bus

PPL Electric will transmit to PJM the supplier responsibility share of energy at aggregate zone bus (including all losses) and PJM will apply loss deration factors in accord with PJM marginal loss implementation procedures. Suppliers will be responsible for energy supply equal to hourly loss de-rated load and will be paid by PPL Electric based on these volumes.

Full Requirements Suppliers will not be paired with customers. Suppliers for a Group will be serving a percentage of PPL Electric's Default Service Load for that Group. PPL Electric will inform PJM of each Supplier's obligation for each category of ancillary service.

Block SMA: Scheduling Requirements

Block SMA

- ❖ Delivery Point
 - ❑ Physical transaction scheduled to PPL Zone
- ❖ Scheduling is to the day-ahead market
 - ❑ Supplier schedules 3 weeks in advance
 - ❑ PPL Electric confirms 2 weeks in advance

AEC Suppliers Deliver AECs to PPL Electric GATS Account

Alternative Energy Credit SMA

- ❖ Quantities won for each product will be generally divided equally for each month in delivery period
- ❖ Seller transfers monthly quantities of AECs to PPL Electric GATS account
 - ❑ within 40 calendar days of the end of each delivery month
 - ❑ within 50 calendar days of the end of last delivery month

Key Elements of Credit Provisions

- ❖ Credit Exposure under applicable SMA(s) is based on MtM calculation methodology:
 - ▣ Block SMA and AEC SMA – Exhibit C
 - ▣ Full Requirements SMA – Exhibit E
- ❖ Performance Assurance Requirements will depend upon a credit evaluation
 - ▣ Unsecured credit may be granted based on the Bidder's (or its Guarantor's) Tangible Net Worth
 - ▣ Exposure beyond unsecured credit (if any) must be met with cash or Performance Assurance LOC

Key Elements of Credit Provisions (continued)

- ❖ Single unsecured credit is granted for all SMAs
- ❖ Exposures are netted across all SMAs
- ❖ One single guaranty is used for all SMAs
- ❖ Standard Guaranty and Performance Assurance LOC form provided as exhibits to contract
- ❖ For netting of credit requirements, SMAs include:
 - ❑ POLR and Hourly Service SMA under the CBP
 - ❑ Default Service SMA
 - ❑ Default Service Block SMA
 - ❑ Default Service Spot Market SMA
 - ❑ Alternative Energy Credit SMA

Rate Translation

- ❖ Rates of default service customers based on bid prices from RFPs, and include
 - ➔ loss factor adjustment
 - ➔ administrative costs of the RFPs
 - ➔ gross receipt taxes
- ❖ Rate will be an average flat kWh charge
- ❖ Rates for all rate schedules within a Group will be the same, with one exception
 - ❑ Jan-Dec 2011: Commission-mandated 0.675¢/kWh differential between RTS and RS classes
 - ❑ Number of customers in the RTS class is very small compared to the RS class (~14,000 vs. ~1,200,000)

Qualifications and Bidding Process

October 2009 RFP Schedule

PPL Electric Utilities Issues RFP Addendum	Tuesday, Sep. 8, 2009
Bidder Information Session	Wednesday, Sep. 16, 2009
Bidder Qualifications Due – NOON	Monday, Sep. 28, 2009
Cure Deficiency Deadline	Wednesday, Oct. 7, 2009
Qualified Bidders Notified	Tuesday, Oct. 13, 2009
Bidder Training	Oct. 14 or Oct. 15, 2009
Bid Assurance Collateral and SMA Due – NOON	Friday, Oct. 16, 2009
Bid Proposals Due	Tuesday, Oct. 20, 2009
PUC Decision (close of business)	Thursday, Oct. 22, 2009
Execute Transaction Confirmation – 2 p.m.	Friday, Oct. 23, 2009

Step 1 Is to Submit Bidder Qualifications

Deadline: noon EPT on Monday, September 28

1. Expression of Interest (by mail, fax, or web form)
2. Confidentiality Agreement
3. PJM and FERC Qualifications (not applicable to AEC RFP)
4. Credit Application and Financial Information
5. Binding Bid Agreement

Required

Delivery Address: 1835 Market Street, Suite 1205, Philadelphia, PA 19103

6. Proposed Modifications to Bid Assurance LOC
7. Proposed Modifications to Performance Assurance LOC and Guaranty

Optional

Expression of Interest and Confidentiality Agreement

❖ Expression of Interest Form

- ❑ Asks for basic contact information
- ❑ One copy may be submitted by mail, fax or web form
- ❑ Specify in which RFP the Bidder intends to participate

❖ Confidentiality Agreement

- ❑ Separate document for each RFP
- ❑ Protects information that is confidential, proprietary, or generally not available to the public
- ❑ Executed by Bidder and PPL Electric and protects both
- ❑ Two originals to be submitted as part of Qualifications

Required Credit and Financial Information

- ❖ Applicants are required to submit a **Credit Application** and associated **financial information**
 - ❑ Information for credit contact
 - ❑ Bank reference information
 - ❑ Two years of audited financial statements
 - ❑ Credit ratings and supporting documentation
- ❖ Applicant or its Guarantor must be rated by S&P, Fitch or Moody's
- ❖ For each RFP, two originals of credit application and one copy of supporting documentation

PJM and FERC Qualifications

- ❖ Only applicable for **Block** and **Full Requirements** RFPs
- ❖ Applicants must certify
 - ❑ **Membership in PJM**
 - ❑ Qualification as a market buyer and seller (and ability to secure generation or otherwise obtain and deliver electricity in PJM through compliance with applicable PJM requirements)
 - ❑ **FERC authorization** to sell energy, capacity and ancillary services at market based rates
- ❖ For each RFP, two originals of the PJM Qualification Form and two originals of the FERC Authorization Form to be submitted as part of Qualifications

Bid Proposals Constitute Firm Offers to Supply

- ❖ Applicants must submit a **Binding Bid Agreement** for each RFP in which they are participating
 - ❑ certify that Bidder is bound by the prices submitted in the Bid Proposals
- ❖ Through Binding Bid Agreement, Bidder certifies
 - ❑ Independent bidding
 - ❑ No knowledge of others' Bids
 - ❑ No disclosure of information related to the RFP Process or the Bidder's Proposal prior to PUC decision
- ❖ For each RFP, two originals to be submitted as part of Qualifications

Abbreviated Process for RFP Bidder Qualified for Previous Solicitation

- ✓ ~~Expression of Interest (by mail, or fax, or web form)~~
- ✓ ~~Confidentiality Agreement~~
- ✓ ~~PJM and FERC Qualifications~~
- 1. Credit Application and Financial Information
- 2. Binding Bid Agreement

REFRESH

RESUBMIT

Delivery Address: 1835 Market Street, Suite 1205, Philadelphia, PA 19103

- 3. Proposed Modifications to Bid Assurance LOC
- 4. Proposed Modifications to Performance Assurance LOC and Guaranty

Optional

Bidders Will Have Time to Cure Deficiencies

- ❖ Bidders are encouraged to **submit materials early** to maximize time to resolve deficiencies and provide any necessary additional information
- ❖ PPL Electric RFP Team
 - ❑ Performs initial evaluation (deficiency or complete notice)
 - ❑ Evaluates additional materials as needed
- ❖ An applicant that fails to remedy deficiencies by the Cure Deficiency Deadline will not qualify for that RFP in a given solicitation

Modifications to Credit Instruments

- ❖ Bidders may propose non-substantive and clarifying modifications
- ❖ Bidders email proposed modifications in MS Word in redline to: pplpolr@pplweb.com
- ❖ The acceptability of such proposed modifications will be at PPL Electric's sole discretion, and such acceptability will be communicated to the applicant no later than October 5
- ❖ A list of all acceptable modifications to the credit instruments will be posted to RFP Web site

Step 2: Bidders Submit Bid Collateral and Contract

Deadline: noon EPT on Friday, October 16

1. Bid Assurance Collateral for each RFP
2. Two signed originals of SMAs for each RFP

Delivery Address: 1835 Market Street, Suite 1205, Philadelphia, PA 19103

Bid Assurance Collateral

❖ Bid Assurance Collateral

- ❑ Separate collateral provided for each RFP:

 - ➔ Full Requirements & Block: \$500,000 per tranche bid

 - ➔ AEC: \$25,000 per product

- ❖ Bid Assurance Collateral is in the form of a letter of credit or cash deposit

- ❖ Cash transfer information available upon request

 - ❑ bidder must advise on cash allocation for each RFP

- ❖ Standard form of LOC is available on RFP Web site

 - ❑ use only standard form or with accepted modifications

 - ❑ Early submission provides time to deal with corrections

Pre-Signed SMA

- ❖ For the first solicitation in which a Qualified Bidder participates, **two signed originals of the SMA** must be received prior to the deadline (noon on Oct. 16)
 - ❑ All SMAs: The Form of Notice filled in with the appropriate contact information
 - ❑ In addition, for **Full Requirements SMA**:
 - ➔ PJM Declaration of Authority duly executed
 - ➔ Elect optional notional quantity language (section 12.3b)
- ❖ Bidders that have previously submitted SMAs do not need to do so again

Step 3: Submission of Bid Proposals

Deadline: Tuesday, October 20

- ❖ Separate Bid Proposal Windows for each RFP
 - ❑ **9AM – 11 AM** (Block and AEC RFP)
 - ❑ **Noon – 2 PM** (Full Requirements RFP)
- ❖ For each RFP, Bids are submitted using the **Bid Proposal Spreadsheet** for each Product
- ❖ Bid Proposal Spreadsheets **must be submitted online by electronic file transfer** to the PPL Electric secure server

Submit Bids with the Bid Proposal Spreadsheet(s)

- ❖ Bidders submit Bid Proposals **only** using the Bid Proposal spreadsheets provided on RFP Web site
- ❖ **Separate Bid Proposal Spreadsheets for each Product and for each RFP**
 - ❑ For example, different spreadsheets for Tier I (non solar), solar and Tier II for AEC RFP
- ❖ All **shaded cells** on the Bid Proposal Spreadsheet must be completed by Bidder
 - ❑ Bidder information
 - ❑ Bid information

Full Requirements & Block: Bids are for Total Tranches

- ❖ All prices must be entered for a given number of Total Tranches Supplied

Total Tranches Supplied	Bid Assurance Collateral Amount	Price (\$/MWh)
1	\$500,000	\$75.25
2	\$1,000,000	\$75.50
3	\$1,500,000	\$75.75
4	\$2,000,000	X

If Bidder does not wish to supply a price, an X must be entered

1 tranche for \$75.25/MWh
 2 tranches for \$75.50/MWh
 3 tranches for \$75.75/MWh
 No Bid

- ❖ If the Bidder does not wish to bid for more than 3 tranches, an “X” is entered for the price for 4 Total Tranches Supplied

AEC RFP: One Price for all AECs Bid

- ❖ The Bid Proposal Spreadsheet for **AECs** will have the following table that will need to be completed as part of the bid submission
- ❖ Maximum quantity *and* price for each AEC must be indicated in a bid

Tier I AEC		
Maximum Quantity Supplied	Price (\$/MWh)	Bid Assurance Collateral Amount
19	23.95	\$25,000

Bids Submitted Online

- ❖ Bid Proposal Spreadsheets **must be submitted online by electronic file transfer** to the PPL Electric secure server
- ❖ Required password will be sent with Notification of Qualification
- ❖ Receipt will confirmed by phone using contact information in Bid Proposal Spreadsheet and tag number will be provided
- ❖ A Bidder can withdraw its Bid Proposal before deadline for bid submission by using the Binding Bid Withdrawal Agreement

What Happens if Bid Assurance Collateral Is Insufficient ?

- ❖ Bids will be removed if Bid Assurance Collateral is insufficient
- ❖ For **Full Requirements** and **Block** RFPs, RFP Team will:
 - ❑ determine the greatest number of whole tranches that the amount of the Bid Assurance Collateral is sufficient to support;
 - ❑ remove unsupported tranches; first from product where there is the most competition, as measured by the ratio of the tranches bid to the number of tranches needed
- ❖ For **AEC RFP**, RFP Team will:
 - ❑ remove entire bids from product where there is the most competition, as measured by the ratio of the total quantity bid to the total quantity needed
- ❖ By submitting a Bid Proposal, Bidder is authorizing the RFP Manager to modify Bid Proposal documents in this manner

Full Requirements & Block: RFP Gets Lowest Cost Combo

Full Requirements and Block RFPs:

- ❖ For each RFP and within each Product, the RFP Manager considers all combinations of Bids across Bidders whose sum of Total Tranches Supplied fills needed tranches
- ❖ For each combination, the RFP Manager will calculate a Combination Average Price (“CAP”)
 - ❑ CAP is the average Price (\$/MWh) of Bids in the combination weighted by their corresponding Total Tranches Supplied
- ❖ **The winning Bids will be those in the combination with the lowest CAP**

Example of Bid Evaluation

Example: There are only two Bidders and 3 needed tranches

Bidder A	
Tranches	Price
1	\$75.00
2	\$76.00
3	\$76.50

Bidder B	
Tranches	Price
1	\$75.50
2	75.75
3	76.75

Bidder A	Bidder B	CAP
0	3	\$76.75
1	2	\$75.50
2	1	\$75.83
3	0	\$76.50

- ❖ The winning combination is when Bidder A supplies 1 tranche and Bidder B supplies 2 tranches
- ❖ Bidder A receives a price of \$75.00/MWh for 1 tranche
- ❖ Bidder B receives a price of \$75.75/MWh for 2 tranches

AEC RFP: Bid Proposals Evaluated on a Price-Only Basis

AEC RFP:

- ❖ For each product separately, the RFP Manager will select winning Bids on a lowest cost basis
 - ➔ Bids for each product will be ranked from lowest to highest price until all Bids are ranked

Practice and Training

- ❖ Guide to submission of Bid Proposal Spreadsheets will be available on the RFP Web site
- ❖ Qualified Bidders will have opportunity to practice the bid submission process on October 14 - October 15
 - Participation information will be distributed when Qualified Bidders are notified on **October 13 (Tuesday)**

Technical Difficulties

- ❖ If a Bidder experiences technical difficulties, the Bidder should call the PPL Electric RFP Manager directly at **(215) 568-0200**
 - ❑ PPL Electric RFP Manager will find an alternative method to ensure that all Bidders who wish to submit Bids may do so
 - ❑ **Bidders should use this backup method only in an emergency**
 - ❑ Bids submitted in this manner will not be disadvantaged, but Bids must still be submitted by the deadline for that RFP

Exchange of Transaction Confirmations

- ❖ The PPL Electric RFP Manager submits a report on the results to the PUC on **October 21 (Wednesday)**
- ❖ The PUC will issue its decision by **October 22 (Thursday)**
- ❖ If the PUC approves the results, all winning Bidders will receive a Transaction Confirmation from PPL Electric by fax on **October 22 (Thursday)** followed by two originals by overnight courier
- ❖ Winning Bidders must fully execute the Transaction Confirmation and fax to PPL Electric by **2 p.m. on October 23 (Friday)** followed by one original by overnight courier
 - ❑ Bid Assurance Collateral may be forfeited if the winning Bidder fails to execute the Transaction Confirmation by the required deadline

RFD Web site

Registration Link

❖ Register / Expression of Interest

❖ Receive emails and updates

> Schedule for RFP Process		
> Register	* = required information	Expression of Interest
> Bidder Information Session	Plan Name:	Default Service Procurement Plan (DSPP)
> Rate Categories and Load Data		<input checked="" type="checkbox"/> wholesale Block Supply service
> RFP Results	Products of Interest:*	<input checked="" type="checkbox"/> wholesale Load Following service
> Supplier Documents	Check all that apply.	<input checked="" type="checkbox"/> wholesale Spot service
> PUC Order		<input checked="" type="checkbox"/> Alternative Energy Credits
> Alternative Energy Act	Company:*	<input type="text"/>
> Long Term Contracts	Contact Name:*	<input type="text"/>
> Switching Rules	Contact Title :*	<input type="text"/>
> PJM Deration Factors		<input type="text"/> Street 1*
> Size Distributions		<input type="text"/> Street 2
> Frequently Asked Questions		<input type="text"/> City*
> Ask a Question / Contact Us		
> File Transfer	Address:*	

Data and Documents Provided on RFP Web site

- ❖ All documents required for qualifications
- ❖ Data to prepare Bids including
 - ❑ Hourly load data from 2001 through June 2009 by rate class
 - ❑ Monthly customer counts of all PPL Electric's customers
 - ❑ Monthly customer counts of customers who take service with an EGS
 - ❑ Monthly sales revenue figures for all PPL Electric's customers
 - ❑ Monthly sales revenue figures for those customers who take service with an EGS

Submit your Questions Through the RFP Web Site

- ❖ You can go to the “Ask a Question” page of RFP Web site to contact the RFP Manager at
www.pplpolr.com
- ❖ All questions and answers are posted to the FAQ section of the RFP Web site (without revealing the identity of the asking party)
- ❖ The RFP Team is also available by phone or fax for urgent matters at this time until the PUC decision
 - ❑ By phone: **(215) 568-0200**
 - ❑ By fax: **(215) 568-9364**

RFPs Delivery Address

PPL Electric Utilities Corporation RFPs

1835 Market Street, Suite 1205

Philadelphia, PA 19103

Attn: NERA / PPL Electric RFP Team

Phone: (215) 568-0200

Fax: (215) 568-9364