



NERA
Economic Consulting

*PPL Electric Utilities Corporation
Default Service Procurement Plan
(January 2012 Solicitation)*

**Bidder Information Web Cast
November 16, 2011**



*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 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 Nos. P-2008-2060309 and R-2010-2170296
 - ❑ the applicable RFP Rules
 - ❑ the applicable Supply Master Agreements

- ❖ Please see the RFP Web site (www.pplpolr.com) for complete documentation

Agenda

- ❖ Regulatory Update
- ❖ Role of NERA
- ❖ Overview of the RFP Process
- ❖ Product Design
- ❖ Qualifications and Bidding Process
- ❖ RFP Web site

Regulatory Update

Regulatory Update

- ❖ Transaction Confirmation execution process streamlined to allow winning bidders to return signed Transaction Confirmation via email to PPLPOLR@pplweb.com prior to overnight delivery

- ❖ SREC obligations reduced for Full Requirements Suppliers:
Exhibit B of the Default Service SMA has been updated to reflect the reduced SREC obligations as a result of recently completed Long-Term SREC solicitations. Applicable to:
 - ❑ All solicitations after October 2011, including current solicitation
 - ❑ Fixed-price full requirements products only
 - ❑ Residential Group products only➔FR Bidders to provide SMA Addendum prior to Bid Proposal Due Date

Regulatory Update

- ❖ The Pennsylvania Public Utility Commission (PUC) has launched a statewide investigation, called the Retail Markets Investigation, with the goal of receiving recommendations for improvements to ensure that a properly functioning and workable competitive retail electricity market exists in Pennsylvania.
 - ❑ The PUC has issued a tentative order in this matter dated October 14, 2011
 - ➔ Includes recommendations or considerations on issues such as: Default Service Plan Time Period, Energy Contract Durations, Retail Opt-In Auction, Customer Referral Programs, Time of Use Rates, Customer Rate Adjustment Structure, and Hourly-Priced Default Service for Medium Commercial and Industrial Customers.
 - ❑ For more information on this proceeding, please visit:
http://www.puc.state.pa.us/electric/Retail_Electricity_Market.aspx

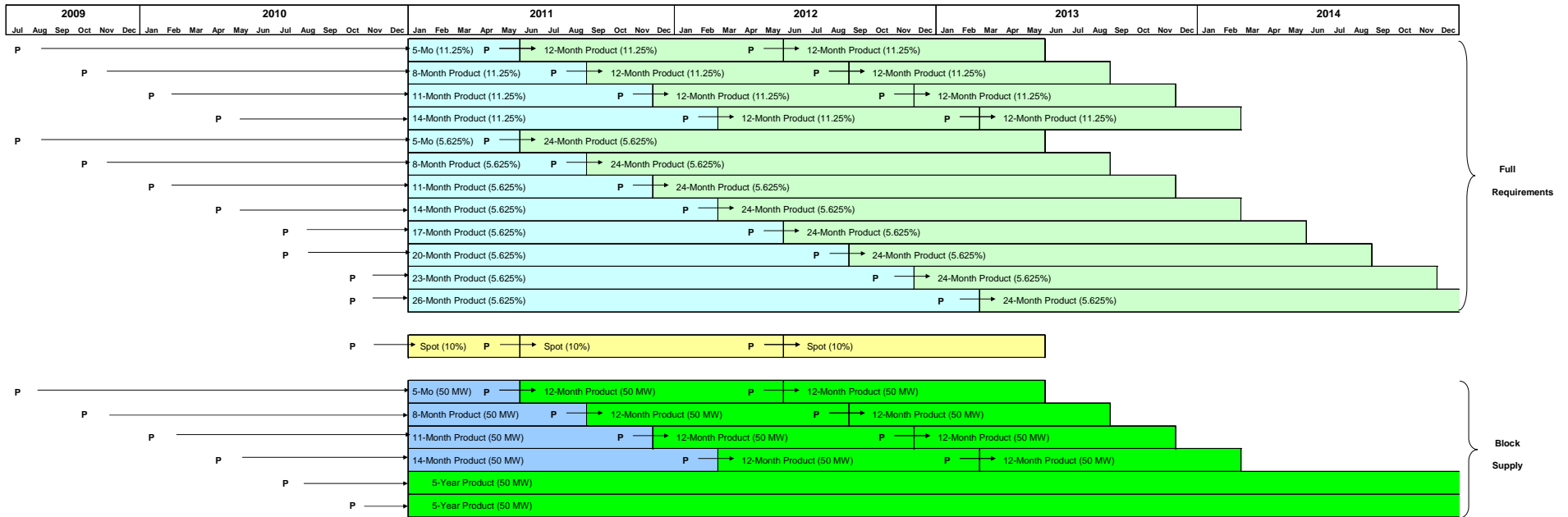
Regulatory Update

- ❖ What does the Retail Markets Investigation mean to PPL Electric's *current* Default Service Procurement Plan?
 - The PUC approved the fourteen solicitations to procure default supply for the period January 1, 2011 through May 31, 2013.
 - ➔ The solicitations include a portion of default supply that continues beyond May 31, 2013.

Regulatory Update

❖ The PUC approved procurements for the Residential Customer Group are:

MODIFIED DS PROGRAM PRODUCT PROCUREMENT SCHEDULE
(Residential Customer Class)



Note: 1) *P* indicates approximate time at which a procurement is undertaken.
2) When there are active long-term products, the load-following products supply 100% of default service needs that remain after the purchase of 300 MW in long-term products and the 50 MW long-term unit entitlement supply.

Regulatory Update

- ❖ Consistent with the PUC approved procurements, PPL Electric is making the following clarification to the definition of Block Supply in the Default Service Supply Master Agreement (Default SMA).
 - ❖ Block Supply means such MWs of around-the-clock Energy, Capacity, Transmission other than Network Integration Service, and associated AECs, delivered to the PPL Zone, **as established by the Commission Orders. The Block Supply is scheduled to be 300 MW through May 31, 2013 under Commission Orders.** The entirety of the Block Supply will be allocated to the Residential Customer Group.
 - ❖ An Addendum clarifying the definition will be issued to FR bidders for executing prior to participation in this and future solicitations.

Regulatory Update

- ❖ What does the Retail Markets Investigation mean to PPL Electric's *next* Default Service Procurement Plan?
 - ❖ The recommendations or considerations in the PUC Tentative Order have the goal to improve the retail electricity market and allow more customers the opportunity to seek supply from an Electric Generation Supplier (EGS).
 - ❖ As a result, there may be changes to future Default Service Procurement Plans and Customer Programs.
 - ❖ The Retail Markets Investigation will continue into 2012 and may provide more clarity to Default Service.

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 DSPP.

- ❖ 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 a full description of rate schedules within each Customer Group.

4 RFPs, Multi-Solicitation Process

❖ 4 RFPs

- ❑ Full Requirements RFP for load-following, full requirements products

 - ➔ Fixed price products only in this Solicitation

- ❑ Block Energy RFP for standard wholesale products

- ❑ AEC RFP for Alternative Energy Credits

- ❑ Optional Monthly Pricing Service (OMPS) RFP for load-following, full requirements products

❖ Fourteen solicitations between Aug. 2009 and Jan. 2013

 - ➔ Schedule for Future Solicitations on Web site

January 2012 Solicitation Bid Products- Applicable to Residential Group

Group	RFP	Product Description	Delivery Period (Beginning on March 1, 2012)	Quantity to be Procured
Residential	Full Requirements	Fixed Price	12 months	8 tranches
			24 months	4 tranches
	Block	7 x 24 Energy	12 months	2 tranches (25 MW each)
	AEC	Tier I (non solar)	12 months	15,416 AECs
		Tier I Solar PV	12 months	187 AECs
		Tier II	12 months	24,971 AECs

January 2012 Solicitation Bid Products- Applicable to Small and Large C&I Groups

Group	RFP	Product Description	Delivery Period (Beginning on March 1, 2012)	Quantity to be Procured
Small C&I	Full Requirements	Fixed Price	12 months	6 Tranches
			24 months	3 Tranches
Large C&I	OMPS	Optional Fixed Price Full Req.	3 months	20 Tranches

Supplier Obligations

❖ Full Requirements

- ❑ A tranche for a Group is a fixed percentage of PPL Electric's default service load for that Group
- ❑ Includes AEPS compliance

❖ Optional Monthly Pricing Service

- ❑ Fixed Price Full Requirements Service for Large C&I Group

❖ Block Energy

- ❑ Suppliers supply a constant quantity of 24 x 7 energy delivered to the PPL Zone during supply period on a fixed price (\$/MWh) basis

❖ AEC

- ❑ Suppliers provide AECs needed by PPL Electric to meet obligations associated with Block Energy purchases

Rate Translation

- ❖ Rates of default service customers are based on bid prices from RFPs and include:
 - ➔ Loss factor adjustment
 - ➔ Administrative costs of the RFPs
 - ➔ Gross receipts tax
- ❖ Rate will be a flat kWh charge
- ❖ Rates for all rate schedules within a Group will be the same

Each Solicitation Is in Three Steps

Step 1: Bidder Qualification

- ❑ RFP Bidders must meet all qualification requirements, including a creditworthiness assessment
- ❑ Due Date: **noon EPT on December 5**

Step 2: Bid Assurance Collateral/SMA Due

- ❑ RFP Bidders submit supporting financial guarantees and signed standard contracts
- ❑ Due Date: **noon EPT on January 5**

Step 3: Bids Due

- ❑ On January 9
 - ➔ Block Energy and AEC RFPs: **9 – 11 am EPT**
 - ➔ Full Requirements and OMPS RFPs: **12 – 2 pm EPT**

PUC Review and Approval

- ❖ The RFP Manager will submit a report to the PUC on **January 10**, which is one business day after the Bid Proposal Due Date
- ❖ The PUC will issue a decision for all proposals no later than **January 11**

Product Design

Full Requirements Suppliers Serve Percent of Load

- ❖ Full Requirements Service is Load Following
 - ❑ Includes energy, capacity, ancillary services, certain transmission services, and AEPS requirements
 - ❑ ARRs are available to winning suppliers of this solicitation
 - ❑ A Supplier for a Group supplies a fixed percentage (a tranche) of actual default service load for that Group during the supply period

- ❖ Loads are adjusted for losses to zonal aggregate load bus

- ❖ Customers are free to switch out of, and back to, default service with appropriate notice to PPL Electric

- ❖ Payments to Suppliers are on a Fixed Price (\$/MWh) basis

Full Requirements Load is Residual Load – SC&I and LC&I

- ❖ For the SC&I and LC&I Groups, load is reduced by PPL Electric's long-term contract with the Allegheny Electric Cooperative for capacity and energy from NYPA
 - ❑ Capacity and energy under this contract are uniformly allocated between the Residential, SC&I, and LC&I Groups
 - ❑ Contract and historical data available on RFP Web site

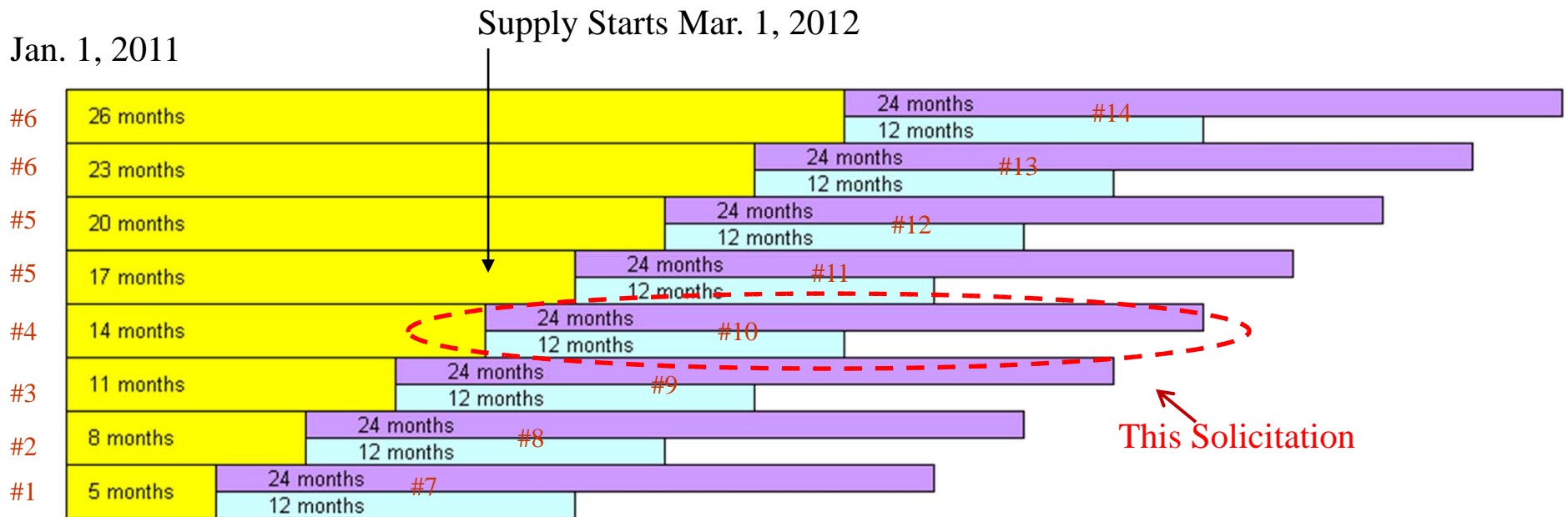
- ❖ In addition:
 - ❑ For the LC&I Group, Full Requirements load will be reduced by the OMPS customer load

Full Requirements Load is Residual Load - Residential

- ❖ For the Residential Group, load is reduced by:
 - ❑ PPL Electric's long-term contract with the Allegheny Electric Cooperative for capacity and energy from NYPA as well as Block Supply and Long-Term Product Supply (and associated capacity and ancillary services bought from PJM)
 - ❑ Long-Term Product: 50 MW through May 31, 2021
 - ❑ 5-year Block Supply: 100 MW through Dec 1, 2015
 - ❑ Short-term Block Supply:
 - ➔ 200 MW through May 31, 2013
 - ➔ Starting Jun. 1, 2013, the amount of Block Supply may change dependent upon PUC approval of the next Default Service Procurement Plan, which will be filed in 2012

January 2012 Solicitation is 10th Solicitation

For the Residential Group, Full Requirements supply contracts of 12 months and 24 months in this solicitation replace existing supply contracts that expire in Feb. 2012

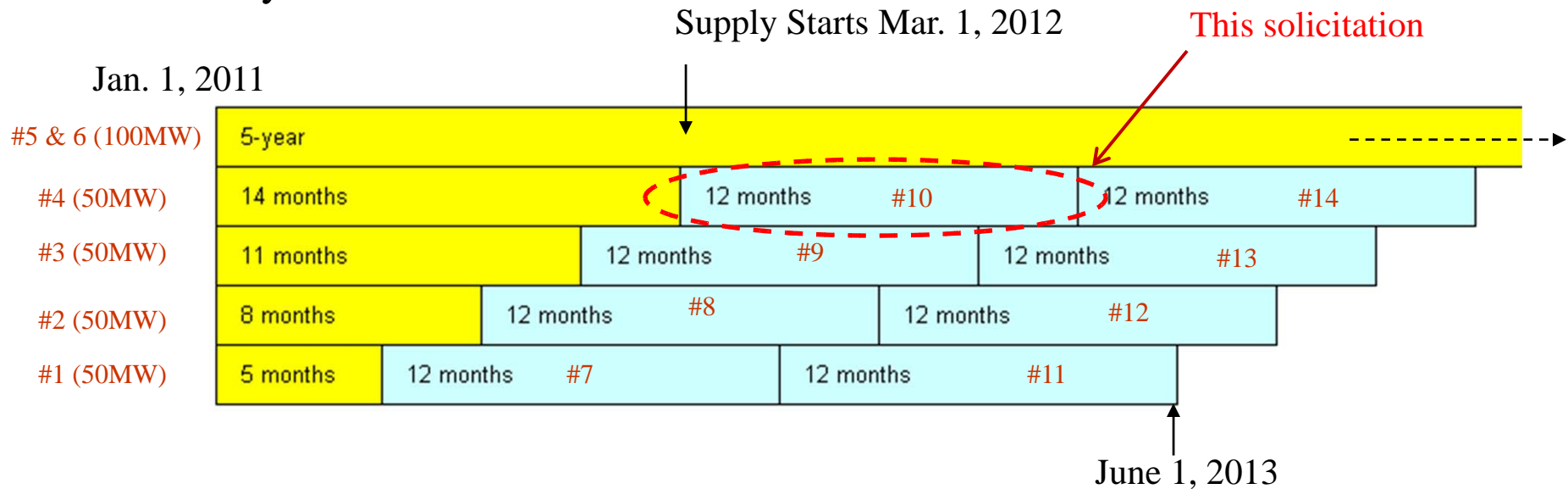


24-month product: Mar. 1, 2012 – Feb. 28, 2014

12-month product: Mar. 1, 2012 – Feb. 28, 2013

Block Energy: Product and Supply Periods

- ❖ Under the current Default Service Procurement Plan, Block Supply contracts of 12 months in this solicitation replace existing supply contracts that expire in February 2012



- ❖ Starting Jun.1, 2013, the amount of Block Supply may change dependent upon PUC approval of the next Default Service Procurement Plan, which will be filed in 2012

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%
SC&I	1,832 - 1,936	Fixed Price	48	1.87500%

* 2011 Projected PLC data is used solely for the purpose of determining the number of tranches and assumes no shopping

Load Cap for Full Requirements RFP

- ❖ Maximum number of tranches a bidder can bid on is 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

Product	Available Tranches	Solicitation Load Cap	Maximum Tranches Bidder can Bid
Residential Fixed Price (12-month)	8	85%	10
Residential Fixed Price (24-month)	4		
Small C&I Fixed Price (12-month)	6	85%	7
Small C&I Fixed Price (24-month)	3		

Components of OMPS Service

Optional Monthly Pricing Service

- ❖ The OMPS product is a full requirements product: energy, capacity, ancillary services, certain transmission services, and AEPS requirements
- ❖ An OMPS Customer is a LC&I retail customer that is not on EGS service and that has affirmatively elected to receive OMPS after the solicitation
- ❖ A supplier provides a fixed percentage of OMPS customer load
- ❖ A customer that elects OMPS will remain on the OMPS until electing an alternative supply option. OMPS Customers may not switch to Default Service until shopping with an EGS for at least one month. An OMPS customer may leave OMPS in any calendar month after providing notice to the Company by the first day of the preceding month and may return to OMPS on any meter reading date in accordance with the Company's standard switching requirements.

OMPS RFP: Tranche Size and Load Cap

- ❖ A tranche represents a fixed percent of the OMPS Load:

Group	2011 Projected PLC (MW)*	Product Type	Tranches	Tranche Size
OMPS	2,109	Fixed Price	20	5%

* 2011 Projected PLC data is used solely for the purpose of determining the number of tranches and reflect projected PLC of the LC&I Group assuming no shopping

- ❖ Maximum number of tranches a bidder can bid on is based on an 85% solicitation load cap:

Product	Available Tranches	Solicitation Load Cap	Maximum Tranches Bidder can Bid
OMPS	20	85%	17

Block Energy RFP: Tranche Size

- ❖ Block Energy is fixed MW for energy only and is only for the 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%

Solicitation	Supply Period	Tranches	Total MW
January 2012	Mar 1, 2012- Feb 28, 2013	2	50

Block Energy RFP: Scheduling Requirements

Block

- ❖ 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 RFD - 3 Categories

Solicitation	Term	Start Date	Tier I Non-solar	Solar	Tier II
January 2012	12 months	3/1/2012	15,416	187	24,971

- ❖ One AEC is equivalent to 1 MWh of energy generated from renewable resources defined in the AEPS Act

- ❖ 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

AEC Delivery Schedule

- ❖ In this January 2012 solicitation, delivery period is March 31, 2012 through February 28, 2013
- ❖ AECs must comply with the Pennsylvania Alternative Energy Portfolio Standards for retail sales of energy during the supply period covered by the Block Supply of March 1, 2012 through February 28, 2013
- ❖ Detailed delivery schedule and vintage information is provided on the AEC RFP supplier documents page (under the Additional Supplier Documents section)
 - ➔ AEC Delivery Schedule for January 2012 Solicitation

Supply Master Agreements (SMAs)

- ❖ Separate SMA for:
 - ❑ Full Requirements fixed price products (Default Service SMA)
 - ❑ Block Energy products (Block SMA)
 - ❑ AEC products (AEC SMA)
 - ❑ LC&I optional monthly pricing service products (OMPS SMA)
- ❖ 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

Key Elements of Credit Provisions

- ❖ Credit Exposure under applicable SMA(s) is based on MtM calculation methodology:
 - ▣ Block SMA and AEC SMA – Exhibit C
 - ▣ Default Service SMA and OMPS 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:
 - ❑ Default Service SMA
 - ❑ Default Service Spot Market SMA
 - ❑ Optional Monthly Pricing Service SMA
 - ❑ Default Service Block SMA
 - ❑ Alternative Energy Credit SMA
 - ❑ Solar Renewable Energy Credits SMA

Qualifications and Bidding Process

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

January 2012 RFP Schedule

Bidder Information Session	Wednesday, November 16, 2011
Bidder Qualifications Due – NOON EPT	Monday, December 5, 2011
Cure Deficiency Deadline	Wednesday, December 14, 2011
Qualified Bidders Notified	Thursday, December 15, 2011
Bidder Training	Jan. 3rd or Jan. 4th
Bid Assurance Collateral and SMA Due – NOON EPT	Thursday, January 5, 2012
Bid Proposals Due	Monday, January 9, 2012
PUC Decision	Wednesday, January 11, 2012
Transaction Confirmation Executed – 2 PM EPT	Thursday, January 12, 2012

Step 1 Is to Submit Bidder Qualifications

Deadline: December 5 (noon EPT)

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
- ❑ Submit one copy by mail, fax or web form
- ❑ Specify which RFP the Bidder intends to participate

❖ Confidentiality Agreement

- ❑ 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 (**not applicable to AEC RFP**)

- ❖ For each RFP, two originals of credit application and one copy of supporting documentation

PJM and FERC Qualifications

- ❖ Applicable to **Full Requirements**, **OMPS**, and **Block** 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 the 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 the PUC decision

- ❖ For each RFP, two originals to be submitted as part of Qualifications

Abbreviated Process for RFP Bidder Qualified for Previous Solicitation

Deadline: December 5 (noon EPT)

- ✓ ~~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 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 2 days prior to Cure Deficiency Deadline.
- ❖ A list of all acceptable modifications to the credit instruments will be posted to RFP Web site by December 16.

Step 2: Bidders Submit Bid Collateral and Contract

Due Date: January 5 (noon EPT)

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

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

Bid Assurance Collateral

- ❖ Bid Assurance Collateral
 - ❑ Separate collateral provided for each RFP:
 - ➔ Full Requirements, OMPS & Block: \$500,000 per tranche
 - ➔ 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

- ❖ **Two signed originals of the SMA** must be received prior to the deadline:
 - ❑ For all SMAs: The Form of Notice filled in with the appropriate contact information
 - ❑ For **Default Service SMA** and **OMPS SMA**:
 - ➔ PJM Declaration of Authority duly executed
 - ➔ ARR allocation addendum
 - ❑ For **Default Service SMA**:
 - ➔ Addendum to reduce SREC obligations
 - ➔ Addendum clarifying Block Supply definition
- ❖ Bidders that have previously submitted SMAs and related Addendums do not need to do so again

Step 3: Submission of Bid Proposals

- ❖ Separate Bid Proposal Windows on January 9
 - ➔ 9AM – 11 AM EPT (Block and AEC RFP)
 - ➔ Noon – 2 PM EPT (Full Requirements and OMPS RFP)

- ❖ For each RFP, Bids are submitted using the **Bid Proposal Spreadsheet** for each Product
 - ➔ For example, different spreadsheets for Tier I (non solar), solar and Tier II for AEC RFP
 - ➔ All shaded cells on Spreadsheet must be completed

- ❖ Bid Proposal Spreadsheets **must be submitted online by electronic file transfer** to the PPL Electric secure server

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.

OMPS Bids: Total Tranches by Month

Total Tranches Supplied	Bid Assurance Collateral Amount	Price (\$/MWh)		
		Mar.	Apr.	May
1	\$500,000	\$75.25	\$75.50	\$76.00
2	\$1,000,000	\$75.50	\$76.50	\$76.50
3	\$1,500,000	\$75.75	\$78.00	\$78.50
4	\$2,000,000	X	X	X

Bidder must provide a price for every month of each tranche the bidder is willing to supply

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

- ❖ If the Bidder does not wish to bid for more than 3 tranches, an “X” is entered for the price for each month of 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
10,000	3.95	\$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 be 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 modified if Bid Assurance Collateral is insufficient
- ❖ For **Full Requirements**, **OMPS**, 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 RFP and OMPS RFP will enforce Solicitation Load Cap

- ❖ For **Full Requirements RFP** and **OMPS RFP**, Bidders may bid a maximum number of tranches across products within a customer group without violating solicitation load cap
- ❖ Bids will be modified if sum of maximum number of tranches offered for Product(s) in a Customer Group exceeds the Solicitation Load Cap
- ❖ RFP Team will remove 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
- ❖ By submitting a Bid Proposal, Bidder is authorizing the RFP Manager to modify Bid Proposal documents in this manner

Bids Evaluated on Price-Only Basis

Full Requirements and Block RFPs:

- ❖ For each Product, the RFP Manager considers all combinations of Bids that fills needed tranches
- ❖ For each combination, the RFP Manager will calculate a Combination Average Price (“CAP”)
- ❖ The winning Bids will be those in the combination with the lowest CAP

OMPS RFP

- ❖ For each tranche, the RFP Manager will calculate an average price from the monthly prices listed
- ❖ From these average prices, the RFP Manger considers all combinations of Bids that fulfill needed tranches
- ❖ For each combination, the RFP Manager will calculate a CAP
- ❖ The winning Bids will be those in the combination with the lowest CAP

AEC RFP

- ❖ For each product separately, the RFP Manager will select the lowest Bids

Example of Bid Evaluation (FR and Block)

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

Example of Bid Evaluation (OMPS)

Step 1: Calculate average price from monthly prices given for each tranche

Total Tranches Supplied	Bid Assurance Collateral Amount	Price (\$/MWh)			Average Price (\$/MWh)
		Mar.	Apr.	May	Average
1	\$500,000	75.57	75.59	75.25	75.47
2	\$1,000,000	76.16	76.18	75.5	75.95
3	\$1,500,000	77.41	77.43	75.75	76.86
4	\$2,000,000	X	X	X	X

Example of Bid Evaluation (OMPS)

Step 2: Use the average prices for each tranche to calculate a “Combination Average Price” for all combinations of bids that fill needed tranches

Bidder A	
Tranches	<u>Average Price</u>
1	\$75.58
2	\$76.17
3	\$77.42

Bidder B	
Tranches	<u>Average Price</u>
1	\$75.50
2	75.75
3	76.75

Bidder A	Bidder B	CAP
0	3	\$76.75
1	2	\$75.69
2	1	\$75.95
3	0	\$77.42

- ❖ The winning combination is when Bidder A supplies 1 tranche and Bidder B supplies 2 tranches

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 January 3-4
 - ❑ Participation information will be distributed when Qualified Bidders are notified on December 15

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 **January 10**
- ❖ The PUC will issue its decision no later than **January 11**
- ❖ If the PUC approves the results, all winning Bidders will receive a Transaction Confirmation from PPL Electric (by email or fax) **on the same business day**, followed by two originals by overnight courier
- ❖ Winning Bidders must fully execute the Transaction Confirmation and send to PPL Electric (by email or fax) by **2 p.m. on the next business day**, 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

❖ Register / Expression of Interest

❖ Receive emails and updates

> DSPP Welcome Page		Expression of Interest
> Other Presentations	* = required information	
> Schedule for RFP Process	Plan Name:	Default Service Procurement Plan (DSPP)
> Register		<input checked="" type="checkbox"/> Wholesale Block Supply service
> Bidder Information Session		<input checked="" type="checkbox"/> Wholesale Load Following service
> Rate Categories and Load Data		<input checked="" type="checkbox"/> Wholesale Spot service
> RFP Results	Products of Interest:*	<input checked="" type="checkbox"/> Optional Monthly Pricing Service
> Supplier Documents	Check all that apply.	<input checked="" type="checkbox"/> Long-term Product
> DSPP Regulatory Filings		<input checked="" type="checkbox"/> Long-term Solar RFP
> Alternative Energy Act		<input checked="" type="checkbox"/> AEC RFP
> NYPA Contracts	Company:*	<input type="text"/>
> Switching Rules	Contact Name:*	<input type="text"/>
> PJM Deration Factors	Contact Title :*	<input type="text"/>
> Size Distributions		
> Frequently Asked Questions		

Data and Documents Provided on RFP Web site

- ❖ All documents required for qualifications
- ❖ Data to prepare Bids including:
 - ❑ Hourly load data by rate class
 - ❑ Monthly counts of all PPL Electric's customers
 - ❑ Monthly sales revenue figures for all PPL Electric's customers
 - ❑ Monthly counts of customers who take service with an EGS
 - ❑ Monthly sales revenue figures for those customers who take service with an EGS
- ❖ Results of prior solicitations

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**

Questions?



*Default Service
Procurement Plan
DSPP*