



NERA
Economic Consulting

PECO Energy Company Bidder Information Session



PECO Procurement Process Spring 2011

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How Markets WorkSM

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 RFP are:
 - The Full Requirements RFP and the Block Energy RFP
 - The Full Requirements Supply Master Agreement and the Block Energy Supply Master Agreement
 - The PaPUC’s decisions related to the Petition of PECO Energy Company for Approval of its Default Service Program and Rate Mitigation Plan – Docket No. P-2008-2062739

**Please see the RFP Web site for
complete documentation
www.pecoprocurement.com**

Role of NERA as the Independent Evaluator

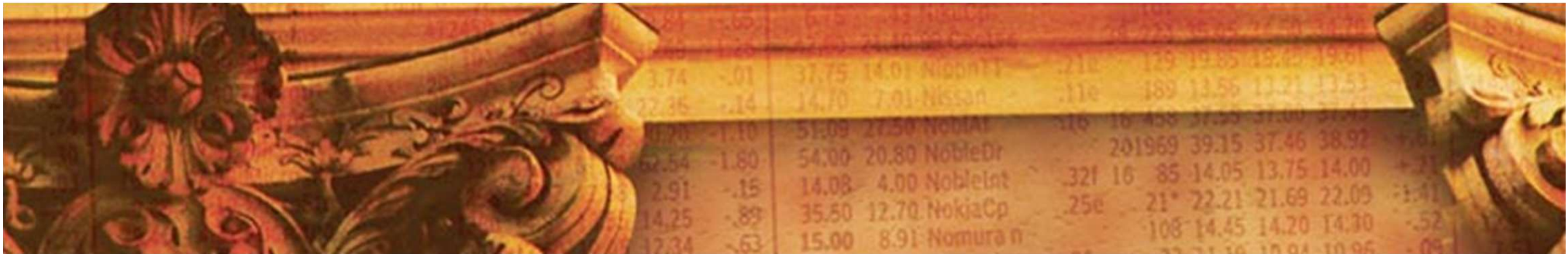


- To ensure a transparent process for the solicitation, PECO Energy Company has hired **NERA to be the third-party Independent Evaluator for the solicitations**
- **NERA's Role is:**
 - To be the main point of contact with Bidders
 - To ensure the RFP Process and Rules, as approved by the PUC, are followed
 - To ensure Bidder Qualifications are evaluated equitably and fairly
 - To evaluate Bids on a price-only basis
 - To present the results to the PUC

Agenda



- **Background and Overview**
- **Product Design**
- **Qualifications and the Bidding Process**
- **Post-RFP Process**
- **RFP Web Site**



Background and Overview

The RFPs Are Conducted Under an Approved Plan



- The PUC **approved PECO's plan** on April 16, 2009
- The procurement plan details how PECO purchases supply to serve its Default Service customers now that generation rate caps have expired (December 31, 2010)
- **Default Service customers are those**
 - who do not elect to take service from an EGS
 - who return to take service from PECO after being served by an EGS

PECO retains its responsibility to serve default customers now that rate caps have expired

Procurement Classes



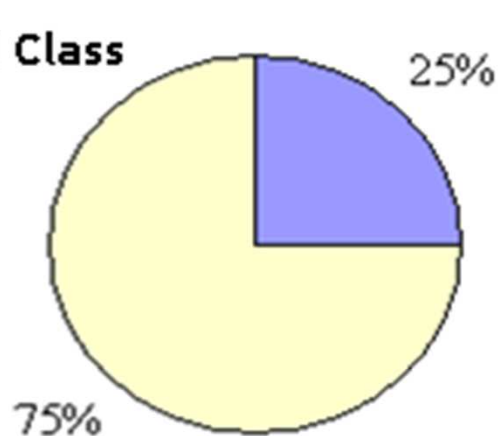
- A “Procurement Class” is a grouping of customers on PECO’s existing rate schedules

Class	Description	Criteria
R	Residential	All Residential Customers
SC	Small Commercial	< 100 kW annual peak demand
MC	Medium Commercial	>= 100 kW and < 500 kW annual peak demand
LC&I	Large Commercial and Industrial	>= 500 kW annual peak demand

Product Mix in Procurement Plan



Residential Class

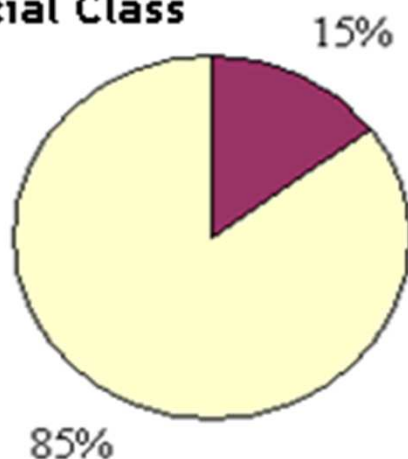


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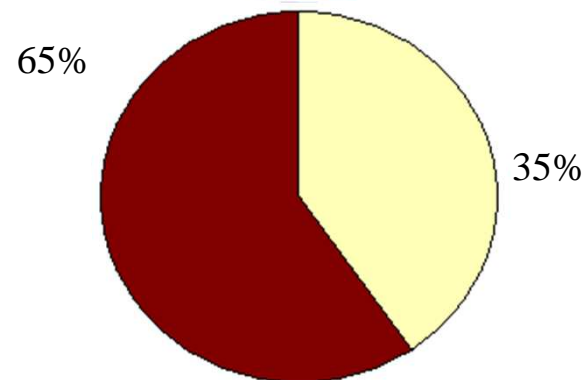
Small Commercial Class



Med. Commercial Class



Large C&I Class



■ PECO Share ■ Full Requirements Spot Price ■ Full Requirements Fixed Price

New: Spring 2011 Full Requirements RFP



- Two RFPs conducted concurrently
- Full Requirements RFP (to fill remaining Fall 2010 Tranches)
 - Suppliers bid to serve a percentage of the load for a class
 - Only LC&I **Spot-Price** products available
 - Energy priced to PJM day-ahead market
 - Term: June 1, 2011 – May 31, 2012
- Block Energy
 - Suppliers bid to provide baseload blocks or peak blocks
 - **NEW:** 2012 annual baseload (Jan-Dec 2012)
 - 2011 summer peak (Jun-Aug 2011)
 - **NEW:** 2012 winter peak (Dec 2011-Feb 2012)
 - PECO uses these blocks as part of portfolio for residential customers

Spring 2011 is the Fifth Solicitation in a Series



Fixed-Price Full Requirements

- Not procured this solicitation
- Previous solicitations procured supply starting on Jan 1, 2011
 - 17-month and 29-month for residential and small commercial customers
 - 17-month for medium commercial customers
 - 12-month for LC&I customers
- Future solicitations will procure supply starting on June 1, 2012

Spot-Price Full Requirements

- In this solicitation, procured on a 12-month basis (June 1, 2011)
 - Unfilled 17-month tranches from Fall 2010
- Next procured in the Winter 2012 solicitation
 - 12-month basis (June 1, 2012)
- Note that the LC&I class fixed-price service is discontinued after 12/31/2011

Tranches of Fixed-Price Default Load



- Fixed-Price Default Load for each Class is divided into **tranches**
- A tranche in a Class represents a fixed percentage of the Default Load for that Class

Class	Total PLC (MW)	Fixed-Price PLC (MW)	Total Tranches	Tranche Size
R	2,704	2,028	47	1.60%
SC	891	802	25	3.60%
MC	400	340	19	4.47%
LC&I	239	85	20	5%

- For the LC&I Class, the Fixed-Price Tranche Size represents a proportion of Fixed-Price load

Tranches of Spot-Price Default Load



- Spot-Price Default Load for each Class is also divided into **tranches**

Class	Total PLC (MW)	Spot-Price PLC (MW)	Spot-Price Tranches		Spot-Price Tranche Size
			Fall 2010	Spring 2011	
SC	891	89.1	3	0	3.33%
MC	400	60	3	0	5.00%
LC&I	Jun-Dec 2011	239	21	12	3.03%
	Jan-May 2012	239			

- LC&I Spot-Price PLC represents the PLC of customers that have not chosen an EGS or that have not elected the fixed-price option
- The Fixed-Price option ends December 31, 2011 and any customers on default service are then on hourly pricing

Staggered Baseload/Peak Procurement for Block Energy RFP



- Each of the past 4 solicitations has procured 2011 baseload blocks
- Each block is 10MW

Product	Supply Period	Fall 2010	Spring 2011	Fall 2011
Baseload	January 2011 – December 2011	40MW		
Baseload	January 2011 – December 2012	50MW		
Baseload	January 2011 – December 2015			
W. Peak	January 2011 – February 2011	40MW		
S. Peak	June 2011 – August 2011	60MW	70MW	
W. Peak	December 2011 – February 2012		40MW	40MW
Baseload	January 2012 – December 2012		80MW	80MW
Winter Peak	December 2012 – February 2013			60MW

- Summer peak blocks procured in Fall and Spring before delivery while winter peak blocks procured in Spring and Fall before delivery
- Beginning Fall 2011, block sizes may be adjusted to reflect switching per DSP guidelines

Results of the First Four Solicitations Available on Web Site



The screenshot shows the website for "PECO Procurement For Default Supply". At the top left is a green square with a white compact fluorescent light bulb. To its right is a wide image of a city skyline (Philadelphia) with a river in the foreground. The PECO logo is in the top right corner. A blue navigation bar contains the title "PECO Procurement For Default Supply". Below this is a left sidebar with links: Home, Background (highlighted with a green box and a red arrow), Regulatory Process, Previous Results (with a red arrow), Archives, Supplier Information, Data Room, Calendar, and Contact Us. The main content area has a "Previous Results" link at the top right. Below it is a paragraph: "Results of the PECO solicitations that have already been completed will be posted below." This is followed by four sections, each starting with a diamond icon and a solicitation title: "Fall 2010 Solicitation", "Spring 2010 Solicitation", "Fall 2009 Solicitation", and "Spring 2009 Solicitation". Each section contains a list of three items, each with a red document icon. The footer contains the URLs "www.peco.com" and "www.nera.com".

PECO Procurement For Default Supply

[Home](#) [Previous Results](#) [Contact Us](#)

[Background](#)

- [Regulatory Process](#)
- [Previous Results](#)
- [Archives](#)

Supplier Information

Data Room

Calendar

Contact Us

Results of the PECO solicitations that have already been completed will be posted below.

- ❖ **Fall 2010 Solicitation**
 - ◆ Results: September 2010 Solicitation
 - ◆ Fall 2010 Rate Impact Results Announcement
 - ◆ Fall 2010 Solicitation Approval Secretarial Letter (9/22/2010)
- ❖ **Spring 2010 Solicitation**
 - ◆ Results: May 2010 Solicitation
 - ◆ Spring 2010 Rate Impact Results Announcement
 - ◆ Spring 2010 Solicitation Approval Secretarial Letter (5/26/2010)
- ❖ **Fall 2009 Solicitation**
 - ◆ Results: September 2009 Solicitation
 - ◆ Fall 2009 Rate Impact Results Announcement
 - ◆ Fall 2009 Solicitation Approval Secretarial Letter (9/23/2009)
- ❖ **Spring 2009 Solicitation**
 - ◆ Results: June 2009 Solicitation
 - ◆ Spring 2009 Solicitation Approval Secretarial Letter (6/17/2009)

www.peco.com www.nera.com

New: Procurement Schedule Moved Up



M	T	W	Th	F
March 14	15	16	17	18 Bidder Info Session
21	22	23	24	25
28	29	30	31	April 1
4	5	6	7	8
11	12 Part 1 Date	13	14	15
18	19	20	21	22
25	26 Part 2 Date	27	28	29
May 2 BIDS DUE	3	4 PaPUC Decision	5	6

Bids Submitted Electronically



- Bids entered in an **Excel Bid Form**
- Bid Form submitted through a **secure file transfer** system
- Independent Evaluator confirms receipt
- Independent Evaluator advises RFP Bidders that are **provisional winners** on Bid Day

PUC Approval Process



- RFP results are **contingent on final PUC approval**
- Independent Evaluator submits confidential report on winning bids to PUC on day after Bid Date
- The PUC will issue a decision within **one business day** of receipt of confidential report
- As provided in the PUC's October 12 directive, the IE will release certain results information within 15 days of the close of the solicitation

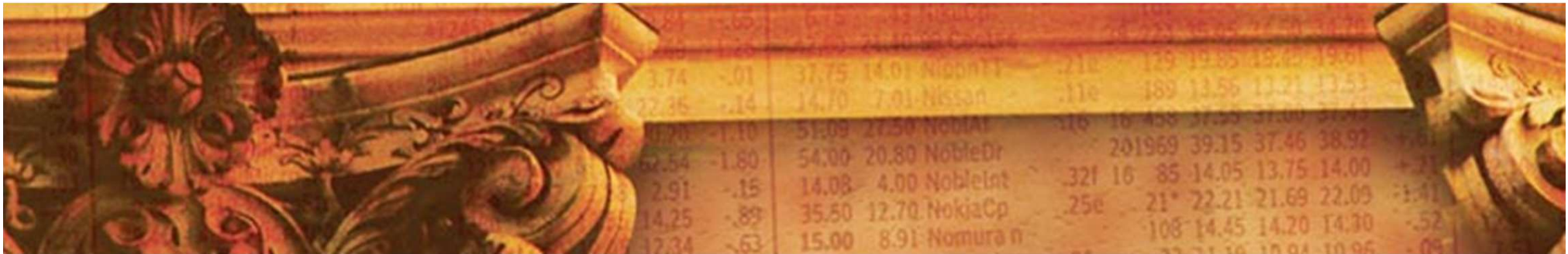
PA Act 129



- PECO filed its plans for **energy efficiency, conservation and smart metering**

http://www.puc.state.pa.us/electric/Act_129_info.aspx

- Energy Efficiency and Conservation (EE&C) Plans - **Docket No. M-2009-2093215**
- Smart Meter Technology Procurement and Installation - **Docket No. M-2009-2123944**
- The **goals of the energy efficiency plan** under the Act are to reduce
 - consumption of retail customers by a minimum of 1% by May 31, 2011
 - consumption of retail customers by a minimum of 3% by May 31, 2013
 - Demand of retail customers by a minimum of 4.5% of the highest 100 hours



Product Design

Components of Full-Requirements Service



- **Full Requirements Service is Load Following**
 - Includes energy, capacity, ancillary services, certain transmission services, and Alternative Energy Portfolio Standard (“AEPS”) requirements
 - A Supplier for a Class supplies a fixed percentage of actual default service load for that Class during the supply period
- **Two types of Full-Requirements Products:**
 - Fixed Price Default Supply (\$/MWh)
 - Spot Price Default Supply (\$/MWh)

Payment Mechanism for Full-Requirements Service



■ Fixed-Price Default Supply

- Supplier is paid a fixed price (its average winning bid price) for each MWh of load served

■ Spot-Price Default Supply

- Supplier is paid:
 - the day-ahead spot price for energy (PECO zone Day Ahead LMP)
 - the RPM price for capacity
 - calculated to offset the charge bidders will get from PJM on their bill
 - its average winning bid price for each MWh of load served to cover all other services included in full requirements service

■ See Article 7 of SMA (Billing and Settlement) for a complete description

Potential Generation Deactivation Charges



- On **March 22, 2010**, PJM announced generation retirements that could result in **generation deactivation charges** to load serving entities in the PECO Zone
- As shown in Exhibit D of the PECO Full Requirements SMA, “Sample PJM Invoice”, Generation Deactivation charges **are the responsibility of the Seller**
- Questions related to PJM’s analysis and their next steps should be directed to PJM

Reliability Must-Run



- **On June 10, 2010, Exelon Generation Company, LLC filed its proposed Reliability Must-Run Rate Schedule**
 - Docket Number: ER101418000
 - Description: Exelon Generation Company, LLC submits tariff filing per 35.12: Rate Schedule 20 to be effective 6/1/2011.
 - Cromby Unit No. 2 and Eddystone Unit No. 2

- **PJM's Motion to Intervene:**
<http://www.pjm.com/~media/documents/ferc/2010-filings/pjmmotion.ashx>

Useful Links



- **PJM Generation Retirement Study Results (main page):**
<http://www.pjm.com/planning/generation-retirements/gr-study-results.aspx>
- **Cromby Units 1 and 2 and Eddystone Units 1 and 2 Deactivation Study – updated May 10, 2010:**
<http://www.pjm.com/planning/generation-retirements/~media/planning/gen-retire/cromby-units-1-and-2-and-eddystone-units-1-and-2-deactivation-eval.ashx>
- **Exelon Response to Revised Deactivation Study for Cromby and Eddystone:** <http://www.pjm.com/planning/generation-retirements/~media/planning/gen-retire/exelon-response-to-revised-deactivation-study-for-cromby-and-eddystone.ashx>
- **Zonal Cost Allocations for 2011:**
 - **Cromby:** <http://www.pjm.com/planning/generation-retirements/~media/planning/gen-retire/cromby-2-zonal-cost-allocation-for-2011.ashx>
 - **Eddystone:** <http://www.pjm.com/planning/generation-retirements/~media/planning/gen-retire/eddystone-2-zonal-cost-allocation-for-2011.ashx>

Load Caps for the Full Requirements RFP



- **There are separate load caps for Block Energy and Full Requirements**
- **The Load Cap is 65%. The customers of a Class can have no more than a 65% exposure to any one Default Supplier at any given time**
- **The Load Cap is bidder specific: it takes into account all tranches won in previous solicitations**
- **Bidder-specific load caps are provided in the Initial Status Notification no later than March 22, 2011**
- **For the LC&I Class, the Load Cap has two constraints:**
 - **No more than 21 tranches of the Spot-Price 12-month product and the Spot-Price 17-month product combined; and**
 - **No more than 34 tranches of the Spot-Price 12-month product, the Spot-Price 17-month product and the Fixed-Price 12-month product combined**

AEPS Requirements



- Default Service Suppliers are responsible for providing **Alternate Energy Credits (AECs)** during the term of the Full Requirements SMA
- Each AEC is issued for each megawatt hour of generation from a qualified alternative energy system

Reporting Year	Time Period	Percent of Total Retail Electric Sales		
		Tier I Rqmt	Tier I (Solar) Rqmt	Tier II Rqmt
5	6/1/10 – 5/31/11	3.00%	0.0203%	6.20%
6	6/1/11 – 5/31/12	3.50%	0.0325%	6.20%
7	6/1/12 – 5/31/13	4.00%	0.0510%	6.20%
8	6/1/13 – 5/31/14	4.50%	0.0840%	6.20%
9	6/1/14 – 5/31/15	5.00%	0.1440%	6.20%
10	6/1/15 – 5/31/16	5.50%	0.2500%	8.20%
11	6/1/16 – 5/31/17	6.00%	0.2933%	8.20%

PECO's Allocation of Separately Procured Alternate Energy Credits (AECs)



- The **allocation of AECs to each tranche** will be communicated to potential bidders
 - An allocation of AECs will be specified for each Alternative Energy Portfolio Standard Reporting Period
 - Under the SMA (Section 2.6) a Seller's AEPS obligation will be reduced by the number of AECs allocated to the Seller in the Transaction Confirmation
 - PECO announces the allocation of AECs to each tranche prior to the opening of the Part 1 Window (see next slide)
- **Any PECO AECs allocated to Seller's AEPS Obligation remain the property of PECO and are not transferred to the Seller**
- **In the event that the Seller's AEPS Obligation for an AEPS Reporting Period is less than the amount of AECs allocated to the Seller's Obligation, the Seller will not be required to transfer any AECs to PECO for that Reporting Period. The allocated AECs will remain the property of PECO. No credit will be granted to the Supplier and the Supplier cannot request that these AECs apply to any other Reporting Period's obligation**

PECO's Allocation of Separately Procured Alternate Energy Credits (AECs) Spring 2011 Solicitation



- For the each 12-month Large Commercial & Industrial Class tranche (June 2011 - May 2012),

Alternative Energy Credits will be allocated as follows:

AEPS Reporting Yr	Time Period	Tier I (non-solar) AECs per Tranche	Tier I (solar) AECs per Tranche	Tier II AECs per Tranche
6	6/1/11 - 5/31/12	1822	19	0

Block Energy Components



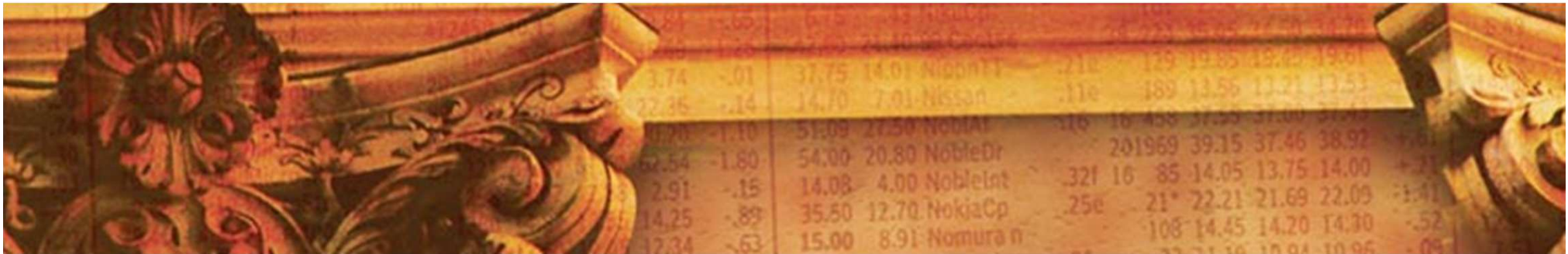
- **Blocks of around-the-clock energy (Baseload Blocks)** as well as for the procurement of blocks of energy for peak hours (**Peak Blocks**)
- **This solicitation procures**
 - Baseload (7x24) for a 12-month period starting January 1, 2012
 - Peak (5x16) for a 3-month summer period (June 2011 through August 2011)
 - Peak (5x16) for a 3-month winter period (December 2011 through February 2012)

Load Caps for the Block Energy RFP



- RFP Bidders that are Block Energy Suppliers will have bidder-specific load caps for the Block Energy RFP
 - 12, 24 and 60-month baseload blocks (January 2011), which are not available in this solicitation, count toward load caps

- For the Block Energy RFP, there are four bid constraints:
 - No more than 28 blocks of B-12-Jan2011, B-24-Jan2011, B-60-Jan2011 and P-3-Jun2011 combined
 - No more than 22 blocks of B-12-Jan2011, B-24-Jan2011, B-60-Jan2011 and P-3-Dec2011 combined
 - No more than 17 blocks for the B-12-Jan2012, B-24-Jan2011, B-60-Jan2011 and P-3-Dec2011 products combined
 - No more than 14 blocks for the B-12-Jan2012, B-24-Jan2011 and B-60-Jan2011 products combined



Contract and Rates

Full Requirements and Block Energy Supply Master Agreements (SMAs)



- **Separate SMA** for full requirements and block energy supply
 - Contract is **standard** for all Suppliers
 - Contract is between Supplier and PECO
 - Final agreements are **non-negotiable**
 - As part of qualification, RFP Bidder signs SMA
 - Current suppliers do not re-submit SMA
 - Same SMA for Spot-Price and Fixed-Price (Full Requirements)

Credit Requirements



- **Full Requirements Fixed-Price & Block Energy:**
 - Credit exposure to PECO is based on **Mark-to-Market exposure calculations**
 - Net of Accounts Receivable / Accounts Payable to Seller
- **Spot Price: credit exposure begins at \$250k/tranche**
 - Recalculated each month
 - Multiplied by ratio of current PLC/tranche to MW-measure
 - Pro-rated by calendar days remaining in delivery period
- **Performance Assurance Requirements will depend upon a Seller credit evaluation using criteria specified in the SMA**
- **Form of Guaranty and Form of Performance Assurance Letter of Credit provided as exhibits to SMA**

Rate Translation: Determination of Retail Rates



- **The Default Service rates of R customers determined on the basis of:**
 - prices determined through the Full Requirements RFP (fixed-price products)
 - prices determined through the Block Energy RFP, and
 - PECO’s additional purchases to serve the 25% “PECO share”

- **The rates of Default Service customers in the SC and MC Classes determined on the basis of the Full Requirements RFP:**
 - prices determined for fixed-price products
 - prices determined for spot-price products
 - 10% for the SC Class and 15% for the MC Class

- **Rates are also subject to a quarterly true-up and administrative costs of RFP (See PECO’s GSA Tariff)**

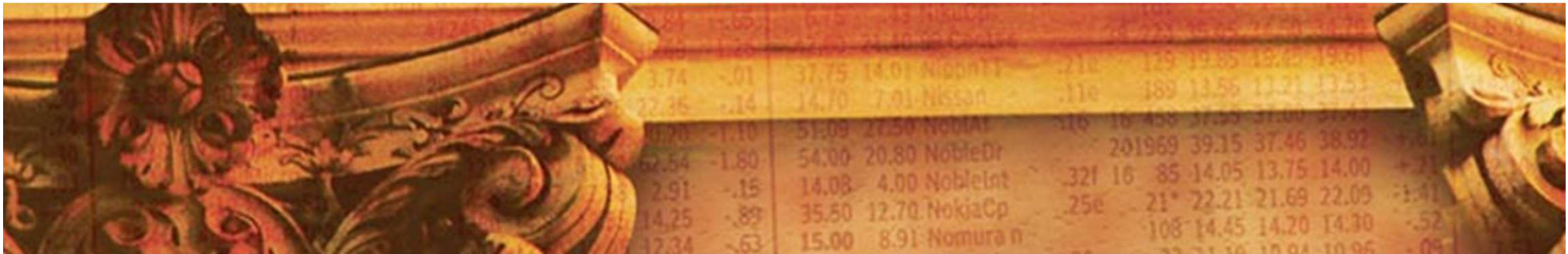
- **Rate Translation Spreadsheet Tool** available on RFP Web site for R, SC, MC, and LC&I Classes
<http://pecoprocurement.com/index.cfm?s=supplierInformation&p=rates>

Current Retail Choice Migration - “Shopping”



- Customer Counts as of 2/28/2011 provided below

	Total Customers	EGS Customers	Percent EGS Customers
Residential	1,492,148	133,890	8.97%
Small Commercial	155,998	49,522	31.75%
Medium Commercial	6,250	3,498	55.97%
Large C&I	1,814	1,485	81.86%



Qualifications and the Bidding Process

Spring 2011 Procurement Schedule



M	T	W	Th	F
March 14	15	16	17	18 Bidder Info Session
21	22	23	24	25
28	29	30	31	April 1
4	5 Part 1 Window Opens	6	7	8
11	12 Part 1 Date	13	14	15 Part 1 Notification
18	19 Part 2 Window Opens	20	21 Bidder Training	22
25	26 Part 2 Date	27	28	29 Part 2 Notification
May 2 BIDS DUE	3 Final Report to PUC	4 PaPUC Decision	5	6

Guaranty Process has Concluded



- **Option 1: Alternate Form**
 - For RFP Bidders that have corporate policies that preclude them from using the standard guaranty
 - Review ensures alternate guaranty form provides similar protection to standard guaranty
 - Review period has ended

- **Option 2: Modifications to the Standard Guaranty**
 - Modifications must be non-material or mutually beneficial
 - IE has posted a [document containing all acceptable modifications](#) to the Web site
 - Approved modifications may be elected in the Part 1 Form

Summary of Qualification Process: Part 1 Main Elements



New Bidders

- information for **creditworthiness assessment**
- Provide information for the preparation of the SMA
- May submit **modifications to letters of credit** (pre-bid and post-bid)

Returning Bidders

- information for **creditworthiness assessment**
- Confirm information for the preparation of the SMA
- May submit **modifications to letters of credit** (pre-bid and post-bid)

Existing Suppliers

- information for **creditworthiness assessment**
- N/A
- May submit **modifications to letters of credit** (pre-bid and post-bid)

Optional: Email Part 1 Form to Independent Evaluator for a courtesy review prior to submission (ie@pecoprocmement.com)

Summary of Qualification Process: Part 2



New Bidders

- Signed SMA
- Signed Guaranty
- Pre-Bid Letter of Credit
- Certifications

Returning Bidders

- Signed SMA
- Signed Guaranty
- Pre-Bid Letter of Credit
- Certifications

Existing Suppliers

- N/A
- Signed Guaranty
- Pre-Bid Letter of Credit
- Certifications

All Participants Must Submit Part 1 and Part 2 Proposals



- Abbreviated process for returning bidders, but
 - All participants must actively submit a Part 1 Form and a Part 2 Form
 - Short Part 1 Form ONLY for those that submitted successful Part 1 Proposals in a previous solicitation

Short Form →

PART 1 FORM

Did you submit a successful Part 1 Proposal in a previous solicitation?

yes no

If yes, please **CONTINUE** filling out this form, beginning with “Contact Information and Representations” below.

If no, **STOP**. You cannot use this Short Part 1 Form. **You must use the Standard Part 1 Form** instead.

- Initial status notification will remind you whether you had a complete Part 1 / Part 2
- If the entity on whose financial standing you wish to rely has changed, **you cannot use the Short Part 1 Form**

Part 1 Form: Short Form and Long Form



- Each sub-section of the Short Part 1 Form has instructions
 - In the [Standard Part 1 Form](#), you must fill out all required fields:
 - In the [Short Part 1 Form](#), there will be the option to confirm information and skip to the next sub-section

1. Contact Information and Representations

COMPLETE ALL INFORMATION IN THIS SECTION 1 OF THIS PART 1 FORM.

1. Contact Information and Representations

First Item: Name and Address of the RFP Bidder

THE INITIAL STATUS NOTIFICATION THAT A PREVIOUSLY QUALIFIED RFP BIDDER RECEIVES FROM THE INDEPENDENT EVALUATOR INCLUDES THE CONTACT INFORMATION FOR THE RFP BIDDER CURRENTLY ON FILE WITH THE INDEPENDENT EVALUATOR.

Is the name and address of the RFP Bidder in the Initial Status Notification correct?

yes no

If yes, please proceed to the next item below in this section, "Officer of the RFP Bidder".

If no, please make all necessary corrections below.

Part 1 Form: Credit Requirements



■ Letters of Credit, Guaranty, and SMA

- Draft Letters of Credit
 - Standard form of Pre-Bid LOC has not changed since the Fall 2009 RFP
 - Except to update expiration date
 - This is the opportunity for new and returning bidders to propose modifications to the LOCs
 - Responses to Pre-Bid LOC modifications within 2 business days
 - [Submit early to get an early response](#)
 - All approved modifications posted to Web site
 - Check list before proposing modifications
- Information Needed to Prepare the SMA & Guaranty
 - The IE uses information from the Part 1 Form to populate all relevant fields in the SMA and Guaranty
 - [Elect optional modifications to Guaranty here](#)
 - IE then sends personalized SMA & Guaranty to each RFP Bidder

Both Part 1 and Part 2 Forms: Justification of Omissions



■ Justification of Omissions

- If you cannot provide any of the requirements, explain here
- Avoid a Deficiency Notice

8. Justification of Omissions

If you are unable to provide all documents or information required with this Part 1 Form, please justify fully any omissions in the space provided below.

Part 1 Form: Credit Assessment



- **IE and PECO**
 - Determine unsecured credit for Supplier (or Guarantor) under the terms of the SMA
 - Use financials submitted in the Part 1 Proposal
- **IE communicates assessment with the Part 1 Notification**

Part 1 Form: Submission & Processing



- **Step 1: IE receives Part 1 Proposal**
 - Proposal materials must be sent in hard copy
 - Some documents may be submitted on CD
 - Email and fax are **NOT** acceptable

- **Step 2: IE evaluates proposal for completeness and compliance with rules**
 - IE sends notification to bidder by fax before 6pm on day of receipt
 - Complete notice: all required information and documentation received, no further action necessary
 - Deficiency notice: details missing information and how to remedy

- **Step 3: Cure Deficiencies**
 - Must cure by:
 - noon on the Part 1 Date, or
 - 6:00 PM on the business day after the Deficiency Notice is faxed
 - Whichever comes later
 - Failure to remedy deficiency by deadline
 - Part 1 Proposal may be rejected

- **Step 4: Notification of Qualification**
 - An RFP Bidder is notified whether it has qualified to submit a Part 2 Proposal on **Friday, April 15, 2011** (Part 1 Notification Date)

Part 1 Proposal: Notification



- **An RFP Bidder is notified whether it has qualified to submit a Part 2 Proposal on [Friday, April 15, 2011](#)**
- **[CD with the Part 1 Notification](#)** contains:
 - Customized Bid Form, and instructions for bid submission
 - Bidders must use the Bid form spreadsheet [provided on the CD](#) to submit Bids
 - Customized SMA
 - Bidders must print out the SMA from the CD, sign it, and submit two originals with the Part 2 Proposal
 - Customized Guaranty (if applicable)
 - Bidders using Guarantors must print out the Guaranty from the CD, sign it, and submit two originals with the Part 2 Proposal
 - Confidential Information
 - Login information to practice using secure file transfer system during training
 - Login information necessary to submit Bids on the Bid Date
- **Returning Bidders**
 - Current suppliers will not have to re-submit signed SMAs
 - Returning bidders that have not previously won [do have to submit SMAs](#)
 - [All Bidders using a Guarantor, whether returning or not, must submit Guaranties](#)
 - Must print out the guaranty as provided on the CD, sign two and submit with part 2

Part 2 Proposal



- RFP Bidder submits Part 2 Proposal during the Part 2 Proposal Window: **Tuesday, April 19, 2011** to **Tuesday, April 26, 2011**
- Last day of the Part 2 Proposal Window is the **Part 2 Date**
- **One Part 2 Form for both new and returning bidders**

Part 2 Form: Credit Requirements



- **Pre-Bid Letter of Credit**
 - All Bidders must submit Pre-Bid LOC for each RFP in which they participate
 - Full Requirements:
 - \$125,000/tranche bid
 - Block Energy:
 - \$4,000 per peak block bid
 - \$20,000 per 12-month block bid

- **Must use standard form standard form incorporating **only approved modifications****

Part 2 Form: Contract and Guaranty Requirements



- **Supply Master Agreement**
 - Current suppliers do not need to complete this sub-section
 - All others, returning and new:
 - 2 signed originals of SMA with all exhibits
 - Officer designated in Part 1 must sign

- **Guaranty**
 - Only applicable if relying on Guarantor
 - **All Bidders**—suppliers, returning bidders, new bidders—must provide the guaranty for each RFP in which they participate
 - If a winner already has a guaranty in effect, the new guaranty will supersede previous guaranty, which will be returned (3) days after execution of new Guaranty
 - Bidders with approved Alternate Forms of Guaranty must also provide executed Enforceability Opinions

Part 2 Form: Guaranty Amount



■ Guaranty Amount

– Full Requirements:

- Equals or exceeds the sum of:

- the Guaranty Amount of any current guaranty held by PECO under the Block Energy SMA or the Default Service SMA with the RFP Bidder; and
- the total number of tranches bid (for all products) times \$300,000

– Block Energy:

- Equals or exceeds the sum of:

- the Guaranty Amount of any current guaranty held by PECO under the Block Energy SMA or the Default Service SMA with the RFP Bidder; and
- \$10,000 per peak block bid; and
- \$50,000 per 12-month block bid.

Part 2 Proposal: Final Decision



- RFP Bidder that is qualified pursuant to its Part 1 Proposal and that submits a successful Part 2 Proposal may submit Bids
- Each RFP Bidder will be notified whether it has qualified to submit Bids
 - Notification occurs no later than 6:00 PM on **Friday, April 29, 2011** (Part 2 Notification Date)

What is a Bid?



- A bid is a price in **\$/MWh**
 - For a tranche of a product (full requirements)
 - For a 10MW block (block energy)

- The bid
 - Is automatically **rounded** to the nearest cent
 - Is binding until 6 business days after the Bid Date
 - Must be supported by sufficient security

Bid Submission Process



- **Bid submitted electronically using secure file transfer (backup: fax)**
 - **CD with the Part 1 Notification** contains customized Bid Form and instructions for bid submission
 - **Training session:** bidders practice bid submission on **Thursday, April 21, 2011**
- **Bids are due by 12 PM noon on Monday, May 2, 2011 (Bid Date)**
 - IE calls and confirms receipt within 15 minutes
 - **If there are errors, RFP Bidder has until noon to correct them. RFP Bidders are encouraged to submit early for this reason!**
 - By 6 PM on the Bid Date, IE determines winning bids, and informs RFP Bidders
 - Final report to PaPUC by 10:00 AM on the day after the Bid Date

Bid Evaluation Criteria



- **A single bidder cannot bid or supply more than 65% of the load of each Class**
- **Bids are evaluated on a price-only basis**
 - Bids for each product will be ranked from lowest to highest price until all Bids are ranked

Bid Form



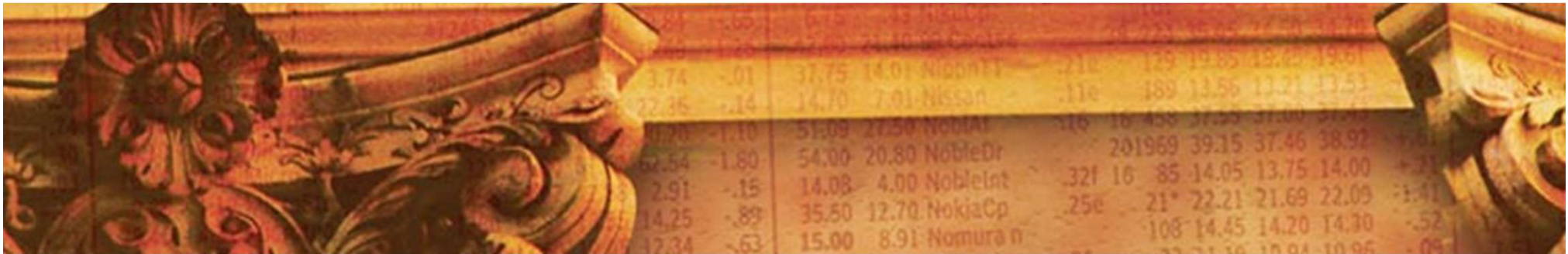
Enter Prices

Running Totals

<u>Bids (All Bids are in \$/MWh)</u>					
P-3-Jun2011		P-3-Dec2011		B-12-Jan2012	
Bid (\$/MWh)		Bid (\$/MWh)		Bid (\$/MWh)	
1		1		1	
2		2		2	
3		3		3	
4		4		4	
5				5	
6				6	
7				7	
				8	

<u>Number of Blocks bid</u>		
P-3-Jun2011	P-3-Dec2011	B-12-Jan2012
-	-	-

Example for Block Energy
Use running totals to keep track of load cap constraints



Post-RFP Process

PUC Approval and Transaction Confirmation

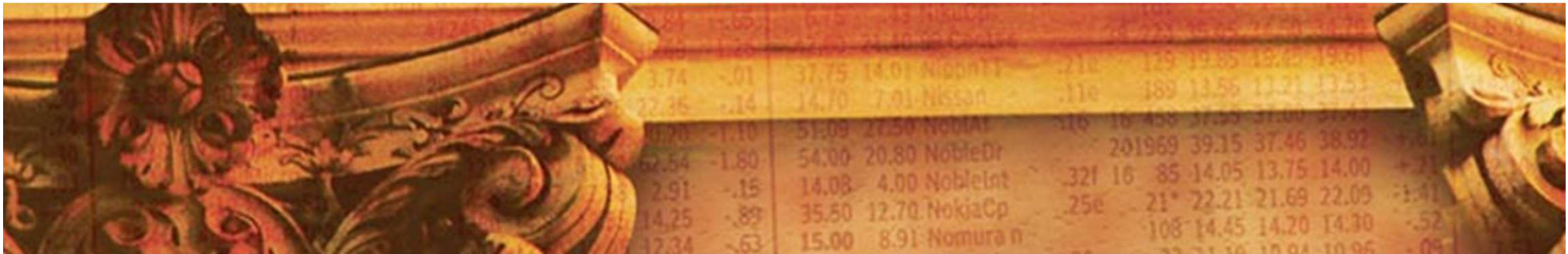


- **Wednesday, May 4 is the PUC Decision.** IE provides information to PECO for transaction confirmations
- **Thursday, May 5.** IE releases Pre-Bid Letters of Credit for losing RFP Bidders. PECO signs SMA, acknowledges guaranty
- **Friday, May 6.** PECO signs transaction confirmations, faxes to Supplier, overnights transaction confirmations and SMA
- **Monday, May 9.** Supplier faxes transaction confirmations to PECO **by 2pm**, overnights transaction confirmations to PECO, posts additional security if needed
- **Tuesday, May 10.** IE releases winning RFP Bidders' Pre-Bid Letters of Credit

Information Released to Public



- **Information is released 15 days after the solicitation, per the Commission's October 12 Directive**
- **Key information about prices**
- **Both Full Requirements and Block Energy**



The RFP Web Site

Central Source for RFP Information



www.pecoprocurement.com

- **Supplier and Regulatory documents**
- **Historic Data (2006-Present)**
- **Answers to submitted questions**
- **Announcements and schedule**
- **Registration, RSVP, and FAQ submission**
- **Future solicitation schedule**
- **Archive of postings from past solicitations**

Ask a Question



- **Contact Us / Ask a Question**
 - **FAQs answered within 2 business days**
 - **New FAQs posted to Web site every **Wednesday** (without identifying information)**
 - **Supplier Information / FAQs**

A screenshot of the PECO Procurement For Default Supply website. The page features a navigation menu on the left with links for Home, Background, Supplier Information, Data Room, Calendar, Contact Us (highlighted), Register, Ask a Question (circled in red), Info Session RSVP, Independent Evaluator, and Contact Info. The main content area is titled "Ask a Question" and contains a form with fields for Name *, Company *, Email Address *, and Question/Comment *. A "Submit" button is located at the bottom of the form. The PECO logo is visible in the top right corner of the page.

Address for Submissions



- **Submissions must be sent to us at the following address:**

NERA - Independent Evaluator
PECO Default Service Program RFPs
1835 Market Street, Suite 1205
Philadelphia, PA 19103
Phone: (215) 568-0200
Fax: (215) 568-9358

NERA

Economic Consulting

Questions?



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