

Bidder Information Session

September 2016

Final Solicitation

under DSP III

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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 governing documents.

- These governing documents are:
 - Commission Opinion and Order related to PECO's Third Default Service Program ("DSP III") in Docket No. P-2014-2409362 and dated December 4, 2014
 - RFP Rules (posted August 2, 2016)
 - PECO Energy Company Pennsylvania Default Service Supplier Master Agreement ("Uniform SMA") (posted August 2, 2016)

Please see the RFP website for complete documentation
<http://www.pecoprocurement.com/>

NERA is the Independent Evaluator

- To ensure a transparent process for the RFP, 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 RFP Bidders
 - To ensure the RFP 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 Commission

Agenda

- Overview of DSP III and this Solicitation
- Contract and Rates
- RFP Process Details
- RFP Website
- Questions

Overview of DSP III Products in this Solicitation



DSP III Overview

- Default Service customers are those who:
 - do not elect to take service from an EGS or
 - return to PECO after receiving service from an EGS
- Four (4) solicitations to procure Default Service Supply will be held in March and September of 2015 and 2016
- Supply procured generally for the period **June 1, 2015 to May 31, 2017** but some contracts extend to November 2018
- **Full requirements service** includes energy, capacity, ancillary services, certain transmission services, and Alternative Energy Portfolio Standard ("AEPS") requirements

Four Customer Classes

Class	Description	Criteria
RES	Residential	All Residential Customers
SC	Small Commercial	Less than 100 kW of annual peak demand
MC	Medium Commercial	Between 100 kW and 500 kW of annual peak demand
LC&I	Large Commercial and Industrial	500 kW or greater of annual peak demand

DSP III Tranches

- Default Load for each Class is divided into a number of **tranches**, each representing a fixed percentage of the Default Load for the Class

Class	Total Tranches	% Size of a Tranche	Total Peak (MW)	Default Peak (MW)	MW-Measure of a Tranche
RES	62	1.60%	3,644.06	2,345.27	37.45
SC	24	4.17%	1,127.28	426.46	17.77
MC	8	12.50%	942.65	105.87	13.23
LC&I	8	12.50%	2,356.76	61.46	7.68

Note. Last block purchased under DSP I expired December 2015; PECO continues to serve 1.06% of the Default Load of the RES Class

Products in this Solicitation

- A product has three **labels**: the Class, the length of the supply period, and the start of the supply period
- **Products** procured in this solicitation:
 - RES-12-Dec16
 - RES-24-Dec16
 - SC-12-Dec16
- **Load caps**: a Default Supplier cannot supply more than **50%** of Default Load **for a Class** at any point in time

Residential Products

Products	Available Tranches	Load Caps Apply to an RFP Bidder When an RFP Bidder Has:	Load Caps for RES Class
RES-12-Dec16	12	Won more than 19 tranches of RES-24-Jun15, RES-24-Dec15, RES-17-Jan16, RES-12-Jun16, and RES-24-Jun16	31 less tranches of RES-24-Jun15, RES-24-Dec15, RES-17-Jan16, RES-12-Jun16, and RES-24-Jun16
RES-24-Dec16	9	Won more than 22 tranches of RES-24-Jun15, RES-24-Dec15, RES-17-Jan16, RES-12-Jun16, and RES-24-Jun16	31 less tranches of RES-24-Jun15, RES-24-Dec15, RES-17-Jan16, RES-12-Jun16, and RES-24-Jun16

Small Commercial Product

Products	Available Tranches	Load Caps Apply to an RFP Bidder When an RFP Bidder Has:	Load Caps
SC-12-Dec16	12	Won SC tranches in the March 2016 Solicitation	12 less SC tranches won in the March 2016 Solicitation

Schedule

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
August				
29	30	31	1	2
	Part 1 Window Opens			
September				
5	6	7	8	9
Labor Day	Part 1 Date (Part 1 Window Closes)		Part 1 Notification Date	Part 2 Window Opens
12	13	14	15	16
	Bid Submission Training		Part 2 Date (Part 2 Window Closes)	
19	20	21	22	23
Part 2 Notification Date	Bid Date (Bids are Due)	IE provides its report to the Commission	Commission Decision (close of business)	

PUC Approval Process

- RFP results are **contingent on final PUC approval**
- Independent Evaluator submits confidential report on winning bids to PUC on the day after Bid Date
- The PUC will issue a decision within **one business day** of receipt of confidential report
- Information regarding solicitation released within 15 days of the close of the solicitation

Proposal Process is Online

- Part 1 and Part 2 Proposal will be submitted through **online forms**
- **Completely online** (almost!)
 - Provide required information
 - Upload supporting documents
 - Upload scanned signature pages (“Inserts”)
 - **Hardcopy only for Pre-Bid Letter of Credit** required by the Part 2 Proposal
- Suppliers that request an account (and returning RFP Bidders) will receive an **Addendum to the RFP Rules** that provides additional instructions for completing and submitting the online forms

Accessing the Proposal Website

- The URL for the proposal website is DSPproposal.com
- The site is also accessible from links on the RFP website



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Supplier Information

Data Room

Calendar

Contact Us

Online Proposal Website

Click here for the Online Proposal Website

3 Steps to Get Started

Important Dates:

- ❖ Thu 8/18/2016 - Guaranty Process are due
- ❖ Fri 8/19/2016 - Bidder Information Session
- ❖ Tue 9/6/2016 - Part 1 Date (Part 1 Window Closes)
- Thu 9/15/2016 - Part 2 Date (Part 2 Window Closes)

Step 1. Request an Account

HOME **GET ACCOUNT** PART 1 PROPOSAL INSERTS

Get Account

Fields marked with an * are required

Name: *

Company: *

E-Mail: *

Position/Title:

Phone Number: *

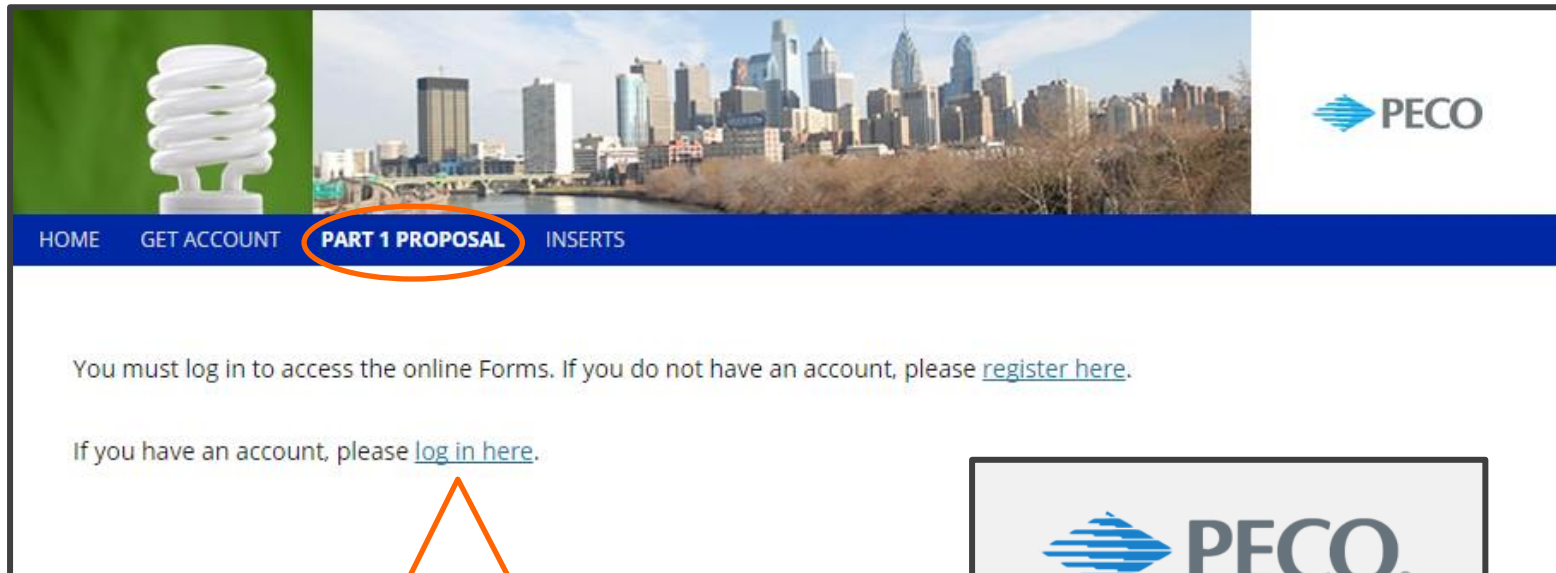
Alternate Phone Number:

Submit

Fill out required fields and click submit

Suppliers that already have an account do not need to submit a new request

Step 2. Log In



**Click on “log in here”
and enter your login
credentials on the
login page**

The screenshot shows the PECO login page. It features the PECO logo at the top. Below the logo, there are two input fields: 'Username' and 'Password'. There is a checkbox labeled 'Remember Me' and a blue 'Log In' button. At the bottom of the form, there is a link that says '← Back to PECO DSP Proposal'.

Step 3. Download the Inserts

HOME GET ACCOUNT PART 2 PROPOSAL **INSERTS**

Inserts

“Inserts” are separate forms in Microsoft Word format posted to the online proposal website. Insert, sign the Insert (and have the signature notarized when instructed), scan the signed and completed Insert, and upload the scanned Insert to the online Form.

Part 1 Inserts

The Inserts are numbered, please refer to the numbering in the form to ensure you have the proper insert.

New RFP Bidders should download this file:

[P1 Inserts for New Bidders](#)

RFP Bidders who have **previously qualified but are not current Default Suppliers** serving tranches won under DSP III (**Prev-Qual not DS**):

[P1 Inserts for Prev Qual-Not DS](#)

RFP Bidders who are **current Default Suppliers** serving tranches won under DSP III (**DS**):

[P1 Inserts for DS](#)

Inserts are separate forms in MS Word required to complete your proposal

New RFP Bidders download

Prev Qual – Not DS download

DS download

Contract and Rates



Contract under DSP III

- Under DSP III, PECO uses the **Uniform SMA** developed through the uniform procurement process envisioned by the Commission
- Allocation of risk and responsibilities are generally consistent with the prior Default Service SMAs from DSP I and DSP II
- While the SMA is uniform, some EDC-specific provisions are included
 - Assign responsibility for **generation deactivation charges** to PECO (charges will be collected through its non-bypassable transmission rate)

Credit Requirements

- For **fixed-price products**, credit exposure to PECO is based on Mark-to-Market exposure calculations net of Accounts Receivable / Accounts Payable to Supplier
- Performance assurance requirements will depend upon a credit evaluation using criteria specified in the Uniform SMA
- Standard Guaranty and Post-Bid Letter of Credit provided as exhibits to Uniform SMA

AEPS Requirements

- Default Suppliers are responsible for providing **Alternative Energy Credits (“AECs”)** during the term of the Uniform SMA
- Each AEC is issued for each MWh of generation from a qualified alternative energy system
- Each Default Supplier specifies the average cost for Non-Solar Tier I, Solar Tier I and Tier II AECs as part of the Transaction Confirmation process

		Percent of Total Retail Electric Sales		
Reporting Year	Time Period	Tier I	Solar Tier I	Tier II
11	6/1/16 – 5/31/17	6.00%	0.2933%	8.20%
12	6/1/17 – 5/31/18	6.50%	0.3400%	8.20%
13	6/1/18 – 5/31/19	7.00%	0.3900%	8.20%

PECO's Allocation of Separately Procured AECs

- Under the Uniform SMA, a Default Supplier's AEPS obligation will be reduced by the number of AECs allocated to the Default Supplier in the Transaction Confirmation
 - **Prior to the opening of the Part 1 Window** in each solicitation, PECO announces the allocation of AECs to each tranche (see next slide)
 - Any PECO AECs allocated to Default Supplier's AEPS Obligation remain the property of PECO and are not transferred to the Supplier

PECO's Allocation of Separately Procured AECs for this Solicitation

- AECs will be allocated to each tranche as follows:

Product	Time Period	Tier I (non-solar) AECs per Tranche	Tier I (solar) AECs per Tranche	Tier II AECs per Tranche
RES-12-Dec16	12/1/16 – 5/31/17	0	0	0
	6/1/17 – 11/30/17	0	51	0
RES-24-Dec16	12/1/16 – 5/31/17	0	0	0
	6/1/17 – 5/31/18	0	51	0
	6/1/18 – 11/30/18	0	51	0
SC-12-Dec16	12/1/16 – 5/31/17	0	0	0
	6/1/17 – 11/30/17	0	81	0

Rate Translation: Determination of Retail Rates

- The Default Service **rates for a Class** are determined on the basis of prices determined through the RFP
- For the **RES Class**, rates also include purchases by PECO of approximately 1.06% of Default Load
- Rates also incorporate a quarterly true-up and administrative costs (See PECO's GSA Tariff)
- A Default Service rate calculation model is posted to the PECO website:
 - <https://www.peco.com/MyAccount/MyService/Pages/ElectricPricetoCompare.aspx>

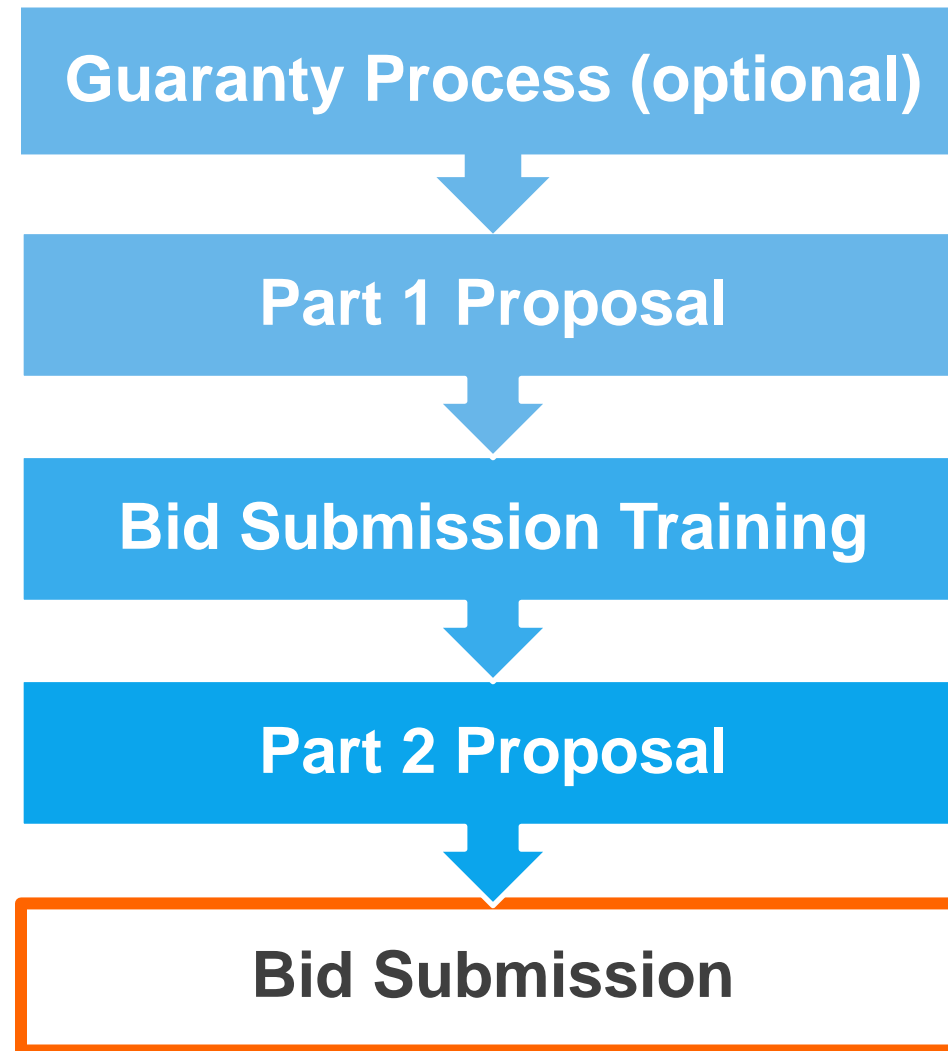
New York Power Authority Contract

- Under a multi-state arrangement, PECO receives for the benefit of its residential customers an annual allocation of capacity and associated energy from the St. Lawrence hydroelectric project operated by the New York Power Authority (NYPA) and administered by the Allegheny Electric Cooperative, Inc as NYPA's bargaining agent
- Allocation is dependent upon the number of residential customers PECO serves; **PECO's 2016 allocation is 5.5 MW**
- As of June 1, 2016, PECO's total residential default service load was reduced by the 5.5 MW of NYPA allocation
- Supplier's residential tranches are a share of the Default Load for the Residential Class, which now excludes the 5.5 MW allocation

RFP Process Details



Overview of RFP Process



Guaranty Process

- RFP Bidders with corporate policies that preclude them from using the standard guaranty can submit an alternate guaranty form
- RFP Bidders may propose modifications to the standard guaranty
- **PECO reviewed any alternate guaranty forms and proposed modifications received before or on August 18, 2016**
- RFP Bidders will have the opportunity to elect modifications to the standard guaranty that were found acceptable during this process in the Part 1 Form

Part 1 Proposal

- There are **three types of RFP Bidders** for the purposes of the Part 1 Proposal:
 1. **New RFP Bidders** (who have not previously qualified under DSP III)
 2. **Default Suppliers** (who have previously qualified and are currently serving tranches won under DSP III)
 3. **Prev Qual – Not DS** (who have previously qualified but are not serving tranches won under DSP III)
- **Default Suppliers and Prev Qual – Not DS** RFP Bidders **may be eligible** to use an abbreviated Part 1 Proposal Process
- The following slides outline the requirements of the Part 1 Proposal Process
 - Unless otherwise indicated, RFP Bidders participating in the abbreviated process may be asked to update or confirm the information previously provided

Part 1 Requirements

New Bidders
Provide

All Bidders
provide

All Bidders
provide

All Bidders
provide

New and Prev
Qual – Not DS
provide

New Bidders
Provide

1. **Bidder Information and Contact Information for Officer and Representative**
2. **Nominees** (optional)
3. **Certifications and Representations**
 - Bidders can submit the Part 2 representations during the Part 1 Window for early processing
4. **Financial Statements and Credit Ratings**
5. **Information to prepare the Guaranty** (if applicable)
6. **Additional requirements for Agency Agreement** (if applicable)

Part 1 Requirements cont.

All Bidders
provide

7. Modifications to the Standard Letters of Credit (LOCs)

**Good Idea! Check list before
proposing modifications**

**Go to Pecoprocurement.com →
Supplier Information →
Documents**

New and Prev
Qual – Not DS
provide

8. Information to prepare the SMA

Part 1 Requirements cont.

New Bidders
Provide

9. Regulatory Representations

All Bidders
provide

10. Foreign RFP Bidders and Foreign Entities (if applicable)

All Bidders
provide

11. Justification of Omissions

- Also space for additional uploads

**Part 1 Proposal Due on Tuesday, September 6,
2016**

Additional Details on Roles

- **Officer of the RFP Bidder:** must be able to undertake contracts (including the Uniform SMA) and bind the RFP Bidder
- **Correspondence will be sent to the “Bidder Team”**
 - **Representative:** acts as main point of contact and receives all correspondence related to the solicitation
 - **Nominees:** Officer or Representative can designate up to three (3) authorized individuals to receive communications in addition to the Representative

Part 1 Notification

- An RFP Bidder is notified whether it has qualified to submit a Part 2 Proposal by **Thursday, September 8, 2016** (the Part 1 Notification Date)

- **Contents**
 1. **Credit assessment** based on financials submitted with the Part 1 Proposal
 2. **Customized Bid Form** and instructions for bid submission
 3. **Confidential Login information** to test secure file transfer system during training and to submit Bids on the Bid Date

Part 2 Requirements

Online Form

1. Certifications and Representations
2. RFP Bidders that aren't Default Suppliers have **additional requirements if**
 - relying on the financial standing of a **Guarantor**
 - relying on the financial standing of a **foreign entity**

Hardcopy in our Offices

3. Pre-Bid Letter of Credit

**Part 2 Proposal Due on Thursday, September
15, 2016**

Part 2 Proposal Credit Requirements

- All RFP Bidders must submit an executed Pre-Bid Letter of Credit
 - \$250,000 per tranche bid on the fixed-price products
- Maximum amount of Pre-Bid Letter of Credit:
 - \$8.25M
 - Depending on load caps, not all bidders will be able to bid on all tranches
- Must use standard form, or standard form incorporating **only approved modifications** posted to the RFP website

Completing and Submitting the Online Form



Provide all Information Required by Form

PART 1 FORM Default SERVICE Program REQUEST FOR PROPOSALS PART 1 DATE: September 6, 2016

Phone No.

Cell Phone No. (Optional)

Email Address

THE OFFICER OF THE RFP BIDDER MUST DESIGNATE THE INDIVIDUAL NAMED ABOVE TO SERVE AS THE REPRESENTATIVE OF THE RFP BIDDER BY COMPLETING THE REPRESENTATIVE INSERT. The Representative Insert is also labelled INSERT #P1-1.

REPRESENTATIVE INSERT (#P1-1) No file selected.

Useful Part 1 Documents:

- [Part 1 Proposal Review Process](#)
- [Addendum to the RFP Rules](#)
- [Optional Modifications to the Guaranty](#)

Click to go to the **top** of the form. Click to go to the **bottom** of the form (Save, Submit).

Enter information into the fields provided.

Upload supporting documents and Inserts

Save as you go

Inserts

- **Inserts** are separate forms in Microsoft Word format posted to the “Inserts” tab of the online proposal website
 - Bidders must **complete** the Inserts and **upload** them to the spaces provided in the online form
 - Some must be **signed** and **notarized**
- RFP Bidders must download the zip file for 1 of **3 groups**, as applicable:
 1. Inserts for New RFP Bidders
 2. Inserts for Prev Qual-Not DS RFP Bidders
 3. Inserts for Default Suppliers
- Inserts for Bidders in special circumstances will be included in a folder named “**Additional Inserts**” in the each zip file

Upload Inserts to appropriate sections

THE OFFICER OF THE RFP BIDDER MUST DESIGNATE THE INDIVIDUAL NAMED ABOVE TO SERVE AS THE REPRESENTATIVE OF THE RFP BIDDER BY COMPLETING THE REPRESENTATIVE INSERT. The Representative Insert is also labelled INSERT #P1-1.

REPRESENTATIVE INSERT (#P1-1) No file chosen

**This number corresponds to
the number in the Insert file
name**



1 Representative Insert
(#P1-1).docx
Microsoft Word Document

Print, Save and Submit the Form

- Once you are ready to submit your proposal, press the “Submit” button to transmit the information to the Independent Evaluator

The image shows a two-part screenshot of a web interface. The top part shows a form with a 'Browse' button and 'No file selected' text. A callout box with an orange border contains the text: **Print the form to PDF or to review in hardcopy**. To the right of this callout is a blue link: [Click to Print This Form](#). Further right are two buttons: 'Save' and 'Submit'. The 'Submit' button is also enclosed in an orange box. An orange arrow points from the 'Submit' button down to the bottom screenshot. The bottom screenshot shows a navigation bar with links: HOME, GET ACCOUNT, PART 1 PROPOSAL, and INSERTS. To the right of the navigation bar is the PECO logo. Below the navigation bar, the text reads: 'Thank you. Your form has been received.'

Proposal Review Process

- When you submit the form the Independent Evaluator will review your proposal
- During the review your account will be locked
- Once you receive a notice from the Independent Evaluator regarding the status of your proposal your account will be unlocked
- Notice will be sent to the Bidder Team by email before 6PM on day of receipt if proposal is received by 12PM (noon) or by 12PM (noon) the following day if received later

Bid Submission Process



What is a Bid?

- A Bid is a price in **\$/MWh** for one tranche of a product
 - Automatically **rounded** to the nearest cent
 - Binding until six (6) business days after the Bid Date
 - Must be supported by sufficient security
- Bids will be evaluated by the Independent Evaluator on a **price-only** basis

Bid Form

Section 1. Total Number of Tranches Bid

Total Tranches Across all Products

Section 2. Bids for each Tranche of each Product

Bids (All Bids are in \$/MWh)

Residential	Residential	Small Commercial
RES-12-Dec16	RES-24-Dec16	SC-12-Dec16
December 2016 - November 2017	December 2016 - November 2018	December 2016 - November 2017

Bid (\$/MWh)	Bid (\$/MWh)	Bid (\$/MWh)
1	1	1
2	2	2
3	3	3
4	4	4
5	5	5
6	6	6
7	7	7
8	8	8
9	9	9
10		10
11		11
12		12

Number of Tranches Bid

Residential	Residential	Small Commercial
December 2016 - November 2017	December 2016 - November 2018	December 2016 - November 2017
0	0	0

Bidder-Specific Load Caps

12	9
21	

Load Cap Status

OK	OK
OK	

Enter Prices

Running Totals

Check Load Caps

Use running totals to keep track of load cap constraints

Process on Bid Date

- **Bids must be submitted between 10 AM and 12 PM noon on Tuesday, September 20, 2016 (Bid Date)**
 - Bids submitted online through a secure file transfer system
 - Independent Evaluator calls and confirms receipt within 15 minutes
 - **If there are errors, RFP Bidder has only until noon to correct them. RFP Bidders are encouraged to submit early for this reason!**
 - By 6 PM on the Bid Date, Independent Evaluator determines provisional winning bids, and informs RFP Bidders whether or not they are provisional winners

RFP Bidders may participate in a training session on September 13, 2016

Post Bid Process

Date	Action
Wednesday, September 21, 2016	<ul style="list-style-type: none"> • RFP Bidders provide information to prepare the Uniform SMA and guaranty (if applicable) if not provided with the Part 1 Proposal
Thursday, September 22, 2016	<ul style="list-style-type: none"> • PUC Issues a Decision • Independent Evaluator provides PECO with Uniform SMA and guaranty (if applicable)
Monday, September 26, 2016	<ul style="list-style-type: none"> • PECO executes transaction confirmation, the Uniform SMA and guaranty (if applicable)
Monday, September 26, 2016	<ul style="list-style-type: none"> • PECO sends Uniform SMA (including transaction confirmation) and guaranty by fax and overnight delivery service
Tuesday, September 27, 2016	<ul style="list-style-type: none"> • RFP Bidders execute and return the Uniform SMA (including transaction confirmation) and guaranty • RFP Bidders post additional security if needed

Information Released to Public

- Key information about prices is released 15 days after the solicitation:
 - Weighted average winning bid price by product
 - Number of tranches of each product procured

The RFP Website



Central Source for RFP Information

www.pecoprocurement.com

- Supplier and Regulatory documents
- Data Room with Historical Data (2006-Present)
- Calendar page
- Contact us page to register to receive email announcements
- Archive page of postings from past solicitations

Ask a Question

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



The screenshot displays the PECO Procurement For Default Supply website. The header features a cityscape image and the PECO logo. A blue navigation bar contains the text "PECO Procurement For Default Supply". Below this, a sidebar on the left lists navigation options: Home, Background, Supplier Information, Data Room, Calendar, Contact Us (highlighted with a green box), 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 the following text: "To ask a question regarding the PECO solicitations, please use our automated form below. To receive updates and information regarding the PECO solicitations directly via email, please use our automated form to [register](#) for our mailing list." Below the text are four input fields: "Name *:", "Company *:", "Email Address *:", and "Question/Comment *:". A "Submit" button is located at the bottom of the form.

Independent Evaluator Address

- Please send your Pre-Bid Letter of Credit 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**

Questions?