

### Appendix 3 - Load Cap Examples (Full Requirements)

A Bid is a price in \$/MWh for a tranche for any product. A product for the purposes of this RFP is defined by three characteristics: a) a product is either Fixed-Price Default Supply or Spot-Price Default Supply; b) a product is for a given class; and c) a product is for a given supply period. For example, the Fixed-Price Default Supply for the R Class for the supply period January 1, 2011 through May 31, 2012 is a product.

In this solicitation, PECO procures Fixed-Price Default Supply for the R, SC, and MC Classes. For the R and SC Classes, the Fixed-Price products are for a 17-month supply period or for a 29-month supply period starting on January 1, 2011. For the MC Class, the Fixed-Price product is for a 17-month supply period starting on January 1, 2011. Table 1 below provides the available tranches for the products in this solicitation and the tranches procured in previous solicitations as well.

**Table 1 - Tranches for Fixed-Price Default Supply - Current and Previous Solicitations**

Class	Supply Period	Available Tranches			
		Spring 2009	Fall 2009	Spring 2010	Fall 2010
R	January 1, 2011 to May 31, 2012	8	8	8	9
R	January 1, 2011 to May 31, 2013	4	3	3	4
SC	January 1, 2011 to May 31, 2012	0	6	6	7
SC	January 1, 2011 to May 31, 2013	0	0	3	3
MC	January 1, 2011 to May 31, 2012	0	3	8	8
LC&I	January 1, 2011 to December 31, 2011	0	0	20	0

For the first time in this solicitation, PECO is also procuring Spot-Price Default Supply for the SC, MC, and LC&I Classes. For each of these classes, the Spot-Price Default Supply product is for a 17-month supply period starting on January 1, 2011.

**Table 2 - Available Tranches for Spot-Price Default Supply**

Class	Supply Period	Available Tranches
		Fall 2010
SC	January 1, 2011 to May 31, 2012	3
MC	January 1, 2011 to May 31, 2012	3
LC&I	January 1, 2011 to May 31, 2012	33

Each Class has a Load Cap, which is a limit on the number of tranches of Default Supply that an RFP Bidder can bid and serve for that Class, across both Fixed-Price and Spot-Price Default Supply tranches. An RFP Bidder may submit Bids for one or more tranches for one or several products subject to the restriction that the number of tranches for which an RFP Bidder submits a Bid for a Class cannot exceed the Load Cap for that Class. The Load Cap ensures that there will be a diversified pool of Default Suppliers for each Class. The Load Cap for a Class and an RFP Bidder is set so that the customers of that Class have no more than a 65% exposure to any one Default Supplier at any given time. The Load Caps for the Full Requirements RFP are administered separately from the Load Caps for the Block Energy RFP.

The Load Caps for RFP Bidders that are Default Suppliers may be different from the Load Caps for RFP Bidders that are not Default Suppliers. An RFP Bidder that is a Default Supplier will receive its individual Load Caps in the Initial Status Notification.

**R Class**

For the R Class, all RFP Bidders that do not have winning Bids for the R Class under this RFP in previous solicitations can bid up to the available number of tranches for the R Class.

The Load Caps for the R Class have two constraints.

§ *June 2012 to May 2013.* Supply over this period can be obtained only by winning tranches of the 29-month product. Over the current and previous solicitations, there are a total of 14 tranches available for supply over this period (all tranches from the 29-month product as indicated in Table 1). Thus, an RFP Bidder cannot bid more than the Maximum Load Cap of

9 tranches for the 29-month product less the number of tranches from this product won in previous solicitations.

§ *January 2011 to May 2012.* Supply over this period can be obtained by winning tranches from the 17-month product or the 29-month product. Over the current and previous solicitations, there are a total of 47 tranches available for supply over this period (all tranches from the 17-month and 29-month products combined as indicated in Table 1). Thus, an RFP Bidder cannot bid more than the Maximum Load Cap of 30 tranches for both the 17-month and 29-month products less the number of tranches from these products won in previous solicitations.

### SC Class

All RFP Bidders that do not have winning Bids under this RFP for the SC Class in previous solicitations can bid up to the available number of tranches for the SC Class.

The Load Caps for the SC Class have two constraints.

§ *June 2012 to May 2013.* Supply over this period can be obtained only by winning tranches of the Fixed-Price 29-month product. Over the current and previous solicitations, there are a total of 6 tranches available for supply over this period (all tranches from the Fixed-Price 29-month product as indicated in Table 1). Thus, an RFP Bidder cannot bid more than the Maximum Load Cap of 3 tranches for the Fixed-Price 29-month product less the number of tranches from this product won in previous solicitations.

§ *January 2011 to May 2012.* Supply over this period can be obtained by winning tranches from the Fixed-Price 17-month product, the Spot-Price 17-month product, or the Fixed-Price 29-month product. Over the current and previous solicitations, there are a total of 28 tranches available for supply over this period (all tranches from the Fixed-Price 17-month and Fixed-Price 29-month products combined as indicated in Table 1 as well as all tranches from the Spot-Price 17-month product as indicated in Table 2). Thus, an RFP Bidder cannot bid more than the Maximum Load Cap of 18 tranches of these three products for the SC Class less the number of tranches from these products won in previous solicitations.

### MC Class

All RFP Bidders that do not have winning Bids under this RFP for the MC Class in previous solicitations can bid up to the available number of tranches for the MC Class.

The Load Cap for the MC Class has one constraint.

- § *June 2012 to May 2013.* Supply over this period can be obtained by winning tranches from the Fixed-Price 17-month product or the Spot-Price 17-month product. Over the current and previous solicitations, there are a total of 22 tranches available for supply over this period (all tranches from the Fixed-Price 17-month product as indicated in Table 1 as well as all tranches from the Spot-Price 17-month product as indicated in Table 2). Thus, an RFP Bidder cannot bid more than the Maximum Load Cap of 14 tranches for both the Fixed-Price 17-month product and the Spot-Price 17-month product less the number of tranches from these products won in previous solicitations.

### LC&I Class

All RFP Bidders, whether or not they have winning Bids under this RFP for the LC&I Class in previous solicitations, can bid up to 21 tranches for the LC&I Class.

The Load Cap for the LC&I Class has two constraints.

- § *June 2012 to May 2013.* Supply over this period can be obtained only by winning tranches of the Spot-Price 17-month product in this solicitation. There are a total of 33 tranches available for supply over this period (all tranches from the Spot-Price 17-month product as indicated in Table 2). Thus, an RFP Bidder cannot bid more than the Maximum Load Cap of 21 tranches for the Spot-Price 17-month product.
  
- § *January 2011 to May 2012.* Supply over this period can be obtained by winning tranches from the Fixed-Price 12-month product or the Spot-Price 17-month product. Over the current and previous solicitations, there are a total of 55 tranches available for supply over this period (all tranches from the Fixed-Price 12-month product as indicated in Table 1 as well as all tranches from the Spot-Price 17-month product as indicated in Table 2). Thus, an RFP Bidder cannot bid more than the Maximum Load Cap of 35 tranches of these two products for the LC&I Class less the number of tranches from these products won in previous solicitations. However, since the maximum number of tranches of the Fixed-Price 12-month product that an RFP Bidder could have won in the Spring 2010 solicitation is 13, no RFP Bidder could be restricted to bidding fewer than 22 tranches on these products

combined in the Fall 2010 solicitation, and this constraint is irrelevant since all RFP Bidders are limited to 21 tranches of the Spot-Price 17-month LC&I product by the first constraint.

#### EXAMPLES:

These examples use one class at a time for illustration purposes. The same principles apply to all classes.

##### Case 1. An RFP Bidder Is NOT a Default Supplier (R Class):

All RFP Bidders that are not Default Suppliers for the R Class can bid up to the available number of tranches for the R Class.

There are 4 tranches available for the 29-month product, which is less than the Load Cap of 9 tranches for the 29-month product calculated over all solicitations. Supply over the 17-month period January 2011-May 2012 can be obtained by winning tranches from the 17-month product and the 29-month product. In this solicitation there are 13 tranches available that provide for supply over the January 2011 to May 2012 period, which is less than the Load Cap of 30 tranches for supply over the 17-month period calculated over both products and over the three solicitations.

##### Case 2. An RFP Bidder Won the Load Cap<sup>1</sup> in the Previous Solicitations (SC Class):

The individual Load Caps for an RFP Bidder that is a Default Supplier for the SC Class are the Load Caps less the amount that was previously won. The Fall 2010 Load Caps are given in Table 3 below.

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<sup>1</sup> There is more than one way to have won at the load caps over all previous solicitations; this example assumes that the RFP Bidder has won two SC Class 29-month Fixed-Price tranches and seven SC Class 17-month Fixed-Price tranches across the Fall 2009 solicitation and the Spring 2010 solicitation combined.

Table 3 - SC Class Tranches Available

Type	Class	Supply Period	Tranches Won			Tranches Available Fall 2010
			Spring 2009	Fall 2009	Spring 2010	
Fixed-Price	SC	January 1, 2011 to May 31, 2012	0	3	4	7
Spot-Price	SC	January 1, 2011 to May 31, 2012	0	0	0	3
Fixed-Price	SC	January 1, 2011 to May 31, 2013	0	0	2	3

The Load Caps for such an RFP Bidder are two-fold:

- Limit on 29-month tranches: the RFP Bidder can win at most 1 tranches of the 29-month Fixed-Price product, namely the Load Cap of 3 tranches less the 2 tranches won in previous solicitations.
- Limit on total tranches: The RFP Bidder can win at most 9 tranches combined across all three products, namely the Load Cap of 18 tranches less the 9 tranches won in previous solicitations all SC products.

An RFP Bidder that bid and won the Load Caps in previous solicitations can bid on any combination of products in this solicitation up to a Load Cap of 9 tranches for the 17-month Fixed-Price product, the 17-month Spot-Price product, and the 29-month Fixed-Price product combined and with a maximum of 1 tranche for the 29-month Fixed-Price product. For example, such an RFP Bidder can bid 1 tranche for the 29-month Fixed-Price product, 3 tranches of the 17-month Spot-Price product, and up to 5 tranches for the 17-month Fixed-Price product; or zero tranches for the 29-month Fixed-Price product, 7 tranches of the Fixed-Price 17-month product, and up to 2 tranches for the 17-month Spot-Price product; or zero tranches for the 29-month Fixed-Price product, 3 tranches of the 17-month Spot-Price product, and up to 6 tranches for the 17-month Fixed-Price product.

Case 3. An RFP Bidder Won Tranches in Previous Solicitations, but Fewer than the Load Caps (MC Class):

In the Fall 2009 solicitation, an RFP Bidder bid and won 1 tranche of the 17-month Fixed-Price. In the Spring 2010 solicitation, the same RFP Bidder bid and won another 4 tranches of the 17-month Fixed-Price product.

**Table 4 - MC Class Tranches Available**

Type	Class	Supply Period	Tranches Won			Available Tranches Fall 2010
			Spring 2009	Fall 2009	Spring 2010	
Fixed-Price	MC	January 1, 2011 to May 31, 2012	0	1	4	8
Spot-Price	MC	January 1, 2011 to May 31, 2012	0	0	0	3

- Such an RFP Bidder can win at most 9 tranches combined across the 17-month Spot-Price and 17-month Fixed-Price products, namely the Load Cap of 14 tranches less the 5 tranches won in previous solicitations.

An RFP Bidder that bid and won 5 tranches of the 17-month Fixed-Price product in previous solicitations can bid on any combination of products in this solicitation up to 9 tranches for the 17-month Fixed-Price and 17-month Spot-Price products combined. For example, such an RFP Bidder can bid 6 tranches for the 17-month Fixed-Price product and up to the available 3 tranches for the 17-month Spot-Price product; or the available 8 tranches for the 17-month Fixed-Price product and up to 1 tranche for the 17-month Spot-Price product.