



NERA
Economic Consulting

PECO Energy Company Bidder Information Session



PECO Procurement Process Fall 2010

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Philadelphia
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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 (posted on 7/29/2010)
 - The Full Requirements Supply Master Agreement and the Block Energy Supply Master Agreement (posted on 7/29/2010)
 - 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

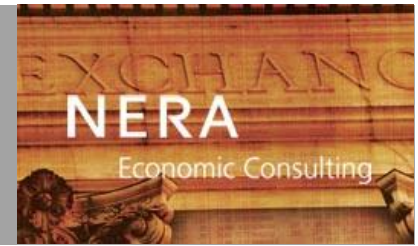


§ To ensure a transparent process for the solicitation, PECO Energy Company has hired **NERA to be the third-party Independent Evaluator for the solicitations**

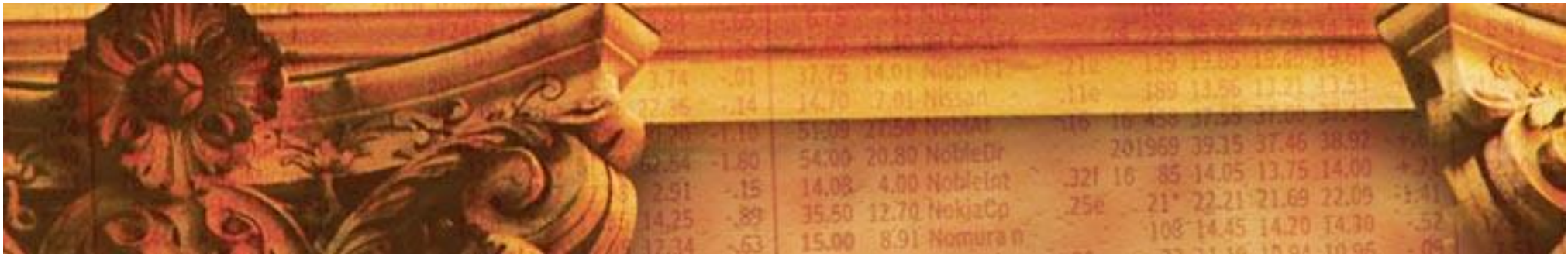
§ **NERA's Role is:**

- 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 will purchase supply to serve its **Default Service** customers when generation rate caps end on **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 after rate caps expire

NEW! Spot-Price Products Up for Bid

NEW! Summer Peak Blocks Up for Bid



§ Two RFPs conducted concurrently

§ Full Requirements RFP

- Suppliers bid to serve a percentage of the load for a class
- Both Fixed-Price and **Spot-Price** products available
 - Spot-Price: energy priced to PJM day-ahead market

§ Block Energy RFP

- Suppliers bid to provide baseload blocks or peak blocks
 - 2011 annual baseload
 - 2011 winter peak (Jan-Feb 2011)
 - 2011 summer peak (Jun-Aug 2011)
- PECO uses these blocks as part of the portfolio for residential customers

Procurement Classes



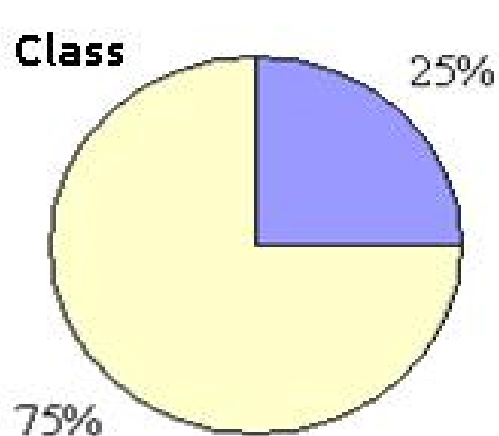
§ A “Procurement Class” is a grouping of customers on PECO’s existing rate schedules

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

Product Mix in Procurement Plan

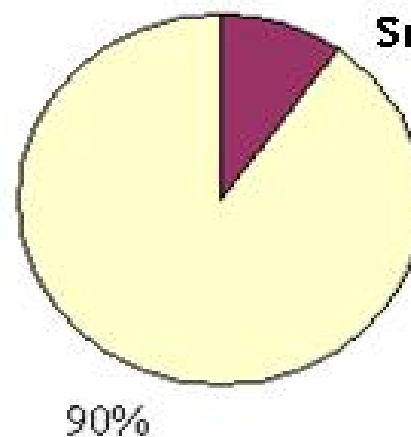


Residential Class

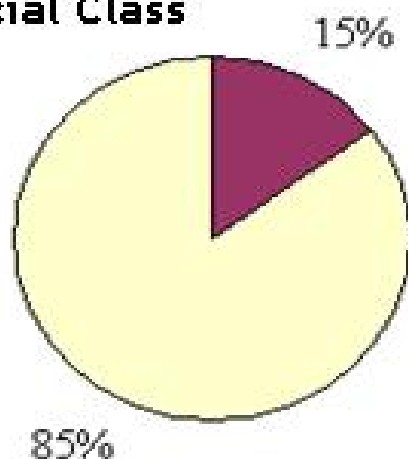


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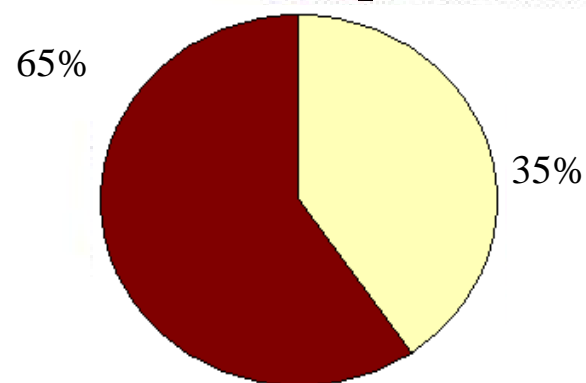
Small Commercial Class



Med. Commercial Class



Large C&I Class



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

Fall 2010 Is the Fourth Solicitation in a Series



Fixed-Price Full Requirements

- § Previous solicitations have procured supply starting on Jan 1, 2011
 - 17 months and 29 months for residential and small commercial customers
 - 17-month for medium commercial customers
- § These products are procured for the last time in the current solicitation
- § Last solicitation also procured **12-month** product for LC&I customers

Spot-Price Full Requirements

- § One product for each Class procured once a year
- § In this solicitation, procured on a 17-month basis
- § Next procured in the Winter 2012 solicitation
- § Note that the LC&I class is served from fixed-price supply and spot-price supply for only 12 of the **17 months**

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	Fall 2010 tranches	
					17-month	29-month
R	3,149	2,361	47	1.60%	17-month	9
					29-month	4
SC	1,317	1,186	25	3.60%	17-month	7
					29-month	3
MC	1,118	951	19	4.47%	17-month	8

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
SC		1,317	132	3	3.33%
MC		1,118	168	3	5.00%
LC&I	Jan-Dec 2011	2,559	1,663	33	3.03%
	Jan-May 2012	2,559	2,559		

§ 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-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 three solicitations have procured calendar year 2011 baseload blocks
- § Each block is 10MW

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

- § Peak blocks procured for the first time Spring 2010
- § Summer peak blocks procured in Fall and Spring before delivery while winter peak blocks procured in Spring and Fall before delivery

Results of the First Three Solicitations Were Approved



PECO Procurement For Default Supply

[Home](#)

[Background](#)

[Regulatory Process](#)

[Previous Results](#)

[Archives](#)

[Supplier Information](#)

[Data Room](#)

[Calendar](#)

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[Previous Results](#)

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

❖ **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)

[Contact Us](#)

Procurement Schedule for this Solicitation



M	T	W	Th	F
August 2	3	4	5	6 Bidder Info Session
9	10	11	12	13
16	17	18	19	20
23	24	25	26	27
30	31 Part 1 Date	September 1	2	3
6	7	8	9	10
13	14 Part 2 Date	15	16	17
20 BIDS DUE	21	22 PaPUC Decision	23	24

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

PA Act 129



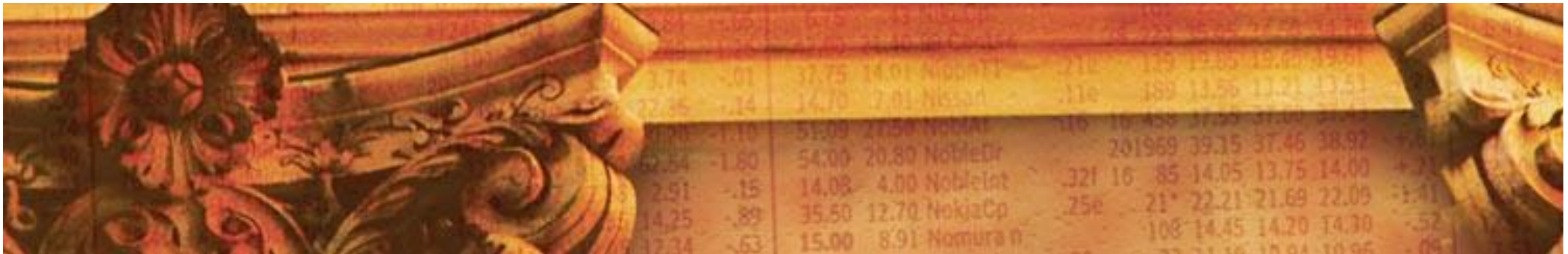
§ PECO filed its plans for **energy efficiency, conservation and smart metering**

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

§ 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 August 10, 2010
- § For the LC&I Class, the Load Cap is the same for all RFP Bidders:

Product	Available Tranches	Load Cap	Maximum Tranches RFP Bidder can Win
Large Commercial & Industrial (Spot-Price) Jan 2011-May 2012	33	65%	21

Load Caps for the Full Requirements RFP (continued)



- § For the **MC Class**, there is a single limit on the number of tranches bid
- § For the R and SC classes, there is a limit on the total number of tranches, and a limit on the number of 29-month tranches

Product	Available Tranches (Fall 2010)	Available Tranches (Cumulative)	Maximum Tranches RFP Bidder can Win	
Residential (Fixed only) (Jan 2011-May 2012)	9	33		30
Residential (Fixed only) (Jan 2011-May 2013)	4	14	9	
Small Commercial (Fixed + Spot) (Jan 2011-May 2012)	7+3	22		18
Small Commercial (Fixed only) (Jan 2011-May 2013)	3	6	3	
Medium Commercial (Fixed + Spot) (Jan 2011-May 2012)	8+3	22	14	

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 will announce the allocation of AECs to each tranche prior to the opening of the Part 1 Window
- § **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**

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**

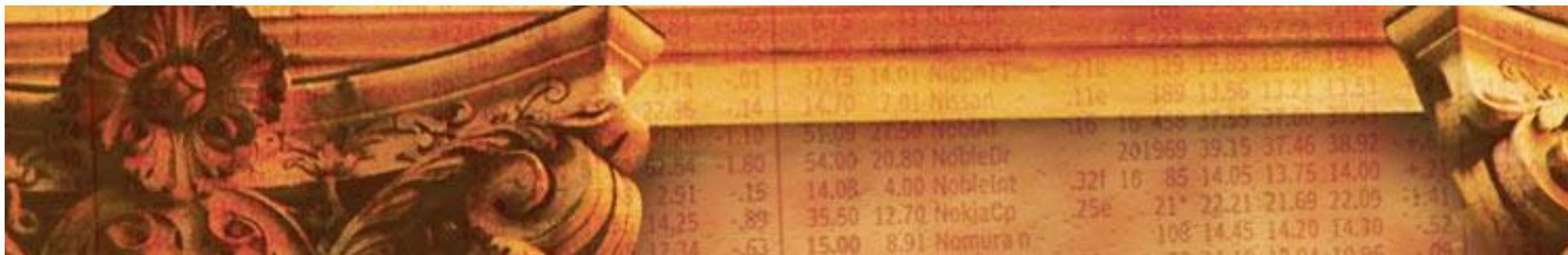
- Baseload for a 12-month period starting January 1, 2011
- Baseload for a 24-month period starting January 1, 2011
- Peak for a 2-month winter period (January and February 2011)
- Peak for a 3-month summer period (June through August 2011)

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
 - 60-month blocks, which are not available in this solicitation, count toward load caps

- § For the Block Energy RFP, there are four bid constraints:
 - No more than 9 blocks of B-24-Jan2011 and B-60-Jan2011 combined
 - No more than 20 blocks of B-12-Jan2011, B-24-Jan2011, and B-60-Jan2011 combined
 - No more than 25 blocks of P-2-Jan2011, B-12-Jan2011, B-24-Jan2011, and B-60-Jan2011 combined
 - No more than 24 blocks of P-3-Jun2011, B-12-Jan2011, B-24-Jan2011, and B-60-Jan2011 combined



Contract and Rates



§ **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)**

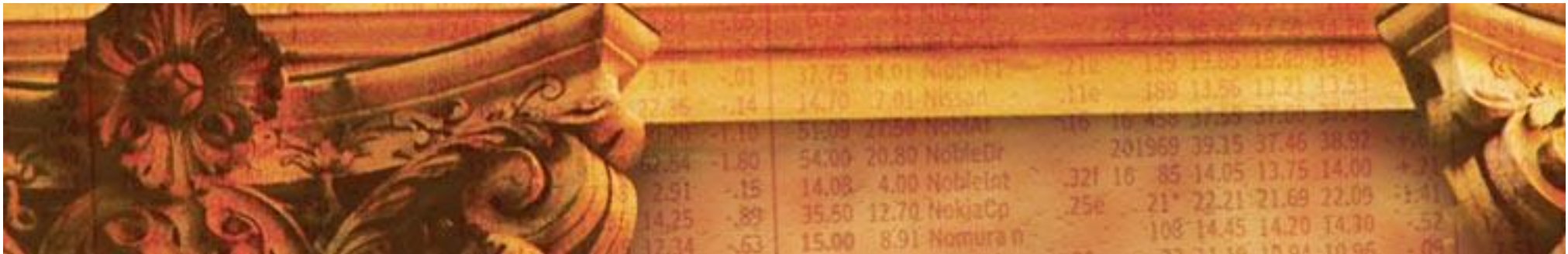
- § **Rate Translation Spreadsheet Tool** available on RFP Web site for R, SC, MC, and LC&I Classes
<http://pecoprocurement.com/index.cfm?s=supplierInformation&p=rates>

Current Retail Choice Migration - "Shopping"



§ Customer Counts as of 6/30/2010 provided below

	Total Customers	EGS Customers	Percent EGS Customers
Residential	1,482,116	2,488	0.17%
Small Commercial	155,564	18,377	11.81%
Medium Commercial	6,418	74	1.15%
Large C&I	1,852	11	0.59%



Qualifications and the Bidding Process

Fall 2010 Procurement Schedule



M	T	W	Th	F
August 2	3	4	5	6 Bidder Info Session
9	10	11	12	13
16	17	18	19	20
23	24 Part 1 Window Opens	25	26	27
30	31 Part 1 Date	September 1	2	3 Part 1 Notification
6	7 Part 2 Window Opens	8	9 Bidder Training	10
13	14 Part 2 Date	15	16	17 Part 2 Notification
20 BIDS DUE	21 Final Report to PUC	22 PaPUC Decision	23	24

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:

1. Contact Information and Representations

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

- 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

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

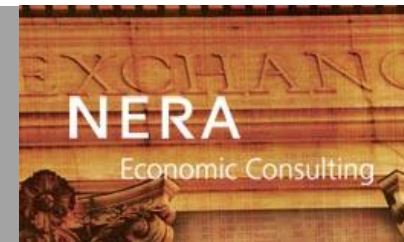
- Draft Letters of Credit
 - Standard form of Pre-Bid LOC has not changed since the Fall 2009 RFP
 - Except to update expiration date
 - This is the opportunity for new and returning bidders to propose modifications to the LOCs
 - Responses to Pre-Bid LOC modifications within 2 business days
 - [Submit 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

The Only Change to the Pre-Bid LOC



1. We, _____ (the “Issuing Bank”), hereby establish this Irrevocable Standby Letter of Credit (this “Letter of Credit”) in your favor in the amount of USD \$ _____, effective immediately and available to you at sight upon demand at our counters at _____ [designate Issuing Bank’s location for presentments] and expiring at 5:00 PM (New York, NY time) on _____ [no earlier than ~~June 8, 2010~~ October 5, 2010] (the “Expiration Date”), unless terminated earlier in accordance with the provisions of Paragraph 9 hereof.

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, September 3, 2010** (Part 1 Notification Date)

Part 1 Proposal: Notification



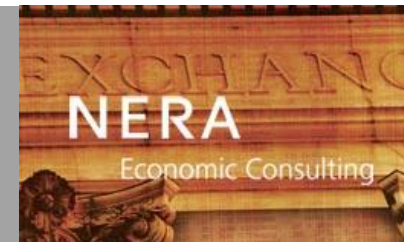
- § **An RFP Bidder is notified whether it has qualified to submit a Part 2 Proposal on [Friday, September 3, 2010](#)**
- § **[CD with the Part 1 Notification](#) contains:**
 - Customized Bid Form, and instructions for bid submission
 - Bidders must use the Bid form spreadsheet [provided on the CD](#) 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, September 7, 2010 to Tuesday, September 14, 2010**
- § 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:
 - \$250,000/tranche bid
- Block Energy:
 - \$4,000 per peak block bid
 - \$20,000 per 12-month block bid
 - \$30,000 per 24-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 \$600,000
- **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; and
 - \$75,000 per 24-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, September 17, 2010** (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, September 9, 2010**
- § **Bids are due by 12 PM noon on Monday, September 20, 2010 (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

Bids (All Bids are in \$/MWh)

Residential Fixed-Price Jan 1, 2011 to May 31, 2012	Residential Fixed-Price Jan 1, 2011 to May 31, 2013	Small Commercial Fixed-Price Jan 1, 2011 to May 31, 2012	Small Commercial Spot-Price Jan 1, 2011 to May 31, 2012	Small Commercial Fixed-Price Jan 1, 2011 to May 31, 2013	Medium Commercial Fixed-Price Jan 1, 2011 to May 31, 2012	Medium Commercial Spot-Price Jan 1, 2011 to May 31, 2012	Large Commercial & Industrial Spot-Price Jan 1, 2011 to May 31, 2012
Bid (\$/MWh)	Bid (\$/MWh)	Bid (\$/MWh)	Bid (\$/MWh)	Bid (\$/MWh)	Bid (\$/MWh)	Bid (\$/MWh)	Bid (\$/MWh)
1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3
4	4	4			4		4
5		5			5		5
6		6			6		6
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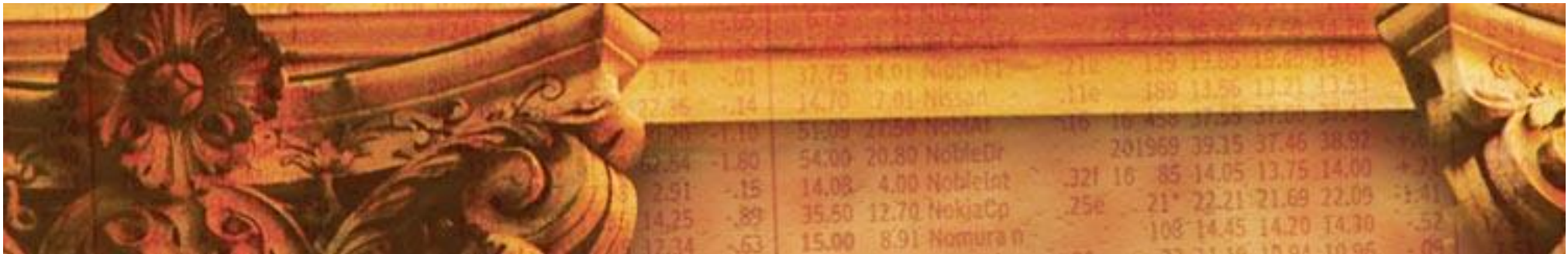
Example for Full Requirements
Use running totals to keep track of load cap constraints

Running Totals

Number of Tranches bid

Residential Fixed-Price Jan 1, 2011 to May 31, 2012	Residential Fixed-Price Jan 1, 2011 to May 31, 2013	Small Commercial Fixed-Price Jan 1, 2011 to May 31, 2012	Small Commercial Spot-Price Jan 1, 2011 to May 31, 2012	Small Commercial Fixed-Price Jan 1, 2011 to May 31, 2013	Medium Commercial Fixed-Price Jan 1, 2011 to May 31, 2012	Medium Commercial Spot-Price Jan 1, 2011 to May 31, 2012	Large Commercial & Industrial Spot-Price Jan 1, 2011 to May 31, 2012
-	-	-	-	-	-	-	-
Total Residential Bids		Total Small Commercial 17-mo Bids					
		Total Small Commercial Bids					





Post-RFP Process

PUC Approval and Transaction Confirmation



- § **Wednesday, September 22 is the PUC Decision.** IE provides information to PECO for transaction confirmations
- § **Thursday, September 23.** IE releases Pre-Bid Letters of Credit for losing RFP Bidders. PECO signs SMA, acknowledges guaranty
- § **Friday, September 24.** PECO signs transaction confirmations, faxes to Supplier, overnights transaction confirmations and SMA
- § **Monday, September 27.** Supplier faxes transaction confirmations to PECO **by 2pm**, overnights transaction confirmations to PECO, posts additional security if needed
- § **Tuesday, September 28.** IE releases winning RFP Bidders' Pre-Bid Letters of Credit



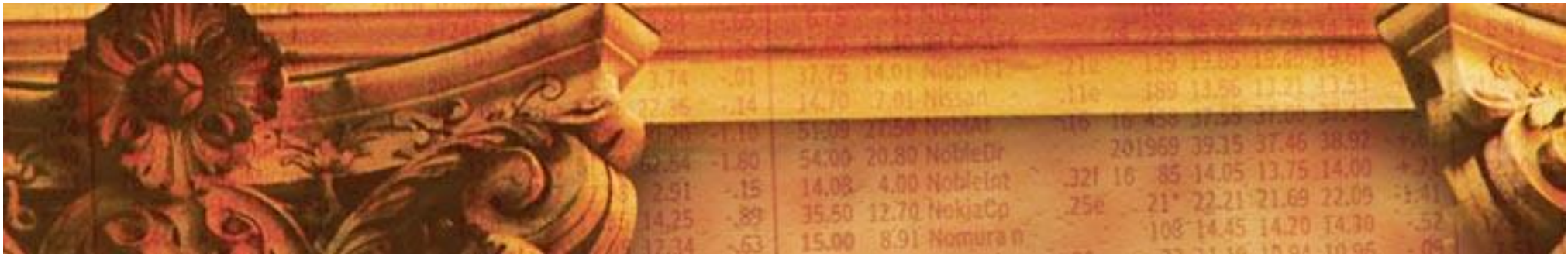
§ Full Requirements

- Average winning bid price for each Class
- Rate impact for each Class
- The number of RFP Bidders that qualified to submit bids
- The number of RFP Bidders that won tranches
- The number of tranches of each product that were filled

§ Block Products

- Average winning bid price for baseload and peak blocks
- Number of RFP Bidders that qualified to submit bids
- Number of blocks of each product that were filled

§ Information is released 30 days after the solicitation, or 21 days before the supply period starts, whichever comes first



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 header with a lightbulb icon, a city skyline, and the PECO logo. Below the header is a blue navigation bar with the text "PECO Procurement For Default Supply". The main content area is divided into three columns. The left column contains a vertical menu with links: 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 middle column is titled "Ask a Question" and contains a form with the following fields: Name *, Company *, Email Address *, and Question/Comment *. A "Submit" button is located at the bottom of the form. The right column contains a link for "Contact Us".

PECO Procurement For Default Supply

[Ask a Question](#)

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.

Name *:

Company *:

Email Address *:

Question/Comment *:

Submit

[Contact Us](#)

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

Questions?

