



Bidder Information Session

DSP IV

March 2020 Solicitation

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www.nera.com

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 Fourth Default Service Program ("DSP IV") in Docket No. P-2016-2534980 and dated December 8, 2016
 - RFP Rules (posted January 13, 2020)
 - PECO Energy Company Pennsylvania Default Service Supplier Master Agreement ("Uniform SMA") (posted January 13, 2020)

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 IV and this Solicitation
- Contract and Rates
- RFP Process Details
- RFP Website
- Questions

Overview of DSP IV Products in this Solicitation



DSP IV 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
- Eight (8) solicitations to procure Default Service Supply will be held in March and September of each year 2017 - 2020
- Supply procured generally for the period **June 1, 2017 to May 31, 2021** but some contracts extend beyond June 2021
- **Full requirements service** includes energy, capacity, ancillary services, certain transmission services, and Alternative Energy Portfolio Standard ("AEPS") requirements

Customer Classes in DSP IV

Class	Description	Criteria
RES	Residential	All Residential Customers
SC	Small Commercial	Less than 100 kW of annual peak demand
CCI	Consolidated Large Commercial and Industrial	100 kW or greater of annual peak demand

Product Characteristics

Class	Basis	Contract Lengths	Procurement Frequency
RES	<p>Fixed Price</p> <p>Supplier is paid on the basis of:</p> <ul style="list-style-type: none"> • Supplier's average winning bid price for each MWh of load served • Price is an all-in price 	Laddered and overlapping one-year and two-year products	Twice a year
SC			
CCI	<p>Spot Price</p> <p>Supplier is paid on the basis of:</p> <ul style="list-style-type: none"> • <i>Energy</i> priced to PJM's Day-Ahead spot market (PECO_RESID_AGG zone) • <i>Capacity</i> obligations priced to RPM • Supplier's average winning bid price for each MWh of load served 	12 months	Once a year

DSP IV 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%	3,777.68	2,641.22	42.17
SC	24	4.17%	1,086.36	482.47	20.10
CCI	8	12.50%	3,162.98	190.54	23.82

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-Jun20 and RES-24-Jun20
 - SC-12-Jun20 and SC-24-Jun20
 - CCI-12-Jun20
- **Load caps**: a Default Supplier cannot supply more than **50%** of Default Load **for a Class** at any point in time

Residential Products and Load Caps

Products	Available Tranches	Load Caps Apply to an RFP Bidder When an RFP Bidder Has:	Load Caps for RES Class
RES-12-Jun20	12	Won more than 19 tranches of RES-24-Dec18, RES-24-Jun19, RES-12-Dec19, and RES-24-Dec19	31 less tranches of RES-24-Dec18, RES-24-Jun19, RES-12-Dec19, and RES-24-Dec19
RES-24-Jun20	9	Won more than 22 tranches of RES-24-Dec18, RES-24-Jun19, RES-12-Dec19, and RES-24-Dec19	

Commercial Products and Load Caps

Products	Available Tranches	Load Caps Apply to an RFP Bidder When an RFP Bidder Has:	Load Caps
SC-12-Jun20	6	Won more than 6 tranches of SC-24-Dec18, SC-24-Jun19, SC-12-Dec19, and SC-24-Dec19	12 less tranches of SC-24-Dec18, SC-24-Jun19, SC-12-Dec19, and SC-24-Dec19
SC-24-Jun20	3	Won more than 9 tranches of SC-24-Dec18, SC-24-Jun19, SC-12-Dec19, and SC-24-Dec19	
CCI-12-Jun20	8	Load Caps always apply	4

Schedule

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
February				
10	11	12	13	14
			Part 1 Form Available	
17	18	19	20	21
		Part 1 Window Opens		
24	25	26	27	28
	Part 1 Date (Part 1 Window Closes)		Part 1 Notification Date	Part 2 Window Opens
March				
2	3	4	5	6
		Bid Submission Training	Part 2 Date (Part 2 Window Closes)	
9	10	11	12	13
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

Accessing the Proposal Website

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

Home

Search

Background

Supplier Information

Data Room

Calendar

Contact Us

Online Proposal Website

Home

Welcome to PECO Energy Company's ("PECO") website for the purchase of supply starting June 2017 under its fourth Default Service Program ("DSP IV"). The Pennsylvania Public Utility Commission ("PaPUC" or "Commission") rendered a decision on PECO's DSP IV (Docket No. P-2016-2534980) in its Order dated December 8, 2016.

There will be eight (8) solicitations to procure Default Supply for the period June 1, 2017 through May 31, 2021 and for a portion of the requirements for the period beyond June 1, 2021. Solicitations are expected to be held in March and September of each year, starting with a solicitation in March 2017 and ending with a solicitation in September 2020.

There are three classes of customers: the residential class, the small commercial class, and the consolidated large commercial and industrial class. Default Supply is procured through a Request for Proposals ("RFP") process for various supply periods. The RFP will procure tranches for full requirements service on a fixed-price basis for the residential and small commercial classes. The RFP will also procure full requirements service with energy priced to the PJM day-ahead spot market for the consolidated large commercial and industrial class.

Click here for the Online Proposal Website

Contact Us

Important Dates:

- ❖ Tue 1/28/2020 - Deadline to request consideration of an alternate form of guaranty
- ❖ Fri 2/14/2020 - Decision on alternate guaranty forms
- ❖ Wed 2/19/2020 - Part 1 Window Opens
- ❖ Tue 2/25/2020 - Part 1 Date (Part 1 Window Closes)

3 Steps to Get Started

Step 1. Request an Account

HOME **GET ACCOUNT** PART 1 PROPOSALS INSERTS

PECO
An Exelon Company

Get Account

Fields marked with an * are required

Name: *

Company: *

E-Mail: *

Position/Title:

Phone Number: *

Alternate Phone Number:

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



If you have an account, please [log in here](#).

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

A screenshot of the PECO login page. At the top is the PECO logo. Below it are two input fields: 'Username' and 'Password'. Under the 'Password' field is a checkbox labeled 'Remember Me'. To the right of the checkbox is a blue 'Log In' button. At the bottom of the form area is a link that says '← Back to PECO DSP Proposal'.

Step 3. Download the Inserts

HOME GET ACCOUNT PART 1 PROPOSALS **INSERTS**

Inserts

"Inserts" are separate forms in Microsoft Word format posted to the online proposal website. RFP Bidders who have **previously qualified but are not current Default Suppliers** serving tranches won under DSP IV (**Prev-Qual not DS**) should download this file:

[P1 Inserts](#)

RFP Bidders who are **current Default Suppliers** serving tranches won under DSP IV (**DS**) should download this file:

[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 IV

- PECO uses the **Uniform SMA** developed for DSP III
- While the SMA is uniform across EDCs in PA, 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
- For **spot-price products**, credit exposure begins at \$250,000/tranche and is 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 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 for PECO to comply with the AEPS Act, as well as other Orders, regulations and rules
- Each AEC is issued for each MWh of generation from a qualified alternative energy system and all solar credits must be compliant and eligible to be retired in Pennsylvania in accordance with implementation of Act 40 of 2017
- If AEPS requirements change Default Supplier are responsible to comply with any new obligations
- 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
15	6/1/20 – 5/31/21	8.00%	0.5000%	10.00%
16	6/1/21 – 5/31/22	8.00%	0.5000%	10.00%

PECO's Allocation of Separately Procured AECs

- Under the Uniform SMA, a Default Supplier's AEPS obligation will be reduced by a 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-Jun20	6/1/20 – 5/31/21	0	70	0
RES-24-Jun20	6/1/20 – 5/31/21	0	80	0
	6/1/21 – 5/31/22	0	60	0
SC-12-Jun20	6/1/20 – 5/31/21	0	70	0
SC-24-Jun20	6/1/20 – 5/31/21	0	80	0
	6/1/21 – 5/31/22	0	60	0
CCI-12-Jun20	6/1/20 – 5/31/21	0	70	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 for approximately 1% of the 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 allocation for PY 2019/20 is 5.43 MW**
- Supplier's residential tranches are a share of the Default Load for the Residential Class, which excludes this allocation

RFP Process Details



Overview of RFP Process



Alternate Guaranty Process (Optional)

- RFP Bidders with corporate policies that preclude them from using the standard guaranty can request consideration by PECO for an alternate guaranty form
- **Requests for review were due by January 28, 2020**
- RFP Bidders will have the opportunity to propose modifications to the Standard Guaranty during the Part 1 Window

Part 1 Proposal

- There are **three types of RFP Bidders** for the purposes of the Part 1 Proposal:
 1. **New RFP Bidders** (that have not previously qualified under DSP IV)
 2. **Prev Qual – Not DS** (that have previously qualified but have not executed a Uniform SMA for tranches won under DSP IV)
 3. **Default Suppliers** (that have previously qualified and have executed a Uniform SMA for tranches won under DSP IV)
- **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

All Bidders

All Bidders

New Bidders

New and Prev
Qual – Not DS

1. **Bidder Information and Contact Information for Officer and Representative**
2. **Nominees** (optional)
3. **Financial Statements and Credit Ratings**
4. **Additional requirements for Agency Agreement** (if applicable)
5. **Information to prepare the SMA**

Part 1 Requirements cont.

All Bidders
provide

6. Modifications to the Standard Letters of Credit (LOCs) and Standard Guaranty

- Responses to proposed Pre-Bid LOC and Standard Guaranty modifications within 2 business days
- Responses to proposed Post-Bid LOC modifications within 7 business days
- All approved modifications are posted to the Supplier Information page of the RFP website before the Part 2 Window

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

**Go to [Pecoprocurement.com](https://pecoprocurement.com) →
Supplier Information →
Documents**

Part 1 Requirements cont.

All Bidders

7. Make Certifications and Representations

All Bidders

8. Foreign RFP Bidders and Foreign Guarantors (if applicable)

All Bidders

9. Justification of Omissions

- if any of the information cannot be provided, explain here to avoid a Deficiency Notice
- Also space for additional uploads

Part 1 Proposal Due on Tuesday, February 25, 2020

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, February 27, 2020** (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 have **additional requirements if**
 - relying on the financial standing of a **Guarantor**
 - submitting a proposal with a **foreign entity** as RFP Bidder, Guarantor or Principal

Hardcopy in our Offices

3. Pre-Bid Letter of Credit

Part 2 Proposal Due on Thursday, March 5, 2020

Part 2 Proposal Credit Requirements

- All RFP Bidders must submit an executed Pre-Bid Letter of Credit
 - \$250,000 per tranche bid on the RES and SC products
 - \$125,000 per tranche bid on the CCI product
- Maximum amount of Pre-Bid Letter of Credit:
 - \$7.5M for fixed-price, \$500K for spot-price
 - Depending on bidder specific load caps, not all RFP 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

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

Enter Prices

Running Totals

Check Load Caps

Section 1. Total Number of Tranches Bid

Total Tranches Across all Products

30

Section 2. Bids for each Tranche of each Product

Bids (All Bids are in \$/MWh)

Residential		Residential		Small Commercial		Small Commercial		Consolidated Large Commercial and Industrial	
RES-12-Jun20		RES-24-Jun20		SC-12-Jun20		SC-24-Jun20		CCI-12-Jun20	
Jun 2020 - May 2021		Jun 2020 - May 2022		Jun 2020 - May 2021		Jun 2020 - May 2022		Jun 2020 - May 2021	
Bid (\$/MWh)		Bid (\$/MWh)		Bid (\$/MWh)		Bid (\$/MWh)		Bid (\$/MWh)	
1	100.00	1	100.00	1	100.00	1	100.00	1	10.00
2	101.00	2	101.00	2	101.00	2	101.00	2	11.00
3	102.00	3	102.00	3	102.00	3	102.00	3	12.00
4	103.00	4	103.00	4	103.00			4	13.00
5	104.00	5	104.00	5	104.00				
6	105.00	6	105.00	6					
7	106.00	7	106.00						
8	107.00	8	107.00						
9	108.00	9	108.00						
10									
11									
12									

Number of Tranches Bid

Residential		Residential		Small Commercial		Small Commercial		Consolidated Large Commercial and Industrial	
Jun 2020 - May 2021		Jun 2020 - May 2022		Jun 2020 - May 2021		Jun 2020 - May 2022		June 2020 - May 2021	
9		9		5		3		4	

Bidder-Specific Load Caps

12	9	6	3
21		6	

Load Cap Status

OK	OK	OK	OK
OK		EXCEEDED	

Bid Date Process

- Bids must be submitted between 10 AM and 12 PM noon on **Tuesday, March 10, 2020 (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 March 4, 2020

Post-Bid Process

Date	Action
Wednesday, March 11, 2020	<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, March 12, 2020	<ul style="list-style-type: none">• PUC Issues a Decision• Independent Evaluator provides PECO with Uniform SMA and guaranty (if applicable), and transaction confirmations
by Monday, March 16, 2020	<ul style="list-style-type: none">• PECO executes transaction confirmation, the Uniform SMA and guaranty (if applicable) and sends by email/fax and overnight delivery service
Tuesday, March 17, 2020	<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. At the top, there is a banner with images of solar panels and a city skyline at night, alongside the PECO logo (An Exelon Company). Below the banner is a navigation menu with links: Home, Background, Supplier Information, Data Room, Calendar, **Contact Us**, Register, **Ask a Question** (circled in orange), Info Session RSV, and Independent Evaluator Contact. The main content area features a green header for 'Ask a Question' and a text block: '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 this text is a form with the following fields: 'Name *:' (text input), 'Company *:' (text input), 'Email Address *:' (text input), and 'Question / Comment *:' (text area with up/down arrows). On the right side, there is a red button labeled 'Click here for the Online Proposal Website' and a grey button labeled 'Contact Us'.

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?