

# Bidder Information Session

## *DSP V*

### *March 2021 Solicitation*

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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 Fifth Default Service Program ("DSP V") in Docket No. P-2020-3019290 and dated December 3, 2020
  - RFP Rules and the Addendum to the RFP Rules (posted December 28, 2020)
  - PECO Energy Company Pennsylvania Default Service Supplier Master Agreement (“Uniform SMA”) (posted December 28, 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 V and this Solicitation
- RFP Process Overview (**including procedures to address COVID-19**)
- Contract Details and Rates
- RFP Process Details
- RFP Website
- Questions

If you have any concerns related to COVID-19 and this solicitation which are not addressed in this presentation, please send a comment to the Independent Evaluator by email at [PECOProcurement@nera.com](mailto:PECOProcurement@nera.com)

# Overview of DSP V Products in this Solicitation

# DSP V 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 2021 - 2024
- Supply procured generally for the period **June 1, 2021 to May 31, 2025** but some contracts extend beyond June 2025
- **Full requirements service** includes energy, capacity, ancillary services, certain transmission services, and Alternative Energy Portfolio Standard ("AEPS") requirements

# Customer Classes in DSP V

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



# DSP V 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%	4,006.15	2,878.78	46.06
SC	24	4.17%	997.50	450.07	18.75
CCI	8	12.50%	2,881.63	184.99	23.12

# Contract under DSP V

- The **Uniform SMA** for DSP V is largely unchanged from DSP IV
- Default Suppliers will now be required to complete Appendix H Form of Generation Supply Report with a percentage breakdown of energy supplied by source by March 31 of each calendar year
- A redline to the DSP IV version was filed with the petition for DSP V and is available on PECO's website here:
  - <https://www.peco.com/SiteCollectionDocuments/ExhibitJJM5.pdf>

# Addendum to the RFP Rules

- **New!** Solicitation specific information including the schedule, updated total and default peaks (MW), number of available tranches by product, and load caps have been moved from the RFP Rules to the Addendum
- In response to emergency measures enacted in the wake of COVID-19, several modifications were made to the processing of Proposals and are also described in the Addendum
  - Option to use digital signatures
  - The Pre-Bid Letter of Credit must be submitted as an electronic PDF file via electronic means and the **Standard Pre-Bid Letter of Credit has been amended** has changed since September 2020
  - PECO and Default Suppliers (and any RFP Guarantor) will use digital signatures to execute contracts and no hardcopy versions will be exchanged

# 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-Jun21 and RES-24-Jun21
  - SC-12-Jun21 and SC-24-Jun21
  - CCI-12-Jun21
- **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-Jun21	12	Won more than 19 tranches of RES-24-Dec19, RES-24-Jun20, RES-12-Dec20, and RES-24-Dec20 tranches under DSP IV	31 less tranches of RES-24-Dec19, RES-24-Jun20, RES-12-Dec20, and RES-24-Dec20 tranches won under DSP IV
RES-24-Jun21	11	Won more than 20 tranches of RES-24-Dec19, RES-24-Jun20, RES-12-Dec20, and RES-24-Dec20 tranches under DSP IV	

# Commercial Products and Load Caps

Products	Available Tranches	Load Caps Apply to an RFP Bidder When an RFP Bidder Has:	Load Caps
SC-12-Jun21	6	Won more than 6 tranches of SC-24-Dec19, SC-24-Jun20, SC-12-Dec20, and SC-24-Dec20 under DSP IV	12 less tranches of SC-24-Dec19, SC-24-Jun20, SC-12-Dec20, and SC-24-Dec20 tranches won under DSP IV
SC-24-Jun21	3	Won more than 9 tranches of SC-24-Dec19, SC-24-Jun20, SC-12-Dec20, and SC-24-Dec20 under DSP IV	
CCI-12-Jun21	8	Load Caps always apply	4

# PJM's Base Residual Auction for the 2022/2023 delivery year is Delayed

- PJM's Base Residual Auction ("BRA") for the 2022/2023 delivery year was delayed due to a FERC proceeding (Docket Nos. EL16-49-001, EL18-178-001, EL18-1314-002 (consolidated))
- The delayed BRA for the 2022/2023 delivery year has now been rescheduled for May 2021 after the Bid Date on March 2, 2021
- The BRA for the 2022/2023 delivery year when held will provide a visible capacity price for the last twelve months of the 24-month products
- Bidders offering to supply 24-month products are entirely responsible for any uncertainty related to the lack of visibility of the capacity price for the 2022/2023 delivery year

# RFP Process Overview



# Schedule

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
<b>February</b>				
1	2	3	4	5
<b>Part 1 Form Available</b>			<b>Part 1 Window Opens</b>	
8	9	10	11	12
				<b>Part 1 Date (Part 1 Window Closes)</b>
15	16	17	18	19
		<b>Part 1 Notification Date</b>	<b>Part 2 Window Opens</b>	
22	23	24	25	26
		<b>Bid Submission Training</b>	<b>Part 2 Date (Part 2 Window Closes)</b>	
<b>March</b>				
1	2	3	4	5
<b>Part 2 Notification Date</b>	<b>Bid Date (Bids are Due)</b>	<b>IE provides its report to the Commission</b>	<b>Commission Decision (close of business)</b>	

# 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**
- **The Proposal process is entirely online for this solicitation**
  - Provide required information
  - Upload or email supporting documents
  - Upload or email signature pages (“Inserts”)
  - **The Pre-Bid Letter of Credit submitted by electronic means**

# Accessing the Proposal Website

- The URL for the proposal website is [DSPproposal.com](https://DSPproposal.com)
- The site is also accessible from links on the RFP website

**PECO Procurement For Default Supply**

[Home](#) [Home](#)

Welcome to PECO Energy Company's ("PECO") website for the purchase of supply starting June 2021 under its fifth Default Service Program ("DSP V"). The Pennsylvania Public Utility Commission ("PaPUC" or "Commission") rendered a decision on PECO's DSP V (Docket No. P-2020-3019290) in its Order dated December 3, 2020.

There will be eight (8) solicitations to procure Default Supply for the period June 1, 2021 through May 31, 2025 and for a portion of the requirements for the period beyond June 1, 2025. Solicitations are expected to be held in March and September of each year, starting with a solicitation in March 2021 and ending with a solicitation in September 2024.

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 1/19/2021 - Bidder Information Webcast
- ❖ Fri 2/12/2021 - Part 1 Date
- ❖ Wed 2/17/2021 - Part 1 Notification Date
- ❖ Thu 2/25/2021 - Part 2 Date
- ❖ Mon 3/1/2021 - Part 2 Notification Date

## 3 Steps to Get Started

# Step 1. Request an Account

HOME **GET ACCOUNT** INSERTS PART 1 PROPOSALS

PECO  
An Exelon Company

## 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 from DSP IV do not need to submit a new request

# Step 2. Log In

The screenshot shows the PECO website interface. At the top, there is a navigation bar with the following links: HOME, GET ACCOUNT, INSERTS, and PART 1 PROPOSALS. The 'PART 1 PROPOSALS' link is circled in blue. Below the navigation bar, the text reads: "If you have an account, please [log in here](#)." A blue callout box points to this text with the instruction: "Click on 'log in here' and enter your login credentials on the login page". To the right, a login form is displayed, featuring the PECO logo, input fields for Username and Password, a checkbox for "Remember Me", and a "Log In" button. A link at the bottom of the form reads "← Back to PECO DSP Proposal".

# Step 3. Download the Inserts

HOME GET ACCOUNT **INSERTS** PART 1 PROPOSALS

**Inserts**

Inserts are separate forms in MS Word

**Inserts**

**New RFP Bidders download**

For the March 2021 Solicitation, all RFP Bidders, for purposes of completing the online Part 1 Form, are “new” and should download this file:

[P1 Inserts - New](#)

RFP Bidders that choose to submit the representations and certifications required by the Part 2 Form during the Part 1 Window for early processing should download this file:

[P2 Inserts - Early](#)

# Contract Details and Rates



# 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
- All solar credits must be compliant and eligible to be retired in Pennsylvania in accordance with implementation of Act 40 of 2017; all tier II credits must be compliant and eligible to be retired in Pennsylvania in accordance with implementation of **Act 114 signed into law in November 2020**
- If AEPS requirements change Default Suppliers 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 Period	Tier I	Solar Tier I	Tier II
6/1/21 – 5/31/25	8.00%	0.5000%	10.00%

# PECO's Allocation of Separately Procured AECs

- Under the Uniform SMA, a Default Supplier's AEPS obligation may be reduced by a number of AECs allocated to the Default Supplier in the Transaction Confirmation
- The number of AECs per tranche to be allocated is generally provided prior to the Part 1 Window
- **For this March 2021 solicitation, PECO will not allocate any AECs to Default Suppliers**
- PECO will be holding separate RFPs for Solar AECs in 2021 and 2022 and will allocate available AECs in future solicitations under DSP V

# Rate Translation: Determination of Retail Rates

- The Default Service **rates for a Class** are calculated 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)
- During DSP V, PECO will introduce TOU default service rate options for RES and SC default customers with smart meters (except for customers in PECO's Customer Assistance Program)
- 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 energy year 2020/21 is 5.54 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 14, 2021**
- RFP Bidders will have the opportunity to propose modifications to the Standard Guaranty during the Part 1 Window



# Part 1 Requirements

1. **Contact Information (section 1)**
  - List Name and Address of the RFP Bidder
  - Designate (1) Officer; (2) Representative; and (3) Nominees (opt.)
2. **Financial and Credit Requirements (section 2)**
  - Quarterly financial statements and credit ratings
  - Additional requirements for RFP Bidders submitting a proposal under an Agency Agreement
3. **Information to prepare the Uniform SMA (section 3)**
  - RFP Bidders either submit the required information or certify to providing the information after the Bid Date

# Section 3: Modifications to Credit Instruments

## 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
  - ✓ RFP Bidders may submit requests ahead of the Part 1 Window and through the Part 1 Date

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

Go to [Pecoprocurement.com](http://Pecoprocurement.com) → Supplier Information → Documents

# Part 1 Requirements cont.

4. **Make Representations and Certifications (section 4)**
  - Bidders have the option to submit the representations required by the Part 2 Form during the Part 1 Window for early processing
5. **Foreign RFP Bidders and Foreign Entities (section 5)**
6. **Justification of Omissions (section 6)**
  - 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 Friday, February 12,  
2021

# Inserts and Acceptable Signatures

- RFP Bidders are required to submit Inserts with both the Part 1 and Part 2 Proposal
- Instructions to complete each Insert is provided in the header of the Insert
  - RFP Bidders can use digital signatures (produced by a commercially available software such as DocuSign and accompanied by an additional document or information verifying the identity of the signatory) on all Inserts
  - RFP Bidders can use electronic signatures in certain circumstances for Inserts submitted

# Proposal Review Process

- When you submit the online form the Independent Evaluator will review your proposal promptly
  - During the evaluation of your proposal, your account will be temporarily locked
- If deficiencies are noted, Bidders are advised:
  - On the same day if materials received before noon
  - Next business day otherwise
- A deficiency notice will list the items that are deficient or require clarification and bidders will generally have until the deadline for the Part 1 Proposal or one (1) business day to respond to a first request for additional information

# Part 1 Notification

- An RFP Bidder is notified whether it has qualified to submit a Part 2 Proposal by **Wednesday, February 17, 2021** (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 **RFP Guarantor**
  - submitting a Proposal with a **foreign entity** as RFP Bidder, Guarantor or Principal

## Pre-Bid Letter of Credit submitted electronically

3. The Pre-Bid Letter of Credit must be submitted as an electronic PDF file via electronic means to the Independent Evaluator at [PECOprocurement@nera.com](mailto:PECOprocurement@nera.com)

Part 2 Proposal Due on Thursday, February 25, 2021

## 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:
  - \$8M for fixed-price, \$500k for spot-price
  - Depending on bidder-specific load caps, it is possible that an RFP Bidder will not 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

28

## 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-Jun21		RES-24-Jun21		SC-12-Jun21		SC-24-Jun21		CCI-12-Jun21	
Jun 2021 - May 2022		Jun 2021 - May 2023		Jun 2021 - May 2022		Jun 2021 - May 2023		Jun 2021 - May 2022	
Bid (\$/MWh)		Bid (\$/MWh)		Bid (\$/MWh)		Bid (\$/MWh)		Bid (\$/MWh)	
1	100.00	1	100.00	1	100.00	1	100.00	1	100.00
2	101.00	2	101.00	2	101.00	2	101.00	2	101.00
3	102.00	3	102.00	3	102.00	3		3	102.00
4	103.00	4	103.00	4	103.00			4	103.00
5	104.00	5	104.00	5	104.00			5	104.00
6	105.00	6	105.00	6				6	105.00
7	106.00	7	106.00					7	
8	107.00	8	107.00					8	
9	108.00	9							
10		10							
11		11							
12									

Number of Tranches Bid

Residential		Residential		Small Commercial		Small Commercial		Consolidated Large Commercial and Industrial	
Jun 2021 - May 2022		Jun 2021 - May 2023		Jun 2021 - May 2022		Jun 2021 - May 2023		June 2020 - May 2021	
9		8		5		2		4	

Bidder-Specific Load Caps

12	9	6	3	4
21		6		4

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 2, 2021 (Bid Date)**
  - Bids submitted online through a secure file transfer system
  - Independent Evaluator calls and confirms receipt within **30 minutes**
  - **RFP Bidders have an opportunity to correct errors. RFP Bidders are encouraged to submit early for this reason!**
  - RFP Bidders will have a minimum of **10 minutes** to resubmit a non-conforming Bid Form
  - 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 February  
24, 2021

# Post-Bid Process from the RFP Rules

## The Steps of the Process:

1. **Independent Evaluator** notifies RFP Bidders
2. **RFP Bidders** provide information to prepare the Uniform SMA and guaranty (if applicable) if not provided with the Part 1 Proposal
3. **PUC** Issues a Decision
4. **Independent Evaluator** provides PECO with Uniform SMA, transaction confirmations, and guaranty (if applicable).
5. **PECO** executes transaction confirmation, the Uniform SMA and guaranty (if applicable) using a digital signature and sends documents by email to winning RFP Bidders
6. **RFP Bidders** execute the Uniform SMA (including transaction confirmation) and guaranty (if applicable) using a digital signature and return the documents by email; 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](http://www.pecoprocurement.com)

- Supplier and regulatory documents
- Data Room with historical data
- 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

**PECO Procurement For Default Supply**

[Home](#) [Ask a Question](#) [Click here for the Online Proposal Website](#)

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**Company \*:**

**Email Address \*:**

**Question/Comment \*:**

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**Questions?**