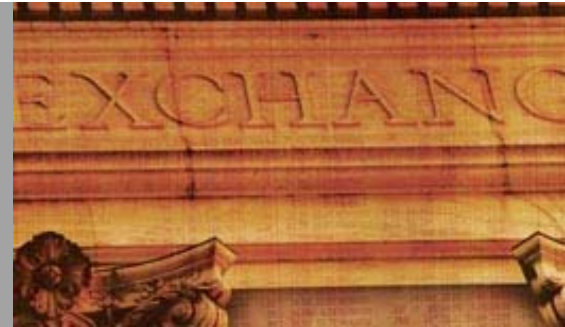




# PECO Energy Company Bidder Information Session



## PECO Procurement Process Fall 2009

Chantale LaCasse  
Senior Vice President, NERA

Tom Winger  
Consultant, NERA

Philadelphia  
August 5, 2009

How Markets Work<sup>SM</sup>

# Disclaimer

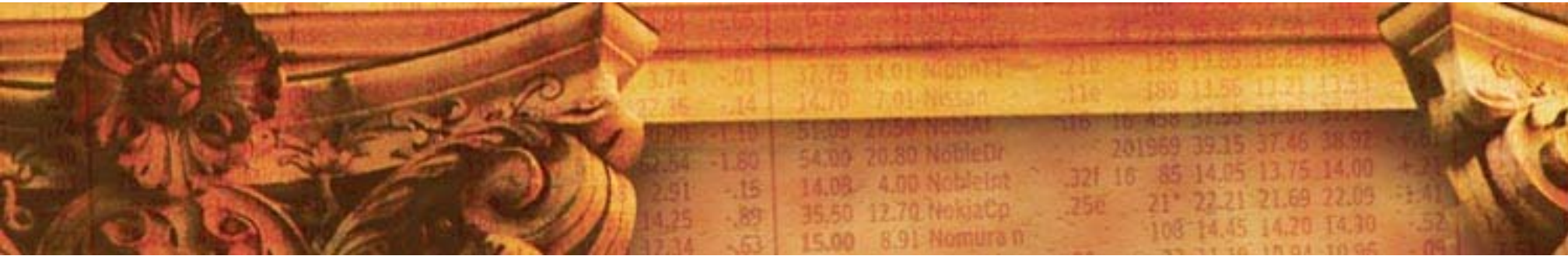


- Any statements herein describing or referring to documents and agreements are summaries only, and are qualified in their entirety by reference to such documents and agreements.
- The governing documents in this RFP are:
  - The Full Requirements RFP and the Block Energy RFP (posted on 7/20/2009)
  - The Full Requirements Supply Master Agreement and the Block Energy Supply Master Agreement (posted on 7/20/2009)
  - 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](http://www.pecoprocurement.com)

- **Background and Overview**
- **Product Design**
- **Qualifications and the Bidding Process**
- **Post-RFP Process**
- **RFP Web Site**



# Background and Overview

# 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**

# Two RFPs Conducted Concurrently in the Fall 2009 Solicitation



## ■ Full Requirements RFP

- Suppliers bid to serve a percentage of the load for a class

## ■ Block Energy

- Suppliers bid to provide blocks of baseload energy
- PECO uses these blocks as part of the portfolio for residential customers

# These 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**

PECO retains its responsibility to serve default customers after rate caps expire



- **All customers in its service territory who do not elect to take service from an EGS**
- **All customers who return to take service from PECO after being served by an EGS**
- **The service for these customers is called “Default Service” or “Provider of Last Resort”**



- 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

# Two RFPs, Multiple Solicitations



## Full Requirements RFP

Class	Supply Period	Spring 2009	Fall 2009	Spring 2010	Fall 2010	Spring 2011	Fall 2011	Winter 2012
Residential	January 2011 – May 2012	8	8	8	9	Block Energy RFP Only		
	January 2011 – May 2013	4	3	3	4			
	June 2012 – May 2013						9	10
	June 2012 – May 2014						7	7
Small Commercial	January 2011 – May 2012		6	6	7			
	January 2011 – May 2013			3	3			
	June 2012 – May 2013						9	10
Medium Commercial	January 2011 – May 2012		3	8	8			
	June 2012 – May 2013						9	10

\*numbers in table represent tranches

Load of SC and MC up for bid for the first time in Fall 2009

# Two RFPs, Multiple Solicitations (Last 2 Not Shown)



## Block Energy RFP

Product	Supply Period	Spring 2009	Fall 2009	Spring 2010	Fall 2010	Spring 2011	Fall 2011	Winter 2012
Baseload	January 2011 – December 2011	40MW	40MW	40MW	40MW			FR RFP Only
Baseload	January 2011 – December 2012			50MW	50MW			
Baseload	January 2011 – December 2015				50MW			
Peak	January 2011 – February 2011			40MW	40MW			
Peak	June 2011 – August 2011				60MW	70MW		
Peak	December 2011 – February 2012					40MW	40MW	
Baseload	January 2012 – December 2012					80MW	80MW	
Peak	June 2012 – August 2012						60MW	

\*numbers in table represent blocks

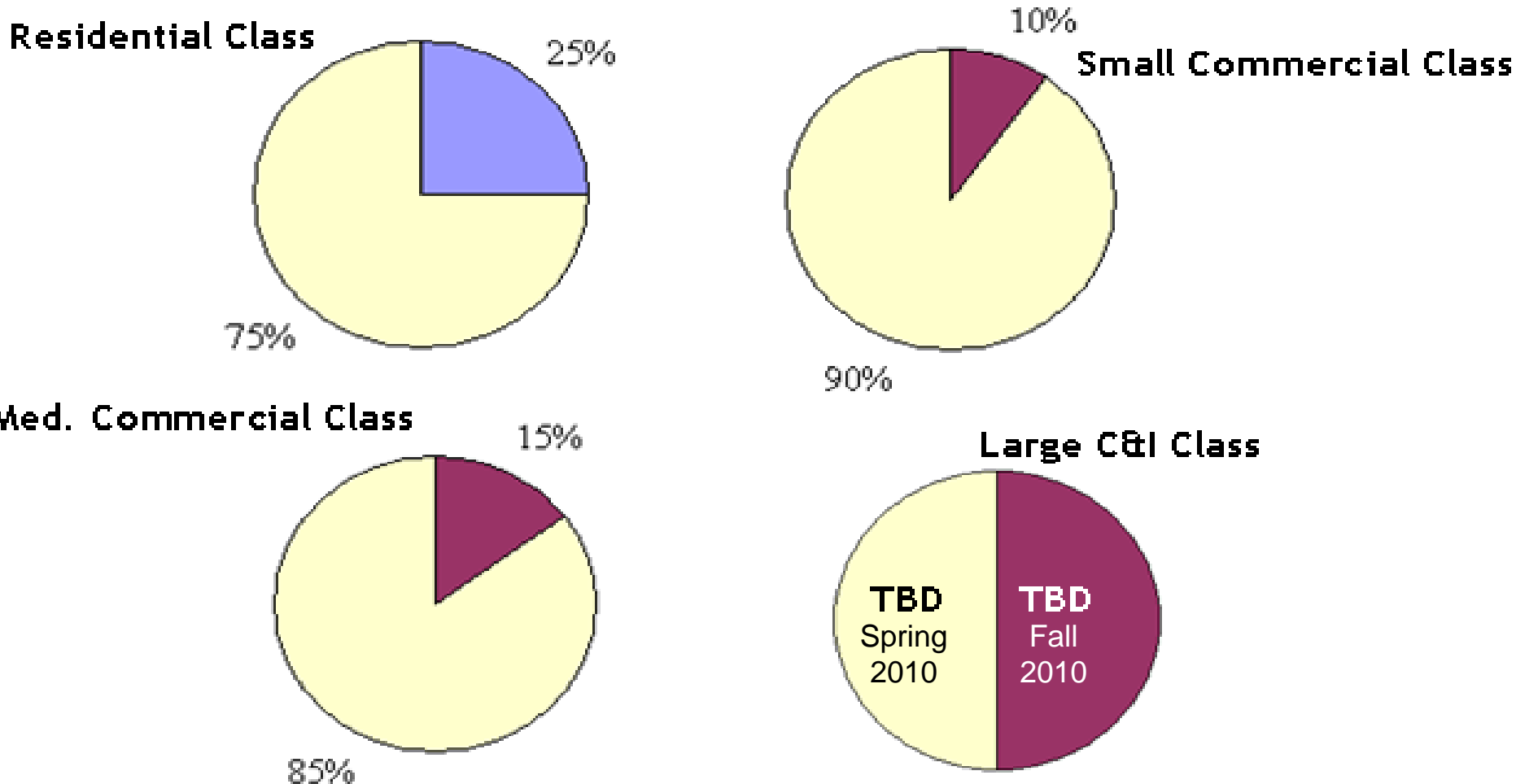
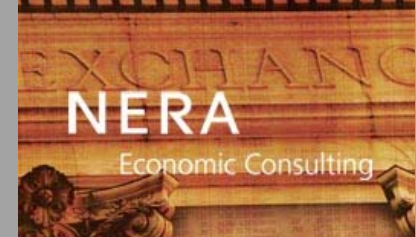
# Results of the Spring 2009 Solicitation Were Approved



- Average winning bid price (\$/MWh): \$88.61
- Number of suppliers qualified to submit bids: 11
- Number of suppliers that won: 2
- All 12 tranches were procured
- Rate: 10.1 cents/kWh (a 9% increase)

Only Residential tranches were up for bid

# Product Mix in Procurement Plan



# Procurement Schedule for this Solicitation



M	T	W	Th	F
August 3	4	5 Bidder Info Session	6	7
10	11	12	13	14
17	18	19	20	21
24	25	26	27	28
31	September 1 Part 1 Date	2	3	4
7	8	9	10	11
14	15 Part 2 Date	16	17	18
21 BIDS DUE	22	23 PaPUC Decision	24	25

# 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)



# 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

# Bids Submitted Electronically

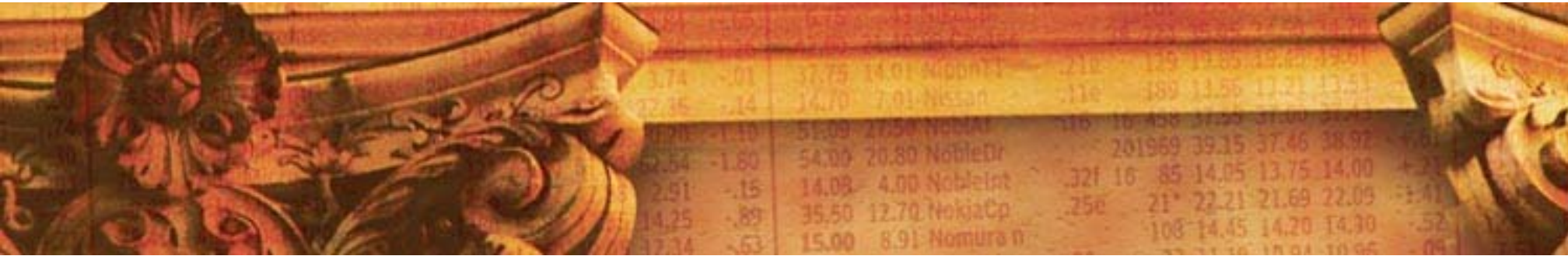


- **Bids entered in an Excel Bid Form**
- **Bid Form submitted through a secure file transfer system**
- **Independent Evaluator confirms receipt**
- **Independent Evaluator advises RFP Bidders that are provisional winners on Bid Day**

- 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



- **PECO** filed its energy efficiency and conservation plans with the PaPUC this summer
- The goals of these plans 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
- Filing documents at:  
[http://www.exeloncorp.com/ourcompanies/peco/aboutpeco/customer\\_education/about\\_electric\\_competition/history\\_electric\\_competition/act+129+energy+efficiency+and+conservation+plan.htm](http://www.exeloncorp.com/ourcompanies/peco/aboutpeco/customer_education/about_electric_competition/history_electric_competition/act+129+energy+efficiency+and+conservation+plan.htm)
- The Act also mandated smart metering and PECO will be providing information regarding its filing



# 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
- **Fixed Price Default Supply (\$/MWh)**

# Full Requirements RFP: 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)	Fixed-Price Tranches	Fixed-Price Tranche Size	Fixed-Price MW-Measure (MW)
R	3,161.00	2,370.75	47	1.60%	50.44
SC	1,411.06	1,269.95	25	3.60%	50.80
MC	1,125.64	956.79	19	4.47%	50.36

Note: PLC = Peak Load Contribution

# Load Caps for the Full Requirements RFP



- **There are separate load caps for Block Energy RFPs and Full Requirements RFPs**
- **The Load Cap is 65%. No RFP Bidder may supply more than 65% of the available tranches for a Class at a given point in time**
- **The Load Cap is bidder specific: it takes into account all tranches won in previous solicitations**
- **For the SC and MC Classes, the Load Caps are the same for all RFP Bidders**

Product	Available Tranches	Load Cap	Maximum Tranches RFP Bidder can Win
Small Commercial (Jan 2011-May 2012)	6	65%	3
Medium Commercial (Jan 2011-May 2012)	3	65%	1



# Residential Class



- For the Residential Class, there is **no Load Cap** for RFP Bidders who have not previously won tranches
- For winners in the Spring 2009 solicitation, **load caps** take into account current tranches held will be provided in the **Initial Status Notification** no later than **August 11, 2009**

Product	Available Tranches (Fall 2009)	Available Tranches (Spring and Fall 2009)	Load Cap	Maximum Tranches RFP Bidder can Win	
Residential (Jan 2011-May 2012)	8	16	65%		14
Residential (Jan 2011-May 2013)	3	7		4	

# 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)



- **Prior to each procurement, 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**
- **Any PECO AECs allocated to Seller's AEPS Obligation shall remain the property of PECO and shall not be transferred to 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**

# PECO's Allocation of Separately Procured Alternate Energy Credits (AECs) Fall 2009 Solicitation



- For the eight (8) 17-month Residential Class tranches (Jan 2011-May 2012),

**Alternative Energy Credits will be allocated as follows:**

<b>AEPS Reporting Yr</b>	<b>Time Period</b>	<b>Tier I (non-solar) AECs per Tranche</b>	<b>Tier I (solar) AECs per Tranche</b>	<b>Tier II AECs per Tranche</b>
<b>5</b>	<b>6/1/10 - 5/31/11</b>	<b>1,280</b>	<b>0</b>	<b>0</b>
<b>6</b>	<b>6/1/11 - 5/31/12</b>	<b>2,922</b>	<b>0</b>	<b>0</b>

# PECO's Allocation of Separately Procured Alternate Energy Credits (AECs) Fall 2009 Solicitation



- For the three (3) 29-month Residential Class tranches (Jan 2011-May 2013),  
Alternative Energy Credits will be allocated as follows:

AEPS Reporting Yr	Time Period	Tier I (non-solar) AECs per Tranche	Tier I (solar) AECs per Tranche	Tier II AECs per Tranche
5	6/1/10 - 5/31/11	1,280	0	0
6	6/1/11 - 5/31/12	2,922	0	0
7	6/1/12 - 5/31/13	2,392	0	0

# PECO's Allocation of Separately Procured Alternate Energy Credits (AECs) Fall 2009 Solicitation



- For the six (6) 17-month Small Commercial Class tranches (Jan 2011- May 2012),  
Alternative Energy Credits will be allocated as follows:

AEPS Reporting Yr	Time Period	Tier I (non-solar) AECs per Tranche	Tier I (solar) AECs per Tranche	Tier II AECs per Tranche
5	6/1/10 - 5/31/11	1,197	0	0
6	6/1/11 - 5/31/12	3,053	0	0

# PECO's Allocation of Separately Procured Alternate Energy Credits (AECs) Fall 2009 Solicitation



- For the three (3) 17-month Medium Commercial Class tranches (Jan 2011- May 2012),

Alternative Energy Credits will be allocated as follows:

AEPS Reporting Yr	Time Period	Tier I (non-solar) AECs per Tranche	Tier I (solar) AECs per Tranche	Tier II AECs per Tranche
5	6/1/10 - 5/31/11	1,511	0	0
6	6/1/11 - 5/31/12	3,822	0	0

- **Block Energy is fixed MW for energy only**
  - Block Energy Supply will comprise approximately 20 percent of annual MWh load of default supply customers in Residential Class
  - Block Energy Supply includes the energy only
  - A Supplier supplies a constant quantity of energy delivered to the PE Zone during supply period

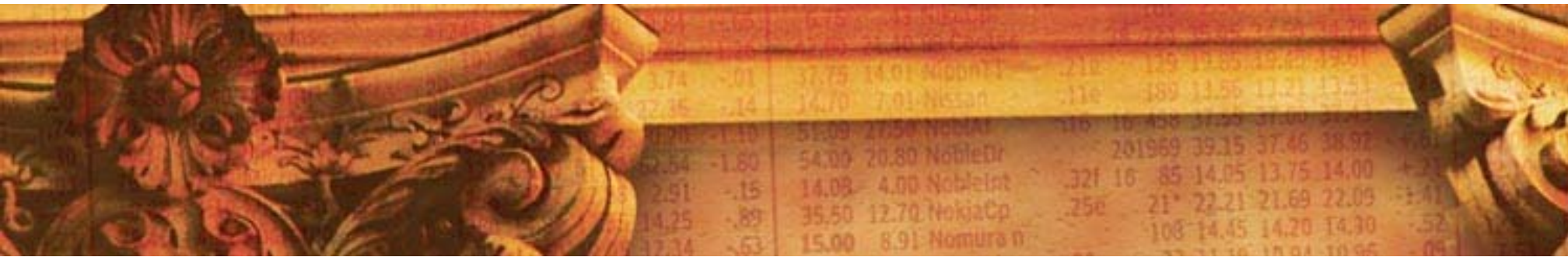


# Load Cap for Block Energy RFP



- Load Cap prevents any RFP Bidder from supplying more than **65%** of blocks to be delivered at any given time.
- Block Energy Load Cap for each RFP Bidder takes into account blocks won in previous solicitations that would be served concurrently.
- RFP Bidders who did not win in the Spring 2009 Solicitation can bid up to the number of available blocks
  - Maximum Load Cap = 5, available blocks = 4
- RFP Bidders who won in the Spring 2009 Solicitation cannot bid such that they would hold more than 5 blocks total
  - If won 1 block -> can bid up to 4 blocks
  - If won 2 blocks -> can bid up to 3 blocks

Product	Available Blocks (Fall 2009)	Available Blocks (Total)	Load Cap	Maximum Blocks RFP Bidder can Win Across Fall & Spring
Baseload 12 Mo. (Jan 2011 – Dec 2012)	4 (40 MW)	8 (80 MW)	65%	5 (50 MW)



# 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

- **Credit exposure to PECO is based on **Mark-to-Market exposure calculations****
  - **Net of Accounts Receivable / Accounts Payable to Seller**
- **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 contract**

# Rate Translation: Determination of Retail Rates



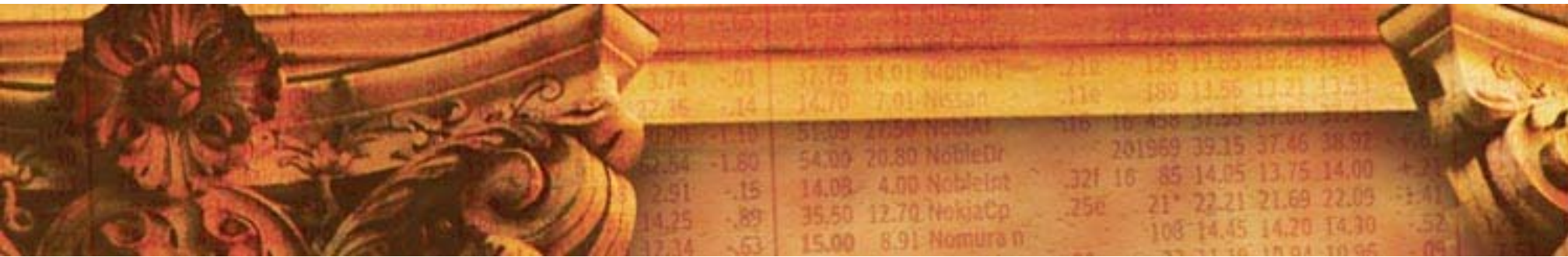
- **The rates of R Class Default Service customers determined on the basis of:**
  - prices determined through the RFP for Fixed-Price Default Supply
  - prices determined through the Block Energy RFP, and
  - PECO’s additional purchases (e.g., spot energy, capacity, ancillary services, etc.) to serve the total 25% “PECO share” of the Default Service Load for the R Class.
- **The rates of Default Service customers in the SC and MC Classes determined on the basis of:**
  - prices determined through the RFP for Fixed-Price Default Supply
  - prices determined through the RFP for Spot-Price Default Supply (10% for the SC Class and 15% for the MC Class).
- **Additional components of rates:**
  - **Quarterly true-up** and **administrative costs of RFP**
    - **See PECO’s GSA Tariff for further details**
- **Rate Translation Spreadsheet Tool** available on RFP Web site
  - **For R, SC & MC Classes**
  - **<http://pecoprocurement.com/index.cfm?s=supplierInformation&p=rates>**

# Current Retail Choice Migration - "Shopping"



- **Customer Counts as of 6/30/2009 provided below**

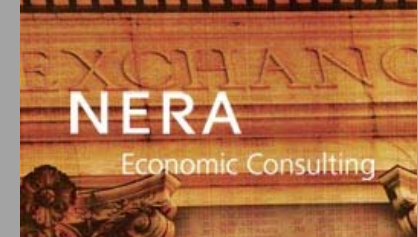
	<b>Total Customers</b>	<b>EGS Customers</b>	<b>Percent EGS Customers</b>
<b>Residential</b>	<b>1,479,540</b>	<b>2,911</b>	<b>0.20%</b>
<b>Small Commercial</b>	<b>155,064</b>	<b>20,041</b>	<b>12.92%</b>
<b>Medium Commercial</b>	<b>6,493</b>	<b>72</b>	<b>1.11%</b>
<b>Large C&amp;I</b>	<b>1,912</b>	<b>4</b>	<b>0.21%</b>



# Qualifications and the Bidding Process



# Fall 2009 Procurement Schedule



M	T	W	Th	F
August 3	4	5 Bidder Info Session	6	7
10	11	12	13	14
17	18	19	20	21
24	25 Part 1 Window Opens	26	27	28
31	September 1 Part 1 Date	2	3	4 Part 1 Notification
7	8 Part 2 Window Opens	9	10 Bidder Training	11
14	15 Part 2 Date	16	17	18 Part 2 Notification
21 BIDS DUE	22 Final Report to PUC	23 PaPUC Decision	24	25



# 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 who submitted successful Part 1 Proposals in Spring 2009**

**Short Form** →

**PART 1 FORM**

---

Did you submit a successful Part 1 Proposal in the Spring 2009 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**

# Guide to the Part 1 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:
  - 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

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

1. Contact Information and Representations

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.

# Guide to the Part 1 Form: Section 1



## ■ **Contact Information and Representations**

- Name and Address of RFP Bidder
- Officer of the RFP Bidder
  - Signs representations, SMAs, can bind RFP Bidder
- Representative of the RFP Bidder
  - Point of Contact
- Certifications that Part 1 Proposal is accurate and will remain valid until 6 days after Bid Date

## ■ **Returning Bidders**

- Confirm or Update Name, Officer, Representative
- Certifications that Part 1 Proposal is accurate and will remain valid until 6 days after Bid Date

# Guide to the Part 1 Form: Section 2



## ■ Financial Requirements

- Name of Entity on Whose Financial Standing the RFP Bidder Relies
- Financial Information for named entity
  - 10-Q
  - If 10-Q is unavailable, other quarterly, monthly, or bi-annual financial information with an attestation of the Chief Financial Officer
- Credit Ratings
  - New for Fall 2009: **printouts from rating agency web sites are optional**

## ■ Returning Bidders

- Confirm or update Credit Ratings
- New financial information will be available since the Spring 2009 solicitation so that returning bidders must **update their financial information** 10-Q



## ■ Letters of Credit, Guaranty, and SMA

### – Draft Letters of Credit

- STANDARD FORM OF PRE-BID LOC HAS CHANGED since the Spring 2009 RFP
- This is the opportunity for new and returning bidders to propose modifications to the LOCs
- Responses to Pre-Bid LOC within 2 business days
  - **Submit early to get an early response**
- All approved modifications posted to Web site

### – 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

# Improvements to the Pre-Bid LOC



3. We hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the amount available under this Letter of Credit from time to time, subject to reduction as provided in Paragraph 8. A partial or full drawing hereunder may be presented by you on any Business Day on or prior to the Expiration Date by delivering or transmitting to the Issuing Bank at \_\_\_\_\_, (a) ~~a notice executed by you substantially in the form of Annex 1 hereto~~, appropriately completed and duly signed by an Authorized Officer of PECO, which is your notice, and (b) ~~your draft substantially in the form of Annex 2 hereto~~, appropriately completed and duly signed by an Authorized Officer of PECO, which is your draft.
  
13. ...Except as otherwise expressly stated herein, this Letter of Credit may not be amended or modified by us without the consent of an Authorized Officer of PECO or an Authorized Officer of the Independent Evaluator on behalf of PECO.
  - Harmonized with
  
15. ...Acceptance or rejection of any amendments to this Letter of Credit must be signed by an Authorized Officer of PECO or an Authorized Officer of the Independent Evaluator on behalf of PECO.

# Guide to the Part 1 Form: Section 3



## ■ Current Default Suppliers

- Do not need to complete info for SMA

Information Needed to Prepare the Default Service Program Supply Master Agreement and Its Exhibits

Are you a Default Supplier with PECO such that you have a current and fully executed Default Service Program Supply Master Agreement with PECO for Bids approved by the Commission in a previous solicitation?

yes

no

**If yes**, please proceed to the next item in this Section 3, “Information Needed to Prepare the Guaranty”.

**If no**, please continue filling in information for this item on the Default Service Program Supply Master Agreement.

## ■ All Bidders (New and Returning)

- Complete info for Guaranty if using a Guarantor
- Confirm info for SMA, **or** update and elect optional modifications

Is the information need to prepare the Default Service Program Supply Master Agreement as provided in the Initial Status Notification up-to-date and accurate?

yes

no

**If yes**, please proceed to the next item in this Section 3, “Information Needed to Prepare the Guaranty”.

**If no**, please make all necessary corrections below.



# Guide to the Part 1 Form: Section 3



- Optional Modifications to Guaranty
  - For example:

## **(Optional Change #2) Paragraph 1:**

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed \$\_\_\_\_, less the value other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the “Guaranteed Obligations”. This Guaranty is a guarantee of payment and not of collection. For the avoidance of doubt, this Guaranty guarantees only payment obligations of Seller and does not guarantee physical delivery or, to the extent applicable, reporting obligations of Seller.

Do you want to adopt optional change #2?

yes

no



# Guide to the Part 1 Form: Section 4



## ■ Regulatory Representations

- “FERC authorization to make sales of energy [and capacity and ancillary services] at market-based rates in PJM”
- **Full Requirements only:** “By the time service begins, a Default Supplier must be a Load Serving Entity (“LSE”) in PJM and must be a signatory of the Reliability Assurance Agreement (“RAA”).”
- **Block Energy only:** “The RFP Bidder (i) is a member in good standing of PJM; and (ii) is qualified as a PJM “Market Buyer” and “Market Seller” pursuant to the PJM Agreements.”

## ■ Returning Bidders

- All RFP Bidders (new and returning) must make first certification unless they are current Block Energy [Default] Suppliers
- Other certifications not required of returning bidders

## ■ **Additional Representations**

- Bidding independently
- Acceptance of the SMA
- Acceptance of terms of RFP

## ■ **Returning Bidders**

- Not required if Officer is the same as in the Spring 2009 solicitation

# Guide to the Part 1 Form: Sections 6 & 7



## ■ **Section 6: Bidders under Agency Agreements**

- Only necessary if bidding under an Agency Agreement
- New Bidders must submit Agency Agreement documentation
  - Option to submit draft Officers' Certificate that will be required with part 2 Proposal
  - IE will review and determine acceptability of OC; submit at Part 1 stage to ensure compliance at Part 2 stage and avoid a deficiency notice
- Returning Bidders
  - Officer must re-certify authority to bind RFP Bidder
  - may confirm previously submitted documentation is current

## ■ **Section 7: Foreign Entities**

- Optional for returning bidders
- Only time to submit draft documentation for IE review prior to Part 2
  - Legal Opinion that SMA is binding, Secretary's Certificates of Authority
  - Ensure compliance and avoid a deficiency notice

# Guide to the Part 1 Form: Section 8



## ■ 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.

A large, empty rectangular box with a black border, intended for providing a justification for omissions. A small grey rectangular box is visible in the top-left corner of this area.



- **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**

# Guide to the 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 4, 2009** (Part 1 Notification Date)

# Guide to the Part 1 Form: Timeline



- **August 25 to September 1**
  - Part 1 Proposal Window
- **September 1**
  - Last day of the Part 1 Window is the **Part 1 Date**
- **September 4, 2009**
  - Part 1 Notification Date
- **September 8 to 15**
  - Part 2 Proposal Window

# Part 1 Proposal: Notification



- **An RFP Bidder is notified whether it has qualified to submit a Part 2 Proposal on Friday, September 4, 2009**
- **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 who 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 8, 2009 to Tuesday, September 15, 2009**
- Last day of the Part 2 Proposal Window is the **Part 2 Date**
- **One Part 2 Form for both new and returning bidders**

# Guide to the Part 2 Form: Section 1



## ■ Contact Information

- Confirm or update (all bidders, returning and new)

### Name and Address of the RFP Bidder

The Independent Evaluator sent you a Record of Contact Information along with your Part 1 Notification. This Record of Contact Information contains the contact information that we have on record for you from the Part 1 Proposal.

Is the information in the Record of Contact Information correct?

yes    no

**If yes**, please proceed to the Representations on page 7 of this form.

**If no**, please make any corrections in the space provided below.

## ■ Representations

- All Bidders (returning and new) must make listed Officer's certifications

- **Pre-Bid Letter of Credit**
  - All Bidders must submit Pre-Bid LOC for each RFP in which they participate
  - Full Requirements: \$250k/tranche bid
  - Block Energy: \$20k/block bid
- **Must use standard form**
- **Or standard form incorporating **only approved modifications****

# Guide to the Part 2 Form: Section 3



## ■ 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



- **Section 4: Bidders under Agency Agreements**
  - Only necessary if bidding under an Agency Agreement
  - Provide executed approved Officers' Certificate
    - IE will review for acceptability to PECO
    - Bidders who submitted draft document with Part 1 will not risk deficiency
  
- **Section 5: Foreign Entities**
  - Only necessary if Bidder, Guarantor, or Principal is foreign
  - Returning bidders may either confirm documents are current or submit revised documentation
    - Legal Opinion that SMA is binding
    - Secretary's Certificates of Authority
  
- **Section 6: Justification of Omissions**



- **RFP Bidder who is qualified pursuant to its Part 1 Proposal and who 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 18, 2009** (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 10, 2009**
- **Bids are due by 12 PM noon on Monday, September 21, 2009 (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



- **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)**

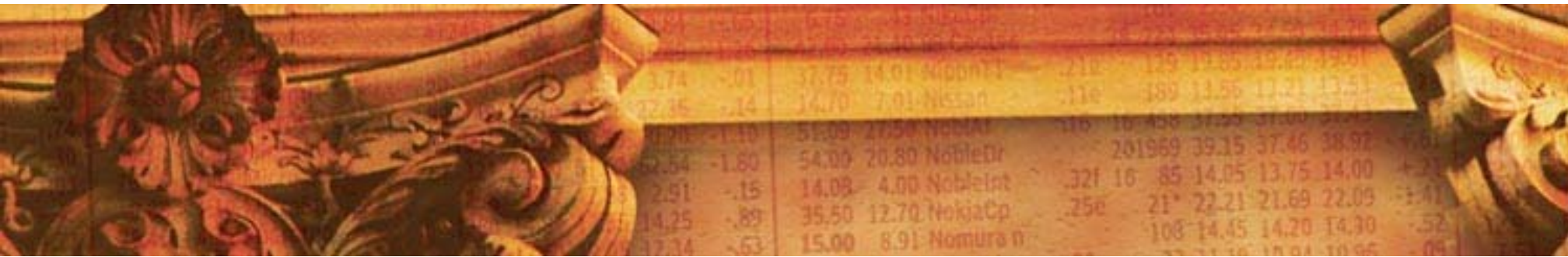
Residential Jan 1, 2011 to May 31, 2012		Residential Jan 1, 2011 to May 31, 2013		Small Commercial Jan 1, 2011 to May 31, 2012		Medium Commercial Jan 1, 2011 to May 31, 2012	
Bid (\$/MWh)		Bid (\$/MWh)		Bid (\$/MWh)		Bid (\$/MWh)	
1	<input type="text"/>	1	<input type="text"/>	1	<input type="text"/>	1	<input type="text"/>
2	<input type="text"/>	2	<input type="text"/>	2	<input type="text"/>		
3	<input type="text"/>	3	<input type="text"/>	3	<input type="text"/>		
4	<input type="text"/>						
5	<input type="text"/>						
6	<input type="text"/>						
7	<input type="text"/>						
8	<input type="text"/>						

Only allows bids up to Load Cap  
Current suppliers may have lower individual Load Caps!

Running Totals

**Number of Tranches bid**

Residential Jan 1, 2011 to May 31, 2012		Residential Jan 1, 2011 to May 31, 2013		Small Commercial Jan 1, 2011 to May 31, 2012		Medium Commercial Jan 1, 2011 to May 31, 2012	
<input type="text" value="-"/>		<input type="text" value="-"/>		<input type="text" value="-"/>		<input type="text" value="-"/>	
Total Residential Bids							
<input type="text" value="-"/>							



# Post-RFP Process

# PUC Approval and Transaction Confirmation



- **Wednesday, September 23 is the PUC Decision.** IE provides information to PECO for transaction confirmations
- **Thursday, September 24.** IE releases Pre-Bid Letters of Credit for losing RFP Bidders. PECO signs SMA, acknowledges guaranty
- **Friday, September 25.** PECO signs transaction confirmations, faxes to Supplier, overnights transaction confirmations and SMA
- **Monday, September 28.** Supplier faxes transaction confirmations to PECO **by 2pm**, overnights transaction confirmations to PECO, posts additional security if needed
- **Tuesday, September 29.** IE releases winning RFP Bidders' Pre-Bid Letters of Credit



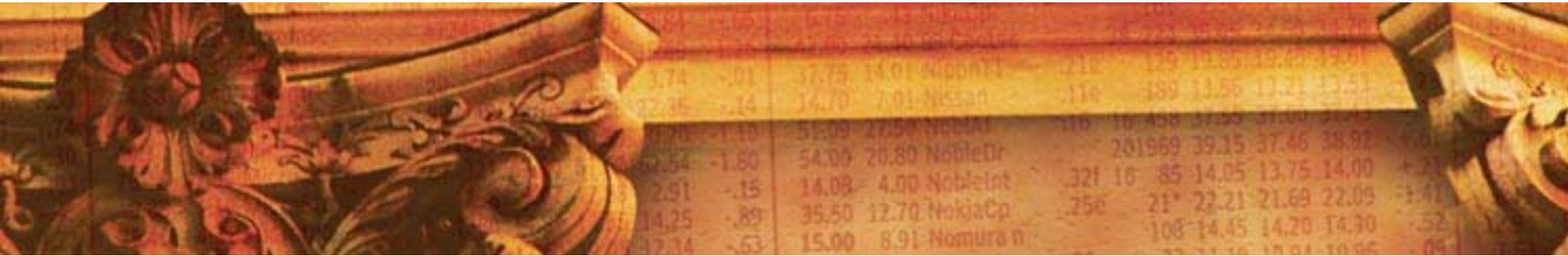
## ■ Full Requirements

- 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 last solicitation, or 21 days before the supply period starts, whichever comes first



# The RFP Web Site



**[www.pecoprocurement.com](http://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**



# Supplier Information Section



## ■ Documents Tab

- Forms
- Guaranty
- Rules
- SMAs
- Appendices

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**Supplier Information**

**Documents**

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Documents

RFP rules, credit documents, contracts, forms and information session materials are posted below.

- ❖ **Full Requirements Forms - Fall 2009 (7/29/2009)**
  - Appendix 5 - Full Requirements Standard Part 1 Form
  - Appendix 6 - Full Requirements Short Part 1 Form
  - Appendix 7 - Full Requirements Part 2 Form
- ❖ **Block Energy Forms - Fall 2009 (7/29/2009)**
  - Appendix 5 - Block Energy Standard Part 1 Form
  - Appendix 6 - Block Energy Short Part 1 Form
  - Appendix 7 - Block Energy Part 2 Form
- ❖ **Guaranty Process (7/2/2009)**
  - ACCEPTABLE Modifications to the Form of Guaranty (7/28/2009)
  - Guaranty - Block Energy & Full Requirements RFPs - Fall 2009
  - Guaranty Process - Block Energy & Full Requirements RFPs - Fall 2009
- ❖ **Full Requirements Sample Documents for Proposal**
  - Full Requirements CFO Attestation
  - Full Requirements Officer's Certificate
  - Full Requirements Pre-Bid Letter of Credit
  - Full Requirements Performance Assurance Letter of Credit
- ❖ **Block Energy Sample Documents for Proposal**
  - Block Energy CFO Attestation
  - Block Energy Officer's Certificate
  - Block Energy Pre-Bid Letter of Credit
  - Block Energy Performance Assurance Letter of Credit
- ❖ **Full Requirements RFP Documents - Fall 2009 (7/20/2009)**
  - Full Requirements RFP Rules



# Supplier Information Section



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Answers to Frequently Asked Questions ("FAQs") are posted on this page. FAQs are posted by category as listed below:

- ❖ [General](#)
- ❖ [Contract](#)
- ❖ [Credit](#)
- ❖ [Qualification](#)
- ❖ [Procedures](#)
- ❖ [Rules](#)
- ❖ [Data](#)
- ❖ [Rate Information](#)

[View All FAQs](#)

[View This Weeks FAQs](#)

To ask a question regarding the PECO solicitations, please use our automated form to [ask a question](#).

All FAQs with information that is no longer relevant will be posted as a list on the [FAQ Archives](#) page and will be available to prospective suppliers for reference.

## FAQs Tab

- By category
- View all
- View recent

### ❖ **FAQ-87:**

**If we participated in the Spring 2009 solicitation, are we required to re-submit Part 1 and Part 2 Proposals for the Fall 2009 solicitation?**

All entities who wish to participate in the Fall 2009 solicitation must submit the Part 1 Proposal and the Part 2 Proposal. There is an abbreviated qualification process for previous RFP Bidders; however, while the process is abbreviated, the requirement to qualify remains.

The RFP Rules (available [here](#)) have been updated for the Fall 2009 solicitation to include the details of the abbreviated qualification process. Please see Sections IV and V. Parties that submitted successful Part 1 Proposals in the Spring 2009 solicitation may use the Short Part 1 Form instead of the Standard Part 1 Form (both available [here](#)) to submit their Part 1 Proposals for the Fall 2009 solicitation. All parties must use the Part 2 Form to submit their Part 2 Proposals.

07/22/2009 in [Procedures](#) , [Qualification](#)

# Supplier Information Section



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**Announcements**

A list of all current announcements is posted below. For reference, announcements with information that is no longer relevant are posted to the [Announcement Archives](#) page.

- ❖ July 28, 2009  
[Posting: Acceptable Modifications to the Standard Form of Guaranty](#)
- ❖ July 23, 2009  
[PECO Information Session is on August 5, 2009](#)
- ❖ July 22, 2009  
[POSTING - Updated Retail Generation Rate Conversion Model for R, SC, and MC Classes](#)
- ❖ July 21, 2009  
[POSTING: Supplier Documents for Fall 2009 RFP](#)
- ❖ July 15, 2009  
[PECO Procurement Spring 2009 Solicitation Results](#)
- ❖ July 07, 2009  
[REMINDER: Alternate Guaranty Deadline is July 10, 2009](#)
- ❖ July 07, 2009  
[FINAL REMINDER: Deadline for Data Room Comments is Tomorrow, July 8, 2009](#)
- ❖ July 02, 2009  
[NOTIFICATION: PECO Has Filed an Act 129 Energy Efficiency and Conservation Plan](#)
- ❖ July 02, 2009  
[REMINDER: Guaranty Process Deadline is July 10, 2009](#)
- ❖ June 29, 2009  
[REMINDER: Deadline for Data Room Comments July 8, 2009](#)
- ❖ June 17, 2009  
[PECO Energy Company: Commission Approves Results of Spring 2009 Solicitation](#)
- ❖ June 12, 2009  
[POSTING: Residential Retail Generation Rate Conversion Model](#)
- ❖ May 15, 2009  
[Invitation: PECO Data Room Comment Process](#)

## ■ Announcements Tab

- Current
- Archived

# Supplier Information Section



## ■ Rates Tab

- Tariffs
- Rate design summary
- Rate translation tool

The screenshot shows a web interface for the "Supplier Information" section. On the left is a navigation menu with links: Home, Background, Supplier Information (highlighted with a green box), Documents, FAQs, Announcements, Rates (circled in red), Data Room, Calendar, and Contact Us. On the right, under the "Rates" tab, there is a heading "Settlement Filing (3/10/2009)" with three items: "PECO Exhibit E - Electric Service Tariff", "PECO Exhibit E-1 - Electric Service Tariff (redline)", and "PECO Exhibit H - Electric Service Tariff Supplement". Below that is "PECO Rate Design" with "Rate Design for Residential Customers (6/8/2009)". At the bottom is "Retail Generation Rate Conversion Model" with "Fall 2009 Rate Conversion Model (7/22/2009)". Arrows from the list on the left point to the "Rates" link and the "PECO Rate Design" and "Retail Generation Rate Conversion Model" sections.

# Data Room



- Monthly Data

- Additional Data

- PJM Links

Current Data					
Data Series	Zone	R	SC	MC	LC&I
<b>Hourly Load</b> Date Posted: 7/13/2009 Data Through: Apr-09					
<b>PLC &amp; NSPL</b> Date Posted: 7/13/2009 Data Through: Jun-09					
<b>Customer Counts</b> Date Posted: 7/13/2009 Data Through: Jun-09					
<b>Unaccounted for Energy</b> Date Posted: 7/13/2009 Data Through: Apr-09					

PJM Billing Information	
<b>PJM Bill – Line Items</b> Date Posted: 03/31/2009 Data Through: May-09	
<b>PJM Bill - Historical</b> Date Posted: 07/13/2009 Data Through: Jun-09	

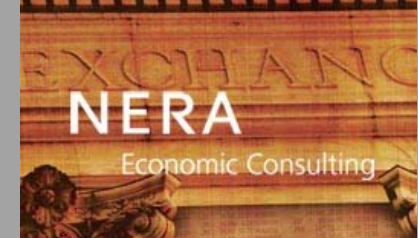
  

PJM Links

Links to the PJM Interconnection LLC ("PJM") Web site and related documents that are relevant to prospective suppliers are posted below.

- ❖ [PJM Web site](#)
- ❖ [PJM Open Access Same-Time Information System \("OASIS"\)](#)
- ❖ [PJM Manuals and Documents](#)
- ❖ [RPM Auction User Information](#)
- ❖ [Information on participation in PJM Environmental Information Services, Inc. \("EIS"\) Generation Attribute Tracking System \("GATS"\)](#)
- ❖ [Open Access Transmission Tariff \("OATT"\) rate for PECO](#)
- ❖ [PJM Firm Transmission Rights \("FTR"\) / Auction Revenue Rights \("ARR"\)](#)

# Calendar



- Current
- Future Solicitations

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The schedule for the current full requirements and block energy Requests for Proposals ("RFPs") is posted below:

Activity	Date
<b>Fall 2009 Solicitation</b>	
Prospective suppliers participate in the Guaranty Process	Friday, July 10, 2009
RFP documents issued	Monday, July 20, 2009
Approved modifications to Form of Guaranty posted	Tuesday, July 28, 2009
Part 1 and Part 2 Forms issued	Wednesday, July 29, 2009
Part 1 Proposal Window Opens	Tuesday, August 25, 2009
Decision on alternate guaranty forms	Friday, July 31, 2009
<i>Bidder Information Session</i>	<i>Wednesday, August 5, 2009</i>
Part 1 Date (Part 1 Proposal Window Closes)	Tuesday, September 1, 2009
Part 1 Notification Date	Friday, September 4, 2009
Part 2 Proposal Window Opens	Tuesday, September 8, 2009
Bid Submission Training	Thursday, September 10, 2009
Part 2 Date (Part 2 Proposal Window Closes)	Tuesday, September 15, 2009
Part 2 Notification Date	Friday, September 18, 2009
Bid Date (Bids are Due)	Monday, September 21, 2009
Independent Evaluator provides its report to the PUC	Tuesday, September 22, 2009
PUC Decision	No later than Wednesday, September 23, 2009
<i>If Bids are approved by the PUC:</i>	
PECO executes the Default Service SMA	Within three business days of the Bid Date
PECO sends Transaction Confirmations by overnight delivery service	By noon of the fourth business day after the Bid Date
Default Service Supplier meets the creditworthiness requirements and executes all Transaction Confirmation(s)	By 2:00 PM on the fifth business day after the Bid Date

[Home](#) [Timeline for All Solicitations](#)

[Background](#)

[Supplier Information](#)

[Data Room](#)

[Calendar](#)

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All

[Contact Us](#)

Schedules for all upcoming PECO solicitations are posted below:

- ❖ PECO Procurement - Tentative Schedule of Subsequent Solicitations



- Documents, FAQs, Announcements from previous solicitations

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

**Background**

- [Regulatory Process](#)
- [Previous Results](#)
- Archives**

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**Contact Us**

For reference purposes, this page will provide an archive for announcements and FAQs with information that is no longer relevant to the current solicitation. Final documents (RFP rules, forms, credit documents, contracts and information session materials) from past solicitations will also be posted to this page. These archives can be accessed on the following pages:

- ❖ Announcement Archives
  - [Spring 2009 Solicitation](#)
- ❖ FAQ Archives
  - [Spring 2009 Solicitation](#)
- ❖ Document Archives
  - [Spring 2009 Solicitation](#)

# 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 a left sidebar with navigation links (Home, Background, Supplier Information, Data Room, Calendar, Contact Us, Register, Ask a Question, Info Session RSVP, Independent Evaluator, Contact Info) and a central form titled "Ask a Question". The form includes fields for Name \*, Company \*, Email Address \*, and Question/Comment \*, along with a Submit button. The "Ask a Question" link in the sidebar is circled in red. A "Contact Us" link is also visible in the top right corner of the main content area.



- **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?

