

Appendix 3 - Load Cap Examples (Full Requirements)

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

In this solicitation, PECO procures Spot-Price Default Supply for the LC&I Class. The Spot-Price Default Supply product is for a 12-month supply period starting on June 1, 2011.

Table 1 - Available Tranches for Spot-Price Default Supply

Class	Supply Period	Available Tranches
		Spring 2011
LC&I	June 1, 2011 to May 31, 2012	12

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

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

LC&I Class

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

The Load Caps for the LC&I Class have two constraints.

- *January 2012 to May 2012.* Supply over this period can be obtained by winning tranches of the Spot-Price 12-month product in this solicitation or the Spot-Price 17-month product in the previous solicitation. Over the current and previous solicitations, there are a total of 33 tranches available for supply over this period (all tranches of the Spot-Price 12-month product as indicated in Table 1 as well as the 21 tranches of the Spot-Price 17-month product that were procured in the previous solicitation). Thus, an RFP Bidder cannot bid more than the Maximum Load Cap of 21 tranches of the Spot-Price 12-month product less the number of tranches of the Spot-Price 17-month product won in the previous solicitation.

- *June 2011 to December 2011.* Supply over this period can be obtained by winning tranches of the Fixed-Price 12-month product, the Spot-Price 17-month product, or the Spot-Price 12-month product. Over the current and previous solicitations, there are a total of 53 tranches available for supply over this period (all tranches of the Spot-Price 12-month product as indicated in Table 1 as well as all tranches of the Spot-Price 17-month product and the Fixed-Price 12-month product from previous solicitations). Thus, an RFP Bidder cannot bid more than the Maximum Load Cap of 34 tranches of the Spot-Price 12-month product less the number of tranches of the Spot-Price 17-month product and the Fixed-Price 12-month product won in previous solicitations.

EXAMPLES:

Case 1. An RFP Bidder Is NOT a Default Supplier for the LC&I Class:

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

- *January 2012 to May 2012.* There are 12 tranches available of the 12-month Spot-Price product in this solicitation, which is less than the Maximum Load Cap of 21 tranches combined of the 12-month Spot-Price product and the 17-month Spot-Price product.

- *June 2011 to December 2011.* There are 12 tranches available of the 12-month Spot-Price product in this solicitation, which is less than the Maximum Load Cap of 34 tranches combined of the Fixed-Price 12-month product, the Spot-Price 17-month product, and the Spot-Price 12-month product.

Case 2. An RFP Bidder Won the Load Cap in the Previous Solicitations for the LC&I Class:

An RFP Bidder who won the Load Cap in the previous solicitations cannot bid in this Spring 2011 Solicitation, as such a bidder would already hold 34 tranches, which is equal to the Maximum Load Cap of 34 tranches combined of the Fixed-Price 12-month product, the Spot-Price 17-month product, and the Spot-Price 12-month product. This is shown in Table 2 below.

Table 2 - LC&I Class Tranches Available

Type	Class	Supply Period	Tranches Won		Total
			Spring 2010	Fall 2010	
Fixed-Price	LC&I	January 1, 2011 to December 31, 2011	13	0	34
Spot-Price	LC&I	January 1, 2011 to May 31, 2012	0	21	

Case 3. An RFP Bidder Won Tranches in Previous Solicitations, but Fewer than the Load Caps for the LC&I Class:

In the Spring 2010 solicitation, an RFP Bidder bid and won 10 tranches of the 12-month Fixed-Price product. In the Fall 2010 solicitation, the same RFP Bidder bid and won 10 tranches of the 17-month Spot-Price product.

Table 3 - LC&I Class Tranches Available

Type	Class	Supply Period	Tranches Won		Available Tranches Spring 2011
			Spring 2010	Fall 2010	
Fixed-Price	LC&I	January 1, 2011 to December 31, 2011	10	0	0
Spot-Price	LC&I	January 1, 2011 to May 31, 2012	0	10	0
Spot-Price	LC&I	June 1, 2011 to May 31, 2012	0	0	12

The Load Caps for such an RFP Bidder are subject to two constraints:

- *January 2012 to May 2012.* The RFP Bidder cannot bid more than the Maximum Load Cap of 21 tranches of the 12-month Spot-Price product less the number of tranches of the 17-month Spot-Price product won in the previous solicitation (10), so the RFP Bidder cannot

bid more than 11 tranches of the 12-month Spot-Price product in this solicitation ($21-10=11$).

- *June 2011 to December 2011.* The RFP Bidder cannot bid more than the Maximum Load Cap of 34 tranches combined of the 12-month Spot-Price product less the number of 12-month Fixed-Price tranches won previously (10) and the number of Spot-Price 17-month tranches won previously, so the RFP Bidder cannot bid more than 14 tranches of the 12-month Spot-Price product in this solicitation ($34-10-10=14$).

The RFP Bidder therefore cannot bid more than 11 tranches of the Spot-Price 12-month product in this Spring 2011 solicitation; the constraint on the period January 2012 - May 2012 is binding.