

Bidder Information Session

DSP V

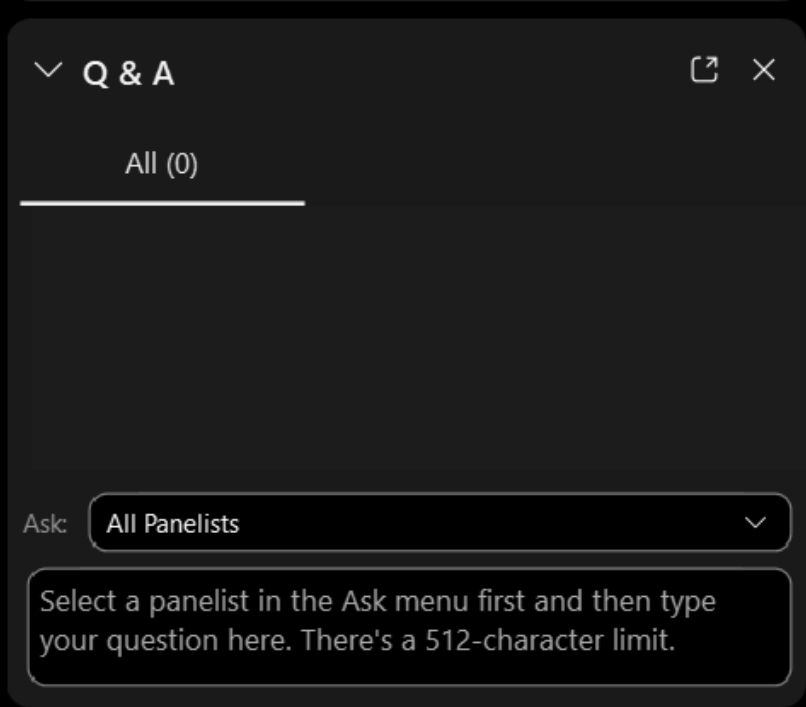
September 2022 Solicitation

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August 24, 2022

Submitting Text Questions

- To submit text questions to the presenters, please locate the “Q&A” panel on the righthand side of your screen, type in your question, and Enter to submit your question



The screenshot shows a dark-themed Q&A panel. At the top left, there is a dropdown arrow and the text "Q & A". To the right of this are two icons: a square with an arrow pointing out (share) and a close "X" icon. Below the header, the text "All (0)" is centered above a horizontal line. At the bottom of the panel, there is a section labeled "Ask:" followed by a dropdown menu currently showing "All Panelists" with a downward arrow. Below the dropdown is a text input area with a light gray placeholder text that reads: "Select a panelist in the Ask menu first and then type your question here. There's a 512-character limit."

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 August 2, 2022)
 - PECO Energy Company Pennsylvania Default Service Supplier Master Agreement (“Uniform SMA”) (posted August 2, 2022)

Please see the RFP website for complete documentation

<https://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 Products in this Solicitation
- RFP Process Overview
- Contract Details and Rates
- RFP Process Details
- RFP Website
- Questions

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>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			

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%	4,099.01	3,131.51	50.00
SC	24	4.17%	1,059.55	544.81	22.70
CCI	8	12.50%	2,997.85	288.49	36.06

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-Dec22 and RES-24-Dec22
 - SC-12-Dec22 and SC-24-Dec22
- **Load caps**: a Default Supplier cannot supply more than **50%** of Default Load **for a Class** at any point in time
- Solicitation specific information, including the number of available tranches by product and load caps, are located in the Addendum to the RFP Rules

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-Dec22	12	Won more than 19 RES-24-Jun21, RES-24-Dec21, RES-12-Jun22, and RES-24-Jun22 tranches under DSP V	31 less RES-24-Jun21, RES-24-Dec21, RES-12-Jun22, and RES-24-Jun22 tranches won under DSP V
RES-24-Dec22	9	Won more than 22 RES-24-Jun21, RES-24-Dec21, RES-12-Jun22, and RES-24-Jun22 tranches under DSP V	

Commercial Products and Load Caps

Products	Available Tranches	Load Caps Apply to an RFP Bidder When an RFP Bidder Has:	Load Caps
SC-12-Dec22	6	Won more than 6 tranches of SC-24-Jun21, SC-24-Dec21, SC-12-Jun22, and SC-24-Jun22 under DSP V	12 less SC-24-Jun21, SC-24-Dec21, SC-12-Jun22, and SC-24-Jun22 tranches won under DSP V
SC-24-Dec22	3	Won more than 9 tranches of SC-24-Jun21, SC-24-Dec21, SC-12-Jun22, and SC-24-Jun22 under DSP V	

Delays in PJM's Base Residual Auction

- PJM's Base Residual Auction ("BRA") for the 2024/2025 delivery year was delayed due to FERC proceedings
- The delayed BRA for the 2024/2025 delivery year is not expected to be held prior to the Bid Date on September 27, 2022
 - PJM BRA is currently expected to commence on December 7, 2022
- The BRA for the 2024/2025 delivery year when held will provide a visible capacity price for the last six months of the 24-month products
- Bidders offering to supply the 24-month products are entirely responsible for any uncertainty related to the lack of visibility of the capacity price for the 2024/2025 delivery year

RFP Process Overview

Schedule

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
September				
Aug 29	30	31	Sep 1	2
			Part 1 Form Available	
5	6	7	8	9
Labor Day Holiday		Part 1 Window Opens		
12	13	14	15	16
	Part 1 Date (Part 1 Window Closes)		Part 1 Notification Date	Part 2 Window Opens
19	20	21	22	23
		Bid Submission Training	Part 2 Date (Part 2 Window Closes)	
26	27	28	29	30
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 Entirely Online

- Part 1 and Part 2 Proposal will be submitted through **online forms**
- **The Proposal process is entirely online**
 - Provide required information
 - Upload or email supporting documents
 - Upload or email signature pages (“Inserts”)
 - **The Pre-Bid Letter of Credit submitted by electronic means**

Download the Inserts from the RFP Website

- The Inserts are available on <https://pecoprocurement.com>

The screenshot shows the PECO Procurement For Default Supply website. The header includes the PECO logo (AN EXELON COMPANY) and the title "PECO Procurement For Default Supply". The navigation menu on the left includes: Home, Background, **Supplier Information** (highlighted with a red box), Documents, FAQs, Announcements, NITS Rate Information, Data Room, Calendar, Contact Us, and Online Proposal Website. The main content area is titled "Documents" and contains the following text: "This page provides documents for the current solicitation, such as the RFP Rules and credit documents, as soon as they are available. Documents for past solicitations are available on the [Documents Archives](#) page." Below this is a section for "RFP Documents - September 2022" with a list of documents: RFP Rules - September 2022 (08/02/2022), Appendix 0 - Addendum to RFP Rules (08/02/2022), Appendix 1 - Uniform SMA (08/02/2022), Appendix 2 - Alternate Guaranty Process Document (08/02/2022), Appendix 3 - Illustrative Standard Part 1 Form (08/02/2022), **P1 Inserts (New Bidders)**, **P1 Inserts (Prev Qual Bidders)**, **P1 Inserts (Default Suppliers)**, Part 1 Proposal Review Process, Appendix 4 - Illustrative Short Part 1 Form (08/02/2022), Appendix 5 - CFO Attestation (08/02/2022), Appendix 6 - Officers' Certificate (08/02/2022), Appendix 7 - Illustrative Standard Part 2 Form (08/02/2022), and **P2 Inserts (Early)**. Three callout boxes with arrows point to specific documents: a yellow box labeled "New RFP Bidders download" points to "P1 Inserts (New Bidders)"; a blue box labeled "Prev Qual – Not DS download" points to "P1 Inserts (Prev Qual Bidders)"; and another blue box labeled "DS download" points to "P1 Inserts (Default Suppliers)". A red box highlights the "P1 Inserts" items in the list. A red box also highlights the "Supplier Information" menu item. A red box highlights the "P2 Inserts (Early)" item at the bottom of the list.

New RFP Bidders Must Register for an Account

PECO Procurement For Default Supply

Home
Background
Supplier Information
Data Room
Calendar
Contact Us
Register
Ask a Question
Info Session RSVP
Independent Evaluator Contact Info
Register for Account
Online Proposal Website

Name *:
Company *:
Email Address *:
Position/Title:
Phone Number *:
Alternate Phone Number:

I'm not a robot

reCAPTCHA

Submit

Provide contact information as requested and click "submit"

Select "Register for Account" under "Contact Us" tab

Alternatively, send an email to pecoprocurement@nera.com with the information requested on this slide.

PECO
An Exelon Company

Current Account Holders and Account Activation

- Current account holders do not need to re-register for an account to access the online forms
 - For Bidders that qualified to participate in a solicitation in 2020 or later, the email to activate the account will be sent to the Representative of the RFP Bidder
 - For account holders that registered for an account in 2020 or later, the email to activate the account will be sent to the person that registered for the account
- **All account holders including current account holders listed on this slide must activate their account** anew for this solicitation by following the instructions provided in the email

The Independent Evaluator will send instructions for accessing and completing the online qualification forms to current and new account holders prior to the opening of the Part 1 Window

Accessing the Proposal Website

- The URL to access the online forms is <https://dspproposal.com/>
- The online forms are also accessible from links on the RFP website

Home

Search

Background

Supplier Information

Data Room

Calendar

Contact Us

Online Proposal Website

Home

Click here for the Online Proposal Website

Contact Us

Important Dates:

- ❖ Wed 8/24/2022 - Bidder Information Webcast
- ❖ Tue 9/13/2022 - Part 1 Date
- ❖ Thu 9/15/2022 - Part 1 Notification Date
- ❖ Thu 9/22/2022 - Part 2 Date
- ❖ Mon 9/26/2022 - Part 2 Notification Date
- ❖ Tue 9/27/2022 - Bid Date

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.

Contract Details and Rates

Contract under DSP V

- PECO uses the **Uniform SMA** developed for DSP III with some EDC-specific provisions included
 - Appendix D includes the PJM Billing Statement line items and identifies the responsible party for each item
- Default Suppliers are 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

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
- 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 September 2022 solicitation, PECO will not allocate any AECs to Default Suppliers**
- PECO plans to 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)
- In September 2021 PECO introduced 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 2022/23 is 5.601 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 August 16, 2022**
- 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 V)
 2. **Prev Qual – Not DS** (that have previously qualified but have not executed a Uniform SMA for tranches won under DSP V)
 3. **Default Suppliers** (that have previously qualified and have executed a Uniform SMA for tranches won under DSP V)
- **Default Suppliers and Prev Qual – Not DS** RFP Bidders **may be eligible** to use an abbreviated Part 1 Proposal Process

Part 1 Requirements

1. Contact Information (section 1)

- List Name and Address of the RFP Bidder
- Designate an Officer and Representative
- Nominees (optional)

All Bidders

2. Financial and Credit Requirements (section 2)

- Quarterly financial statements and credit ratings
- Additional requirements for Agency Agreement (if applicable)

All Bidders

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

New and Prev
Qual – Not DS

Section 3: Modifications to Credit Instruments

- RFP Bidders may submit requests for 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.

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

All Bidders

5. **Foreign RFP Bidders and Foreign Entities (section 5)**

All Bidders

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

All Bidders

Part 1 Proposal Due on Tuesday, September 13, 2022

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 are provided in the header of the Insert
 - Note that some Inserts allow for different methods of completion, including:
 - Digital signatures (accompanied by an **additional document** or information that verifies the identity of the signatory)
 - Electronic signatures (**emailed** to PECOProcurement@nera.com either by the signatory or with the signatory on copy)
 - Notarized signatures (printed, signed, scanned, and uploaded to the online form)

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 **Thursday, September 15, 2022** (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 only to the Independent Evaluator at PECOprocurement@nera.com

Part 2 Proposal Due on Thursday, September 22, 2022

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
- Maximum amount of Pre-Bid Letter of Credit:
 - \$7.5M
 - 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

Section 1. Total Number of Tranches Bid

Total Tranches Across all Products

Section 2. Bids for each Tranche of each Product

Bids (All Bids are in \$/MWh)

Residential RES-12-Dec22 December 2022 - November 2023	Residential RES-24-Dec22 December 2022 - November 2024	Small SC-12-Dec22 December 2022 - November 2023	Small SC-24-Dec22 December 2022 - November 2024
Bid (\$/MWh)	Bid (\$/MWh)	Bid (\$/MWh)	Bid (\$/MWh)
1	1	1	1
2	2	2	2
3	3	3	3
4	4	4	
5	5	5	
6	6	6	
7	7		
8	8		
9	9		
10			
11			
12			

Enter Prices

Number of Tranches Bid

Residential December 2022 - November 2023	Residential December 2022 - November 2024	Small December 2022 - November 2023	Small December 2022 - November 2024
0	0	0	0

Bidder-Specific Load Caps

12	9	6	3
21		9	

Load Cap Status

OK	OK	OK	OK
OK		OK	

Running Totals

Check Load Caps

Bid Date Process

- Bids must be submitted between 10 AM and 12 PM noon on **Tuesday, September 27, 2022 (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 Wednesday, September 21, 2022

Post-Bid Process from the RFP Rules

Sept. 27
(by 6PM)

- **Independent Evaluator** notifies **RFP Bidder**

Sept. 28
(by 12PM)

- **RFP Bidders** provide info to prepare SMA and guaranty (if applicable) if not provided with P1 Proposal

Sept. 29

- **PUC** issues a decision

By Oct. 3
(by 12PM)

- **PECO** executes Transaction Confirmations, SMAs, and guaranty using digital signature and emails documents to winning suppliers

Oct. 4
(by 2PM)

- **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

<https://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

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To ask a question regarding the PECO solicitations, please use our automated form below. To receive updates and information regarding the PECO solicitations directly via email, please use our automated form to [register](#) for our mailing list.

Name *:

Company *:

Email Address *:

Question/Comment *:

[Contact Us](#)

Questions?