

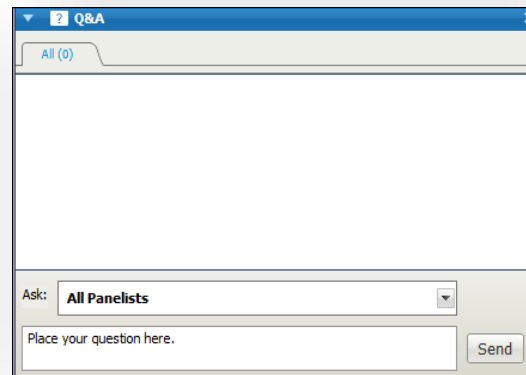
BIDDER INFORMATION MATERIAL

Basic Generation Service (BGS) Load Statewide Auction Process

03 December 2019

HOW TO ASK A QUESTION

- **Questions are taken in writing through the WebEx interface:**
 - Locate the “Q&A” on the right hand side of your screen
 - Select “All Panelists” in the “Ask” box
 - Type in your question
 - Click “Send” to submit your question



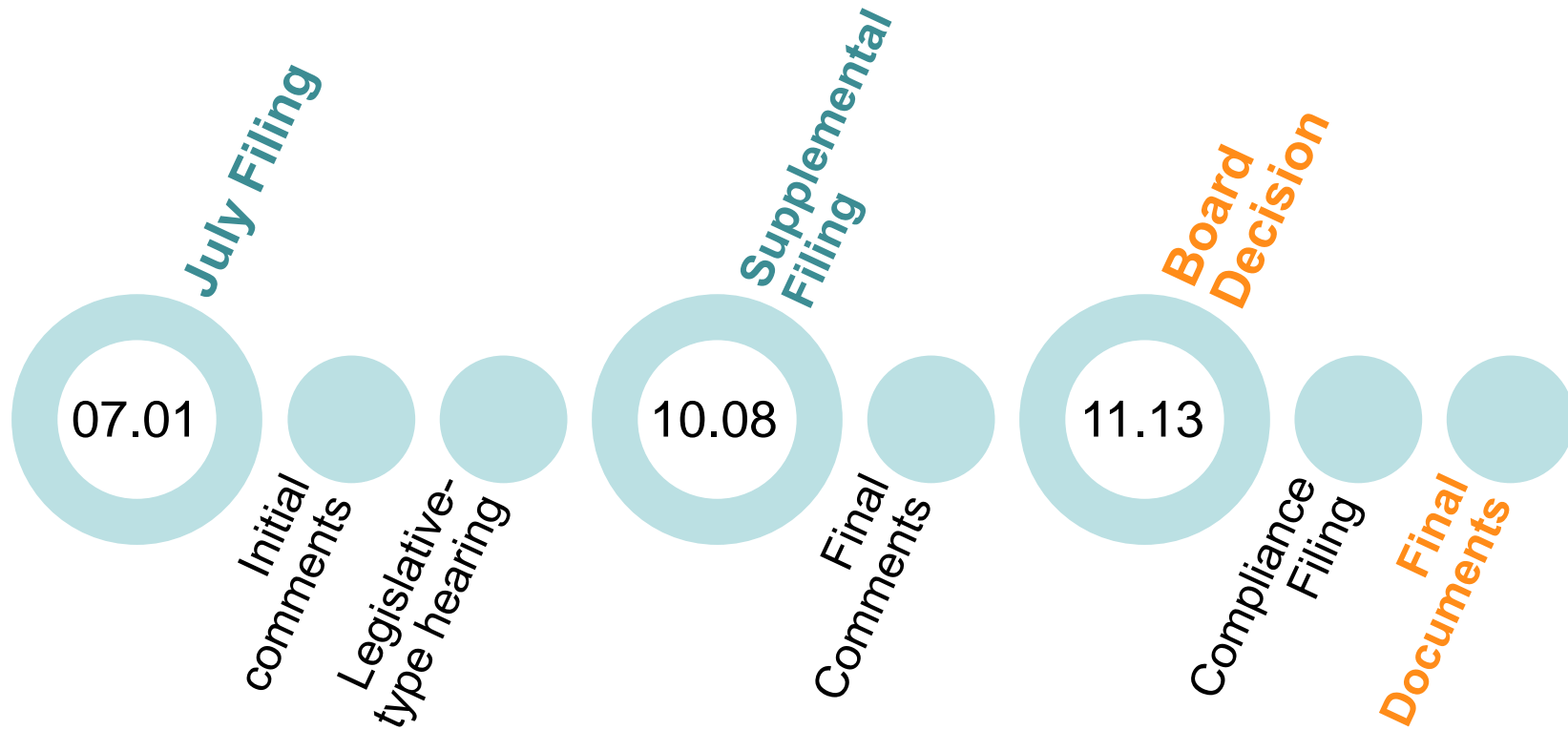
DISCLAIMER

- **Disclaimer.**

Any statements herein describing or referring to documents and agreements are summaries only, and are **qualified in their entirety** by our reference to the governing documents, which are the final documents as approved by the New Jersey Board of Public Utilities (“Board” or “BPU”) and posted to the “*bgs proceeding*” page of the “*auction*” tab on the *BGS Auction website*, www.bgs-auction.com:

- **The Board’s Order in BPU Docket No. ER19040428 dated November 13, 2019**
- **Final BGS-CIEP Auction Rules and Final BGS-RSCP Auction Rules**
- **Final BGS-CIEP Supplier Master Agreement and Final BGS-RSCP Supplier Master Agreement**
- **Each EDC’s Company-Specific Addendum, including draft tariff sheets and pricing factors**

REGULATORY PROCEEDING TIMELINE

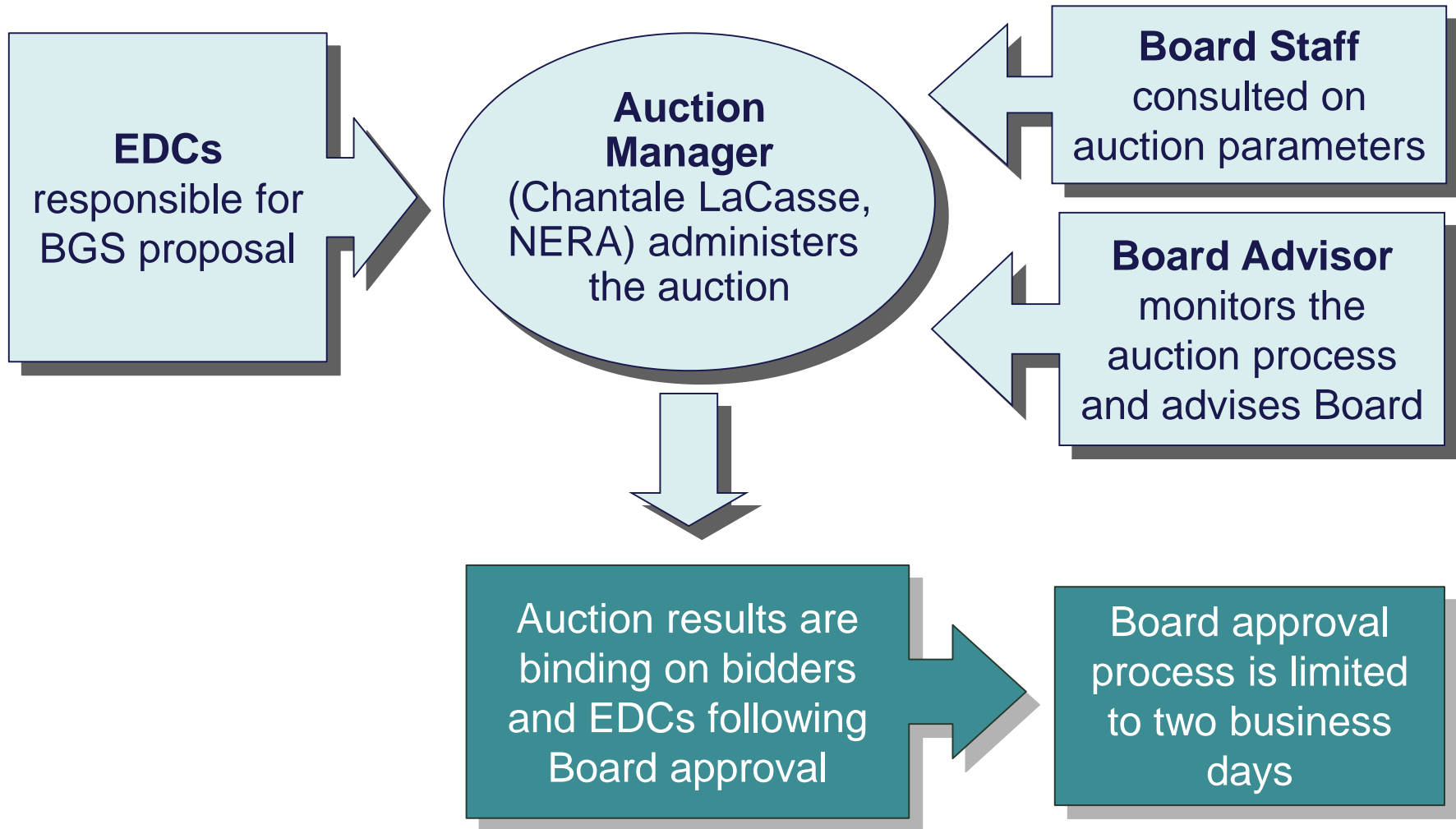


Bidders bear full responsibility for reviewing final documents

THE PRESENTATION WILL COVER:

- Roles
- Overview of the Board's Decision
- BGS Websites
- Timeline of the Auction Process
- Application Process
- Highlights of the Supplier Master Agreement
- Details of the Auction Rules
- Overview of the Bidding Procedure

ROLES





1. BOARD DECISION

BOARD DECISION MAINTAINED BUILDING BLOCKS FROM PAST AUCTIONS

- **Auction format is a clock auction:** Prices tick down as long as more tranches are bid than needed
- **Two Auctions:** one for large commercial and industrial customers (“BGS-**CIEP**”) starting on **January 31**, 2020 and one for residential and small commercial customers (“BGS-**RSCP**”) starting on **February 03**, 2020
- **Supply periods:** one year for **CIEP** and three years for **RSCP**
- **Common Application Process:** Part 1 Application due **December 17**, 2019 and Part 2 Applications due **January 09**, 2020
- **Supplier Master Agreements** (“SMAs”): No changes from last year except for the addition of the **Supplement for BGS-RSCP**
- **Board consideration of results:** within two business days of the close of the last auction

SUPPLEMENT SETS CAPACITY PAYMENT FOR DELIVERY YEAR 2022/2023

- PJM Base Residual Auction for the **2022/2023 delivery year** did not occur as scheduled
- **Capacity Proxy Price** is \$162.13/MW-day for PSE&G and \$152.06/MW-day for other EDCs
- BGS-RSCP Suppliers that accept the Supplement are paid/charged the **difference between the capacity price charged by PJM** in the 2022/2023 delivery year **and the Capacity Proxy Price**
- **Rates** for customers will correspondingly be adjusted for these amounts
- **Separate line item** on supplier invoice for 2022/2023 delivery year only

ADDITIONAL ACTION BY THE BOARD

- **Foreign Applicants and Foreign Guarantors:** EDCs make available to foreign applicants or applicants relying on the financial standing of a foreign guarantor two rounds of review of documents required by the SMAs
- **Proposed Schedule** (part of compliance filing and remains subject to Board approval):

December 18, 2019	Deadline for submission of draft documents
January 14, 2020	Applicants notified of results of review of draft documents
January 21, 2020	Deadline for submission of updated documents
January 28, 2020	Applicants notified of results of review of updated documents



2. OVERVIEW AND KEY ANNOUNCEMENTS

ONE PROCESS, TWO AUCTIONS

- Auctions are separate but concurrent
- **BGS-CIEP Auction:** Larger customers on hourly price plan
 - Auction determines a CIEP Price in \$/MW-day
 - Suppliers are paid this price on the basis of the capacity obligation
 - Suppliers are paid for energy at the real-time PJM hourly price and pre-determined rates for other components of supply
 - Suppliers also paid the CIEP standby fee levied on all CIEP customers
- **BGS-RSCP Auction:** Smaller customers on a stable price
 - Auction determines all-in price in ¢/kWh
 - Suppliers are paid this price for every kWh of load served

CIEP VERSUS RSCP CUSTOMERS

EDC	All customers are CIEP	Customers at or over 500 kW are CIEP
PSE&G	HTS-HV, HTS-Sub, LPL-P	LPL-S
JCP&L	GP, GT	GS, GST
ACE	TGS	AGS-Primary, AGS-Secondary, MGS-Primary, MGS-Secondary
RECO	Service Classification No. 7	Service Classification No. 2

- Non-residential RSCP customers can opt in to CIEP
 - Customer must **notify the EDC** by **January 3, 2020**
- There are **no switching restrictions** so that all BGS customers are free to come and go from BGS provided that they give appropriate notice to the EDC
- **Switching Data** is available on the “monthly data” page of the BGS website

AUCTION FORMAT IS A CLOCK AUCTION

- **Multi-product design**
 - Tranches for all EDCs are procured at once
- **Bidding proceeds in rounds**
 - Suppliers state how many tranches they want to supply at prices suggested by the Auction Manager
 - Prices tick down if there is excess supply
 - Suppliers could switch their bids from one EDC to another in a given Auction

BGS-RSCP

“Price” is in ¢/kWh

BGS-CIEP

“Price” is in \$/MW-day

AUCTION RESULTS SUBJECT TO BOARD APPROVAL

- **Board has two (2) business days from close of last auction to consider results**
 - Board may consider BGS-CIEP Auction results and BGS-RSCP Auction results at different times
 - However, if weather or other conditions make the Board's offices inaccessible, the decision period will run an extra business day
- Results of each Auction are considered separately but in their entirety
 - It **is possible** that results of the BGS-RSCP Auction are approved while results of the BGS-CIEP Auction are not (or vice-versa)
 - However, the results are approved for all EDCs or for none so that it is **not possible** for results to be approved for one EDC but not the others

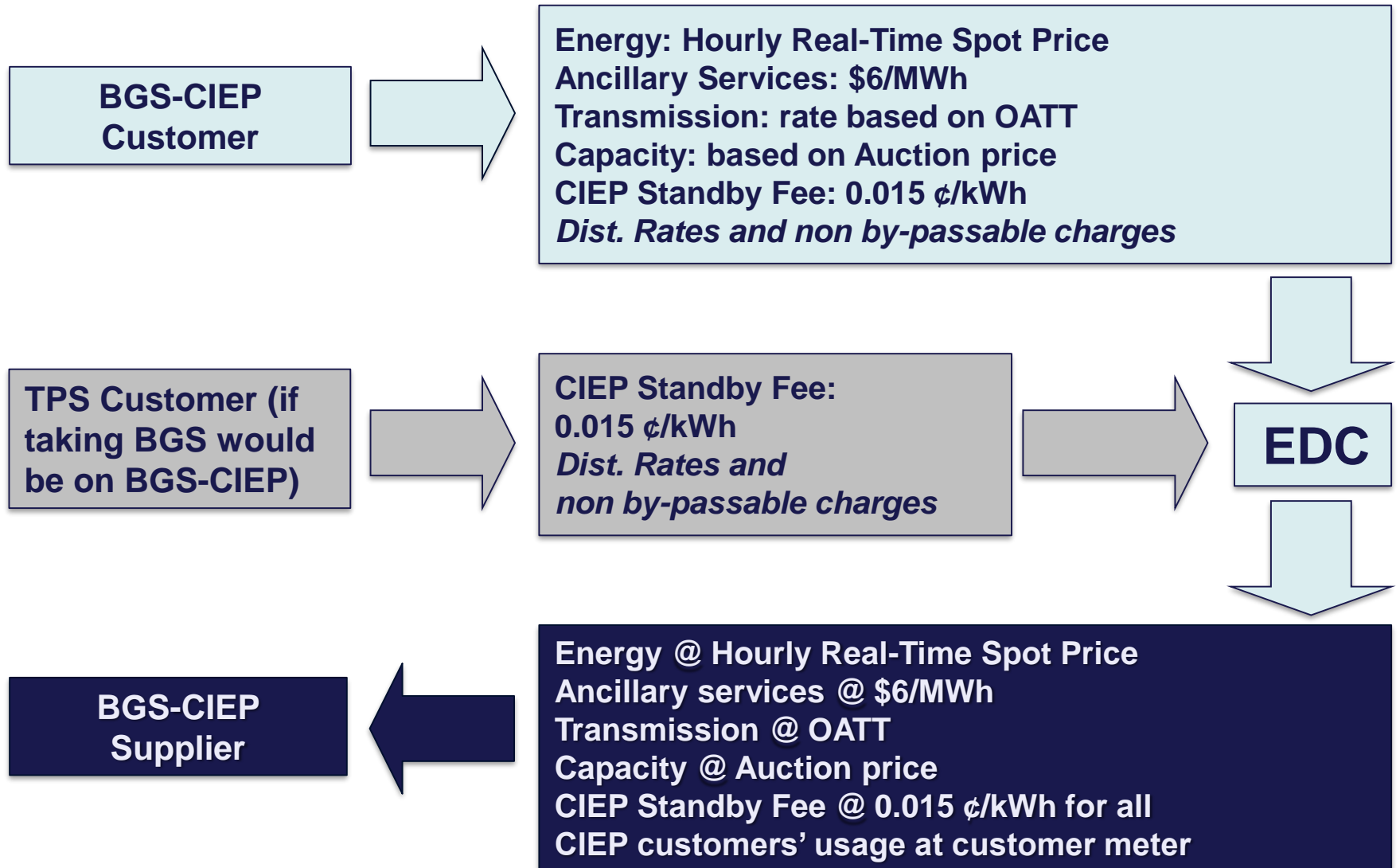
BGS-CIEP AUCTION: TRANCHES AND PARAMETERS

- Announced on November 13, the **minimum starting price** is \$**550**/MW-day and the **maximum starting price** is \$**700**/MW-day

EDC	CIEP Peak Load Share (MW)	Number of Tranches	Tranche Size (%)	MW-Measure
PSE&G	1,826.05	24	4.17	76.09
JCP&L	896.16	12	8.33	74.68
ACE	313.00	4	25.00	78.25
RECO	58.40	1	100.00	58.40
Statewide Load Cap		19		

- A **tranche** is a fixed percentage of BGS-CIEP Load for one EDC equivalent to about 75 MW on an eligible basis
- BGS-CIEP Supplier provides energy, transmission, capacity, ancillary services, and any other service as may be required by PJM or by the Board

CIEP PAYMENTS AND RATES



BGS-RSCP AUCTION: TRANCHES AND PARAMETERS

- Announced on November 13, the **minimum starting price** is **12.5¢/kWh** and the **maximum starting price** is **18.0¢/kWh**

EDC	RSCP Peak Load Share (MW)	Number of Tranches	EDC Load Cap	Tranche Size (%)	MW-Measure
PSE&G	2,496.30	28	13	1.18	89.15
JCP&L	1,227.80	15	7	1.82	81.85
ACE	688.33	8	3	4.55	86.04
RECO	171.42	2	2	25.00	85.71
Statewide Load Cap		20			

- A **tranche** is a fixed percentage of BGS-RSCP Load for one EDC equivalent to about 100 MW on an eligible basis
- BGS-RSCP Supplier provides energy, transmission, capacity, ancillary services, and any other service as may be required by PJM or by the Board

PROVISIONAL EDC-SPECIFIC SEASONAL FACTORS

- Each EDC has a **summer factor** and **winter factor** used to translate the final Auction price into the supplier payment rate by season
- Provisional **summer and winter factors are 1** for each EDC based on the updates to the rate design methodology for the compliance filing
- **Final EDC-specific seasonal factors** will be determined and announced on January 23, 2020 and, once determined, will apply for the entire three years of the supply period

BGS-RSCP PAYMENTS AND PRICING

2018		2019		2020	
Auction Price	# Tranches	Auction Price	# Tranches	Auction Price	# Tranches
8.123¢/kWh	7	8.740¢/kWh	7	10.000¢/kWh	8

Suppose the 2020 summer factor is 1.0284

$$10.000 \times 1.0284 = 10.284 \text{ ¢/kWh}$$

**Summer rate paid to BGS-RSCP Supplier
(winning bidder in 2020 auction)**

$$\text{Tranche-weighted avg. price seasonally adjusted for 2020} = 9.105 \text{ ¢/kWh}$$

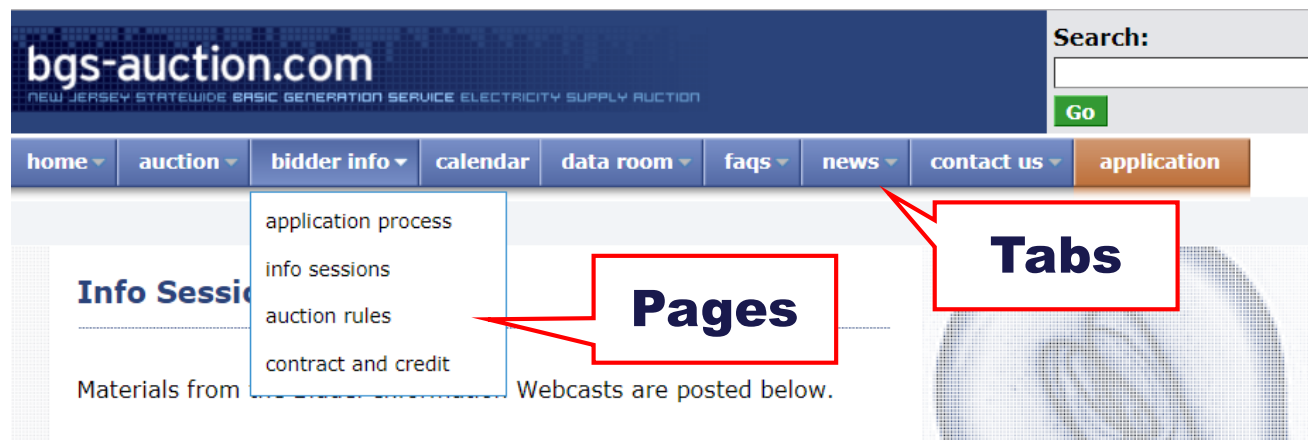
$$\text{Rate Design Methodology - } 1.015 \times 9.105 = 9.242 \text{ ¢/kWh}$$

Summer rate paid by rate class



3. BGS WEBSITES TIMELINE

WHERE TO FIND DOCUMENTS ON THE BGS AUCTION WEBSITE



Information organized by page under various tabs

- Scroll over tabs to access pages
- **“auction”** tab contains pages relating to BGS proceeding
- **“bidder info”** tab has governing documents for bidders
 - Auction Rules found on **“auction rules”** page
 - SMAs and credit documents found on **“contract and credit”** page
- **“data room”** tab contains data made available by EDCs

AUCTION PROCESS TO DATE

August 13, 2019	First FAQs posted
September - October	Bidders may submit alternate forms of guaranty or may propose modifications to the Letters of Credit
October 03, 2019	October webcast on EDC Proposal
October 03, 2019	Initial versions of Illustrative Part 1 and Part 2 Application forms posted
November 11, 2019	Final Letters of Credit posted
November 11, 2019	Final lists of acceptable modifications posted
November 13, 2019	Auction Parameters announced
November 26, 2019	Association and Confidential Information FAQs posted

CALENDAR OF EVENTS

December				
Monday	Tuesday	Wednesday	Thursday	Friday
2 Part 1 Form Opens	3 Webcast	4	5	6
9	10	11	12	13
16	17 Part 1 Application Date	18	19	20 Bidders Qualified
January				
6	7	8	9 Part 2 Application Date	10
13	14	15	16 Bidders Registered	17
20 MLK Day	21 Webcast for Registered Bidders	22	23 Trial Auctions	24
27	28	29	30	31 BGS-CIEP Auction Begins
February				
3 BGS-RSCP Auction Begins	4	5	6	7

ADDITIONAL INFORMATION RELEASES

January				
<u>Monday</u>	<u>Tuesday</u>	<u>Wednesday</u>	<u>Thursday</u>	<u>Friday</u>
13	14	15	16	17
20 MLK Day	21 MtM Info Release Final Decrements Tranche Fees	22	23 Transmission Rates Final Rate Spreadsheets Final Seasonal Factors	24
27	28 Registered Bidders Informed of BGS-CIEP Starting Prices	29 Registered Bidders Informed of BGS-RSCP Starting Prices	30	31

HOW TO ACCESS THE BGS APPLICATION WEBSITE

Navigate to
www.bgs-application.com

[bgs-application.com](http://www.bgs-application.com)

NEW JERSEY STATEWIDE BASIC GENERATION SERVICE ELECTRICITY SUPPLY AUCTION

home

get account

Welcome to BGS Auctions Application website.

You will use this website to apply to participate in the BGS Auctions. Registered Bidders also use this website to access materials important to their participation.

For more information regarding the auction, including information about the auction process, the auctions, the data room, FAQs and announcements, please go to the BGS Auction website <http://bgs-auction.com/>

If you have a login and password, please [login here](#).

To request a login and password, please fill out the form [here](#).

**Bidders who
have been
issued login
credentials may
login here**

**Bidders needing
login credentials
may request
them here**

NEW APPLICANTS REQUEST AN ACCOUNT

bgs-application.com
NEW JERSEY STATEWIDE BASIC GENERATION SERVICE ELECTRICITY SUPPLY AUCTION

home **get account**

Get Account

Fields marked with a * are required

Name: *

Company: *

E-Mail: *

Position/Title:

Phone Number: *

Alternate Phone Number:

**Fill out
required fields
and click
submit**

Sent to contact

- Username
- Password
- Application Instructions
- Deadline Information

LOG IN USING CREDENTIALS

After logging in, Click on the “part 1 application” tab

bgs-application.com
NEW JERSEY STATEWIDE BASIC GENERATION SERVICE ELECTRICITY SUPPLY AUCTION

home | get account | **part 1 application** | inserts | rb materials

PART 1 APPLICATION FORM

This Part 1 Application Form is the application to become a Qualified Bidder in the New Jersey Basic Generation Service Residential Small Commercial Pricing (“BGS-RSCP”) Auction, or the New Jersey Basic Generation Service Commercial and Industrial Pricing (“BGS-CIEP”) Auction, or both.

Click on the “inserts” tab to download additional documents that must be completed and uploaded to the Part 1 Application



4. APPLICATION PROCESS

APPLICATION PROCESS ALMOST COMPLETELY ONLINE

- Application Forms are **online**
 - Fill in the form to provide information in response to requirements
 - Upload supporting documentation
 - Provide certifications and other documents requiring a signature by the use of **Inserts**
- Only pre-auction security required by the Part 2 Application must be provided in **hardcopy**

PART 1 REQUIREMENTS ARE SIMPLE

Section	Title	Requirements
1-4	Applicant Contact Information	<ul style="list-style-type: none"> • Designate “Bidder Team” • Designate Legal Representative in NJ: accept service of process • Designate Credit Representative
5	Licensing Requirement	<ul style="list-style-type: none"> • Applicants that are not BGS Suppliers show that they are LSEs or certify that they have no impediments to becoming an LSE in PJM
6-7	Financial Information	<ul style="list-style-type: none"> • Financial Requirements • Credit ratings • Determine pre-auction security required by the Part 2 Application
8	Foreign Entities	<ul style="list-style-type: none"> • Additional information for entities not incorporated or otherwise formed under the laws of the United States
9-10	Certifications	<ul style="list-style-type: none"> • Agree to terms of Supplier Master Agreement • Agree to Auction Rules • Agree to confidentiality requirements • Agree not to assign rights as a Qualified Bidder
11	Justification of Omissions	<ul style="list-style-type: none"> • Explain or provide any missing information

DOWNLOAD NEEDED INSERTS

- **Inserts** are separate forms in Microsoft Word
- Download Inserts

bgs-application.com
NEW JERSEY STATEWIDE BASIC GENERATION SERVICE ELECTRICITY SUPPLY AUCTION

home | get account | part 1 application | **inserts** | rb materials

inserts

“Inserts” are separate forms in Microsoft Word format posted to the Application web site. Applicants fill in each applicable Insert, sign the Insert (and have the signature notarized when instructed), scan the signed and completed Insert, and upload the scanned Insert to the online Form.

The Inserts are numbered; the first Insert for the Part 1 Application is numbered #P1-1, the second Insert is numbered #P1-2, etc. **All Applicants should download the Inserts in this file:**

[ALL BIDDERS – Inserts #P1-1 to #P1-5](#)

Applicants to **BOTH the BGS-RSCP Auction and the BGS-CIEP Auction** should download this file:

[BIDDERS for BOTH Auctions – Inserts #P1-9 to #P1-11](#)

Applicants to the **BGS-RSCP Auction ONLY (and NOT the BGS-CIEP Auction)** should download this file:

[BIDDERS for RSCP ONLY – Inserts #P1-6 to #P1-8](#)

Applicants to the **BGS-CIEP Auction ONLY (and NOT the BGS-RSCP Auction)** should download this file:

[BIDDERS for CIEP ONLY – Inserts #P1-12 to #P1-14](#)

All Applicants download

RSCP & CIEP downloads

RSCP-only downloads

CIEP-only downloads

PART 1 APPLICATION – ARCHITECTURE OF FORM



PART 1 APPLICATION FORM

1. Basic Applicant Information

Name of Applicant

Is the Applicant name the same as the legal or trade name? Yes No

Place of Incorporation (If Applicable)

[Click to Print This Form](#)

**Right toolbar:
useful
docs, save,
and log out**

**Fill in fields
and radio
buttons**

**Bottom of Form:
Print, Save, Submit**

Useful Documents for the Part 1 Form:

- [Glossary – Part 1 Application](#)
- [Part 1 Application Review Process](#)
- [Application and Login Instructions](#)

[Click here to go to the top of the form.](#)

[Click here to go to the bottom of the form \(Save, Submit\).](#)

PART 1 APPLICATION PROCESSING AND CORRESPONDENCE WITH AUCTION MANAGER

- Automatic email from “BGS Auction Application” confirms submission
- Auction Manager provides review by email:
 - **By 6 PM** the next business day if submission received before noon
 - **By noon** on the next business day if submission received between noon and 6 PM
 - Application is either **“complete”** or **“deficient”**
- Bidders **must** respond to deficiency notices by the deadline otherwise application is rejected. Deadline for a first deficiency notice is **12 PM (noon)** on the Part 1 Application Date or **6 PM** the next business day, whichever is later
- **Notification of Qualification** (received if application is successful) contains a creditworthiness assessment and instructions for the Part 2 Application pre-auction security requirements

PART 2 FORM AVAILABLE WHEN PART 1 CLOSES



- **Architecture** same as Part 1 Form:
 - Fields / radio buttons
 - Uploads for Inserts (download from “Inserts” page)
 - Toolbar with useful documents
 - Basic functionality (print, save, submit)
- **Illustrative Form** available on BGS Auction website provides full view of requirements

PART 2 APPLICATION REQUIREMENTS

Section	Title	Requirements
1	Auction Participation	<ul style="list-style-type: none">• Confirm contact information• Confirm intended auction participation
2	BGS-RSCP Requirements	<ul style="list-style-type: none">• Submit a statewide indicative offer and preliminary interest in each EDC• Confirm pre-auction security amount• Certify compliance with Association and Confidential Information Rules• Provide information necessary to prepare the SMA
3	BGS-CIEP Requirements	<ul style="list-style-type: none">• Submit a statewide indicative offer• Confirm pre-auction security amount• Certify compliance with Association and Confidential Information Rules• Provide information necessary to prepare the SMA
4	Justification of Omissions	<ul style="list-style-type: none">• Explain or provide any missing information

Pre-auction security submitted in hardcopy

INDICATIVE OFFER REQUIREMENTS

- **The indicative offer** is the maximum number of tranches that the bidder is willing to bid statewide for all EDCs at the minimum starting price and at the maximum starting price
- The indicative offer at the maximum starting price determines:
 - the maximum number of tranches that the bidder can bid in the Auction (the **initial eligibility**)
 - The amount of pre-auction security required with the Part 2 Application

BGS-RSCP Auction	BGS-CIEP Auction
Bidders provide interest in each EDC at the minimum and maximum starting prices	Indicative offer at maximum starting price must be at least 2 tranches

PRE-AUCTION SECURITY

BGS-RSCP:

Submit a letter of credit in an amount of **\$500,000 per tranche** of the indicative offer at the maximum starting price **(18¢/kWh)**

Additional pre-auction security will be required if:

- Qualified Bidder has a Guarantor (Letter of Intent to Provide a Guaranty)
- Qualified Bidder or Guarantor does not have sufficient unsecured credit (Letter of Reference)

BGS-CIEP:

Submit a letter of credit in an amount of **\$375,000 per tranche** of the indicative offer at the maximum starting price **(\$700/MW-day)**

LISTS OF ACCEPTABLE MODIFICATIONS POSTED

- Use **standard form for the Auction for which you are applying**
- Standard Form posted to the “Contract and Credit” page of the “bidder info” tab of the website
 - No changes made to the standard form this year
 - Final Pre-Auction Letter of Credit for BGS-CIEP Bidders (Nov. 11, 2019)
 - Final Pre-Auction Letter of Credit for BGS-RSCP Bidders (Nov. 11, 2019)
- **Acceptable modifications** to the pre-auction letter of credit are posted to the “contract and credit” page of the “bidder info” tab of the website

PART 2 APPLICATION PROCESSING AND CORRESPONDENCE WITH AUCTION MANAGER

- Automatic email from “BGS Auction Application” confirms submission
- For materials **except pre-auction security**, timing is the same as for the Part 1 Application
 - **Auction Manager provides results of review on the same business day** if submission is received before noon or **by noon on the next business day** otherwise
 - Bidders must respond to a first deficiency notice by noon on the Part 2 Date or by 6 PM the next business day (6 PM on second next business day for deficiency regarding pre-auction security)
- Review of **pre-auction security** is performed by a committee of representatives of the EDCs and of the Auction Manager
 - Review may be provided in a separate notice
 - Review may be delayed

5. BGS SUPPLIER MASTER AGREEMENTS

NON-NEGOTIABLE STANDARD AGREEMENTS

- Agreements are **standard statewide** and are **approved by the Board**
- **Applicants must agree** to these standard contract terms to qualify to participate in the Auctions
- Also approved by the Board as part of the agreements are standard forms of credit instruments to post security during the supply period:
 - A standard form of guaranty
 - A standard form of letter of credit
- EDCs have **approved modifications to the Letter of Credit** that can be used on an optional basis

SUPPLIER MASTER AGREEMENTS FULLY DESCRIBE THE PRODUCT

- BGS Supplier **responsible for supplying** energy, capacity, ancillary services, transmission and any other service that may be required for PJM or the Board to meet its share of the needs of BGS customers
- **Two agreements:** BGS-CIEP Supplier Master Agreement and BGS-RSCP Supplier Master Agreement
- Responsibilities of BGS-RSCP and BGS-CIEP Suppliers are the same but payment terms are different
- BGS Supplier also responsible for meeting the Renewable Portfolio Standards

RPS REQUIREMENTS

- BGS Suppliers transfer RECs (Class I and Class II) and SRECs to the EDCs through a **Retail LSE Account** in PJM GATS
- The EDCs submit the required **annual compliance reports** on behalf of BGS-RSCP and BGS-CIEP Suppliers
- A supplier that does not meet these requirements must pay an **Alternative Compliance Payment**
- See Board Order dated December 28, 2018 in BPU Docket No. ER18040356 for allocation of increased RPS obligations among BGS Suppliers

OVERVIEW OF CREDIT PROVISIONS

- **Article 6** of each SMA fully describes the creditworthiness standards and security required under the Agreements
- **BGS-CIEP**—Credit Exposure is \$70,000/tranche
- **BGS-RSCP**—Two separate requirements
 - Mark-to-Market requirement
 - Independent credit requirement is \$2.4M/tranche at beginning of supply period and declines over the term of the Agreement
- **Two separate credit lines**
 - One for (i) Mark-to-Market exposures under all BGS-RSCP SMAs held by supplier and (ii) BGS-CIEP credit exposure
 - Another for BGS-RSCP independent credit requirement

OVERVIEW OF SECTION 15.9

- **Section 15.9** provides for the recovery of and payment adjustment for changes in transmission related charges over the term of the BGS contract
- Upon a **transmission rate change**, the EDCs file with the Board to collect any changes in transmission rates from customers for the benefit of and ultimate payment to BGS Suppliers
- Filings and Orders related to Section 15.9 are posted to the BGS Auction website on the “transmission docs” page of the “auction” tab

CHANGES POSSIBLE DURING THREE-YEAR PERIOD

BGS-RSCP Suppliers could be affected by changes such as:

- Rate design subject to annual review
- Changes to RPS and changes to the alternative compliance payment levels
- Changes to CIEP Line

SUPPLEMENT TO BGS-RSCP SMA

- **Capacity price for 2022/23** delivery year currently not known
- Capacity Proxy Price for each EDC will be used
- **Supplement** allows for the recovery of charges or payments to or from the BGS Supplier based on the **difference between the actual capacity price for 2022/23 delivery year and that EDC's Capacity Proxy Price**
- Capacity Proxy Price represents the **average of the capacity prices for the last two years for the EDC's zone** using the most recent data available from PJM, multiplied by a factor of 0.9
- **Capacity Proxy Price** is \$162.13/MW-day for PSE&G and \$152.06/MW-day for other EDCs



6. AUCTION RULES

WHAT IS A BID IN ROUND 1?

A bid is a number of tranches for each EDC

PSE&G	JCP&L	ACE	RECO
10	4	2	1

The bidder is ready to supply 10 tranches for PSE&G, 4 tranches for JCP&L, 2 tranches for ACE and 1 for RECO at the round 1 prices

Two rules:

- The total number of tranches bid on all EDCs **cannot exceed the bidder's initial eligibility**
- **BGS-RSCP Auction only:** The number of tranches bid on an EDC **cannot exceed the EDC load cap**

SAMPLE ROUND REPORTS

BGS-CIEP Report: Round 1	
Total Excess Supply: 151-155	
EDC	Round 2 Price (\$/MW-day)
PSE&G	585.00
JCP&L	582.00
ACE	548.05
RECO	570.00

Bidder sees:

- Range of total excess supply
 - Total excess supply is the sum of excess supply for all EDCs
 - Range provided includes actual total excess supply
 - Range of 5 numbers at start of Auction
- The round 2 prices
- The bidder's own bid

Bidder has no information about others' bids, identities or eligibilities

PRICES “TICK DOWN”

- The price for an EDC ticks down in the next round when, and only when, there are more tranches bid than the tranche target at the current round price for that EDC
- At the start of the Auction, prices tick down by more than at the end
- There are three distinct regimes
 - **Start (regime 1):** 0.50% to 5.00%
 - **Middle (regime 2):** 0.375% to 3.75%
 - **End (regime 3):** 0.250% to 2.50%
- **Formulas** in the Auction Rules finalized 3 days after registration of bidders

CHANGES IN ROUND 2 BIDDING (FROM ROUND 1)

- A bidder can keep the number of tranches bid for each EDC the same as in round 1
- A bidder may be able to:
 - **Withdraw:** Remove some tranches from the Auction
 - **Switch:** Reduce tranches bid on one EDC and increase tranches bid on another EDC
 - **Withdraw and switch**
- A bidder can only request to reduce the number of tranches bid for an EDC (either through by withdrawing or switching from the EDC) **if the price for the EDC has ticked down**

WHAT ARE THE RULES IN ROUND 2?

- The **total number of tranches bid** on all EDCs combined cannot exceed **eligibility** in round 2 (number of tranches bid in round 1)
- **BGS-RSCP Auction only:** The number of tranches bid **on any one EDC** cannot exceed **the load cap** for that EDC

BIDDERS MUST NAME AN EXIT PRICE WHEN WITHDRAWING A TRANCHE

BGS-RSCP Auction Example				
EDC	PSE&G	JCP&L	ACE	RECO
Price Round 1	15.000	15.000	14.750	15.000
Bid Round 1	10	1	3	1
Price Round 2	15.000	14.250	14.123	15.000
Bid Round 2	10	1	2	1
<i>Exit Price</i>			14.700	

- A bidder must enter an **exit price** (a final and best offer)
 - Above current going price
 - Below or equal to previous going price

A BIDDER COULD NEED TO PROVIDE ADDITIONAL INFORMATION WHEN SWITCHING

BGS-CIEP Auction Example				
EDC	PSE&G	JCP&L	ACE	RECO
Price Round 1	585.00	600.00	565.00	570.00
Bid Round 1	2	7	2	1
Price Round 2	585.00	582.00	548.05	570.00
Bid Round 2	6	1	4	1
<i>Switching Priority</i>	1		2	

- When a bidder reduces the tranches bid on one or more EDCs and increases the number of tranches bid on **more than one** EDC, the bidder will be asked for a switching priority
- This is used when only some of the reductions can be granted

A BIDDER COULD NEED TO PROVIDE ADDITIONAL INFORMATION WHEN SWITCHING AND WITHDRAWING

BGS-CIEP Auction Example				
EDC	PSE&G	JCP&L	ACE	RECO
Price Round 1	585.00	600.00	565.00	570.00
Bid Round 1	2	5	2	1
Price Round 2	585.00	582.00	548.05	566.50
Bid Round 2	4	2	3	0
Exit		✓		
Exit Price		590.00		

- When decreasing the number of tranches bid from more than one EDC **and** switching, the bidder will be asked to designate which tranche is being withdrawn
- The bidder can name an exit price for the withdrawn tranche

CHANGES IN ROUND 2 REPORTING (FROM ROUND 1)

- A bidder can **request** a switch or a withdrawal – but it **may not always be granted**
 - Auction Manager may retain tranches from exits or switches if necessary to fill the tranche targets
 - Auction Manager fills tranche target first with tranches bid at the going price, then by retaining exits, then by denying switches (if necessary)
- When **getting information about own bid**, bidder will get information regarding:
 - Any tranches requested to be withdrawn that were retained (retained at the named exit price)
 - Any tranches requested to be switched that were denied (retained at the last price at which tranches were freely bid)

HOW DOES THE AUCTION END?

- Rules in rounds 3, 4, etc. are the same as the rules in round 2
- Auction closes:
 - When **total excess supply equals zero** and prices no longer tick down
- Bidding on **all EDCs** will stop at the **same time** and all bidders that win tranches for an EDC **get the same price**



7. BIDDING PROCEDURES

BIDS ARE SUBMITTED ONLINE

- Bidding is done online
- Bids are submitted and round results received through the **auction software**
- Bidders log in to the auction software using a Login ID and password provided by the Auction Manager to the Bidder Team
- **System requirements** are minimal:
 - A standard PC-compatible computer running Windows Vista, Windows 7 or later, or Mac 10.7 or later
 - An Internet connection and a supported web browser

AUCTION SCHEDULE

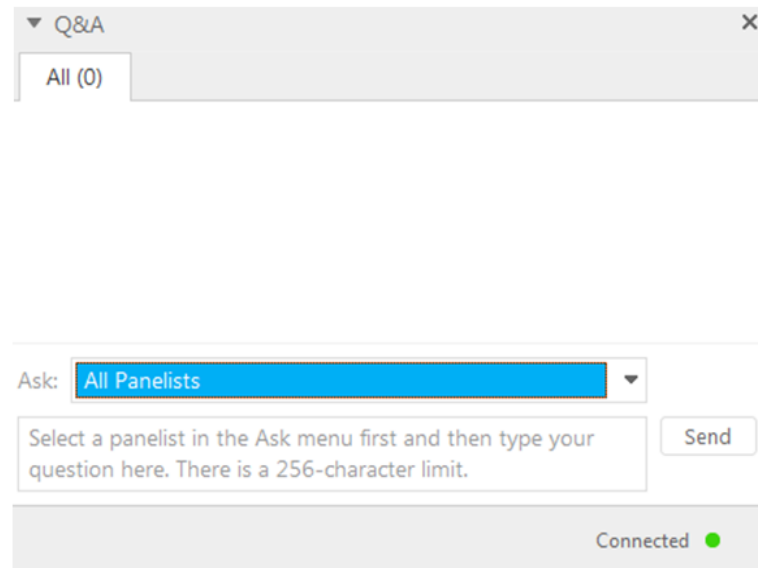
- The BGS-CIEP Auction will begin on **Friday, January 31, 2020**
- The BGS-RSCP Auction will begin on **Monday, February 3, 2020**
- Tentative auction schedule provided to bidders in the January webcast
- Actual schedule provided the day before the Auction

PAUSES

- Each bidder has **2 extensions** available to extend the bidding phase by 15 minutes
 - Typically for technical problems
 - The **bidding phase in round 1 is automatically extended** for the convenience of bidders
 - If a bidder requests an extension in round 1, or does not submit a bid during the bidding phase, an extension will be charged to the bidder that will run concurrently with the automatic extension
- Each bidder has **1 recess request** to extend the reporting phase by no less than 20 minutes
 - Extra time to consider bid
 - Available only later in the Auction (after round 10 and after the total excess supply in previous round falls below a given threshold)
- The Auction Manager can call a **time-out** (for example, in case of general technical difficulty)

QUESTIONS?

To submit questions to the presenters, please **locate the “Q&A” on the right hand side of your screen**, and select “All Panelists” in the “Ask” box; type in your question and click “Send” to submit your question



The screenshot shows a Q&A interface. At the top, there is a dropdown menu labeled 'Q&A' with a close button 'x'. Below it, there is a button labeled 'All (0)'. In the center, there is an 'Ask:' label followed by a dropdown menu currently set to 'All Panelists'. Below the dropdown is a text input field with the placeholder text 'Select a panelist in the Ask menu first and then type your question here. There is a 256-character limit.' To the right of the text input field is a 'Send' button. At the bottom right of the interface, there is a 'Connected' status indicator with a green dot.

Presentation Materials and Q&A will be posted to
<http://bgs-auction.com/bgs.bidinfo.ip.asp>



APPENDIX

PART 1 INSERTS – GENERAL INSERTS

#	Insert	Applies to
P1-1	Authorized Representative Insert	REQUIRED
P1-2	Nominee Insert	OPTIONAL
P1-3	Legal Representative Insert	REQUIRED
P1-4	LSE Certification Insert	Bidders not already PJM LSEs
P1-5	Certifications (A) Insert	REQUIRED

- General Inserts – do not depend on the Auction or Auctions for which the bidder is applying

PART 1 INSERTS – PARTICIPATION-SPECIFIC

	#	Insert	
RSCP Only	P1-6	RSCP Designation Insert	REQUIRED
	P1-7	RSCP Certifications (B) Insert	REQUIRED
	P1-8	RSCP Bidding Agreement Insert	Applicable if in Bidding Agreement
RSCP+CIEP	P1-9	RSCP+CIEP Designation Insert	REQUIRED
	P1-10	RSCP+CIEP Certifications (B) Insert	REQUIRED
	P1-11	RSCP+CIEP Bidding Agreements Insert	Applicable if in Bidding Agreement
CIEP Only	P1-12	CIEP Designation Insert	REQUIRED
	P1-13	CIEP Certifications (B) Insert	REQUIRED
	P1-14	CIEP Bidding Agreement Insert	Applicable if in Bidding Agreement

PART 2 INSERTS – AUCTION-SPECIFIC

- Qualified Bidders applying for participation in either the BGS-RSCP or the BGS-CIEP Auction will submit ONE set of Inserts (2 Inserts in total).
- Qualified Bidders applying for both Auctions will submit both sets of Inserts (4 Inserts total)

	#	Insert	
RSCP	P2-1	RSCP Certifications (C) Insert	REQUIRED
	P2-2	RSCP Contract Insert	Requested
CIEP	P2-3	CIEP Certifications (C) Insert	REQUIRED
	P2-4	CIEP Contract Insert	Requested