

## D. BIDDER TRAINING AND ADDITIONAL INFORMATION RELEASES

**Companion Document:** Sub-section C.5 of the [BGS Auction Process](#) Section of the October Bidder Information Packet is a **companion document** that provides a timeline and brief overview of bidder training and future information releases. This section of the November Bidder Information Packet expands upon these materials.

*This section is provided for bidder convenience only. Bidders bear full responsibility for reviewing all information releases from the Auction Manager, regardless of whether such information releases are mentioned in this Section. Bidders should participate in bidder training and review all materials released by the Auction Manager for this purpose. Bidders should not rely on the summary provided in this Section.*

The EDCs are Public Service Electric and Gas Company (“PSE&G”), Jersey Central Power & Light Company (“JCP&L”), Atlantic City Electric Company (“ACE”), and Rockland Electric Company (“RECO”).

### D.1. Bidder Training and Training Materials

Applicants that successfully complete the requirements of the Part 1 Application and the Part 2 Application become Registered Bidders. The Auction Manager releases training materials and holds training events for the benefit of Bidders that have registered to participate in the BGS Auctions. Specifically, the Auction Manager:

- Releases to Registered Bidders a third Bidder Information Packet in January, which includes a guide to the auction rules as well as a manual for use of the Auction Software for purposes of submitting bids online;
- Holds a webcast that provides announcements and discusses the bidding procedures in detail; and
- Conducts trial auctions so that Registered Bidders may practice all aspects of the bidding procedures.

The bidding procedures include submission of bids online through the Auction Software as well as a backup bidding procedure via phone in case of technical difficulties. These bidding procedures are further explained in Section E of this November Bidder Information Packet.

### ***Bidder Information Packet***

The third and final Bidder Information Packet is prepared specifically for Registered Bidders. The Bidder Information Packet will be posted on a password-protected portion of the BGS Auction website that is only accessible to Registered Bidders. This January Bidder Information Packet will include:

- Expected schedules for the first day of the BGS-CIEP Auction and the first day of the BGS-RSCP Auction;
- System requirements for use of the Auction Software;
- Guide for technical preparedness;
- Presentation of the login credentials and other information required to log in to the Auction Software; and
- Software Manual, including sample bid sequences and presentation of other functionality of the Auction Software.

The January Bidder Information Packet will be available in hardcopy so that it can be used as a reference for Registered Bidders during the course of the BGS Auctions.

### ***Webcast for Registered Bidders***

The Auction Manager holds a third and final information webcast for Registered Bidders, scheduled for Tuesday, January 23, 2018. Information covered by the webcast includes:

- Announcement of the amount of the tranches fees;
- Detailed bid sequences to submit bids using the Auction Software;
- The backup bidding procedure and the manner in which Registered Bidders are authenticated if they submit a backup bid by phone; and
- Purpose of the Trial Auctions and how Registered Bidders can use the Trial Auctions to prepare for the Auctions.

Time is reserved so that Registered Bidders have an opportunity to ask the Auction Manager questions.

### ***Trial Auctions for Registered Bidders***

The Trial Auctions for Registered Bidders provide Registered Bidders the opportunity to familiarize themselves with the Auction Software and to practice all aspects of the bid submission procedures over several rounds. The Auction Manager encourages Registered Bidders to:

- Update their user profile after logging in to the Auction Software;

- Attempt several different bid sequences using the Auction Software, including: (i) withdrawing by reducing the total number of tranches bid across EDCs and entering exit prices; (ii) switching by reducing the number of tranches bid on one or more EDC while increasing the number of tranches bid on different EDCs by the same amount, entering switching priorities as necessary; and (iii) withdrawing and switching simultaneously.
- Submit backup bids by phoning the Auction Manager team and reaching a Technical Assistant who can also answer questions about the backup bidding procedures; and
- Request an extension. Bidders are granted two 15-minute extensions during an auction and Bidders can use the Trial Auctions to practice extending the bidding phase of a round.

The Trial Auctions for Registered Bidders are scheduled to take place on Thursday, January 25, 2017. An invitation and schedule for the trial auctions will be sent to a Registered Bidder once the Registered Bidder has returned the certifications required and provided as part of the Notification of Registration.

## **D.2. Information Releases**

The Auction Manager continues to respond to Bidder questions after Bidders are registered to participate in the BGS Auctions; however, the questions and answers are sent directly to Registered Bidders rather than being posted to the BGS Auction website. Similarly, announcements or reminders of certain events, like the start of the Trial Auctions, are provided only to Registered Bidders. Registered Bidders are advised of any update to data series in the BGS Data Room that may be made available by the EDCs before the BGS Auctions.

The Auction Manager has planned a number of additional information releases to occur in January before the BGS Auctions start, including:

- Transmission rates;
- Updates to decrement formulas and ranges of total excess supply;
- Mark-to-market information; and
- Final rate spreadsheets and seasonal factors.

These information releases are posted to the BGS Auction website and Bidders are advised of that fact through an announcement. Announcements are typically posted to the [news](#) page of the BGS Auction website.

The Mark-to-Market information and the release of the rate spreadsheets and seasonal factors are relevant only to participation in the BGS-RSCP Auction. Further details about these additional information releases are provided below.

### ***Transmission Rates***

BGS Suppliers are responsible for providing full-requirements service, including transmission. The Auction Manager plans to announce the rates for Firm Transmission Service for each EDC for purposes of the 2018 Supplier Master Agreements (“SMAs”) on January 5, 2018. In the BGS-CIEP SMA, these rates correspond to the Transmission Charge for each EDC. In the BGS-RSCP SMA, these rates correspond to the baseline Firm Transmission Rate against which changes will be calculated. These rates reflect the Open Access Transmission Tariff (or “OATT”) rates in effect on January 1, 2018 and may reflect Reliability Must Run (“RMR”) and Transmission Enhancement Charges (“TECs”).

PSE&G and ACE have formula-based rates. PSE&G’s annual updates are filed on or about October 15 of each year and become effective on January 1 of the following year. ACE’s annual updates are posted on or about May 15 of each year on the PJM website and become effective on June 1 of that year. On October 28, 2016, JCP&L filed a request with FERC to establish a formula-based rate. On January 26, 2017, RECO filed with FERC to increase its non-formula-based transmission rate. Decisions are pending for both JCP&L’s request and RECO’s filing. The EDCs’ filings to change the transmission-related charges under Section 15.9 of the BGS SMAs, the EDCs’ transmission enhancement charge filings, and other relevant transmission filings can be found on the [auction tab](#) of the BGS Auction website.

For informational purposes only, Table D-1 below provides the transmission rates for each EDC for the past three (3) BGS Auctions.

**Table D-1. Transmission Rates for Each EDC for Past BGS Auctions (\$/MW-day)**

<b>EDC</b>	<b>2017 Auction</b>	<b>2016 Auction</b>	<b>2015 Auction</b>
PSE&G	249.93	225.45	199.15
JCP&L	41.40	41.40	41.40
ACE	100.85	111.29	87.81
RECO	87.98	87.98	87.98

***Decrement Formulas and Ranges of Total Excess Supply***

During the calculating phase of a round in the Auction, the Auction Manager calculates the number of tranches bid for an EDC. If the number of tranches bid exceeds the number of tranches needed for an EDC, the price for the EDC falls by a decrement in the next round. The decrement varies in each round based on the excess supply on an EDC measured against a measure of maximum possible excess supply on that EDC. Decrement formulas are provided on a provisional basis in an Appendix to the BGS-RSCP and BGS-CIEP Auction Rules posted to the [auction rules](#) page of the BGS Auction website.

The decrement formulas depend on the statewide load cap and number of Registered Bidders. The final decrement formulas are released to Registered Bidders after all these parameters are known. The final decrement formulas are expected to be posted to the [auction rules](#) page of the BGS Auction website on January 23, 2018.

The Auction Manager may, at the same time, adjust the ranges of total excess supply that will be reported to Bidders during the reporting phase of each round. Such adjustment, which is possible but not expected, would be provided along with the final decrement formulas.

***Mark-to-Market Information Release***

During the three (3) years of the BGS-RSCP supply period, a Mark-to-Market (“MtM”) exposure amount is calculated daily for each BGS-RSCP Supplier reflecting the total MtM credit exposure to an EDC due to fluctuations in market prices for energy minus amounts due to the BGS-RSCP Supplier. The method to develop the marks and to calculate the exposure amount for each BGS-RSCP Supplier is discussed in a MtM information release that is expected to be posted on Tuesday, January 23, 2018. Generally, the mark for each billing month will be determined on the day the BGS-RSCP Auction closes. At that time, the MtM credit exposure for each BGS-RSCP Supplier is equal to zero. Subsequently, the differences between the available forward market prices and the mark prices for the corresponding billing months will be used to calculate the daily credit exposure for each BGS-RSCP Supplier.

Interested parties can review the MtM information release from last year’s BGS-RSCP Auction, which is posted on the [contract and credit](#) page of the BGS Auction website under the heading “Last Auction - 2017 Mark-to-Market Information Release (January 24, 2017)”.

### ***Final Rate Spreadsheets and Rate Spreadsheet Tool***

The EDCs methodology to set BGS-RSCP retail rates as a function of the Auction prices included in the EDCs' proposal was approved by the Board. For an EDC, retail rates will be set on the basis of the weighted average, seasonally adjusted final Auction prices for that EDC's tranches from the 2018 BGS-RSCP Auction, the 2017 BGS-RSCP Auction, and the 2016 BGS-RSCP Auction. For RECO, costs resulting from bilateral contracts from RECO's 2015 RFP for the New York ISO load will also affect RECO retail rates. This methodology is set out in detail in each EDC's Company Specific Addendum as well as rate spreadsheet.

The EDCs update the inputs to the rate spreadsheets at the time of the compliance filing and again in January. In an information release expected to occur on January 17, 2018 (and which must occur no later than six (6) days prior to the BGS-RSCP Auction), the Auction Manager makes available:

- The rate spreadsheet for each EDC incorporating the input updates;
- The final seasonal factors calculated on the basis of the rate spreadsheet for each EDC; and
- A BGS-RSCP pricing spreadsheet tool.

The BGS-RSCP pricing spreadsheet tool is intended to provide Bidders with an easy-to-use device that translates final Auction prices for each EDC into BGS-RSCP retail rates. The spreadsheet tool along with a guide are currently available on the [additional data](#) page of the BGS Auction website. The spreadsheet tool currently reflects the methodology that the EDCs have proposed to set BGS-RSCP retail rates in the June 30, 2017 filing and will be updated prior to the Auctions.