

Mark-to-Market for BGS-RSCP Contracts

MtM Exposure Amount Calculation Information:

Table 1 contains the illustrative marks¹ for each month of the BGS-RSCP Auction period. Monthly marks are provided for June 2020 through May 2023. For the months, two-month blocks,² or quarterly blocks² where broker³ quotes are available, broker quotes will be used for those months. For all the remaining months the EDCs will use a proprietary method that reflects forward market conditions.

The method described above will be employed from January 20, 2020 through January 29, 2020. From January 30, 2020 through the day of the close of the BGS-RSCP Auction, only the months for which a monthly, a two-month block or a quarterly block quote is available will be updated. The mark for each Billing Month is the mark that was calculated on the date that the BGS-RSCP Auction closes and will not change over the life of the contract. After the close of the BGS-RSCP Auction Forward Market Prices will change. In addition, the on-peak and off-peak loads used to calculate the MtM Exposure Amount will be adjusted monthly to reflect the most current information.

Forward Market Prices for the months, two-month blocks or quarterly blocks where at least two broker quotes are available will be equal to the broker quotes. In case quotes for a component of a block and for the block are both available, the EDCs reserve the right not to use both the component of a block and the block if they are inconsistent with each other. However, when this inconsistency occurs the EDC must use either the component or the block. Forward Market Prices for the months, two-month blocks or quarterly blocks where broker quotes are unavailable will be equal to the last available broker quotes or in case they have not been quoted on the broker sheets since the BGS-RSCP Auction closed, they will be equal to the marks set at the close of the BGS-RSCP Auction.

¹ Illustrative marks represent PJM Western Hub on-peak prices.

² For two-month and quarterly blocks for which the average for the block and a component of the block are both quoted, the component will be equal to its quoted price and the other months in the block will be constructed so that the weighted average (weighted by on-peak hours in each month) of the block equals the quote for the block; e.g., Q4 2020 = \$50 and Oct 2020 = \$40; therefore, Oct 2020 = \$40 and Nov-Dec 2020 = \$55 ($\$50 \times (336 + 336 + 368) - \40×336) / $(336 + 368) = \$54.77$. If only the block is quoted, that price will be used for all relevant months; e.g., Jan/Feb 2021 = \$35, then Jan 2021 = \$35 and Feb 2021 = \$35.

³ The term broker as used in the BGS-RSCP Supplier Master Agreement encompasses both independent brokers or exchanges active in the energy market.

As indicated in Appendix B, on the day the Auction closes parameters will also be set for:

- The monthly on-peak load per tranche for each EDC (see Table 2)
- The monthly off-peak load per tranche for each EDC (see Table 2)
- The ratio between historical off-peak and on-peak energy prices (see Table 3)

The values provided in Table 2 and Table 3 are those that the EDCs intend to use for Appendix B when signing the contract. The EDCs do not anticipate any changes to Table 2 or Table 3 between now and the day the Auction closes.

Illustrative Marks for January 14, 2020

TABLE 1	
Illustrative Initial Marks (\$/MWh)	
Jun 2020	28.26
Jul 2020	33.07
Aug 2020	30.89
Sep 2020	30.51
Oct 2020	28.55
Nov 2020	28.93
Dec 2020	31.76
Jan 2021	46.87
Feb 2021	44.20
Mar 2021	33.52
Apr 2021	29.52
May 2021	29.25
Jun 2021	29.35
Jul 2021	34.54
Aug 2021	32.12
Sep 2021	29.30
Oct 2021	27.40
Nov 2021	27.65
Dec 2021	31.52
Jan 2022	46.28
Feb 2022	43.58
Mar 2022	33.31
Apr 2022	29.02
May 2022	28.67
Jun 2022	27.57
Jul 2022	32.29
Aug 2022	29.84
Sep 2022	28.22
Oct 2022	26.90
Nov 2022	27.80
Dec 2022	30.78
Jan 2023	43.41
Feb 2023	40.71
Mar 2023	31.60
Apr 2023	28.10
May 2023	27.60

Monthly Loads per Tranche

The monthly on-peak and off-peak loads per tranche are used when calculating the MtM. These loads are based on historical numbers and are subject to change by the EDCs.

TABLE 2								
Monthly Volumes (MWh)								
	PSE&G		JCP&L		ACE		RECO	
	On-peak	Off-peak	On-peak	Off-peak	On-peak	Off-peak	On-peak	Off-peak
Jun-20	11,800	9,709	9,620	8,326	11,615	9,933	11,698	8,960
Jul-20	15,295	13,991	11,900	11,016	16,933	15,183	15,725	10,934
Aug-20	13,103	12,269	11,900	9,703	13,615	13,579	14,516	11,330
Sep-20	10,637	9,626	8,598	7,475	9,143	9,706	10,441	8,647
Oct-20	10,559	8,363	6,831	6,218	7,393	7,469	8,161	7,060
Nov-20	8,450	9,657	6,789	6,848	7,153	8,032	7,271	7,329
Dec-20	9,992	10,160	8,491	8,097	8,943	9,154	8,665	8,080
Jan-21	10,458	10,826	8,516	8,539	8,731	10,390	8,101	8,844
Feb-21	8,906	10,019	7,634	7,240	7,685	8,217	7,305	6,572
Mar-21	9,633	9,068	7,781	6,820	7,830	7,788	8,043	6,576
Apr-21	8,437	7,305	6,573	5,650	6,237	6,030	7,171	6,049
May-21	8,382	8,937	6,718	6,730	6,714	7,904	8,773	8,192
Jun-21	11,800	9,709	9,564	8,281	11,615	9,933	11,698	8,960
Jul-21	15,295	13,991	11,848	10,971	15,461	16,475	14,357	11,864
Aug-21	13,103	12,269	11,842	9,657	14,264	13,046	15,207	10,886
Sep-21	10,637	9,626	8,536	7,423	9,143	9,706	10,441	8,647
Oct-21	10,559	8,363	6,771	6,165	7,057	7,774	7,790	7,348
Nov-21	8,450	9,657	6,740	6,799	7,510	7,711	7,634	7,035
Dec-21	9,992	10,160	8,451	8,060	9,349	8,781	9,059	7,750
Jan-22	10,458	10,826	8,484	8,510	9,168	9,998	8,506	8,511
Feb-22	8,906	10,019	7,606	7,215	7,685	8,217	7,305	6,572
Mar-22	9,633	9,068	7,746	6,791	7,830	7,788	8,043	6,576
Apr-22	8,437	7,305	6,540	5,623	5,954	6,292	6,845	6,312
May-22	8,382	8,937	6,688	6,702	7,049	7,605	9,212	7,883
Jun-22	11,800	9,709	9,535	8,259	11,615	9,933	11,698	8,960
Jul-22	15,295	13,991	11,825	10,953	14,724	17,121	13,674	12,329
Aug-22	13,103	12,269	11,816	9,639	14,912	12,514	15,898	10,441
Sep-22	10,637	9,626	8,504	7,399	9,143	9,706	10,938	8,287
Oct-22	10,559	8,363	6,741	6,139	7,057	7,774	7,790	7,348
Nov-22	8,450	9,657	6,720	6,781	7,510	7,711	7,998	6,742
Dec-22	9,992	10,160	8,434	8,046	8,536	9,528	8,665	8,080
Jan-23	10,458	10,826	8,468	8,497	9,168	9,998	8,911	8,177
Feb-23	8,906	10,019	7,588	7,201	7,685	8,217	7,305	6,572
Mar-23	9,633	9,068	7,722	6,772	7,830	7,788	8,043	6,576
Apr-23	8,437	7,305	6,513	5,603	5,670	6,554	6,519	6,575
May-23	8,382	8,937	6,658	6,677	7,385	7,307	10,089	7,265

Ratio of Off-Peak to On-Peak Prices

The monthly ratios of off-peak to on-peak prices in the PJM Western Hub are used in calculating the MtM.

TABLE 3	
PJM Western Hub Ratio of Off-Peak to On-Peak Prices	
January	1.0346
February	0.8892
March	0.8254
April	0.7654
May	0.6311
June	0.7300
July	0.6727
August	0.7009
September	0.6287
October	0.7108
November	0.7642
December	0.8125