

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 2019 through May 2022. 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 21, 2019 through January 30, 2019. From January 31, 2019 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 2019 = \$50 and Oct 2019 = \$40; therefore, Oct 2019 = \$40 and Nov-Dec 2019 = \$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 2020 = \$35, then Jan 2020 = \$35 and Feb 2020 = \$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, 2019

TABLE 1	
Illustrative Initial Marks (\$/MWh)	
Jun 2019	36.61
Jul 2019	41.40
Aug 2019	38.13
Sep 2019	37.44
Oct 2019	35.08
Nov 2019	35.23
Dec 2019	39.84
Jan 2020	57.51
Feb 2020	54.57
Mar 2020	41.20
Apr 2020	35.83
May 2020	35.88
Jun 2020	34.18
Jul 2020	39.87
Aug 2020	36.61
Sep 2020	34.53
Oct 2020	33.09
Nov 2020	32.54
Dec 2020	36.11
Jan 2021	49.97
Feb 2021	46.88
Mar 2021	36.94
Apr 2021	32.37
May 2021	32.00
Jun 2021	31.87
Jul 2021	37.82
Aug 2021	34.92
Sep 2021	31.43
Oct 2021	29.48
Nov 2021	29.35
Dec 2021	33.35
Jan 2022	49.11
Feb 2022	46.18
Mar 2022	36.21
Apr 2022	32.07
May 2022	31.64

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 2019	10,697	10,598	8,981	7,779	9,846	9,846	10,635	9,739
Jul 2019	14,793	12,307	11,004	10,183	14,511	13,222	15,725	10,934
Aug 2019	15,134	12,486	11,023	8,993	12,354	11,544	15,207	10,886
Sep 2019	11,083	10,489	7,930	6,908	8,770	8,499	10,441	8,647
Oct 2019	10,365	8,275	6,839	6,238	6,829	6,101	8,532	6,772
Nov 2019	8,209	9,326	6,964	7,031	6,349	7,128	7,634	7,035
Dec 2019	10,270	10,646	8,301	7,913	8,121	9,315	8,665	8,080
Jan 2020	10,669	11,268	8,283	8,315	8,584	8,585	9,316	7,843
Feb 2020	8,680	9,550	7,527	7,143	6,797	7,422	7,305	7,020
Mar 2020	9,825	9,179	7,887	6,925	7,229	7,765	7,694	6,856
Apr 2020	8,948	7,728	6,915	5,989	5,964	6,085	7,171	6,049
May 2020	9,153	9,336	6,481	6,510	5,906	7,421	9,212	7,883
Jun 2020	11,767	9,751	8,889	7,703	10,830	9,059	11,698	8,960
Jul 2020	14,793	12,307	10,914	10,104	15,171	12,682	15,725	10,934
Aug 2020	14,446	12,995	10,919	8,910	11,792	12,015	14,516	11,330
Sep 2020	11,637	10,070	7,822	6,816	9,208	8,159	10,938	8,287
Oct 2020	10,365	8,275	6,728	6,137	6,532	6,361	8,161	7,060
Nov 2020	8,209	9,326	6,863	6,926	6,349	7,128	7,634	7,035
Dec 2020	10,270	10,646	8,208	7,824	8,508	8,950	9,059	7,750
Jan 2021	10,669	11,268	8,207	8,237	7,803	9,286	8,506	8,511
Feb 2021	8,680	9,550	7,452	7,070	6,797	6,948	7,305	6,572
Mar 2021	9,825	9,179	7,799	6,847	7,558	7,448	8,043	6,576
Apr 2021	8,948	7,728	6,830	5,914	5,964	6,085	7,171	6,049
May 2021	9,153	9,336	6,405	6,433	5,906	7,421	9,212	7,883
Jun 2021	11,767	9,751	8,808	7,635	10,830	9,059	11,698	8,960
Jul 2021	14,793	12,307	10,837	10,035	13,852	13,762	15,041	11,399
Aug 2021	14,446	12,995	10,835	8,844	12,354	11,544	15,207	10,886
Sep 2021	11,637	10,070	7,739	6,745	9,208	8,159	10,938	8,287
Oct 2021	10,365	8,275	6,647	6,063	6,235	6,620	7,790	7,348
Nov 2021	8,209	9,326	6,792	6,853	6,666	6,843	7,998	6,742
Dec 2021	10,270	10,646	8,164	7,781	8,895	8,584	9,059	7,750
Jan 2022	10,669	11,268	8,190	8,220	8,194	8,935	8,506	8,511
Feb 2022	8,680	9,550	7,431	7,052	6,797	6,948	7,305	6,572
Mar 2022	9,825	9,179	7,776	6,827	7,558	7,448	8,043	6,576
Apr 2022	8,948	7,728	6,809	5,897	5,693	6,350	6,845	6,312
May 2022	9,153	9,336	6,383	6,414	6,202	7,141	9,651	7,574

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	1.0005
February	0.9029
March	0.8090
April	0.7663
May	0.6019
June	0.7090
July	0.6457
August	0.6610
September	0.6326
October	0.7418
November	0.7650
December	0.8020