

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 2021 through May 2024. 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 25, 2021 through February 03, 2021. From February 04, 2021 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 2021 = \$50 and Oct 2021 = \$40; therefore, Oct 2021 = \$40 and Nov-Dec 2021 = $(\$50 \times (336 + 336 + 368) - \$40 \times 336) / (336 + 368) = \54.77 . If only the block is quoted, that price will be used for all relevant months; e.g., Jan/Feb 2022 = \$35, then Jan 2022 = \$35 and Feb 2022 = \$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 15, 2021

TABLE 1	
Illustrative Initial Marks (\$/MWh)	
Jun-21	30.68
Jul-21	34.54
Aug-21	32.12
Sep-21	31.85
Oct-21	27.40
Nov-21	27.65
Dec-21	31.52
Jan-22	46.28
Feb-22	43.58
Mar-22	33.31
Apr-22	29.02
May-22	28.67
Jun-22	26.55
Jul-22	31.04
Aug-22	28.79
Sep-22	27.99
Oct-22	26.27
Nov-22	27.07
Dec-22	29.92
Jan-23	41.79
Feb-23	39.14
Mar-23	30.93
Apr-23	27.44
May-23	26.99
Jun-23	27.92
Jul-23	34.42
Aug-23	31.77
Sep-23	29.52
Oct-23	28.83
Nov-23	29.23
Dec-23	32.73
Jan-24	45.42
Feb-24	43.12
Mar-24	34.49
Apr-24	30.25
May-24	29.65

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-21	12,399	10,091	9,564	8,281	11,352	10,525	12,593	8,802
Jul-21	16,535	14,805	11,848	10,971	16,497	16,725	15,662	13,158
Aug-21	14,148	13,869	11,842	9,657	15,167	13,927	13,440	10,987
Sep-21	10,676	9,572	8,536	7,423	9,947	9,466	9,680	7,664
Oct-21	8,816	7,238	6,771	6,165	6,503	7,202	7,434	6,732
Nov-21	7,660	9,380	6,740	6,799	7,358	8,077	7,556	7,187
Dec-21	9,783	10,279	8,451	8,060	9,415	8,843	9,366	7,793
Jan-22	9,426	10,049	8,484	8,510	8,007	9,243	8,232	7,846
Feb-22	8,132	9,436	7,606	7,215	7,009	7,740	7,118	6,391
Mar-22	8,604	8,365	7,746	6,791	6,996	7,106	7,568	6,160
Apr-22	8,006	7,362	6,540	5,623	5,942	6,778	6,595	6,185
May-22	7,478	8,471	6,688	6,702	6,561	7,371	7,367	7,114
Jun-22	12,399	10,091	9,535	8,259	11,352	10,525	12,593	8,802
Jul-22	16,535	14,805	11,825	10,953	15,711	17,381	14,916	13,674
Aug-22	14,148	13,869	11,816	9,639	15,857	13,358	14,051	10,539
Sep-22	10,676	9,572	8,504	7,399	9,947	9,466	10,141	7,345
Oct-22	8,816	7,238	6,741	6,139	6,503	7,202	7,434	6,732
Nov-22	7,660	9,380	6,720	6,781	7,358	8,077	7,916	6,887
Dec-22	9,783	10,279	8,434	8,046	8,597	9,596	8,959	8,125
Jan-23	9,426	10,049	8,468	8,497	8,007	9,243	8,624	7,539
Feb-23	8,132	9,436	7,588	7,201	7,009	7,740	7,118	6,391
Mar-23	8,604	8,365	7,722	6,772	6,996	7,106	7,568	6,160
Apr-23	8,006	7,362	6,513	5,603	5,659	7,061	6,281	6,443
May-23	7,478	8,471	6,658	6,677	6,874	7,082	8,068	6,556
Jun-23	12,399	10,091	9,507	8,238	11,352	10,525	12,593	8,802
Jul-23	16,535	14,805	11,802	10,936	15,711	17,381	15,662	13,158
Aug-23	14,148	13,869	11,786	9,616	15,857	13,358	14,051	10,539
Sep-23	10,676	9,572	8,463	7,368	9,474	9,861	9,680	7,664
Oct-23	8,816	7,238	6,697	6,103	6,813	6,920	7,788	6,468
Nov-23	7,660	9,380	6,682	6,746	7,358	8,077	7,916	6,887
Dec-23	9,783	10,279	8,388	8,006	8,187	9,972	8,552	8,457
Jan-24	9,426	10,049	8,428	8,461	8,389	8,881	9,016	7,231
Feb-24	8,132	9,436	7,579	7,196	7,360	7,916	7,474	6,536
Mar-24	8,604	8,365	7,677	6,736	6,388	7,711	6,910	6,685
Apr-24	8,006	7,362	6,461	5,562	6,225	6,496	6,909	5,927
May-24	7,478	8,471	6,607	6,631	6,874	7,082	8,068	6,556

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	1.0424
February	0.8788
March	0.7959
April	0.7962
May	0.6344
June	0.7072
July	0.6492
August	0.6867
September	0.6816
October	0.6743
November	0.7551
December	0.8582