E. CIEP SUPPLIER PAYMENTS AND CUSTOMER RATES

This summary is provided for bidder convenience only. Any statements herein describing BGS-CIEP payment flows are summaries only and are qualified in their entirety by each EDC's Company Specific Addendum and accompanying attachments, as well as the BGS-CIEP Supplier Master Agreement posted to the BGS Proceeding page of the Auction tab BGS Auction website. Bidders bear full responsibility for reviewing each EDC's Company Specific Addendum and accompanying attachments, as well as the BGS-CIEP Supplier Master Agreement.

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").

E.1. Overview

Three types of payment flows are outlined in this chapter:

- payments from the EDC to the BGS-CIEP Supplier;
- payments from the BGS-CIEP customer and the CIEP customer to the EDC; and
- payments from the BGS-CIEP Supplier to the EDC.

A CIEP customer is either a BGS-CIEP customer or a customer served by a third party supplier who, were the customer to take BGS, would do so on a CIEP tariff or rate.

Article 9 "Billing and Payment" of the BGS-CIEP Supplier Master Agreement posted to the BGS Proceeding page of the Auction tab of the BGS Auction website provides a complete characterization of payments between the EDC and the BGS-CIEP Supplier. The present chapter does not cover payments by the BGS-CIEP Supplier to PJM for costs associated with meeting its Load Serving Entity ("LSE") obligations.

E.2. Key Definitions

Article 1 "Definitions" of the BGS-CIEP Supplier Master Agreement posted to the BGS Proceeding page of the Auction tab of the BGS Auction website defines the terms used in this chapter, including PMEA/FMEA Adjustment Amount, PHEA/FHEA Adjustment Amount, and the terms provided below.

BGS-CIEP Supplier Responsibility Share. Each EDC has a BGS-CIEP tranche size announced on November 13, 2026, which is multiplied by the number of tranches won by the BGS-CIEP Supplier at the Auction to determine that BGS-CIEP Supplier's *BGS-CIEP Supplier Responsibility Share*. It is this BGS-CIEP Supplier Responsibility Share that determines the percentage of BGS-CIEP Load for which the BGS-CIEP Supplier is responsible.

Monthly invoices calculate payments for the current period based on preliminary allocations of energy, which are calculated from the Supplier Responsibility Share and the total BGS-CIEP Load for the EDC. The invoice also includes any adjustment amounts for differences in the final and preliminary allocations from prior periods.

Preliminary and Final Energy Allocations. The Preliminary Monthly Energy Allocation ("PMEA") and the Preliminary Hourly Energy Allocation ("PHEA") are the initial determinants of the BGS-CIEP Supplier's share of the monthly and hourly energy used by BGS-CIEP customers, adjusted for losses. The Final Monthly Energy Allocation ("FMEA") and the Final Hourly Energy Allocation ("FHEA") are the final values of these determinants.

The ancillary service payments to BGS-CIEP Suppliers are based on the PMEA and FMEA while energy payments to BGS-CIEP Suppliers are based on the PHEA and FHEA. The volumes of energy upon which BGS-CIEP Supplier payments (excluding the CIEP Standby Fee payment) are based on are equal to the final total loads for customers receiving BGS-CIEP service, including tariff losses.

E.3. Payments from EDC to Supplier

These payments consist of the following:

- The CIEP Standby Fee, proposed at a level of 0.015¢/kWh, multiplied by the BGS-CIEP Supplier Responsibility Share of all preliminary kilowatt hours used by CIEP customers measured at the customer meter;
- The real-time hourly spot price[1] for the EDC zone multiplied by the PHEA, summed over the month and multiplied by the BGS-CIEP Supplier Responsibility Share;
- An Ancillary Services Charge, proposed at a level of $6.00/MWh, multiplied by the PMEA and multiplied by the BGS-CIEP Supplier Responsibility Share;

[1] The terms "real-time hourly energy spot price" or "real-time hourly spot price" refer to PJM's Residual Metered Load aggregate real-time Locational Marginal Price.

- The CIEP Price, determined at the Auction, multiplied by the BGS-CIEP Supplier Responsibility Share of the daily capacity obligation of all BGS-CIEP customers;
- PMEA/FMEA Adjustment Amount for any month in which the FMEA exceeds the PMEA;
- PHEA/FHEA Adjustment Amount to the extent that such amount is in favor of the BGS-CIEP Supplier; and
- The CIEP Standby Fee, multiplied by the difference between the final and preliminary kilowatt hours used by CIEP customers, measured at the customer meters, multiplied by the BGS-CIEP Supplier Responsibility Share, if the final kWh exceeds the preliminary kWh.

E.4. Payments from Supplier to EDC

There is a one-time assessment of the tranche fees to cover administrative costs. The tranche fee is announced prior to the Auction and payment is the tranche fee multiplied by the number of tranches won by the BGS-CIEP Supplier. The assessment appears on the first invoice in June 2027.

In addition, payment from the BGS-CIEP Supplier to the EDC may consist of any or all the following:

- PMEA/FMEA Adjustment Amount for any month in which the PMEA exceeds the FMEA;
- PHEA/FHEA Adjustment Amount for any month in which payment is due to the EDC; and/or
- The CIEP Standby Fee, multiplied by the difference between the preliminary and the final kilowatt hours billed by the EDC to CIEP customers, measured at the customer meter, multiplied by the BGS-CIEP Supplier Responsibility Share, if the final kWh is less than the preliminary kWh.

E.5. Corrections/Adjustments after PJM Final Settlement

Additionally, the BGS-CIEP Supplier Master Agreement provides that if there are corrections or adjustments that would have resulted in changes in the PJM settlement, but the deadline for settlement has passed, the EDC directly settles the difference with the BGS-CIEP Supplier. This payment could go either way. It is also possible that an adjustment to customer bills to reconcile the revenue billed to BGS-CIEP customers by the EDC with the amount paid to BGS-CIEP Suppliers affects BGS-CIEP customer bills.

E.6. Customer Rates

The components of the rates for BGS-CIEP customers are the following:

- The real-time hourly spot price, multiplied by the hourly energy usage adjusted for losses on the EDC system, summed over the month;
- An ancillary services charge, at a rate pre-determined by each EDC, multiplied by the monthly energy usage;
- The CIEP Price, determined at the Auction converted to a retail rate (depending on the EDC and the rate class, this conversion may be done in different ways);
- The transmission retail rate, reflecting the transmission charge to cover transmission-related costs for which the EDC is responsible; and
- The CIEP Standby Fee, multiplied by the monthly energy usage measured at the customer meter.

The CIEP Standby Fee is collected also from CIEP customers that take service from a third party supplier.