

Appendix 16 – Additional Information Concerning Maximum Willingness to Supply

A Bid must be displayed as a price, in \$/MWh rounded to the nearest cent, for a block of a Product or for a block of a Combination for a Company. A Bidder may provide a maximum willingness to supply for each month and each Segment for a Company. The information related to the maximum willingness to supply provided in this document applies to Bids for each Company (AIC, ComEd, and MEC) separately; the term “Segment of a month” should be interpreted to mean “Segment of a month for a Company”.

Unless a maximum willingness to supply for a Segment of a month is specified by the Bidder, it will be assumed that a Bidder is willing to supply up to the minimum of: (i) the Target for that Segment of that month; and (ii) the number of blocks bid for that Segment of that month, which is the sum of the number of blocks bid for the Product corresponding to that Segment and that month and the number of blocks bid on any Combination that includes that Segment and that month. This is the Default Maximum Willingness to Supply or Default MWS. If a Bidder specifies a maximum willingness to supply for a Segment of a month that is greater than the Default MWS for that Segment of that month, the maximum willingness to supply submitted by the Bidder will be ignored and discarded. The maximum willingness to supply for a Segment of a month must be an integer number of blocks. The Bidder cannot win, across all Products and Combinations, more blocks of a Segment of a month than the Bidder has specified as its maximum willingness to supply for that Segment of that month.

This document explains further the concept of the maximum willingness to supply by using illustrative Bids. We consider the Bids placed on off-peak blocks by Bidder A for the period from June 2018 to May 2019. Bidder A submitted Bids for each Product and for each Combination available during that period. (We will omit the term “off-peak” and the year specification for the remainder of this document). The Bids are presented in Table 1 below.

Please note that this Table 1 does **NOT** follow the format of the Bid Form exactly and has been designed for the purposes of this example.

Table 1 below has each month as a column. The Bids on individual Products (i.e., the Bids for each specific month) are placed in the rows 3-7 of Table 1, followed by the Bids on Combinations in rows 9-25. In the rows with Bids on Combinations, grey shading of a cell indicates that a particular month is not part of the Combination. For example, in column J, which corresponds to the month of January, the cells in rows 16 to 19 that correspond to the Jan/Feb combination

are white while the cells in column L rows 16 to 19 are grey because March is not a component of the Jan/Feb combination.

Table 1. Illustrative Bids and Maximum Willingness to Supply

1		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
2	Blocks bid on single products												
3	1	30.00	32.00	30.22	30.00	34.00	34.77	34.24	31.72	34.60	32.44	31.89	31.48
4	2	32.00	39.00	30.39	30.02			34.73	31.97	37.80	32.49		32.36
5	3			30.99	30.04				32.20				
6	4			31.27									
7	5			31.37									
8	Blocks bid on combination products												
9	1 Jul/Aug		31.00										
10	2												
11	3												
12	4												
13	1 Oct/Nov/Dec					34.00							
14	2												
15	3												
16	1 Jan/Feb								32.21				
17	2								32.22				
18	3												
19	4												
20	1 Mar/Apr										33.22		
21	2												
22	3												
23	1 Annual					34.00							
24	2												
25	3												
26													
27	Number of Bids placed	3	4	7	4	3	3	4	6	5	4	3	3
28	TARGETS	4	4	5	3	4	3	5	5	4	4	3	3
29													
30	Max Willingness to Supply (Default)	3	4	5	3	3	3	4	5	4	4	3	3

Bidder A is placing Bids on every Product, as well as on every Combination but not necessarily for all blocks available. The Default MWS is the minimum of (i) the Target for that Segment of that month; and (ii) the number of blocks bid for that Segment of that month, which is the sum of the number of blocks bid for the Product corresponding to that Segment and that month and the number of blocks bid on any Combination that includes that Segment and that month. The Default MWS is labeled “Max Willingness to Supply (Default)” in the table above and appears in row 30.

Examples of the Default MWS are as follows:

- *Month of June:* The Bidder has placed three (3) Bids for June, which is the sum two (2) Bids on the month of June alone and one (1) Bid on the Annual Combination. The Target for June is four (4) blocks. The Default MWS for June is three (3) blocks.
- *Month of January:* The Bidder has placed six (6) Bids for January, which is the sum of the three (3) Bids on the month of January alone, the two (2) Bids placed on the Jan/Feb Combination, and one (1) Bid placed on the Annual Combination. The Target for January is five (5) blocks. The Default MWS for January is five (5) blocks.

- *Month of May:* The Bidder has placed three (3) Bids for May, which is the sum of the two (2) Bids on the month of May alone and the one (1) Bid placed on the Annual Combination. The Target for May is three (3) blocks. The Default MWS for May is three (3) blocks.

Taking January as an example, five (5) blocks are needed to fill the Target so that the evaluation will only consider the packages that contain at most five (5) of the six (6) Bids placed (considering the Bids on January, the Bids on the Jan/Feb Combination, and the Annual Combination). The evaluation could consider a combination of Bids from the month of January, the Jan/Feb Combination, and the Annual Combination.

Bidder A may specify a maximum willingness to supply. Table 2 below provides illustrative entries that specify a maximum willingness to supply less than the Default MWS.

Table 2. Illustrative Bids and Bidder Determined Maximum Willingness to Supply

		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
1													
2	Blocks bid on single products												
3	1	30.00	32.00	30.22	30.00	34.00	34.77	34.24	31.72	34.60	32.44	31.89	31.48
4	2	32.00	39.00	30.39	30.02			34.73	31.97	37.80	32.49		32.36
5	3			30.99	30.04				32.20				
6	4			31.27									
7	5			31.37									
8	Blocks bid on combination products												
9	1 Jul/Aug		31.00										
10	2												
11	3												
12	4												
13	1 Oct/Nov/Dec					34.00							
14	2												
15	3												
16	1 Jan/Feb								32.21				
17	2								32.22				
18	3												
19	4												
20	1 Mar/Apr										33.22		
21	2												
22	3												
23	1 Annual					34.00							
24	2												
25	3												
26													
27	Number of Bids placed	3	4	7	4	3	3	4	6	5	4	3	3
28	TARGETS	4	4	5	3	4	3	5	5	4	4	3	3
29													
30	Max Willingness to Supply	3	4	3	3	3	3	4	3	4	4	3	3

The Default MWS for January in Table 1 above is five (5) blocks. In Table 2, Bidder A specifies a maximum willingness to supply for January of three (3) blocks. The evaluation would then consider at most three (3) Bids of the six (6) Bids placed (considering the Bids on January, the Bids on the Jan/Feb Combination, and Bid on the Annual Combination). The evaluation could consider, for example, the three (3) blocks bid for the month of January alone (and none of the blocks bid for the Jan/Feb Combination or the blocks bid for the Annual Combination). The

evaluation could also consider, for example, two (2) blocks bid for the Jan/Feb Combination and one (1) block bid for the month of Annual Combination.

The Default MWS for August in Table 1 above is five (5) blocks. In Table 2, Bidder A specifies a maximum willingness to supply for August of three (3) blocks, which is strictly less than the Target of five (5) blocks and strictly less than the total number of seven (7) blocks bid. The evaluation would then only consider packages that contain at most three (3) of the seven (7) Bids placed (considering the Bids on August, the Bids on the Jul/Aug Combination, and the Bid on the Annual combination). The evaluation could consider, for example, one (1) block bid for the Jul/Aug Combination and two (2) blocks bid for the month of August alone. The evaluation could also consider, for example, the three (3) lowest priced Bids for the month of August alone. Note that, in this instance, the two (2) highest of the five (5) Bids that the Bidder placed for the month of August are irrelevant and cannot possibly be part of the least-cost package because the Bidder has also specified that it is only willing a maximum of three (3) blocks. The Bidder cannot win, across all Products and Combinations, more blocks of a Segment of a month than the Bidder has specified as its maximum willingness to supply for that Segment of that month.