

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. If a Bidder specifies a maximum willingness to supply for a Segment of a month, that maximum willingness to supply cannot be more than the Target for that Segment of that month and the maximum willingness to supply cannot be more than 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 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 Company A for the period from October 2016 to May 2017. Company 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 3-11 of Table 1, followed by the Bids on Combinations in rows 13-29. In the rows with Bids on Combinations, grey shading of a cell

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indicates that a particular month is not part of the Combination. For example, in column F, which corresponds to the month of January, the cells in rows 18 to 24 that correspond to the Jan/Feb combination are white while the cells in column H rows 18 to 24 are grey because March is not a component of the Jan/Feb combination.

Table 1. Illustrative Bids and Maximum Willingness to Supply

	A	B	C	D	E	F	G	H	I	J
1			Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
2	Blocks bid on single products									
3	1		54.00	53.00	53.00	52.00	55.00	51.00	52.00	50.00
4	2		54.01	53.01	53.01	53.00	55.01	51.01	52.01	50.01
5	3			53.00	53.00	54.00	55.00	51.02	52.02	50.11
6	4			53.01	53.01	54.00		51.02	51.02	50.21
7	5					54.35				50.22
8	6					54.45				50.30
9	7					54.55				
10	8					54.00				
11	9									
12	Blocks bid on combination products									
13	1	Oct/Nov/Dec		52.00						
14	2			52.00						
15	3									
16	4									
17	5									
18	1	Jan/Feb				50.50				
19	2					50.51				
20	3									
21	4									
22	5									
23	6									
24	7									
25	1	Mar/Apr						51.15		
26	2							51.15		
27	3							51.15		
28	4							51.15		
29	5									
30										
31	Number of Bids placed		4	6	6	10	5	8	8	6
32	TARGETS		5	6	8	8	7	6	5	6
33										
34	Max Willingness to Supply (Default)		4	6	6	8	5	6	5	6

Company A is placing Bids on every Product, as well as on every Combination but not necessarily for all blocks available. Absent Company A specifying a maximum willingness to supply for a given Segment of a month, that maximum willingness to supply would be set as 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 bids 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. We will call this the “Max Willingness to Supply (Default)”, which appears in row 34 of the table above.

For example:

- *Month of October:* The Target for October is five (5) blocks, and the Bidder has placed bids on two (2) blocks on the month of October alone and two (2) blocks of the Q4 Combination. The Default Maximum Willingness to Supply for October is four (4) blocks.
- *Month of January:* The Bidder has placed ten (10) bids for January, which is the sum of the eight (8) bids on the month of January alone and the two (2) bids placed on the Combination Jan/Feb. The Target for January is eight (8) blocks. The Default Maximum Willingness to Supply for January is eight (8) blocks.
- *Month of May:* The Bidder has placed six (6) bids for May, and the Target for May is six (6) blocks. The Default Maximum Willingness to Supply for May is six (6) blocks.

Taking January as an example, eight (8) blocks are needed to fill the Target so that the evaluation will only consider the packages that contain at most eight (8) of the ten (10) bids placed (considering the Bids on January and the Bids on the Jan/Feb Combination). The evaluation could consider a combination of Bids from the month of January alone and the Jan/Feb Combination.

Company A may specify a maximum willingness to supply. The maximum willingness to supply specified by a Bidder cannot be more than the Default Maximum Willingness to Supply calculated by the Bid Form and if so will supersede the Default Maximum Willingness to Supply calculated by the Bid Form. Table 2 on the next page provides illustrative entries that specify a maximum willingness to supply less than the Default Maximum Willingness to Supply.

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

	A	B	C	D	E	F	G	H	I	J
1			Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
2	Blocks bid on single products									
3	1		54.00	53.00	53.00	52.00	55.00	51.00	52.00	50.00
4	2		54.01	53.01	53.01	53.00	55.01	51.01	52.01	50.01
5	3			53.00	53.00	54.00	55.00	51.02	52.02	50.11
6	4			53.01	53.01	54.00		51.02	51.02	50.21
7	5					54.35				50.22
8	6					54.45				50.30
9	7					54.55				
10	8					54.00				
11	9									
12	Blocks bid on combination products									
13	1	Oct/Nov/Dec		52.00						
14	2			52.00						
15	3									
16	4									
17	5									
18	1	Jan/Feb				50.50				
19	2					50.51				
20	3									
21	4									
22	5									
23	6									
24	7									
25	1	Mar/Apr						51.15		
26	2							51.15		
27	3							51.15		
28	4							51.15		
29	5									
30										
31	Number of Bids placed		4	6	6	10	5	8	8	6
32	TARGETS		5	6	8	8	7	6	5	6
33										
34	Max Willingness to Supply (Bidder determined)		2	0	0	6	2	4	5	2

The Default Maximum Willingness to Supply for March in Table 1 above is six (6) blocks. In Table 2, Company A specifies a maximum willingness to supply for March of four (4) blocks, which is strictly less than the Target of six (6) blocks and strictly less than the total number of eight (8) blocks bid. The evaluation would then consider at most four (4) Bids of the eight (8) Bids placed (considering the Bids on March and the Bids on the Mar/Apr Combination). The evaluation could consider, for example, the four (4) blocks bid for the Mar/Apr Combination (and none of the blocks bid for the month of March alone). The evaluation could also consider, for example, two (2) blocks bid for the Mar/Apr Combination and two (2) blocks bid for the month of March alone.

The Default Maximum Willingness to Supply for January in Table 1 above is eight (8) blocks. In Table 2, Company A specifies a maximum willingness to supply for January of six (6) blocks, which is strictly less than the Target of eight (8) blocks and strictly less than the total number of ten (10) blocks bid. The evaluation would then only consider packages that contain at most six (6) of the ten (10) Bids placed (considering the Bids on January and the Bids on the Jan/Feb Combination). The evaluation could consider, for example, two (2) blocks bid for the Jan/Feb Combination and four (4) blocks bid for the month of January alone. The evaluation could also consider, for example, the six (6) lowest priced Bids for the month of January alone. Note that,

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in this instance, the two highest of the eight (8) Bids that the Bidder placed for the month of January 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 six (6) 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.