



# **PPL Electric Utilities Corporation Default Service Procurement Plan (April 2019 Solicitation)**

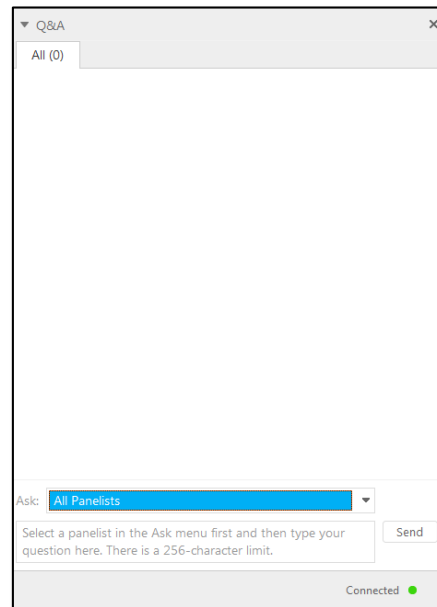
**Bidder Information Webcast  
Wednesday, March 6, 2019**



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# Questions

- To submit questions to the presenters, **please locate the “Q&A” on the right hand side of your screen**, and select “All Panelists” in the “Ask” box; type in your question and click “Send” to submit your question



All presentation materials and Q&As will be posted to:

<http://www.ppldsp.com>

# Disclaimer

Any statements herein describing or referring to documents and agreements are summaries only, and are **qualified in their entirety** by reference to such documents and agreements.

▪ **The governing documents are:**

- the Commission’s Order dated October 27, 2016 related to PPL Electric’s Default Service Program in Docket No. P-2016-2526627
- Default Service RFP Rules
- Default Service Supplier Master Agreement (“Default Service SMA”)
- the Commission’s Order dated May 17, 2018 related to PPL Electric’s Time-Of-Use Program in Docket No. M-2016-2578051

Please see the RFP website for complete documentation

<http://www.ppldsp.com>

# Agenda

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- Scope of Presentation
- Regulatory Background and Update
- RFP Timeline
- Products Solicited

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# Scope of Presentation

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# Multi-Solicitation Process

- **Full Requirements RFP** for load-following, full requirements products
- **Eight (8) solicitations** planned between April 2017 and October 2020
  - ~~— April 2017 —~~
  - ~~— October 2017 —~~
  - ~~— April 2018 —~~
  - ~~— October 2018 —~~
  - **April 2019 (this solicitation)**
  - October 2019
  - April 2020
  - October 2020

# Presentation is specific to April 2019

- This Presentation is focused only on information specific to the April 2019 Solicitation
- A separate presentation with information common to all solicitations regarding the RFP process and the qualification requirements is provided on the RFP website under the “documents” page

The screenshot shows a website navigation menu on the left and a main content area on the right. The navigation menu includes links for Home, Background Information, Announcements, RFP Information, RFP Results, Documents, and FAQs. The 'RFP Information' link is highlighted with a red box, and a red arrow points to the 'Documents' link. The main content area shows the breadcrumb 'Home > RFP Information > Documents', the title 'Documents', and the subtitle 'INFORMATION FOR GENERATION SUPPLIERS'. Below this, there is a section titled 'Load Following Full Requirements' with a list of documents: 'RFP Process and Rules (Including Appendices) (.pdf)', 'Addendum 1 (.pdf)', 'Addendum 2 (.pdf)', and 'Appendix 1, Default Service Supplier Master Agreement (.docx)'.

Home

Home > RFP Information > Documents

Background Information

Announcements

**RFP Information**

RFP Results

Documents ←

FAQs

**Documents**  
INFORMATION FOR GENERATION SUPPLIERS

Load Following Full Requirements

- RFP Process and Rules (Including Appendices) (.pdf)
  - Addendum 1 (.pdf)
  - Addendum 2 (.pdf)
- Appendix 1, Default Service Supplier Master Agreement (.docx)

# Regulatory Background and Update

# The Fourth Default Service Program (DSP IV)

- **In January 29, 2016, PPL Electric filed a petition for approval of its fourth Default Service Program and Procurement Plan (“DSP IV”) for the period of June 1, 2017 to May 31, 2021**
  - July 19, 2016: Joint Petition for Approval of Partial Settlement
  - October 27, 2016: Commission Order approving Joint Petition
  
- **The default service plan contains 8 solicitations between Apr. 2017 through Oct. 2020 for Full Requirements Service:**
  - Fixed Price Products for Residential and Small C&I Customer Groups
  - Spot Market Products for the Large C&I Customer Group

# TOU Program (PUC Decision)

- In **April 2017**, the PUC provided guidance on the TOU design
- On **August 10, 2017**, PPL Electric submitted petition for approval of new pilot TOU Program, including a form of TOU SMA and TOU RFP Rules
- On **March 13, 2018**, PPL Electric filed a Joint Petition for Settlement on the case
- On **May 17, 2018**, the PUC issued a Final Order on the PPL Electric TOU Program, approving the Joint Petition for Settlement
- The TOU RFP is separate from the Default Service RFP
- The TOU Program will commence with the first TOU solicitation taking place in **May 14, 2019** following the completion of the Default Service April 2019 solicitation
- PPL Electric is currently awaiting Commission approval of the finalized TOU documents including TOU RFP Rules, TOU SMA, and Tariff page adjustments.

# TOU Program Details

- TOU Program Term: June 1, 2019 through May 31, 2021
- Eligibility: Residential and Small C&I customers, including net metering customers; excludes Customer Assistance Program (CAP) customers and virtual net metering customers.
- TOU Program Details:
  - Two Programs: Primary and Contingency. The Primary program is a 6-month, full requirements product, supplied by wholesale suppliers and based upon a bid rate. The Contingency program is a non-bid program that is based upon a calculated rate and is supplied by default service suppliers in the event of a failed TOU bid or TOU supplier default in the Primary program.
  - There are two periods: Summer and Winter. The Summer term is June through November with on-peak hours from 2 PM to 6 PM. The Winter term is December through May with on-peak hours from 4 PM to 8 PM. All other hours are off-peak. The same periods (Summer or Winter) and segments (On-peak or off-peak hours) apply to the Residential and Small C&I Customer Groups.
- TOU solicitations are held twice annually in May and November, and will occur after each Default Service solicitation

# TOU Program's Relation to Default Service Auction

- TOU Customer enrollment & movement:
  - TOU service is for any residential customer (with the exception of CAP/Low-income customers) and small commercial & industrial customer.
  - Customers enroll into the TOU Program via affirmative election to participate in the program by either calling PPL Electric's contact center and requesting enrollment, or signing up online. Customers cannot enroll prior to June 1, 2019.
  - No customer automatically starts or defaults to TOU service – election must be affirmatively made by the customer.
  - A customer participating in the Default Service TOU Program is separated from the basic default service program. As such, customers entering or departing TOU service will look like “shopping” customers to basic default service suppliers.
  - Customers may enter and leave TOU service at any time.
- **IMPORTANT:** Any Default Service Supplier that is qualified for a Default Service solicitation will automatically qualify for the immediately succeeding TOU solicitation. There is no obligation for that supplier to participate in the TOU auction; however, qualification materials are transferred across both solicitations to expedite the TOU qualification process.

# Other Elements

- **Standard Offer Program (SOP)**
  - Under DSP IV, PPL Electric will continue the SOP through the term of the plan with limited modifications
  - Customers are able to sign up for SOP online through the “Choose Your Supplier” page or by signing up as a new or moving customer
  
- **Customer Assistance Program Standard Offer Program (CAP SOP)**
  - Per DSP IV settlement, PPL Electric implemented a CAP SOP
  - This program mirrors the base SOP, with a few exceptions:
    - ➔ Only PPL Electric CAP customers may participate in the program;
    - ➔ EGSs must separately elect to participate in the CAP SOP;
    - ➔ at the conclusion of the 12-month contract, CAP customers must be returned to Default Service or be enrolled in the new CAP SOP (i.e. *not continue shopping on a non-CAP SOP rate*)

# PA Solar – Closing the State Borders

- In October 2017, the Pennsylvania State Legislature passed an adjustment to Act 40, an amendment to the PA AEPS Act of 2007, effectively closing the State borders to solar generation outside of Pennsylvania
- The PUC issued an Implementation Order in July 2018, and a Reconsideration Order in August 2018. The Orders assert that any SRECs used for an LSE's solar AEPS compliance obligation must be generated within Pennsylvania
- Contracts that were entered into by parties prior to the Act 40 amendment utilizing SRECs from previously approved out of state solar generation sources may file a petition with the PUC for approval
- SRECs already generated from previously approved solar sources (including those outside of PA) are grandfathered and deemed available for use to comply with the solar AEPS compliance obligation
- **From the October 2018 solicitation and on**, SRECs must be generated from within the State of Pennsylvania, or from a facility approved by the PUC AEPS Manager

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# RFP Timeline

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# Solicitation is in Three Steps

## Step 1

- **Bidder Qualification**
  - RFP Bidders submit qualification materials through online form
  - Due Date: **12 pm (noon) EPT on March 18, 2019**

## Step 2

- **Bid Assurance Collateral/SMA**
  - RFP Bidders submit financial guarantees and signed contracts
  - Due Date: **12 pm (noon) EPT on April 5, 2019**

## Step 3

- **Bid Proposals**
  - Qualified RFP Bidders submit Bids
  - Due Date: **10 am – 12 pm EPT on April 9, 2019**

# April 2019 RFP Schedule

Bidder Information Session	Wednesday, March 6
Bidder Qualifications Due* – NOON EPT	Monday, March 18
Qualified Bidders Notified	Monday, April 1
Bidder Training	Tuesday, April 2
Bid Assurance Collateral and SMA Due – NOON EPT	Friday, April 5
Bid Proposals Due – NOON EPT	Tuesday, April 9
PUC Decision	Thursday, April 11
Transaction Confirmation(s) Executed – 2 PM EPT	Monday, April 15

\* If qualification materials are deficient, RFP Bidders must respond by the deadline specified in the deficiency notice. This is generally by 6PM on the second business day following the first deficiency notice. If additional information is required, RFP Bidders must respond by the deadline specified in any subsequent deficiency notice. In no event will an RFP Bidder be allowed to continue to cure its deficiency after the Cure Deficiency Deadline.

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# Products Solicited

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# Bid Products

Customer Group	Product Description	Delivery Period (Beginning on <u>June 1, 2019</u> )	Tranches to be Procured	Tranche Size
Residential	Fixed Price	12 months	16	2.50%
		6 months	8	2.50%
Small C&I	Fixed Price	12 months	6	5.00%
		6 months	9	5.00%
Large C&I	Spot Market	12 months	10	10.00%

# Payment to Suppliers depends on Fixed or Spot Products

## Residential and Small C&I

- Suppliers provide Full Requirements Service and are paid a fixed price (\$/MWh)

## Large C&I

- Suppliers provide the same Full Requirements Service and are paid based on:
  - energy priced at the PJM real-time spot market
  - capacity priced at RPM
  - ancillary services, congestion costs, AEPS costs and supplier margin at fixed price (\$/MWh)

# Two Types of Load Caps

- Maximum number of tranches RFP Bidder can bid on is based on:
  - An **85%** solicitation load cap based on tranches in each solicitation

Product	Available Tranches	Solicitation Load Cap	Maximum Tranches Bidder can Bid
Residential Fixed Price (12-mo)	16	85%	20
Residential Fixed Price (6-mo)	8		
Small C&I Fixed Price (12-mo)	6	85%	12
Small C&I Fixed Price (6-mo)	9		
Large C&I Spot Market (12-mo)	10	85%	8

- A **50%** aggregate load cap based on percent of default service load of a Customer Group a RFP Bidder can serve at any given point in time
  - ➔ Applies to both Residential and Small C&I
  - ➔ Limit on tranches bid in a given solicitation will take into account percentage of load associated with tranches won under prior **Full Requirements RFPs under DSP IV**

# AEPS and Allocated AECs

Reporting Period	Tier I	Solar PV	Tier II
6/1/2019 – 5/31/2020	8.0%	0.4433%	8.2%

Product	Allocated AECs
6-month Residential	140 SRECs per Tranche
12-month Residential	280 SRECs per Tranche

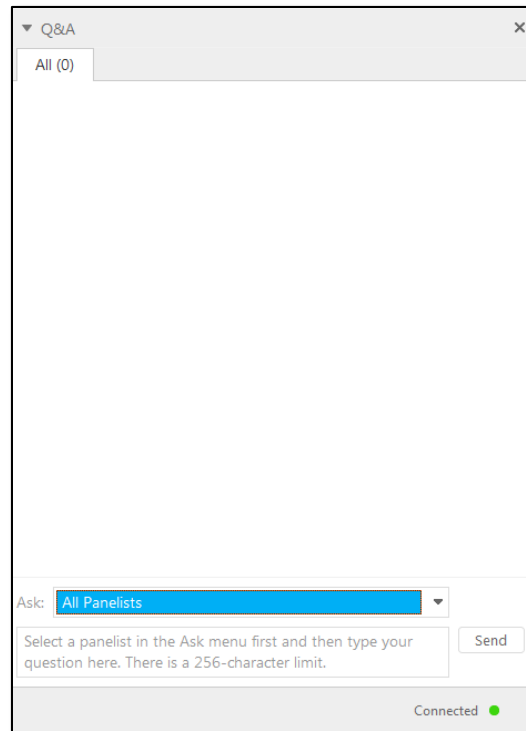
- Allocated AECs applicable to Residential Customer Group only
- See Exhibit 2 of SMA issued for April 2019 solicitation for details

# Data and Documents Provided on RFP website

- **All documents required for Participation:**
  - RFP Rules and Addendums
  - Default Service SMA and sample Exhibits
  - Credit instruments
  - Bid Proposal Spreadsheets
  - Training materials
  
- **Data:**
  - Historical Load Data (through January 2019)
  - Default Service Load Data (through December 2018)
  - Billed Sales & Counts (through January 2019)
  - NYPA Supply Data and NYPA Contract (through January 2019)
  - PJM Deration Factors (through January 2019)
  - Daily ICAP & NITS Tag Data (through February 2019)
  - Capacity and NSPL Data

# Questions

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The screenshot shows a Q&A interface window. At the top, there is a title bar with a dropdown arrow and the text "Q&A", and a close button "x". Below the title bar is a tab labeled "All (0)". The main area of the window is empty. At the bottom, there is a section labeled "Ask:" with a dropdown menu currently showing "All Panelists". Below the dropdown is a text input field with the placeholder text "Select a panelist in the Ask menu first and then type your question here. There is a 256-character limit." To the right of the input field is a "Send" button. At the very bottom of the window, there is a status bar that says "Connected" with a green dot.