

PPL Electric Utilities Corporation Time-of-Use RFP (May 2020 Solicitation)

Friday, April 17, 2020



*Default Service
Procurement Plan*

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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 May 17, 2018 related to PPL Electric's Time-Of-Use Program in Docket No. P-2016-2526627, M-2016-2578051 and P-2013-2389572
- Time-of-Use RFP Rules
- Time-of-Use Supplier Master Agreement

Please see the Time-of-Use section in the RFP website for complete documentation

<http://www.ppldsp.com/time-of-use>

Agenda

- Scope of the Presentation
- Regulatory Background and Overview
- TOU RFP Process Next Steps
- Product Design
- Bidding Process

Scope of Presentation

Multi-Solicitation Process

- **Time-Of-Use RFP (TOU RFP)** is for load-following, full requirements products
- **Four (4) solicitations** planned between May 2019 and November 2020
 - ~~— May 2019 —~~
 - ~~— November 2019 —~~
 - **May 2020 (this solicitation)**
 - November 2020

TOU RFP Elements are Common Across Solicitations

- This Presentation is focused only on information specific to the **May 2020 Solicitation**
- RFP/SMA Addendums and a separate presentation with information common to all solicitations regarding the TOU RFP process and the qualification requirements are provided on the RFP website under the “Documents” page of the “Time-of-Use RFP” Section

The screenshot displays the PPL website interface. On the left is a vertical navigation menu with the following items: Home, Background Information, Announcements, Default Service RFP, Time-of-Use RFP (highlighted with a red box), RFP Results, and Documents (indicated by a red arrow). The main content area shows the breadcrumb path 'Home > Time-of-Use RFP > Documents' and the heading 'Documents INFORMATION FOR GENERATION SUPPLIERS'. Below this, it says 'Load Following Full Requirements' and lists several documents: RFP Process and Rules (Including Appendices) (.pdf), Addendum 1 (.pdf), Addendum 2 (.pdf), Addendum 3 (.pdf), Addendum 4 (.pdf), Addendum 5 (.pdf), Addendum 6 (.pdf), Appendix 1, Time-of-Use Supplier Master Agreement (.docx), and Addendum 1 (.doc).

Regulatory Background and Overview

Time-Of-Use Program (TOU Program)

- **On June 1, 2017, PPL Electric filed a petition for approval of its TOU Program for the period through May 31, 2021, which is the end of PPL Electric's current DSP IV**
 - March 13, 2018: Joint Petition for Approval of TOU Program
 - May 17, 2018: Commission Order approving Joint Petition
 - February 13, 2019: Compliance filing for a revised TOU RFP and TOU SMA along with a proforma tariff
 - April 9, 2019: Secretarial Letter approving revised TOU RFP and TOU SMA

- **The TOU RFP is separate from the Default Service RFP**
 - TOU RFP is held twice annually after each Default Service RFP

TOU is Not Offered for All Customer Groups

- **TOU service is a Full Requirements, Load Following Service**
 - Only customers in Residential & Small C&I are eligible
 - Affirmative election by customer is required

- **The following customers are not eligible to take TOU service:**
 - Large C&I Customers
 - Residential customers on PPL Electric's OnTrack Program – PPL's Customer Assistance Program
 - Virtual Net Metering customers
 - Lighting customers and unmetered GS-1 customers in the Small C&I Customer Group

Summer Products Solicited for R and SC&I

- **Separate Bids for Residential and Small C&I**
- **Each Product has a 6-month supply period**
- **Summer: June – November**
 - On Peak Hours: Monday through Friday: **2:00 p.m. through 6:00 p.m. EPT**, excluding weekends and PJM holidays.
 - Off-Peak Hours: all other hours

Bid Sets the Off-Peak Price

- **Bid is % Discount Below Generation Portion of PTC**

Off-Peak Price = Gen. portion of PTC x (1 – % Discount)

On-Peak Price = Seasonal Multiplier x Off-Peak Price

TOU Supplier paid:

- Off-Peak Price for TOU Load during Off-Peak Hours
- On-Peak Price for TOU Load during On-Peak Hours

Net Excess Generation

- **Excess Generation** is the energy provided by a Net Metering Customer which exceeds consumption at customer's premise
- **Net Excess Generation** is the sum of Excess Generation in a month, measured separately for On-Peak hours and Off-Peak hours
- TOU Load is reduced by any Net Excess Generation
- TOU Supplier pays PPL Electric for Net Excess Generation:
 - that occurs during On-Peak hours at On-Peak Price
 - that occurs during Off-Peak hours at Off-Peak Price

Contingency Plan

- The Contingency Plan is invoked if there is insufficient participation, if PUC rejects a Bid, or if a winning supplier defaults under the TOU SMA
- In the event the Contingency Plan is enacted:
 - TOU Load will be included in the Default Service Load for the applicable period and served by Default Service Suppliers providing Default Service
 - On-peak and off-peak rates will be calculated based upon pre-determined multipliers and based upon the generation rate of the PTC in effect during the TOU period
 - Off-Peak Price shall be 90% of the generation portion of PTC
 - Seasonal Multiplier is the same as the multiplier used in the Bid

TOU RFP Process Next Steps

TOU RFP Schedule

TOU RFP Release	Monday, April 13
Bidder Qualifications Due – NOON EPT	Monday, April 27
Price-to-Compare (“PTC”) Release	Friday, May 1
Qualified Bidders Notified	Monday, May 4
Bid Assurance Collateral and SMA Due – NOON EPT	Friday, May 8
Bid Proposals Due – NOON EPT	Tuesday, May 12
PUC Decision	Thursday, May 14
Transaction Confirmation(s) Executed – 2 PM EPT	Monday, May 18

Product Design

Bid Products

Customer Group	General Criteria	Delivery Period (Beginning on <u>June 1, 2020</u>)	Tranches to be Procured	Tranche Size
Residential	All Residential Customers	6 months	1	100%
Small Commercial and Industrial	< 100 kW annual peak demand	6 months	1	100%

- Large Commercial and Industrial, OnTrack customers in the Residential Customer Group, as well as lighting customers and unmetered GS-1 customers in the Small C&I Customer Group, are not eligible for TOU service
- Section 1.1.3 of the TOU RFP Rules provides a full description of rate schedules within each Customer Group

Bidding Process

Submitting TOU Bid Proposals

- Bid Proposal Due Date
 - **10 AM – 12 PM (noon) EPT on Tuesday, May 12**

- One **Bid Proposal Spreadsheet** for each Product
 - Different spreadsheets for RES and SC&I products
 - All shaded cells on Spreadsheet must be completed

- Bid Proposal Spreadsheets **must be submitted online by electronic file transfer** to the PPL Electric secure server

Bid is for Percentage Discount to Generation Portion of PTC

- Bid is for **% Discount** Below the Generation Portion of PTC

Example (figures are illustrative only)

Solicitation Information

Generation Portion of the Price-to-Compare (US \$/MWh) \$51.00/MWh

Multiplier (applied to Off-Peak Price to set On-Peak Price) 1.60

Bid Information:

% Discount Below Generation Portion of PTC (2 decimals) 15.01%

Resulting Price Information:

Off-Peak Price (\$/MWh) rounded down to nearest cent \$43.34/MWh

On-Peak Price (\$/MWh) \$69.34/MWh

The final Generation Portion of the Price-to-Compare and Seasonal Multiplier will be confirmed in Qualified Bidder's Notification on May 4, 2020

Technical Difficulties

- If an RFP Bidder experiences technical difficulties, the RFP Bidder should email the PPL Electric RFP Manager directly at:
PPL-Procurement@NERA.com
 - PPL Electric RFP Manager will find an alternative method to ensure that all RFP Bidders who wish to submit Bids may do so
 - **RFP Bidders should use this backup method only in an emergency**
 - Bids submitted in this manner will not be disadvantaged, but Bids must still be submitted by the deadline

Bid with Greatest Discount Wins

- Bids for Residential Customer Group and for Small C&I Customer Group will be evaluated separately
- For each Customer Group
 - Winning Bid is the Bid with the greatest percentage discount below the generation portion of the PTC
 - Tied Bids will be broken by random selection
 - Resulting Off-Peak Price based on the Bid will be rounded down to the nearest penny
- **If there are less than two (2) Bids received for a Customer Group, the result for that Customer Group is deemed to be rejected by the PUC**

Post-Auction Activities

- RFP Manager submits results to PUC on **the Business Day after Bid Proposals Due Date**
- The PUC will issue its decision no later than **the second Business Day after Bid Proposals Due Date**
 - If results accepted, PPL Electric will email a partially executed Transaction Confirmation and fully executed SMA to winning RFP Bidders **on the same business day** (or next business day if PUC does not act)
- **By 2 p.m. on the second business day after receipt**, RFP Bidder emails PPL Electric the fully executed Transaction Confirmation(s)
 - Bid Assurance Collateral may be forfeited for failure to execute Transaction Confirmation(s) in timely manner
- **Upon Receipt of fully executed Transaction Confirmation(s):**
 - PPL Electric will return Bid Assurance Collateral

The PJM DOA

- Suppliers create **PJM eSuite Short Names** for each contract type
 - The Short Name designation by PPL Electric is as follows:
 - ➔ All Short Names must be 6 letters in length, with the final three letter designations as follows: **TRA** or **TSA** (T = Time-of-Use, R or S = Residential or Small C&I respectively, and A = supplier gets ARRs)
 - ➔ The first three letters may be selected by the winning supplier
 - ➔ *For Example: PPLTRA would signify PPL (designed by winning party) and TRA signifying PPL won Residential TOU supply.*
 - Supplier is responsible to submit all paperwork with PJM to create the Short Name.
 - PPL Electric highly recommends suppliers prepare paperwork to be submitted to PJM prior to winning supply to expedite the PJM Short Name creation process.

The PJM DOA (cont.)

- Once a Supplier is selected as having won TOU supply, the PA PUC approves the auction results, and all parties sign the contracts – PPL recommends that winning Suppliers immediately submit required paperwork to PJM for creation of a Short Name.
- Once created, Suppliers must notify PPL Electric that the Short Name is available for use.
- If Suppliers have any questions about the naming convention or creation of PJM Short Names, please contact the Company.
- **Note!** RFP Bidders do **not** need to provide executed PJM Declaration of Authority (DOA) prior to bid submission: PJM DOA will be executed by new winning Suppliers and PPL Electric **after** Short Names are set up

All questions, comments or corrections should be promptly communicated to PPL Electric

PJM InSchedule Application

- PPL Electric will **enter winning Supplier contracts into the PJM inSchedule** application no later than **May 31**
- PPL Electric notifies Suppliers when contracts are available for review and approval
 - Suppliers are required to review and approve contracts entered into the PJM system that match the terms and conditions of the underlying supply contracts
- Once contracts are approved, PPL Electric will **update and/or add any required Billing Line Items (BLI's)** into the PJM BLI application
 - PPL Electric notifies Suppliers when BLIs are available for review
 - Suppliers reviews and approves all BLIs entered into the PJM system

All questions, comments or corrections should be promptly communicated to PPL Electric

PPL-Issued AEC Reports

During Term of the Transaction:

- PPL Electric will issue Alternative Energy Credit (AEC) reports to each Supplier, detailing each Supplier's AEC obligations by contract and by month
- Reports will be issued quarterly based upon the PJM planning year (June through May)
- Suppliers are obligated to make their required AEC transfers to PPL Electric's PJM GATS account in accordance with the terms of the contract.

Contact Us Through the RFP Website

ppl
PPL Electric Utilities

PPL Electric's Default Service Program

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Ask-a-Question

Fields marked with an * are required

Name *

Company *

Phone

Email *

Question *

Fill out required fields and click "SUBMIT"

All questions and answers are posted to the FAQ section of the RFP website without revealing the asking party