



NERA
ECONOMIC CONSULTING

PPL Electric Utilities Corporation Time-of-Use RFP (November 2019 Solicitation)

Thursday, October 17, 2019



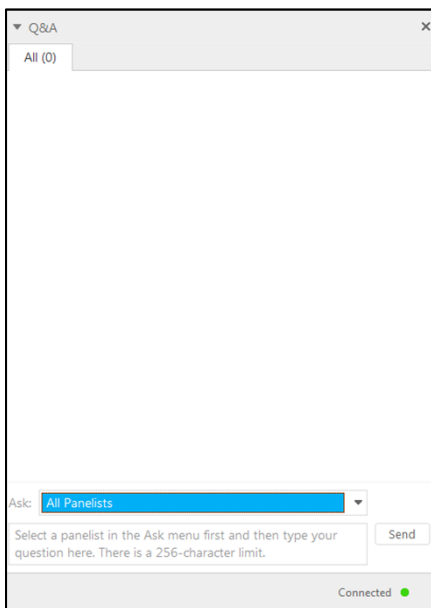
*Default Service
Procurement Plan*

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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 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 (this solicitation)**
 - May 2020
 - November 2020

TOU RFP Elements are Common Across Solicitations

- This Presentation is focused only on information specific to the **November 2019 Solicitation**
- A separate presentation with information common to all solicitations regarding the TOU RFP process and the qualification requirements is provided on the RFP website under the “Documents” page of the “Time-of-Use RFP” Section

Home Home > Time-of-Use RFP > Documents

Background Information

Announcements

Default Service RFP

Time-of-Use RFP

- RFP Results
- Documents** ←

Documents
INFORMATION FOR GENERATION SUPPLIERS

- **Bidder Information Materials**
 - Bidder Information Webcast Presentation (.pdf)
 - Bidder Information Webcast Recording (.mp3)
 - Time-of-Use RFP Process and Requirements (.pdf) ←
- **Redline Documents**
 - Redline DS Supplier Master Agreement and TOU Supplier Master Agreement (.pdf)

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

Winter Products Solicited for R and SC&I

- **Separate Bids for Residential and Small C&I**
- **Each Product has a 6-month supply period**
- **Winter: December – May**
 - On Peak Hours: Monday through Friday: **4:00 p.m. through 8:00 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, October 14
Bidder Qualifications Due – NOON EPT	Monday, October 28
Price-to-Compare (“PTC”) Release	Friday, November 1
Qualified Bidders Notified	Friday, November 1
Bid Assurance Collateral and SMA Due – NOON EPT	Thursday, November 7
Bid Proposals Due – NOON EPT	Tuesday, November 12
PUC Decision	Thursday, November 14
Transaction Confirmation(s) Executed – 2 PM EPT	Monday, November 18

Product Design

Bid Products

Customer Group	General Criteria	Delivery Period (Beginning on <u>December 1, 2019</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, November 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)

<u>Solicitation Information</u>	
Generation Portion of the Price-to-Compare (US \$/MWh)	\$51.00/MWh
Multiplier (applied to Off-Peak Price to set On-Peak Price)	1.24
<u>Bid Information:</u>	
% Discount Below Generation Portion of PTC (2 decimals)	15.01%
<u>Resulting Price Information:</u>	
Off-Peak Price (\$/MWh) rounded down to nearest cent	\$43.34/MWh
On-Peak Price (\$/MWh)	\$53.74/MWh

The final Generation Portion of the Price-to-Compare and Seasonal Multiplier will be confirmed in Qualified Bidder's Notification on November 1, 2019

Technical Difficulties

- If an RFP Bidder experiences technical difficulties, the RFP Bidder should call the PPL Electric RFP Manager directly at:
(215) 568-0200
 - 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 **November 30**
- 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

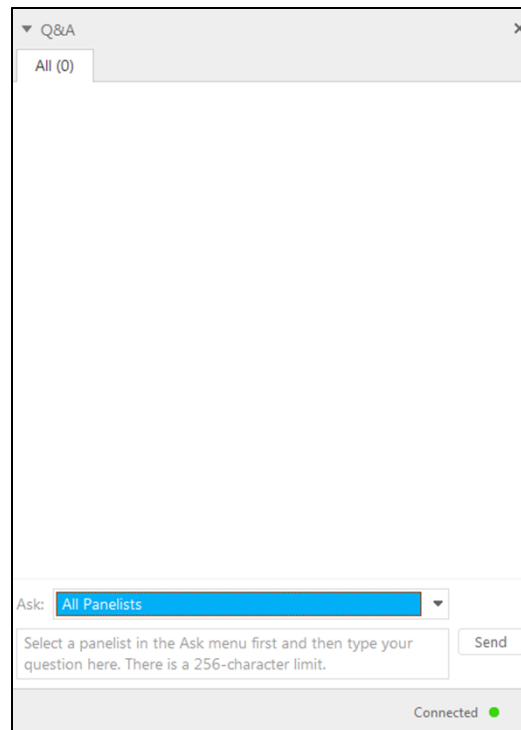
PPL-Issued AEC Reports

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.

Questions

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The screenshot shows a Q&A interface window. At the top, it says "Q&A" with a close button. Below that, there is a tab labeled "All (0)". The main area is empty. At the bottom, there is an "Ask:" label followed by 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 right, there is a "Connected" status with a green dot.

Contact Us Through the RFP Website

ppl
PPL Electric Utilities

PPL Electric's Default Service Program

Home > Contact Us > Ask-a-Question

Ask-a-Question
Fields marked with an * are required

Name *

Company *

Phone

Email *

Question *

Fill out required fields and click "SUBMIT"

Home

Background Information

Announcements

Default Service RFP

Time-of-Use RFP

Calendar

Data

FAQs

Contact Us

Register

Ask-a-Question

RSVP for Webcast

File Transfer

Qualification Form

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