

# PPL Electric Utilities Corporation Time-of-Use Procurement Plan

## Time-of-Use RFP Process and Requirements



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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. M-2016-2578051
  - Time-of-Use RFP Rules
  - Time-of-Use Supplier Master Agreement

Please see the TOU section in the RFP website for complete documentation  
<http://www.ppldsp.com/time-of-use>

# Agenda

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- Scope of Presentation
- Overview of the TOU RFP Process
- Product Design
- Qualifications and Bidding Process
- TOU RFP Website

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# Scope of Presentation

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# Solicitation Process

- **TOU RFP** for load-following, full requirements products
- **Four (4) solicitations** planned between May 2019 and November 2020
  - May 2019
  - November 2019
  - May 2020
  - November 2020

# TOU RFP Elements are Common Across Solicitations

- This presentation covers TOU RFP requirements and process elements that are common across all solicitations
- Information specific to a given solicitation is provided separately at the start of each solicitation

The screenshot displays a web portal 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, Documents (with a red arrow pointing to it), and Calendar. The main content area on the right shows a breadcrumb trail: Home > Time-of-Use RFP > Documents. Below this is a heading 'Documents' with the subtext 'INFORMATION FOR GENERATION SUPPLIERS'. A section titled 'Load Following Full Requirements' contains a list of documents: RFP Process and Rules (Including Appendices) (.pdf), Appendix 1, Time-of-Use Supplier Master Agreement (.docx), Exhibit 2 (.pdf), Exhibit 3 (.docx), and Sample Exhibit 4 (.pdf).

# The Role of NERA

- To ensure a transparent process, PPL Electric has retained NERA to continue its role as the independent third-party RFP Manager for the TOU Solicitations under DSP IV.
  
- NERA's role is:
  - to be the main point of contact with RFP Bidders
  - to ensure the TOU RFP Process and Rules, as approved by the PUC, are followed
  - to ensure qualifications are evaluated equitably and fairly
  - to ensure conforming Bids
  - to evaluate and determine the winning Bids
  - to present the results to the PUC

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# Overview of the TOU RFP Process

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# TOU Customers

- TOU Program customers are retail customers taking service under PPL Electric's TOU Program
  - Customer enrollment opened on June 1, 2019
  - No customer automatically starts or defaults to TOU service and election must be affirmatively made by the customer
  - Bids are solicited to serve the load of TOU customers in the Residential Customer Group and the Small C&I Customer Group separately
  - A TOU customer may switch to take service from an EGS with appropriate notice to PPL Electric (and if such customer returns, shall return to fixed-price default service)
- PPL Electric has an obligation to obtain supply for its TOU customers: if the TOU RFP is not successful or the TOU Supplier defaults, the TOU Load will be included in the Default Service Load and be served by Default Service Supplier under the terms of Default Service SMA

# Procurement Groups

- A “Customer Group” is a grouping of customers

Group	Description	General Criteria
R	Residential	All Residential Customers
SC&I	Small Commercial and Industrial	< 100 kW annual peak demand

- Large Commercial and Industrial (LC&I), 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
- Section 1.1.3 of the TOU RFP Rules provides a full description of rate schedules within each Customer Group

# Bid Products

Customer Group	Delivery Period	Tranches to be Procured	Tranche Size
Residential	6 months	1	100%
Small C&I	6 months	1	100%

**Delivery Period runs from June 1 through November 30 for TOU Solicitations held in May, and from December 1 through May 31 for TOU Solicitations held in November**

# TOU Solicitation is in Three Steps

## Step 1

- **Bidder Qualification**

- RFP Bidders submit qualification materials through TOU Online Form
- Due Date: 12 pm (noon) EPT on **Bidder Qualifications Due Date\***

## Step 2

- **Bid Assurance Collateral/SMA**

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

## Step 3

- **Bid Proposals**

- Qualified RFP Bidders submit Bids
- Due Date: 10 am – 12 pm EPT on **Bid Proposal Due Date\***

\* See TOU RFP Calendar for exact dates: [www.ppldsp.com/calendar](http://www.ppldsp.com/calendar)

# PUC Review and Approval of TOU RFP

- The RFP Manager will submit a report to the PUC one business day after the TOU RFP Bid Proposal Due Date
- The PUC will issue a decision for all proposals no later than two business days after the TOU RFP Bid Proposal Due Date

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# Product Design

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# TOU Suppliers Serve 100% of the Load for the Customer Group under TOU Program

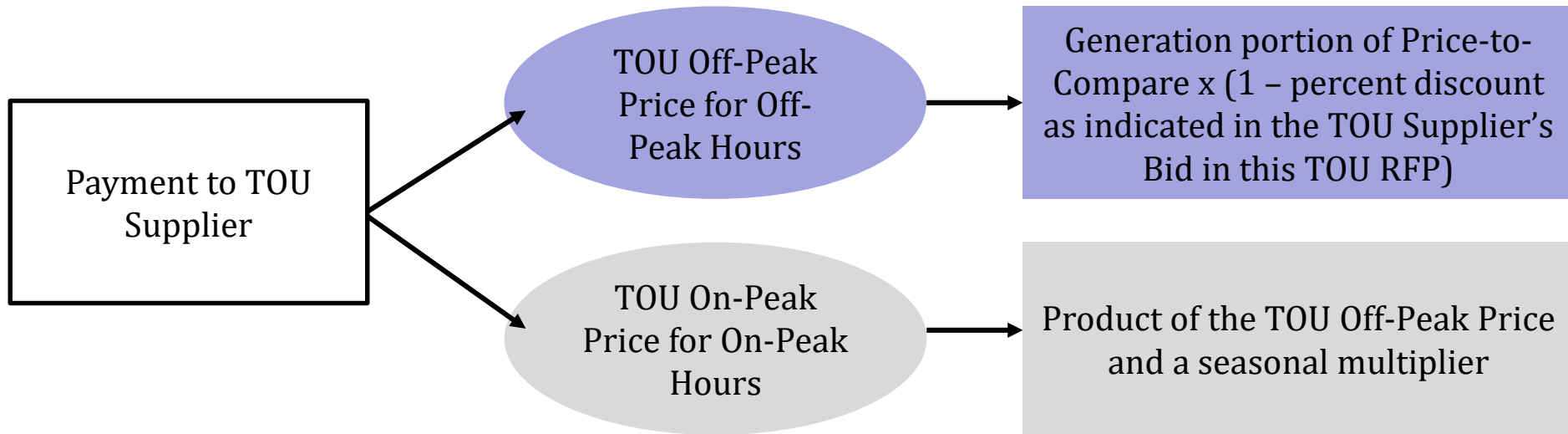
## Supply is Full Requirements Service

- Full Requirements Service includes energy, capacity, ancillary services, certain transmission services, and AEPS requirements
- Full Requirements Service excludes certain non-market based transmission services
- ARRs are assigned to winning suppliers
- AEPS obligations reflected in updated Exhibit 2 to the TOU SMA
- Delivery point: PPL\_RESID\_AGG

## Full Requirements Service is Load Following

- Supplier for a Group supplies 100% (a tranche) of TOU load for that Customer Group during the supply period
- Customers are free to switch out of the TOU Program to take EGS service with appropriate notice to PPL Electric (and if such customer returns, shall return to fixed-price default service)

# Payment to Suppliers Depends on Off-Peak/On-Peak Supply



## Summer (June - November)

On-Peak: 2 PM to 6 PM EPT excluding weekends and PJM holidays  
Off-Peak: all other hours

## Winter (December - May)

On-Peak: 4 PM to 8 PM EPT excluding weekends and PJM holidays  
Off-Peak: all other hours

- Seasonal multipliers are based upon a rolling 5 years of historic PJM Day Ahead Spot Market Pricing data for the PPL Residual Aggregation Zone, beginning with the month of the auction minus one month

# TOU Supplier Master Agreement

- Contract is standard and non-negotiable
- Contract is between TOU Supplier and PPL Electric
- RFP Bidder uploads a scanned partially executed TOU SMA prior to Bid Submission
- Transaction Confirmation will specify product information (e.g., delivery term, customer group, etc.)

# Key Credit Provisions

- Credit Exposure: **\$75,000 for each Transaction**
- Performance Assurance requirements will depend on a credit evaluation
  - Unsecured credit may be granted based on the RFP Bidder's (or its Guarantor's) Tangible Net Worth and credit ratings
  - Exposure beyond unsecured credit (if any) must be met with cash or Performance Assurance LOC
- Single unsecured credit is granted for all SMAs, including
  - SMAs previously executed under Default Service Program or the TOU Program
- Exposures are netted across all SMAs
- One single guaranty is used for all SMAs
- Standard Guaranty and Performance Assurance LOC form provided as Exhibits to contract

# Qualifications and Bidding Process

# Overview of TOU RFP Qualification Process

- **Bidder Qualification process is completely online**
  - Provide required information
  - Upload supporting documents
  - Upload scanned Appendices with signatures
- **Request an Account to receive:**
  - Login Credentials
  - Instructions for completing and submitting the online form
- **Abbreviated Process for previously Qualified Bidders in a previous Default Service or TOU Solicitation**
  - Any RFP Bidder that has previously qualified for a Default Service or TOU Solicitation can qualify again through an abbreviated process

# Requesting an Account and Logging In

RFP website: <http://www.ppldsp.com>

The image shows a screenshot of the PPL Electric's Default Service Program website. The main content area displays the 'Qualification Form' page, which includes a navigation menu on the left and a central text area. The text area contains a message: 'You must be logged in to access the online Qualification Form. If you have an account, please [log in here](#). If you do not have an account, please [get account here](#).' A red box highlights the 'log in here' link, with a red arrow pointing to a login form on the right. Another red arrow points from the 'get account here' link to a 'Get Account for Qualification' form at the bottom right. The login form has fields for 'Username or Email Address' and 'Password', with a 'Remember Me' checkbox and a 'Log In' button. The 'Get Account for Qualification' form has fields for 'Company', 'Contact Name', 'Contact Title', 'Phone Number', and 'Email', with a 'SUBMIT' button. A red box highlights the 'SUBMIT' button, with a red arrow pointing to it. A red box also highlights the 'log in here' link, with a red arrow pointing to it.

**Enter your login credentials**

**The contact will soon receive:**

- Username
- Password
- Addendum 2 to the RFP rules
- Deadline information

**Fill out required fields and click "SUBMIT"**

# Downloading the TOU RFP Appendices

RFP website: <https://www.ppldsp.com>



Home

Background Information

Announcements

Default Service RFP

Time-of-Use RFP

RFP Results

Documents

Calendar

Data

FAQs

Contact Us

File Transfer

Qualification Form

Home > Time-of-Use RFP > Documents

## Documents

INFORMATION FOR GENERATION SUPPLIERS

### Load Following Full Requirements

- RFP Process and Rules (Including Appendices) (.pdf)
  - Addendum 1 (.pdf)
- Appendix 1, Time-of-Use Supplier Master Agreement (.docx)
  - Exhibit 2 (.pdf)
  - Exhibit 3 (.docx)
  - Sample Exhibit 4 (.pdf)
  - Exhibit 5 (.docx)
  - Exhibit 6 (.docx)
- Appendix 3, Confidentiality Agreement (.docx)
- Appendix 4, PJM Qualification Certification Form (.docx)
- Appendix 5, FERC Authorization Certification Form (.docx)
- Appendix 6 Credit Authorization (.docx)
- Appendix 6b, Confirmation of Credit and Financial Information (.docx)
- Appendix 7, Bid Assurance Letter of Credit (.docx)
- Appendix 9, Binding Bid Agreement (.docx)
- Appendix 10, Binding Bid Withdrawal Agreement (.docx)

Download applicable Appendices!

# Step 1: Submit the TOU Qualification Form

**Due Date: 12 pm (noon) EPT on Bidder Qualifications Due Date**

## Required in the TOU Qualification Form:

1. Expression of Interest
2. Confidentiality Agreement
3. PJM and FERC Qualifications
4. Credit Application and Financial Information
5. Binding Bid Agreement

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## Optional in the TOU Qualification Form:

6. Designation of Additional Representatives
7. Proposed Modifications to Bid Assurance LOC
8. Proposed Modifications to Performance Assurance LOC and Guaranty

# Sections in TOU Qualification Form

- **Section 1: Expression of Interest Form (Appendix 2)**
  - Asks for basic contact information of the RFP Bidder and representative
  - Allows RFP Bidder to designate additional representatives (optional)
  
- **Section 2: Confidentiality Agreement (Appendix 3)**
  - Protects information that is confidential, proprietary, or generally not available to the public
  - Executed by RFP Bidder and PPL Electric and protects both
  
- **Section 3: PJM Qualification and FERC Authorization Certification (Appendix 4 and Appendix 5)**
  - **PJM Qualification Certification:** Certifies that RFP Bidder is qualified as a market buyer and seller (and that it is able to secure generation or otherwise obtain and deliver electricity in PJM through compliance with applicable PJM requirements)
  - **FERC Authorization Certification:** Certifies that RFP Bidder is authorized to sell energy, capacity, and ancillary services at market-based rates

# Sections in TOU Qualification Form (Cont.)

- **Section 4: Credit Application (Appendix 6)**
  - Applicant (RFP Bidder or Guarantor) is required to provide:
    - ➔ Information for credit contact
    - ➔ Bank reference information
    - ➔ Most recent SEC 10-Q or 10-K
    - ➔ Credit ratings and supporting documentation
    - ➔ Credit Authorization
  - Appendix 6 Credit Authorization **must be signed by the Guarantor** if relying on the creditworthiness of Guarantor
  - RFP Bidder may indicate it is not requesting unsecured credit under TOU SMA
  - RFP Bidder relying on Foreign Guarantor may provide draft documents required under the TOU SMA for review in TOU RFP process

# Sections in TOU Qualification Form (Cont.)

- **Section 5: Binding Bid Agreement (Appendix 9)**
  - Bid Proposals Constitute **Firm Offers to Supply**
  - RFP Bidder certifies:
    - ➔ Bound by the price quotes based on the Bid submitted in the Bid Proposals
    - ➔ Independent bidding
    - ➔ No knowledge of others' Bids
    - ➔ No disclosure of information related to the TOU RFP process or the Bidder's Proposal prior to the PUC decision
  
- **Section 6: Justification of Omissions (optional)**
  - Allows RFP Bidder to explain any omissions if RFP Bidder was unable to provide all documents or information required in the TOU Qualification Form
  - Allows RFP Bidders to upload optional documents such as proposed modifications to credit instruments

# Previously Qualified Default Service or TOU Bidders may participate in Abbreviated Process

**Due Date: 12 pm (noon) EPT on Bidder Qualifications Due Date**

## Required in the TOU Qualification Form:

- ✓ ~~Expression of Interest~~
- ✓ ~~Confidentiality Agreement~~
- ✓ ~~PJM and FERC Qualifications~~
- 1. Credit Application and Financial Information
- 2. Binding Bid Agreement

Resubmit Appendix 6 or  
Refresh using Appendix 6b

Resubmit

## Optional in the TOU Qualification Form:

- 3. Designation of Additional Representatives
- 4. Proposed Modifications to Bid Assurance LOC
- 5. Proposed Modifications to Performance Assurance LOC and Guaranty

# Confirmation of Credit and Financial Information

- Appendix 6b Confirmation of Credit and Financial Information may **only be used by RFP Bidders that previously qualified in a Default Service or TOU Solicitation under DSP IV**
- RFP Bidders may submit Appendix 6b if:
  - All previously submitted credit and financial information is current and does require any updates
  - OR**
  - RFP Bidder is only updating credit ratings support documentation and/or financial statements, and all other previously submitted credit and financial information remains unchanged
- RFP Bidders can review their most recently submitted financial information and update if necessary

# TOU Qualification Form Review Process

- The RFP Manager reviews the submission only after the RFP Bidder hit “Submit”
- During the review, RFP Bidder’s **account will be locked**
- RFP Manager performs initial evaluation generally on the same day or by the following business day
  - Deficiency or complete notice sent by email
  - Evaluates additional materials as needed
- If RFP Bidder receives a deficiency notice regarding its TOU Qualification Form from the RFP Manager, RFP Bidder’s account will be unlocked
  - If the TOU Qualification Form is complete and the RFP Manager requires no additional information, RFP Bidder’s account will remain locked

# RFP Bidders Will Have Time to Cure Deficiencies

- RFP Bidders are encouraged to **submit materials early** to maximize time to resolve deficiencies and provide any necessary additional information
- Deficiency notices will specify a **deadline** for RFP Bidder to respond
  - RFP Bidder must respond by 6PM EPT on the second business day for first deficiency notice
  - RFP Bidder must respond by deadline specified in subsequent deficiency notice if additional information is required
- RFP Bidder that fails to remedy deficiencies by the deadline specified in the deficiency notice will not qualify for the solicitation

# Step 2: Submit Bid Assurance Collateral and TOU SMA

**Due Date: 12 pm (noon) EPT on Bid Assurance Collateral and SMA Due Date**

## 1. TOU Online Form, including SMA upload

- Indicate whether you are providing **Cash** or **Letter of Credit** as a form of Bid Assurance Collateral
- Upload the signed TOU SMA

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## 2. Bid Assurance Collateral

- Cash: wire transfer instructions provided if you elect Cash on the online form
- Letter of Credit delivered to:  
**PPL Electric RFP Manager**  
**1835 Market Street, Suite 1205**  
**Philadelphia, PA 19103**

# Bid Assurance Collateral & Pre-Signed TOU SMA

- Bid Assurance Collateral must be in the form of a **letter of credit** or **cash**
  - **\$75,000** per tranche
    - ➔ \$150,000 if bidding for both Customer Groups and \$75,000 for one Customer Group
  - Wire transfer instructions available in the TOU Online Form
  - Standard form of LOC is available on the RFP website
    - ➔ Use only standard form or with acceptable modifications
    - ➔ Early submission provides time to deal with corrections
    - ➔ Final list of acceptable modifications will be posted **no later than five business days before the Bid Proposal Due Date**
  
- **One scanned signed copy of the entire TOU SMA** must be received **by upload to the RFP website**, including the Form of Notice filled in with the appropriate contact information

# Step 3: Submit TOU Bid Proposals

- Bid Proposal Due Date
  - Submission Window: **10 AM – 12 PM (noon) EPT**
- 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

# Bids Submitted Online

- Bid Proposal Spreadsheet(s) submitted **online by electronic file transfer** to the PPL Electric secure server
- Required **password** will be sent with Notification of Qualification
- RFP Manager **confirms receipt by phone** using contact information in Bid Proposal Spreadsheet and tag number will be provided
- RFP Manager will prompt RFP Bidders to read back the submitted Bid
- RFP Bidder can withdraw its Bid Proposal before deadline for Bid submission by using the Binding Bid Withdrawal Agreement (Appendix 10)

# 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)

<b><u>Solicitation Information</u></b>	
Generation Portion of the Price-to-Compare (US \$/MWh)	\$51.00/MWh
Multiplier (applied to Off-Peak Price to set On-Peak Price)	1.62
<b><u>Bid Information:</u></b>	
% Discount Below Generation Portion of PTC (2 decimals)	15.01%
<b><u>Resulting Price Information:</u></b>	
Off-Peak Price (\$/MWh) rounded down to nearest cent	\$43.34/MWh
On-Peak Price (\$/MWh)	\$70.21/MWh

$$51 \times (1 - 0.1501) = 43.34$$

$$43.34 \times 1.62 = 70.21$$

# What Happens if Bid Assurance Collateral is Insufficient ?

- Bids will be **removed** if Bid Assurance Collateral is insufficient
- If Bids are provided for both Customer Groups and the Bid Assurance Collateral is only sufficient for one Bid, then the RFP Manager will remove the Bid from the Customer Group where there is the most competition, as measured by the number of Bid Proposal Spreadsheets submitted for that Customer Group

**By submitting a Bid Proposal under the TOU RFP, TOU RFP Bidder authorizes the RFP Manager to modify Bid Proposal documents in this manner**

# 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

# Evaluation Selects Bid with Greatest Discount

- Bids for Residential Customer Group and for Small C&I Customer Group will be evaluated separately
- For each Customer Group
  - Tied Bids will be broken by random selection
  - The winning Bid is the Bid with the greatest percentage discount below the Generation Portion of the PTC (which will be reflected in the Off-Peak Price)
- **If there are less than two (2) Bids received for a Customer Group, the results for that Customer Group are deemed to be rejected by the PUC**

# Post-Auction Activities

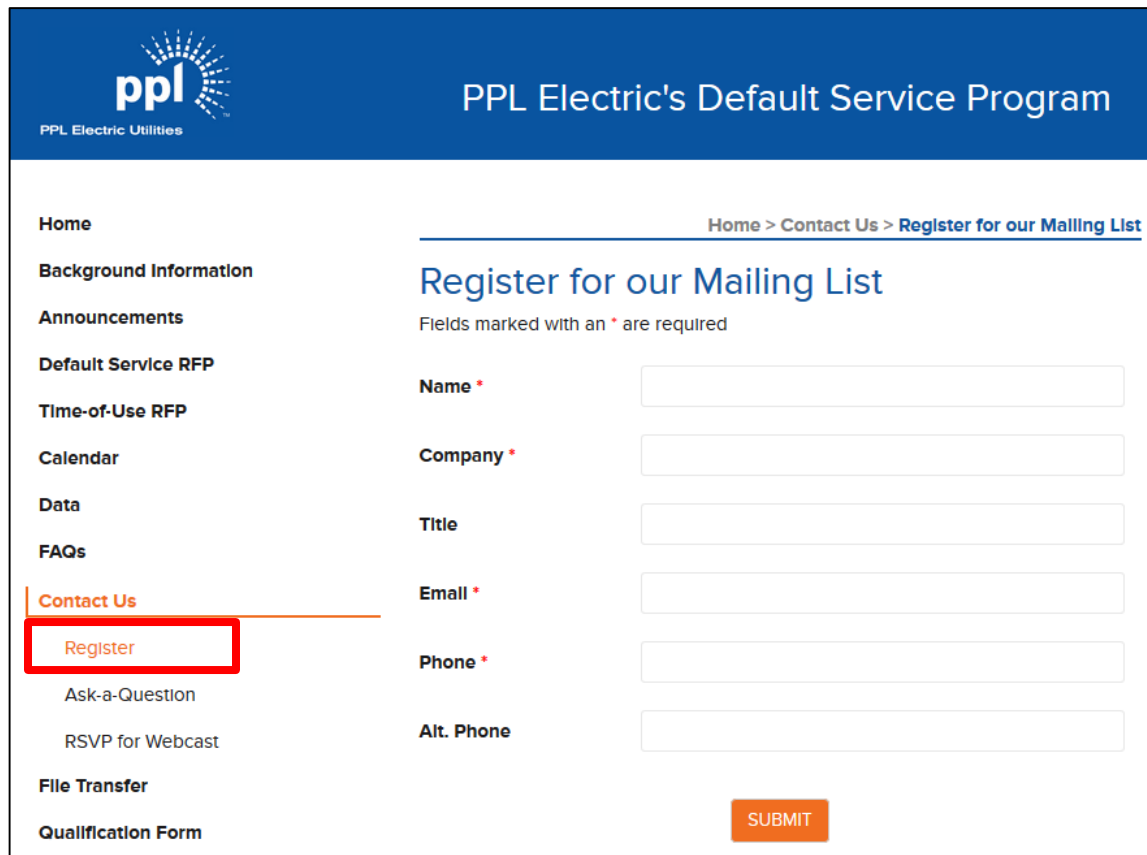
- RFP Manager submits results to PUC on **the Business Day after Bid Proposals Due Date**
- The PUC will issue its decision no later than **the second Business Day after Bid Proposals Due Date**
  - If results accepted, PPL Electric will email a partially executed Transaction Confirmation and fully executed 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

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# RFP website

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- Register for our Mailing List
- Receive emails and updates



The screenshot displays the PPL Electric's Default Service Program website. The header features the PPL logo and the text 'PPL Electric Utilities' on the left, and 'PPL Electric's Default Service Program' on the right. A navigation menu on the left includes links for 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, and Qualification Form. The 'Contact Us' section is highlighted with an orange line, and the 'Register' link is enclosed in a red box. The main content area shows the breadcrumb 'Home > Contact Us > Register for our Mailing List' and the title 'Register for our Mailing List'. Below the title, it states 'Fields marked with an \* are required'. The form includes input fields for Name \*, Company \*, Title, Email \*, Phone \*, and Alt. Phone \*. A blue 'SUBMIT' button is located at the bottom right of the form.

# Submit Questions 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"**

**Navigation Menu:**

- 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 TOU RFP website without revealing the asking party