

C. BIDDER GUIDE TO THE AUCTION RULES

The disclaimer provided as Section A of this January Bidder Information Packet applies to all sections, including this section. Bidders bear full responsibility for reviewing all governing documents and for complying with any additional instructions from the Auction Manager during the Auction Process.

This section is provided for bidder convenience only. Any statements herein describing the Auction Rules are summaries only and are qualified in their entirety by the Final BGS-RSCP Auction Rules and the Final BGS-CIEP Auction Rules (I/M/O The Provision of Basic Generation Service for the Period Beginning June 1, 2018, Docket No. ER17040335), which are governing documents for the Auctions. The BGS-RSCP and BGS-CIEP Auction Rules are available on the [auction rules](#) page¹ of the BGS Auction website.

C.1. Overview

C.1.a. Background

The New Jersey Electric Distribution Companies (“EDCs”) are Public Service Electric and Gas Company (“PSE&G”), Jersey Central Power & Light Company (“JCP&L”), Atlantic City Electric Company (“ACE”), and Rockland Electric Company (“RECO”).

At the request of the New Jersey Board of Public Utilities (“Board” or “BPU”), the EDCs worked together to develop a detailed proposal for the competitive bidding of BGS that builds on the experience of the BGS Auctions since 2002. The Board rendered its decision on the EDCs’ proposal on November 21, 2017, approving the main elements of the statewide Auction Process to procure the supply needed to meet their BGS loads.

The EDCs’ larger commercial and industrial customers are on an hourly-priced plan (BGS-CIEP, CIEP for “commercial and industrial energy pricing”). All commercial and industrial customers 500 kW or greater, as well as customers in particular rate classes, if they take BGS, must do so on a CIEP tariff or rate. Please see the table entitled “Customers Who Must Take BGS on a CIEP Tariff” in the Final BGS-RSCP Auction Rules or the Final BGS-CIEP Auction Rules for a precise description. The EDCs’ residential and smaller commercial customers (BGS-RSCP, RSCP for “residential small commercial pricing”) are on an “all-in” price plan. There will be separate Auctions to solicit bids for BGS-CIEP load and for BGS-RSCP load, but these two Auctions will be run concurrently in a single statewide process.

¹ <http://bgs-auction.com/bgs.bidinfo.ar.asp>

Market participants wishing to supply the needs of BGS customers must do so by bidding in this statewide Auction Process. For any portion of the BGS load that is not purchased through the Auctions, the EDCs will purchase necessary services through PJM-administered markets.

A clock auction will be used to solicit bids. A clock auction proceeds in a series of rounds. When a participant bids in a round, the participant is stating the number of tranches that it is willing to serve for each EDC at the prices quoted at that point in the Auction. If the number of tranches bid for an EDC is greater than the number of tranches needed – if there is excess supply – then the price for the EDC is reduced in the next round. As prices tick down, participants reduce the number of tranches they wish to bid and participants can switch the tranches they are willing to bid from one EDC to another. Participants in the BGS-RSCP Auction will be able to switch from one EDC to another in the BGS-RSCP Auction, and participants in the BGS-CIEP Auction will be able to switch from one EDC to another in the BGS-CIEP Auction. However, participants in both Auctions will not be able to switch from an EDC in the BGS-RSCP Auction to the same or a different EDC in the BGS-CIEP Auction or vice-versa. The BGS-RSCP and BGS-CIEP Auctions run concurrently but are separate Auctions. In each Auction, prices tick down and participants reduce the number of tranches they wish to bid until the number of tranches bid equals the number of tranches needed for each EDC. Participants that hold the final bids when an Auction closes are the Auction winners.

C.1.b. BGS-RSCP Auction

In the BGS-RSCP Auction, a “**product**” is the BGS-RSCP load of a given EDC for a supply period of three years. The supply period extends from June 1, 2018 to May 31, 2021.

Bidders in the BGS-RSCP Auction bid for the right to serve full requirements tranches for an EDC at an all-in price. A tranche is a fixed percentage of an EDC’s BGS-RSCP load that represents approximately 100 MW of peak demand on an eligible basis. BGS-RSCP prices are in ¢/kWh. A BGS-RSCP Supplier is paid the auction-clearing price for each kWh of load served times a seasonal factor, a summer factor from June to September and a winter factor from October to May.

BGS-RSCP Suppliers are responsible for fulfilling all the requirements of a PJM Load Serving Entity (“LSE”) including capacity, energy, ancillary services, transmission, and any other service as may be required by PJM. A BGS-RSCP Supplier fulfills these requirements for the percentage of an EDC’s BGS-RSCP load that the supplier has won the right to serve in the Auction.

BGS-RSCP customers pay rates that are derived from the auction-clearing prices in this and in previous Auctions, adjusted for the seasonal factors. Customer rates vary by season and in some cases by time of day. Each EDC's Company Specific Addendum posted to the [bgs proceeding](#) page² of the BGS Auction website explains that EDC's rate design methodology in more detail.

C.1.c. BGS-CIEP Auction

In the BGS-CIEP Auction, a “**product**” is the BGS-CIEP load of a given EDC for a one-year supply period. The supply period starts on June 1, 2018 and ends on May 31, 2019.

A tranche is a fixed percentage of an EDC's BGS-CIEP load that represents approximately 75 MW of peak demand on an eligible basis. Participants in the BGS-CIEP Auction bid for the right to serve full-requirements tranches of an EDC at a CIEP Price. The CIEP Price is expressed in \$/MW-day.

A BGS-CIEP Supplier receives the auction-clearing price applied to its share of the BGS-CIEP capacity obligation, the “Hourly Real-Time Spot Price” which refers to the PJM load-weighted average Residual Metered Load aggregate Real-Time Locational Marginal Price for the zone for its share of BGS-CIEP load (energy), an EDC-specific PJM-network transmission rate applied to its share of the BGS-CIEP transmission obligation, and a payment rate for ancillary services (including PJM-administrative costs) applied to its share of BGS-CIEP load (energy). Each BGS-CIEP Supplier also receives the CIEP Standby Fee. All CIEP customers (namely customers who take BGS-CIEP, as well as customers served by a third party supplier who, if they were to take BGS, would do so on a CIEP tariff) pay this standby fee. This standby fee is set at 0.015¢/kWh of the energy used by CIEP customers measured at the customer meter.

BGS-CIEP customers pay rates that reflect the auction-clearing price, the Hourly Real-Time Spot Price for the zone in each hour adjusted by the EDC loss expansion factor, and rates for ancillary services and transmission. Furthermore, all CIEP customers, as mentioned above, pay the CIEP Standby Fee of 0.015¢/kWh.

The draft BGS-CIEP tariff sheets (included as part of each EDC's Company Specific Addendum) are dated December 4, 2017 and are posted to [bgs proceeding](#) page of the BGS Auction website.

² <http://bgs-auction.com/bgs.auction.regproc.asp>

C.1.d. Tranche Targets and Load Caps

For each of the BGS-RSCP and the BGS-CIEP Auctions, each EDC has a “**tranche target**”, which is the number of tranches that the EDC procures in that Auction. The Auction Manager can reduce the “**volume**” (i.e., the total number of tranches procured in the Auction across all EDCs) to ensure the competitiveness of the Auction in accordance with confidential guidelines approved by the Board. If this occurs, the bidders will be informed of the new volume, the new tranche targets, and will be given additional time to adjust their bidding strategies. Please see sub-section C.4 below for more detail on volume reductions.

A “**load cap**” is a maximum number of tranches that a bidder can bid and win. In each of the Auctions, there is a statewide load cap. Having a statewide load cap means that there is a maximum number of tranches that a bidder can bid and win for all EDCs combined. In the BGS-RSCP Auction, in addition to a statewide load cap, there are also EDC-specific load caps. This means that, in addition to having a maximum number of tranches that a bidder can bid and win for all EDCs taken together, there is also a maximum number of tranches that a bidder can bid and win for each individual EDC.

The tranche targets and load caps are provided in the table below.

Table C-1. Tranche Targets and Load Caps

Auction	EDC	Tranche Target	Statewide Load Cap	EDC-Specific Load Caps
BGS-RSCP (3-year supply period)	PSE&G	29	21	14
	JCP&L	20		9
	ACE	7		3
	RECO	1		1
BGS-CIEP (1-year supply period)	PSE&G	25	19	
	JCP&L	12		
	ACE	4		
	RECO	1		

C.1.e. Quick Comparison of the BGS-RSCP and BGS-CIEP Auctions

Table C-2. Comparison of the BGS-RSCP and the BGS-CIEP Auctions

	BGS-RSCP Auction	BGS-CIEP Auction
Supply Period	3 years	1 year
Price	All-in price in ¢/kWh	CIEP Price in \$/MW-day
Load Caps	2 types of load caps: <ul style="list-style-type: none"> ▪ A statewide load cap; and ▪ A maximum number of tranches specific to each EDC that a bidder can bid and win. 	A statewide load cap only, which is a maximum number of tranches for all EDCs taken together that a bidder can bid and win.

C.1.f. Auction Format

The auction format is called a *clock auction* because prices *tick down* throughout the Auction, starting high and being reduced gradually until the supply bid for each EDC is just sufficient to fill the tranche target.

Example 1.

There are 11 bidders in the BGS-CIEP Auction. The statewide load cap is 19 tranches. Consider the following sample round.

ROUND 1

<i>EDC</i>	<i>Price (\$/MW-day)</i>	<i># Tranches bid</i>	<i># Tranches needed</i>	<i>Excess supply</i>	<i>Oversupply ratio</i>
PSE&G	475.00	53	25	28	0.700
JCP&L	475.00	12	12	0	0.000
ACE	475.00	6	4	2	0.050
RECO	475.00	3	1	2	0.200

In round 1, all bidders combined bid 53 tranches of PSE&G at a price of \$475.00/MW-day. The number of tranches bid (53) exceeds the number of tranches needed (25) by 28 tranches. The price for PSE&G will tick down. Similarly, the price for RECO will also tick down because bidders bid 3 tranches of RECO at a price of \$475.00/MW-day, which exceeds the tranche target (1) by 2 tranches.

The amount by which the prices will tick down is determined by a statistic called the “oversupply ratio”. This statistic is the proportion of the maximum excess supply that is actually bid on an EDC. For example, for PSE&G, the oversupply ratio is 0.700 so that 70% of the maximum possible excess supply is bid on PSE&G. The higher the oversupply ratio is for an EDC, indicating a larger excess supply, the more the price ticks down.

The Auction Manager will lower the price in round 2 for PSE&G, ACE, and RECO since for these EDCs the number of tranches bid exceeds the number of tranches needed. In round 2 below, the price for PSE&G, which had the largest excess supply in round 1, fell the most. Bidders submit new bids at these prices.

ROUND 2

<i>EDC</i>	<i>Price (\$/MW-day)</i>	<i># Tranches bid</i>	<i># Tranches needed</i>	<i>Excess supply</i>	<i>Oversupply ratio</i>
PSE&G	451.25	34	25	9	0.300
JCP&L	475.00	19	12	7	0.233
ACE	460.75	12	4	8	0.267
RECO	460.75	2	1	1	0.100

Each EDC has more tranches bid than tranches needed. The Auction Manager will calculate the price reduction for each EDC from that EDC’s oversupply ratio and lower the price for each EDC accordingly.

Although we describe the main points of the bidding rules in more detail below, there are five aspects that we highlight at the outset:

- The BGS-RSCP Auction and the BGS-CIEP Auction are concurrent but separate. Bidders in the BGS-RSCP Auction can switch among EDCs in the BGS-RSCP Auction, but cannot switch from an EDC in the BGS-RSCP Auction to the same or a different EDC in the BGS-CIEP Auction. Bidders in the BGS-CIEP Auction can switch among EDCs in the BGS-CIEP Auction, but cannot switch from an EDC in the BGS-CIEP Auction to the same or a different EDC in the BGS-RSCP Auction.
- Winners for each EDC in an Auction are not determined until that Auction has closed for all EDCs. It is possible that, in any given round, the price of an EDC does not tick down because the number of tranches bid does not exceed the number of tranches needed. However, as the Auction progresses and the prices

- for the other EDCs tick down, some bidders could switch to that EDC, which could cause the price for that EDC to tick down again. Hence, until bidding stops for all EDCs, winners cannot be determined for any one EDC. There is neither matching of suppliers to customers during the course of the Auction nor the selection of winners by the Auction Manager. It is only at the end of the Auction that bidders reveal themselves to be winners by not withdrawing from the Auction.
- If a bidder has bid on an EDC and the price of that EDC does not decrease in the next round, the bidder cannot reduce the number of tranches bid for that EDC. The bidder cannot withdraw tranches from that EDC or switch from that EDC to another EDC. Every bid is a binding obligation to accept the supply responsibility at the price at which the bid was made. A price of an EDC that has not ticked down for several rounds may tick down later in the Auction as other bidders switch to that EDC because its price became higher relative to other EDCs in that Auction.
 - Bidders can never increase the total number of tranches that they bid during the Auction. If a tranche is not bid in a round, it cannot be bid later on. Once a tranche is withdrawn, it can never be bid again (even if it has been retained). Bidders can only increase the number of tranches bid on a particular EDC by switching, i.e., by simultaneously decreasing the number of tranches bid on another EDC in the same Auction.
 - The Board can decide to approve the results of the BGS-RSCP Auction, or the results of the BGS-CIEP Auction, or both. If the Board approves the results of an Auction, it approves the auction-clearing prices for all EDCs in that Auction.

C.2. Prior to the Auctions

C.2.a. Initial Eligibility

The levels of initial eligibility are determined separately for the BGS-RSCP and the BGS-CIEP Auctions. A bidder's initial eligibility for a particular Auction is the maximum number of tranches that a bidder can bid in round 1 of that Auction. Each bidder's initial eligibility is determined on the basis of the bidder's pre-auction security posted with the bidder's Part 2 Application. The total initial eligibility (across all bidders) in each Auction is provided to bidders registered for that Auction on a confidential basis.

C.2.b. Range of Starting Prices

The EDCs, in consultation with the Auction Manager and Board Staff, establish a starting price for each EDC prior to the start of the Auction. The starting prices are the prices in force for the first round of each Auction. The Auction Manager informs bidders of the starting prices three (3) business days before the Auction begins. The ranges for these starting prices are provided in the table below.

Table C-3. Minimum and Maximum Starting Prices

Auction	Range of Starting Prices
BGS-RSCP	11.5¢ – 17.0¢/kWh
BGS-CIEP	\$425 – \$550/MW-day

C.3. Bidding in the Auctions

C.3.a. Schedule

The BGS-CIEP Auction starts first. On Friday, February 2, 2018 only bidders in the BGS-CIEP Auction submit bids. Both Auctions run concurrently starting on the second business day, Monday, February 5, 2018.

A typical bidding day will have 10 hours, with rounds in the morning, a lunch break, and rounds in the afternoon. Each round has a bidding phase, a calculating phase, and a reporting phase. In round 1 of each Auction, there will be a 15-minute automatic extension to the bidding phase as described in the next section. Round times may be as short as five minutes. When both Auctions are in progress, more rounds will be run for the BGS-CIEP Auction each bidding day. As much as practicable, the overlap in bidding phases is minimized for the convenience of bidders participating in both Auctions.

The Auction Manager may need to change the Auction schedule to resolve technical problems, to ensure that bidders have sufficient time to evaluate results, or to undertake additional bid analysis as the Auctions progress. Please see the tables below for the schedules that are expected to be used for the first and second bidding days.

Table C-4. Expected Schedule for February 2: Day 1 of Bidding in the BGS-CIEP Auction

Times	BGS-CIEP	Times	BGS-CIEP	Times	BGS-CIEP	Times	BGS-CIEP		
8:00	Log in Time	11:15	Round 7 Calculation and Report	1:47	Round 13 Bidding	4:15	Round 19 Calculation and Report		
8:05				1:50				4:17	
8:10				1:53				4:20	
8:15				1:55	Round 13 Calculation and Report	4:23			
8:20				1:57				4:25	
8:25	Round 1 Bidding	11:28		4:27					
8:30		11:30	Round 14 Bidding	4:30					
8:35		11:32			4:33				
8:40	Automatic 15-Minute Extension	11:35	Round 14 Calculation and Report	2:07	Round 20 Bidding				
8:45				11:38		2:10			
8:50		11:40		2:13	Round 20 Calculation and Report				
8:55	Round 1 Calculation and Report	11:42		2:15					
9:00			11:45	2:17					
9:05		11:48	2:20						
9:10	Round 2 Bidding	11:50	Round 9 Bidding	2:23					
9:15		11:52		2:25	Round 21 Bidding				
9:20	Round 2 Calculation and Report	11:55	Round 9 Calculation and Report	2:27					
9:25				11:58	2:30	Round 15 Bidding			
9:30		12:00			2:33	Round 21 Calculation and Report			
9:35	Round 3 Bidding	12:02			2:35				
9:40			12:05	Round 15 Calculation and Report	2:37				
9:45	Round 3 Calculation and Report	12:08			2:40				
9:50			12:10			2:43			
9:55		12:15	Lunch		2:45				
10:00	Round 4 Bidding	12:20			2:47				
10:02				12:25		2:50	Round 16 Bidding		
10:05				12:30		2:53			
10:08	Round 4 Calculation and Report	12:35	Round 10 Bidding	2:55	Round 16 Calculation and Report	5:23	Round 22 Calculation and Report		
10:10				12:37				2:57	
10:12				12:40				3:00	
10:15			12:43		3:03				
10:18			12:45		3:05				
10:20		12:47	Round 10 Calculation and Report	3:07	Break	5:35			
10:23	Round 5 Bidding	12:50				3:10			
10:25			12:53		3:15	Round 23 Bidding			
10:28			12:55		3:20				
10:30	Round 5 Calculation and Report	12:57	Round 11 Bidding	3:23	Round 17 Bidding	5:45	Round 23 Calculation and Report		
10:32				1:00				3:25	
10:35			1:02		3:27				
10:38			1:05		3:30	Round 17 Calculation and Report		5:53	
10:40			1:07		3:33				
10:42		1:10	Round 11 Calculation and Report	3:35		5:57			
10:45	Round 6 Bidding	1:13			3:37		6:00		
10:48				1:15		3:40	Round 24 Bidding		
10:50		1:17		3:43		6:03			
10:53	Round 6 Calculation and Report	1:20	Round 12 Bidding	3:45	Round 18 Bidding	6:05	Round 24 Calculation and Report		
10:55				1:23				3:47	
10:58			1:25		3:50	Round 18 Calculation and Report		6:10	
11:00			1:27		3:53				6:13
11:02			1:30		3:55			6:15	
11:05		1:32	Round 12 Calculation and Report	3:57		6:17			
11:08	Round 7 Bidding	1:35			4:00		6:20		
11:10				1:37		4:02		6:23	
11:12				1:40		4:05			
			1:43		4:08	Round 19 Bidding			
		1:45		4:10					
				4:13					

Table C-5. Expected Schedule for February 5: Concurrent Bidding in the BGS-RSCP and BGS-CIEP Auctions

Times	BGS-CIEP	BGS-RSCP	Times	Times	BGS-CIEP	BGS-RSCP	Times
8:25	Round 25 Bidding	Log in Time	8:25	10:53	Round 31 Bidding	Round 4 Calculation and Report	10:53
8:27			8:27	10:55			10:55
8:30			8:30	10:58			10:58
8:33			8:33	11:00	11:00		
8:35			8:35	11:03	11:03		
8:37			8:37	11:05	11:05		
8:40			Round 25 Calculation and Report	8:40	11:08		11:08
8:43	8:43			11:10	11:10		
8:45	8:45			11:13	11:13		
8:48	8:48			11:15	11:15		
8:50	Round 26 Bidding		8:50	11:17	Round 32 Calculation and Report	Round 5 Bidding	11:17
8:53			8:53	11:20			11:20
8:55			8:55	11:23			11:23
8:57	8:57		11:25	11:25			
9:00	Round 26 Calculation and Report		Round 1 Bidding	9:00	11:27		Round 5 Calculation and Report
9:03		9:03		11:30	11:30		
9:05		9:05		11:33	11:33		
9:07		Automatic 15-Minute Extension	9:07	11:35	11:35		
9:10			9:10	11:37	11:37		
9:13			9:13	11:40	11:40		
9:15			9:15	11:43	11:43		
9:17	9:17	11:45	11:45				
9:20	Round 27 Bidding	9:20	11:47	Round 6 Bidding	11:47		
9:23		9:23	11:50		11:50		
9:25		9:25	11:52		11:52		
9:27	Round 27 Calculation and Report	Round 1 Calculation and Report	9:27	11:55	Round 6 Calculation and Report	11:55	
9:30			9:30	11:57		11:57	
9:33		Round 2 Bidding	9:33	12:00		12:00	
9:35			9:35	12:03		12:03	
9:37	9:37		12:05	12:05			
9:40	Round 28 Bidding	Round 2 Calculation and Report	9:40	12:07	12:07		
9:43			9:43	12:10	12:10		
9:45			9:45	12:13	12:13		
9:47			9:47	12:15	12:15		
9:50			9:50	12:17	12:17		
9:53	Round 28 Calculation and Report	Round 2 Calculation and Report	9:53	12:20	12:20		
9:55			9:55	12:23	12:23		
9:57			9:57	12:25	12:25		
10:00			10:00	12:28	12:28		
10:03	Round 29 Bidding	Round 3 Bidding	10:03	12:30	12:30		
10:05			10:05	12:33	12:33		
10:07			10:07	12:35	12:35		
10:10	Round 29 Calculation and Report	Round 3 Calculation and Report	10:10	12:37	Lunch	12:37	
10:13			10:13	12:40		12:40	
10:15			10:15	12:43		12:43	
10:17			10:17	12:45		12:45	
10:20			10:20	12:47		12:47	
10:23			10:23	12:50		12:50	
10:25			10:25	12:53		12:53	
10:27	10:27	12:55	12:55				
10:30	Round 30 Bidding	Round 3 Calculation and Report	10:30	12:57	12:57		
10:33			10:33	1:00	1:00		
10:35			10:35	1:03	1:03		
10:38	Round 30 Calculation and Report	Round 4 Bidding	10:38	1:05	Round 7 Bidding	1:05	
10:40			10:40	1:07		1:07	
10:43			10:43				
10:45			10:45				
10:48			10:48				
10:50			10:50				

Times	BGS-CIEP	BGS-RSCP	Times
1:10		Round 7 Calculation and Report	1:10
1:13			1:13
1:15	Round 37 Bidding		1:15
1:17			1:17
1:20			1:20
1:23	Round 37 Calculation and Report		1:23
1:25		1:25	
1:27		1:27	
1:30		1:30	
1:33		1:33	
1:35	Round 38 Bidding	1:35	
1:38		1:38	
1:40		1:40	
1:43	Round 38 Calculation and Report	1:43	
1:45		1:45	
1:47		1:47	
1:50		1:50	
1:53		1:53	
1:55	Round 39 Bidding	1:55	
1:57		1:57	
2:00		2:00	
2:03	Round 39 Calculation and Report	2:03	
2:05		2:05	
2:07		2:07	
2:10		2:10	
2:13		2:13	
2:15	Round 40 Bidding	2:15	
2:17		2:17	
2:20		2:20	
2:23		2:23	
2:25		2:25	
2:27	Round 40 Calculation and Report	2:27	
2:30		2:30	
2:33		2:33	
2:35		2:35	
2:38		2:38	
2:40	Round 41 Bidding	2:40	
2:43		2:43	
2:45		2:45	
2:47	Round 41 Calculation and Report	2:47	
2:50		2:50	
2:53		2:53	
2:55		2:55	
2:57		2:57	
3:00	Break	Break	3:00
3:03			3:03
3:05		3:05	
3:07		3:07	
3:10		3:10	
3:13	Round 42 Bidding	3:13	
3:15		3:15	
3:17		3:17	
3:20	Round 42 Calculation and Report	3:20	
3:23		3:23	
3:25		3:25	
3:27		3:27	
3:30		3:30	
3:33	Round 43 Bidding	3:33	
3:35		3:35	
3:37		3:37	
3:40		3:40	

Times	BGS-CIEP	BGS-RSCP	Times
3:43		Round 43 Calculation and Report	3:43
3:45			3:45
3:47	Round 43 Calculation and Report		3:47
3:50			3:50
3:53		3:53	
3:55		3:55	
3:58	Round 44 Bidding	Round 12 Bidding	3:58
4:00			4:00
4:03			4:03
4:05	Round 44 Calculation and Report		4:05
4:07		4:07	
4:10		4:10	
4:13	Round 45 Bidding	Round 12 Calculation and Report	4:13
4:15			4:15
4:17			4:17
4:20	Round 45 Calculation and Report		Round 13 Bidding
4:23		4:23	
4:25			4:25
4:27		Round 46 Bidding	Round 13 Calculation and Report
4:30	4:30		
4:33	4:33		
4:35	4:35		
4:37		4:37	
4:40	Round 46 Calculation and Report	Round 14 Bidding	4:40
4:43			4:43
4:45			4:45
4:47		Round 47 Bidding	Round 14 Calculation and Report
4:50	4:50		
4:53	4:53		
4:55	4:55		
4:58		4:58	
5:00	Round 47 Calculation and Report	Round 15 Bidding	5:00
5:03			5:03
5:05		5:05	
5:07	Round 48 Bidding	Round 15 Calculation and Report	5:07
5:10			5:10
5:13			5:13
5:15			5:15
5:17		5:17	
5:20	Round 48 Calculation and Report	Round 15 Calculation and Report	5:20
5:23			5:23
5:25		5:25	
5:27	Round 49 Bidding	Round 15 Calculation and Report	5:27
5:30			5:30
5:33	Round 49 Calculation and Report		5:33
5:35			5:35
5:38		5:38	
5:40	Round 49 Calculation and Report	Round 15 Calculation and Report	5:40
5:43			5:43
5:45		5:45	
5:48	Round 49 Calculation and Report	Round 15 Calculation and Report	5:48
5:50			5:50
5:53		5:53	
5:55	Round 49 Calculation and Report	Round 15 Calculation and Report	5:55
5:57			5:57
6:00			6:00
6:05			6:05
6:10		6:10	
6:13		6:13	

C.3.b. The Bidding Phase

During the bidding phase, bidders enter the number of tranches of each EDC that they wish to bid at the announced prices. Bidders can revise their bid as many times as they wish while the bidding phase is still open. The last bid submitted and verified by the bidder in the bidding phase, and processed by the Auction Software is the bid that counts. This bid becomes a firm offer to supply that cannot be rescinded.

“**Extensions**” are 15-minute pauses that bidders can request in the bidding phase. The bidding phase in round 1 is automatically extended for the convenience of bidders. If a bidder requests an extension in round 1, it will run concurrently with the automatic extension.

C.3.c. The Calculating Phase and the Reporting Phase

The calculating phase for a round begins immediately following the bidding phase. During the calculating phase, the total number of tranches bid for each EDC is determined. On that basis, the prices for the next round are calculated. If an EDC has fewer tranches bid at the “**going price**” (i.e., the price announced by the Auction Manager) than its tranche target, or the same number bid as its tranche target, the price is not reduced. If an EDC has more tranches bid at the going price than the tranche target, its price is reduced.

Price reductions are generally between 0.5% and 5% per round at the start of the Auction (this is called “**regime 1**”). As total excess supply decreases and reaches a pre-specified threshold, price reductions are generally between 0.375% and 3.75% (this is called “**regime 2**”). Toward the end of the Auction price reductions are between 0.25% and 2.5% (this is called “**regime 3**”). The final formulas for the calculation of the price reductions become available on January 23, 2018 and will be posted to [auction rules](#) page of the BGS Auction website.

After all calculations are made and verified, the Auction Manager provides information to bidders. Information that relates to the general progress of the Auction includes:

- The price for each EDC for the next bidding phase; and
- A range of the total excess supply left in the Auction.

This information is in the “**Common Report**” available through the Auction Software.

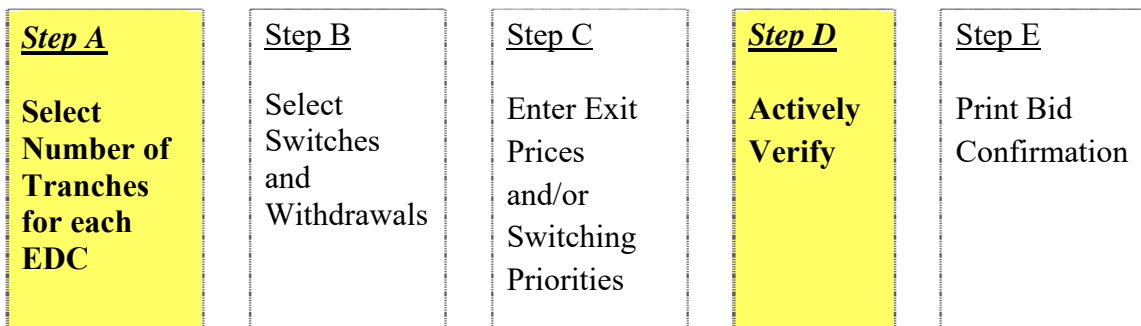
In addition, the Auction Manager provides to each bidder privately information that is specific to the bidder's own bid (a bidder has no information specific to any other bidder's bid). This information includes:

- The number of tranches of each EDC that the bidder is committed to supply at that point of the Auction, which is available in the “**Round Report**”;
- The bidder's eligibility; and
- The number of recesses and extensions that the bidder still has available.

“**Recesses**” are pauses of no less than 20 minutes that bidders can request in the calculating or reporting phase, but only toward the end of the Auction (i.e., after round 10 and after total excess supply falls below 40 tranches in the BGS-RSCP Auction and below 20 tranches in the BGS-CIEP Auction).

C.3.d. Entering Bids

The Quick Bid Submission Guide in Section C of this January Bidder Information Packet provides an illustration of how to enter bids through the Auction Software. A step-by-step guide to bidding is available in the Auction Software Manual, Section E. A general description of the bid entry process is provided here. To enter a bid, bidders are required to go through a series of steps:



To place a bid, bidders must always complete Step A and Step D, which are highlighted above. All bidders are encouraged to systematically complete Step E to have a record of their bid. In specific situations, bidders will also need to complete one or both of Steps B and C. The steps necessary to submit a bid also vary by round and are described in more detail below.

C.3.e. Bidding: Round 1

The Auction Manager releases starting prices for each Auction to bidders prior to the start of the Auction (Tuesday, January 30, 2018 for the BGS-CIEP Auction and Wednesday, January 31, 2018 for the BGS-RSCP Auction). These starting prices will be the going prices in round 1 of the Auction.

During the bidding phase of round 1, bidders select the number of tranches they wish to bid for each EDC at these prices (Step A). Any bid submitted in round 1 must satisfy the requirement that the total number of tranches bid does not exceed the bidder's initial eligibility determined by the bidder's indicative offer at the maximum starting price. (Automatically, the total number of tranches bid will not exceed the statewide load cap since each bidder will be assigned initial eligibility under or at the statewide load cap). For the BGS-RSCP Auction, the number of tranches bid on any one EDC cannot exceed the load cap for that EDC.

The bidder must verify its bid (Step D) before it is processed by the Auction Software. The bid must be submitted and verified by the bidder in the bidding phase, and processed by the Auction Software.

The number of tranches bid in round 1 is the bidder's eligibility in round 2. This will be the maximum number of tranches the bidder can bid in round 2.

C.3.f. Calculating and Reporting: Round 1

After the close of the bidding phase in round 1, results are calculated, and once the reporting phase begins, bidders can view the results and prepare their bids for round 2. The Auction Manager can cut back the volume in the BGS-RSCP and/or BGS-CIEP Auction to ensure a competitive bidding environment. If this occurs, the bidders will be informed of the new tranche targets for each EDC and will be given additional time to prepare their round 2 bids.

The Auction Manager provides to all bidders (in the Common Report through the Auction Software):

- The price for each EDC for round 2; and
- A range for the total excess supply in the Auction at the end of round 1.

If an EDC has more tranches bid at the going price than the tranche target, its price ticks down (i.e., the price is reduced) for the next round.

Each bidder also receives a private report of its own bid (in the Round Report through the Auction Software). The bidder is told the number of tranches it has bid on each EDC.

C.3.g. Bidding: Round 2

During the bidding phase of round 2, bidders select the number of tranches they wish to bid on each EDC at the round 2 prices (Step A).

Bidders cannot exceed their eligibility. A bidder's eligibility in round 2 is the total number of tranches that the bidder bid in round 1. In general, a bidder's "**eligibility**" for a round is the eligibility in the previous round minus the number of tranches that the bidder has withdrawn in the previous round. Withdrawn tranches do not count toward eligibility even if they are retained, as explained below. The Auction Software does not allow a bidder to complete Step A if the bidder selects a total number of tranches that exceeds the bidder's eligibility. Bidders in the BGS-RSCP Auction must also bid to stay within the load cap for each EDC.

Example 2.

In round 2 of the BGS-RSCP Auction, ABC EnergyCorp has an eligibility of 7 tranches, i.e., ABC EnergyCorp can bid up to (but no more than) 7 tranches in total. The prices for all EDCs are reduced in round 3. ABC EnergyCorp places a bid of 4 tranches of PSE&G and 2 tranches of JCP&L, for a total of 6 tranches bid in round 2. ABC EnergyCorp has reduced its eligibility and can bid a maximum of 6 tranches in total in round 3.

A bidder always has the option not to change its bid. As prices change, however, a bidder may also be able to do one or more of the following:

- Bid on fewer tranches in total; and
- Switch tranches, by reducing the number of tranches bid on some EDCs and increasing the number of tranches bid on others.

Specific Rules to Follow When Withdrawing Tranches

A bidder can bid on fewer tranches for an EDC only if the EDC's price has ticked down from the previous round. If instead the price has not ticked down, then the bidder cannot reduce the number of tranches bid for that EDC (however, the bidder may be able to increase the number of tranches bid for the EDC). The price does not tick down if the number of tranches bid in a round is equal to or less than the tranche target.

Example 3.

Suppose the price in round 1 of the BGS-CIEP Auction is \$475/MW-day for ACE and ABC EnergyCorp bids 3 tranches on that EDC. If in round 2 the ACE price is still \$475/MW-day, then ABC EnergyCorp cannot reduce the number of tranches bid on ACE and must bid at least 3 tranches on ACE.

When reducing its total number of tranches and withdrawing tranches from a particular EDC, the bidder is required to enter a last and best price for tranches that are withdrawn from that EDC. This last and best price is called an “**exit price**”. The exit price must be greater than the going price in the current round and less than or equal to the previous going price. All tranches that a bidder withdraws from a given EDC in a given round must have the same exit price.

The bidder’s eligibility for the next round will be reduced by the number of tranches that the bidder withdraws.

Specific Rules to Follow When Switching Tranches

“**Switching**” means decreasing the number of tranches bid on one or more EDCs, increasing the number of tranches bid on one or more EDCs, and leaving the total number of tranches bid the same. The rule that a bidder must follow for switching is similar to the rule for withdrawing tranches. A bidder can reduce the number of tranches bid on an EDC in round 2 through a switch only if that EDC’s price has ticked down from round 1. If the tranche target for an EDC is not filled or is just filled, the price for the EDC will not be reduced and the bidder will not be able to switch tranches by reducing the number of tranches bid on that EDC.

When switching and increasing the number of tranches bid on more than one EDC, the bidder must specify “**switching priorities**”. A switching priority is a preference among the EDCs for which the bidder is increasing the number of tranches bid. This switching priority is used when some, but not all, of the reductions in the tranches bid from a switch must be denied to fill an EDC’s tranche target. Switches are first allowed into the EDC to which the bidder has assigned the highest priority (1 is the highest priority). A bidder must assign the same priority to all tranches from a given EDC.

When Steps B and C May Be Required

The table below summarizes when a bidder may be asked for information in addition to a number of tranches for each EDC. In those situations a bidder would be required to proceed through Steps B and/or C.

Table C-6. Additional Information That May Be Required

Additional Information Required	Bidder will be asked when:	Step Required
Switching priorities	<ul style="list-style-type: none"> ▪ Switching tranches; and ▪ Increasing the number of tranches bid on more than one EDC. 	Step C
Exit price	<ul style="list-style-type: none"> ▪ Withdrawing tranches from an EDC. 	Step C
Selection of switches and withdrawals	<ul style="list-style-type: none"> ▪ Withdrawing tranches from the Auction; ▪ Switching tranches; and ▪ Reducing the number of tranches bid on two or more EDCs. 	Step B Step C

Default Bid When a Bidder Does Not Place a Bid

A bidder with positive eligibility must submit a bid in every round. This is true even when the bidder does not change its bid from the previous round and even when the bidder is bidding only on EDCs for which prices have not ticked down.

If a bidder with positive eligibility does not place a bid before the calculating phase, the bidder is assigned a default bid. The Auction Software generates a default bid in which any tranche that can be withdrawn (because the price for the EDC has ticked down) is withdrawn. The exit price assigned to each withdrawn tranche is the previous going price. A tranche withdrawn through a default bid can only be retained once all tranches from bidders that actively withdraw tranches have been retained first. If a tranche cannot be withdrawn because the price for the EDC has not ticked down, then the tranche is bid by the system. In breaking any ties, default bids will be disadvantaged compared to bids actually submitted by bidders. The default bid is described precisely in the section “Failure to Submit a Bid” in the Auction Rules.

If the prices of all the EDCs on which a bidder previously bid tranches tick down, then the default bid is zero tranches on all EDCs. Any tranche that had previously been bid is withdrawn. The bidder will be assigned an eligibility of zero in the next round and the bidder will lose the ability to bid in all subsequent rounds.

C.3.h. Calculating and Reporting: Round 2

The Auction Manager provides to all bidders in the Common Report:

- The price for each EDC for round 3; and
- A range for the total excess supply in the Auction at the end of round 2.

In addition, each bidder receives a private report regarding the results of the bidder's own bid (in the Round Report). As explained below, the bidder may learn that some of the tranches that the bidder intended to withdraw have been retained, or that some of the tranches that the bidder intended to switch have been denied. This occurs when the Auction Manager must retain withdrawals and possibly deny switches in order to continue filling the tranche target for an EDC.

Withdrawn Tranches Can Be Retained

There may be times when a bidder requests to withdraw a tranche but that tranche is retained. This occurs when the price ticked down and bidders reduced the number of tranches bid on that EDC to the point where the EDC has fewer tranches bid than the tranche target. The Auction Manager retains as many of the requested withdrawals as necessary to fill the tranche target. Tranches are retained in the following order:

1. Tranches with lower exit prices are retained first.
2. If several bidders are tied at a given exit price, the Auction Manager selects at random each withdrawn tranche that will be retained.
3. At the highest exit price, tranches from bidders that actively submitted a bid (as opposed to bidders that were assigned a default bid by the system because they failed to submit a bid) are retained first.

If a bidder requested to withdraw multiple tranches, some or all of these could be retained. The bidder's eligibility in the next round will be reduced by the total number of withdrawals requested regardless of whether any of the withdrawn tranches are retained. For example, if a bidder requests to withdraw two tranches, and one tranche is retained to fill the tranche target of an EDC, the bidder's eligibility in the next round will still be reduced by two tranches, which is the total number of withdrawals requested.

The private report that the Auction Manager provides to each bidder includes whether requested withdrawals are granted or whether one or more of the tranches that the bidder wanted to withdraw will be retained. If withdrawn tranches are retained for an EDC, the bidder is informed of the number of tranches that are retained and the exit price at which the withdrawn tranches are retained.

Switches Can Be Denied

There may be times when a bidder requests a switch but the switch is denied. This occurs when the price ticked down in the previous round and the tranche target is still not filled even if all withdrawals are retained. In that case, the Auction Manager retains all requested withdrawals and the Auction Manager denies just enough switches to fill the tranche target. When several bidders reduce the number of tranches bid on an EDC

through a switch and not all switches must be denied, the Auction Manager selects at random each tranche for which the request to switch will be denied.

Example 4.

In the BGS-RSCP Auction, the tranche target for ACE is 7 tranches. There are 3 bidders, ABC EnergyCorp, LMN Trading, and XYZ GenCo, bidding for ACE in round 1 and round 2. In round 1, all three bidders bid 3 tranches on ACE, for a total of 9 tranches bid. In round 2, the price for ACE ticks down, and ABC EnergyCorp switches two tranches from ACE to PSE&G, XYZ GenCo switches one tranche from ACE to JCP&L, while LMN Trading maintains its bid of 3 tranches on ACE. If all switches are allowed, the number of tranches bid at the going price (6) will not be sufficient to fill the tranche target (7). One of the switches must be denied. XYZ GenCo's switch is denied at random. ACE's tranche target is filled with 7 tranches bid at the going price (1 tranche by ABC EnergyCorp, 3 tranches by LMN Trading and 2 tranches by XYZ GenCo) as well as one denied switch from XYZ GenCo (denied at the round 1 price, the last price at which the tranche was freely bid).

The Auction Manager privately reports to each bidder whether any requested switches are denied. If any switches are denied, the bidder is informed of the number of tranches that are denied. The Auction Manager also reports the price at which the switch is denied, which is the last price at which those tranches were freely bid.

C.3.i. Bidding: Round 3 and Beyond

Bidding in round 3 and all future rounds proceeds according to the same rules as for round 2. We note here two additional rules.

Free Eligibility

Bidders may start a round with free eligibility. “**Free eligibility**” is eligibility that is not assigned to a particular EDC and that can be bid on any EDC. Free eligibility occurs in two ways:

- If a denied switch is “**outbid**” then the bidder has free eligibility for the number of tranches that were outbid. This occurs when a bidder was denied a switch from an EDC in a previous round, other bidders bid new tranches on that EDC in the current round, and a newly bid tranche at the going price replaces the denied switch in filling the tranche target. The denied switch is then outbid: the tranche is released and becomes free eligibility.
- If there is a volume reduction, it is possible that the new tranche target for an EDC will be below the number of tranches that a bidder bid on that EDC in the

previous round. In that case, the bidder will receive tranches of free eligibility equal to the difference between the number of tranches the bidder had bid and the new tranche target.

If the bidder does not bid free eligibility right away (i.e., in the bidding phase immediately following the report of free eligibility), the tranches will be withdrawn. Tranches of free eligibility are not associated with any particular EDC and so no exit price is required when these tranches are withdrawn.

A bidder with free eligibility may be required to provide additional information (i.e., to complete Step B and/or Step C) in specific circumstances that are not described in Table C-6 or in the description of the Steps A through E.

An Additional Switching Rule

There is one important additional bidding rule that comes into play when a bidder has tranches from a denied switch. If the bidder, while having tranches from a denied switch on an EDC at the *previous price*, bids new tranches for this same EDC at the *going price*, *the bidder is deemed to have bid all its tranches at the going price* – including any previously denied switches. That is, tranches from the denied switch *become* tranches bid at the going price.

C.3.j. Calculating and Reporting: Round 3 and Beyond

In round 3 and in subsequent rounds, the Auction Manager may report privately additional information to each bidder.

The Auction Manager reports whether a switch that had been denied is subsequently outbid and has become free eligibility. The bidder may bid this tranche on any EDC but must do so in the next round of the Auction or the bidder loses the eligibility associated with the tranche.

Example 5.

In round 3 of the BGS-CIEP Auction, ABC EnergyCorp wants to switch one tranche by reducing the number of tranches bid on ACE and increasing the number of tranches bid on JCP&L. Suppose that the switch must be denied to fill the ACE tranche target. In round 4, other bidders switch into ACE and the denied switch for ABC EnergyCorp is outbid. The Auction Manager reports to ABC EnergyCorp in round 4 that it has 1 tranche of free eligibility. In round 5, ABC EnergyCorp must bid that tranche of free eligibility or the eligibility will be lost.

The Auction Manager informs each bidder whether a previously retained withdrawal is released and thereby irrevocably removed from the Auction. New tranches bid at the going price first replace denied switches in filling the tranche target and then replace retained withdrawals, starting with the withdrawals at the highest exit price.

C.4. Volume Reduction

The Auction Manager may pause an Auction in the calculating phase of round 1 if it is necessary to consider whether to cut back the volume to ensure the competitiveness of the Auction. If the volume is cut back, the tranche targets of the individual EDCs will be reduced. The load caps may be adjusted. The adjusted volume and tranche targets (and load caps if applicable) would be provided to bidders in the reporting phase of round 1. The volume may be further revised on the basis of the bids as the Auction progresses, in accordance with confidential guidelines approved by the Board. The distribution of revised tranche targets for each EDC due to a volume reduction is available to bidders on the [auction rules](#) page of the BGS Auction website under the heading “Distribution of Volume Reduction (December 8, 2017)”.

C.5. End of the Auction

After a bidder can no longer win any tranches in an Auction, its Login ID and password will be disabled and the bidder will no longer have access to results for that Auction.

The BGS-RSCP and BGS-CIEP Auctions may end at different times. An Auction ends when bidding stops on all EDCs and no further bidding is possible on any EDC. At the final Auction prices, the tranche target for each EDC is just filled and the total excess supply in the Auction is zero. Bidders that win tranches for an EDC are those that bid at the last round price and, if necessary, those that had withdrawals that were retained or switches that were denied to fill the tranche target. All bidders that win tranches for an EDC receive the same price for their tranches.

If the tranche target for an EDC is filled with tranches bid at the going price, then the winners are the bidders that bid on that EDC in the last round. The final price for the EDC for all winners is the going price in the final round.

If the tranche target for an EDC is filled with tranches bid at the going price and retained withdrawals, then the winners are the bidders that bid on that EDC at the going price in the final round (if any) and the bidders with withdrawn tranches from that EDC that were retained. The final price for the EDC for all winners is the last accepted exit price.

If the tranche target for an EDC is filled with tranches bid at the going price, denied switches, and possibly retained withdrawals, then the winners are the bidders that bid on that EDC at the going price in the final round (if any), the bidders that withdrew tranches from that EDC in the final round (if any) that were retained, and the bidders with switches from that EDC that were denied. The final price is the last price at which the denied switches were freely bid.

C.6. Description of Terms

These descriptions are provided for bidder convenience only. All terms below have the meaning ascribed to them in the BGS-RSCP Auction Rules and the BGS-CIEP Auction Rules and bidders must refer to the Auction Rules for specific information. Descriptions of terms provided below are at times simplified for this Bidder Guide. The BGS-RSCP Auction Rules and the BGS-CIEP Auction Rules are the official documents that control the conduct of the BGS Auctions.

BGS

Basic Generation Service is the electric supply for those retail customers who are not served by a third party supplier.

Bid

A bid consists of four numbers: a number of PSE&G tranches, a number of JCP&L tranches, a number of ACE tranches, and a number of RECO tranches. A bid represents the number of tranches that a bidder is willing to serve for each EDC at the going prices. In all rounds except the first, to fully specify a bid, a bidder may be asked for information in addition to the number of tranches bid for each EDC, such as switching priorities and exit prices. The last bid submitted and verified by the bidder in the bidding phase, and processed by the Auction Software is the bid that counts.

Bidding Phase

The bidding phase is the first phase of a round, during which bidders submit bids. Bidders can revise their bid as many times as they wish while the bidding phase is still open.

Calculating Phase

The calculating phase is the second phase of the round, during which the Auction Manager tabulates the results of that round's bidding phase and calculates the prices for the next round.

CIEP Standby Fee

The CIEP Standby Fee is set at 0.015¢/kWh and is collected from all CIEP customers (whether or not on BGS) and paid to winning suppliers.

Default Bid

If a bidder does not place a bid before the calculating phase, the bidder is automatically assigned a default bid. In a default bid, any tranche that can be withdrawn is withdrawn at the highest possible exit price for the round. In breaking any ties, default bids are disadvantageded compared to bids actively submitted by bidders.

Denied Switches

The Auction Manager denies a switch when the tranches bid at the going price for an EDC and the withdrawn tranches for that EDC that can be retained are not sufficient to fill that EDC's tranche target. Denied switches are retained at the last price at which they were freely bid.

Eligibility and Initial Eligibility

A bidder's initial eligibility for a particular Auction is the maximum number of tranches that a bidder can bid in round 1 of that Auction. Each bidder's initial eligibility is determined on the basis of the bidder's pre-auction security posted with the bidder's Part 2 Application.

A bidder's eligibility in a round is the bidder's eligibility at the start of the previous round minus the number of tranches that the bidder withdrew in the bidding phase of the previous round (whether or not the Auction Manager retains these withdrawn tranches).

End of Auction

The BGS-RSCP and BGS-CIEP Auctions may end at different times. An Auction ends when bidding stops on all EDCs and no further bidding is possible on any EDC. At the final Auction prices, the tranche target for each EDC is just filled and the total excess supply in the Auction is zero.

Exit Price

When withdrawing tranches from a particular EDC, the bidder must specify an exit price, which is a last and best offer. The exit price must be greater than the going price in the current round and less than or equal to the previous going price. No exit price is named when withdrawing tranches of free eligibility.

Free Eligibility

Free eligibility is eligibility that is not assigned to a particular EDC. Free eligibility occurs when a denied switch is outbid or as a result of a volume reduction.

Full Requirements Service

Full requirements service means that the supplier is responsible for fulfilling all the requirements of a PJM Load Serving Entity (“LSE”) including energy, capacity, ancillary services, transmission, and any other service as may be required by PJM.

Going Price

The going price for an EDC is the price at which the Auction Manager is soliciting bids in a round.

Load Cap

The BGS-RSCP and the BGS-CIEP Auctions each have a statewide load cap. A statewide load cap is a maximum number of tranches that a bidder can bid and win for all EDCs combined. In addition, the BGS-RSCP Auction has EDC-specific load caps. An EDC-specific load cap is the maximum number of tranches that a single bidder can bid and win for an individual EDC in the BGS-RSCP Auction.

Outbid (denied switch)

A denied switch that is replaced in filling the tranche target by a new tranche at the going price is said to be outbid.

Regime

A regime is a range of price reductions. Each Auction starts in regime 1. In regime 1, the price reductions are between 0.5% and 5% per round. In regime 2, the price reductions are between 0.375% and 3.75% per round. The price reductions are between 0.25% and 2.5% in regime 3.

Reporting Phase

The reporting phase is the third and final phase of a round, during which the Auction Manager informs the bidders of the results of that round’s bidding phase.

Round

The Auction runs in discrete time periods called rounds. Each round has a bidding phase, a calculating phase, and a reporting phase.

RSCP Customers

Customers who do not take BGS on a CIEP tariff or rate.

Starting Prices

These are the going prices in round 1.

Switches and Switching

Switching involves an increase in the number of tranches bid on some EDCs and a reduction in the number of tranches bid on other EDCs while the total number of tranches bid remains the same.

Switching Priority

A switching priority is a preference assigned to one of the EDCs for which a bidder is increasing its number of tranches bid. The bidder is required to assign a switching priority when the bidder is increasing the number of tranches bid on more than one EDC.

Tranche

A tranche in the BGS-RSCP Auction is a fixed percentage share of the BGS-RSCP load of an EDC for the period June 1, 2018 to May 31, 2021. A tranche in the BGS-CIEP Auction is a fixed percentage share of the BGS-CIEP load of an EDC for the period June 1, 2018 to May 31, 2019.

Tranche Target

The tranche target is the number of tranches that an EDC procures through an Auction.

Volume

The volume is the total number of tranches procured across all EDCs in an Auction. The Auction Manager, in accordance with confidential guidelines approved by the Board, may cut back the volume to ensure the competitiveness of the bidding environment.

Withdrawing Tranches

A bidder withdraws tranches when the bidder reduces the number of tranches bid in total. A bidder that does not bid a tranche of free eligibility in the round when it becomes available is making a withdrawal.