



BIDDER INFORMATION MATERIALS

# Basic Generation Service (BGS) Load

## Statewide Auction Process

23 January 2018

[bgs-auction.com](http://bgs-auction.com)

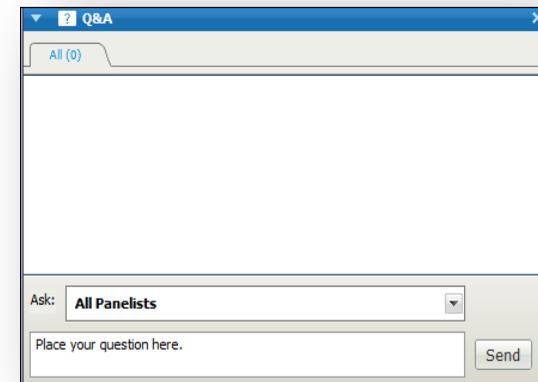
NEW JERSEY STATEWIDE BASIC GENERATION SERVICE ELECTRICITY SUPPLY AUCTION



# HOW TO ASK A QUESTION

- **Questions are taken in writing through the WebEx interface:**

- Locate the “Q&A” on the right hand side of your screen
- Select “All Panelists” in the “Ask” box
- Type in your question including the relevant slide number
- Click “Send” to submit your question



- **Disclaimer**

Any statements herein describing or referring to documents and agreements are summaries only, and are **qualified in their entirety** by reference to such governing documents, which are available on the BGS Auction website, [www.bgs-auction.com](http://www.bgs-auction.com)

# AGENDA

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- **In Brief**
- **Announcements**
- **Transmission Rates**
- **Auction Rules and Online Bidding**
- **Backup Bidding, Reminders and Recommendations**

IN BRIEF

# TRIAL AUCTION

- **The Trial Auction** is a bidder's opportunity to practice submitting bids through the online Auction Software and through the phone backup bidding procedure
- **The Trial Auction is this Thursday, January 25, login begins at 9 AM**

# THE BGS-CIEP AND BGS-RSCP AUCTIONS

## Do Not Start on the Same Day

- The 2018 BGS-CIEP Auction starts one business day before the BGS-RSCP Auction
  - BGS-CIEP Auction: **February 2, 2018 (Friday)**
  - BGS-RSCP Auction: **February 5, 2018 (Monday)**
- Auction Manager communicates round 1 prices to registered bidders prior to the Auctions
  - BGS-CIEP Auction: **January 30, 2018**
  - BGS-RSCP Auction: **January 31, 2018**

# BOARD DECISION: TWO APPROVALS

## Board decides whether to approve results of each Auction separately

- Results of each auction are considered separately
  - Results are approved for all EDCs or for none
  - It is **not possible** for results for one EDC to be approved without results for other EDCs being approved as well
- It **is possible** that results of the BGS-RSCP Auction are approved while results of the BGS-CIEP Auction are not (or vice-versa)
- Board decision is **within 2 business days** of close of the BGS-RSCP Auction or BGS-CIEP Auction, whichever comes later
- Board has the ability to consider the results of one Auction while the other is still on-going

# BGS-RSCP AUCTION: EDC LOAD CAPS AND A STATEWIDE LOAD CAP

- **Tranche Target:** Number of tranches available at the start of the auction for an EDC
- **Load Caps:** Maximum number of tranches a bidder can bid and win
  - For an EDC (EDC-Specific Load Cap)
  - Statewide (Statewide Load Cap)
- **Term:** Three years

EDC	PSE&G	JCP&L	ACE	RECO	Total
Tranche Targets	29	20	7	1	57
EDC Load Caps	14	9	3	1	
Statewide Load Cap	21				

# BGS-CIEP AUCTION: STATEWIDE LOAD CAP ONLY

- **Tranche target:** Number of tranches available at the start of the auction for each EDC
- **Statewide load cap:** No bidder can bid or win more than the load cap statewide
- **Term:** One year

EDC	PSE&G	JCP&L	ACE	RECO	Total
Tranche Targets	25	12	4	1	42
Statewide Load Cap	19				



# INFORMATION RELEASES

# INFORMATION RELEASES SINCE NOVEMBER

## WEBCAST

<b>January 16</b>	Transmission Rates announced
<b>January 17</b>	Final seasonal factors announced
<b>January 17</b>	Final rate spreadsheets (and tool) posted
<b>January 23</b>	Mark-to-Market Information Release posted
<b>January 23</b>	Final Decrement Formulas posted
<b>January 23</b>	Tranche Fees announced

# FINAL SEASONAL FACTORS POSTED JANUARY 17

- Each EDC has a **summer factor** and **winter factor** used to translate the final auction price into the supplier payment rate by season
- Seasonal factors in effect for entire term of BGS-RSCP Supplier Master Agreement

EDC	PSE&G	JCP&L	ACE	RECO
Summer Factor	1.0000	1.0000	1.0000	1.0000
Winter Factor	1.0000	1.0000	1.0000	1.0000

# CHANGES ARE POSSIBLE DURING THE 3-YEAR BGS-RSCP SUPPLY PERIOD THAT MAY AFFECT SUPPLIERS

- There can be **decisions by the Board or legislative changes** that affect winners at the BGS-RSCP Auction
- **Rate design and the CIEP line** are subject to annual review and changes would affect 2018 winners on a year-to-year basis
- Changes to RPS, levels of compliance payments, or other legislative changes related to the **renewable energy portfolio standards** are possible in the future – existing BGS Suppliers may or may not be shielded from such changes as they were from changes under the 2010 Solar Act
- **PJM** market design may change

# TRANCHE FEES

- The tranche fees are paid only by winners at the auction, on a per-tranche basis
  - BGS-RSCP: **\$26,900/tranche**
  - BGS-CIEP: **\$22,500/tranche**
- Tranche fee will be **netted against the first payment** made to the winner during the supply period (July statement)

# NEW DATA RECENTLY ADDED TO WEBSITE

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- **Final monthly data update**
- **CIEP opt-ins data**
- **Refresh of municipal aggregation data**



# TRANSMISSION ANNOUNCEMENT

# BASE RATES FOR FIRM TRANSMISSION SERVICE

EDC	Rate for Firm Transmission Service (\$/MW-day)
PSE&G	277.25
JCP&L	68.69
ACE	139.62
RECO	122.74

- These rates correspond to the **Transmission Charge for each EDC in the BGS-CIEP Supplier Master Agreement** and to the **baseline Firm Transmission Rate in the BGS-RSCP Supplier Master Agreement**
- These rates reflect the OATT rate deemed to be in effect on January 1, 2018 and **RMR and TECs of zero**
- These rates are subject to adjustments under Section 15.9 of the BGS-RSCP and BGS-CIEP Supplier Master Agreements

# NOTES REGARDING ANNOUNCED RATES

## PSE&G

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- Has a formula-based rate
- Updates filed on or about October 15 of each year and become effective January 1 of the following year
- TECs for projects developed by PSE&G are included in the rate
- Announced rate includes update to reflect the reduction in the federal tax rate from the Tax Cuts and Jobs Act

## ACE

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- Has a formula-based rate
- Announced rate approved by Board on August 23, 2017
- Updates filed on or about May 15 of each year and become effective June 1
- Adjustments net of the announced rate

## JCP&L

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- Filed in October 2016 for a change in its transmission rate
- Announced rate reflects settlement in FERC Docket No. ER17-217-000 approved by the FERC on December 27, 2017 for interim implementation effective January 1, 2018

## RECO

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- Filed in January 2017 for a change in its transmission rate
- Announced rate reflects FERC Order in ER17-856 to increase RECO's non-formula-based transmission rate

# SECTION 15.9 PROVIDES PROTECTION FOR CHANGES IN FIRM TRANSMISSION RATES

- **Section 15.9** provides for the recovery of and payment adjustment for changes in firm transmission rates that occur over the term of the BGS contract
- After a **transmission rate change**, the EDCs file with the Board to collect any increase in transmission rates to be recovered from customers, tracked for the benefit of BGS suppliers, and paid to BGS suppliers upon issuance of a Final FERC Order
- The EDCs in specific circumstances may file for BGS suppliers to be paid **without a Final FERC Order** and the Board has the discretion of whether to approve such requests
- After Board approval of a Section 15.9 filing, the EDCs pay BGS Suppliers when the change in transmission rate is the subject of a Final FERC Order not subject to refund or if they are directed to do so by the Board

# INFORMATION ON SECTION 15.9 FILINGS AVAILABLE ON BGS WEBSITE

- Information has been **reorganized** and supplemented to provide information to bidders
- The “transmission docs” page provides EDC filings and related Board Orders in the following categories:
  - Regular NITS and TEC filings
  - RMR and Other Surcharges
  - Cost Reallocations
  - Other Filings
- Compliance filings are not provided but are available upon request
- Email [BGS-Auction@nera.com](mailto:BGS-Auction@nera.com) if searching for a particular filing or Board Order that is not available on this page

# ADDITIONAL CHANGES TO TRANSMISSION RATES EXPECTED

## PSE&G and RECO

- PECO and MAIT (TECs from formula rate)
- Yorktown (RMR)
- ConEd Wheel (reallocation)
- HTP and Linden VFT (reallocation; not yet filed)
- Seventh Circuit Ruling (reallocation; not yet filed)

## JCP&L and ACE

- PECO and MAIT (TECs from formula rate)
- Yorktown and RC Cape May Holdings (RMR)
- ConEd Wheel (reallocation)
- HTP and Linden VFT (reallocation; not yet filed)
- Seventh Circuit Ruling (reallocation; not yet filed)

- The EDCs will seek the Board's approval to collect such change through Section 15.9; also, based on Section 15.9, payment to BGS suppliers is subject to approval by the Board
- The EDCs cannot speculate and cannot speak for the Board on whether the Board would provide for payment to BGS suppliers prior to a Final FERC Order
- The Board is also expected to hold a proceeding on the impact of the Tax Cuts and Job Act on the EDCs



# AUCTION RULES AND BIDDING

# SCHEDULE AND REMINDERS – TRIAL AUCTIONS

- The **Trial Auction** begins **9 AM**
  - Round 1 will feature a 10-minute bidding phase as well as an automatic extension
  - All bidding phases will be short
  - Extensions **strictly for purposes of the Trial Auction** will last 10 minutes (instead of 15 minutes)
- Bidders that have not returned the Letter to the Auction Manager with their signed certifications **will NOT** be able to participate
- Once a bidder's Letter is returned, the bidder receives a Trial Auction packet that includes **instructions** (general and bidder-specific)

# TIMELINE UNTIL THE AUCTIONS BEGIN

<b>January 25</b>	Trial Auctions for Registered Bidders
<b>January 30</b>	Auction Confidential Information Sent to Bidders
<b>January 30</b>	BGS-CIEP Starting Prices Provided
<b>January 31</b>	BGS-RSCP Starting Prices Provided
<b>February 2</b>	BGS-CIEP Auction Starts
<b>February 5</b>	BGS-RSCP Auction Starts
<b>12PM day after notice</b>	Winners provide SMA Information
<b>Within 2 days of close</b>	Board Renders a Decision on the Auction Results

# INFORMATION FOR PREPARATION OF SMAs

- Qualified Bidders were asked to provide **information necessary for the preparation of the BGS SMAs** as an Insert to the Part 2 Form in Microsoft Word format
- Those that did not provide all relevant information at that time and that win tranches at the Auctions will be required to provide this information by completing the required Insert in Microsoft Word format **by 12 PM (noon) the day after they are notified** by the Auction Manager that they have won tranches at the Auction

# BASICS OF THE BIDDING METHODS

- 1. Bidders submit bids online using the Auction Software.** The Trial Auctions (January 25, 2018) are the bidders' opportunity to practice
- 2. The backup bid procedure is by phone**
- 3. The last bid submitted and verified by the bidder in the bidding phase, and processed by the Auction Software, is the bid that counts.** A backup bid counts when submitted and verified by the Technical Assistant in the bidding phase and processed by the Auction Software, not when it is called in
- 4. It is the bidder's responsibility to get a bid in on time.** We make a number of recommendations to ensure that bidders minimize the chance that technical difficulties will impair their ability to bid in the auctions
- 5. If providing a backup bid, it is the bidder's responsibility to provide a complete bid consistent with the auction rules.**

# CONFIDENTIAL INFORMATION PACKET

Login Credentials	URLs to access Auction Software	<ul style="list-style-type: none"><li>▪ Separate URL for RSCP and CIEP</li><li>▪ Separate URL for Trial and actual Auctions</li></ul>
	Login ID	<ul style="list-style-type: none"><li>▪ Unique Login ID</li></ul>
	Initial Password	<ul style="list-style-type: none"><li>▪ Bidder must change password upon first login</li></ul>
	Code Keys	<ul style="list-style-type: none"><li>▪ Essential for a backup bid</li></ul>
Access to backup bidding page		<ul style="list-style-type: none"><li>▪ Materials for registered bidders</li></ul>

- **Tip 1:** Password must begin with a letter, must be at least 8 characters long, and cannot be longer than 15 characters. Passwords are case-sensitive
- **Tip 2:** Have Login ID and code keys at hand if phoning the helpline

# MULTIPLE LOGINS

- Bidders can use any **supported web browser** to log in as a bidder and submit bids in one or both Auctions from a single computer
- The Auction Software **may not function properly** if accessed using other web browsers
- Bidders should not log in both using a **viewer ID** and using a **bidder ID for the same auction** from **a single computer**
- Even with a supported web browser, logging in as both a viewer and a bidder can cause errors in the processing of bids
- It is possible to use two different supported browsers to log in as both a viewer and a bidder from a single computer but this is **not recommended**

# THE AUCTION SOFTWARE INTERFACE

BGS-Protected Information  
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Confidential

**Primary Navigation Bar**

**Status Bar**

**Activity Window**

SCHEDULE

BGS-RSCP Auction

System Time: 18:06:13 - New York City

Logged on as: BidderA (Bidder)

Current Round	Auction Status	Time Remaining	Bids Placed?	Current Eligibility	Auction Volume	Current Phase Requests
0	Stand By	03:47	No	21	57	1

Schedule

Session 1 12/7/2017 18:10 - 20:00

Round	Bidding		Calculating		Reporting	
	Start	End	Start	End	Start	End
1	18:10	18:18	18:18	18:21	18:21	18:23
2	18:23	18:31	18:31	18:34	18:34	18:36
3	18:36	18:44	18:44	18:47	18:47	18:49
4	18:49	18:57	18:57	19:00	19:00	19:02
5	19:02	19:10	19:10	19:13	19:13	19:15
6	19:15	19:23	19:23	19:26	19:26	19:28
7	19:28	19:36	19:36	19:39	19:39	19:41
8	19:41	19:49	19:49	19:52	19:52	19:54

Current Eligibility

21

- Clicking on an icon on the **Primary Navigation Bar** changes the content of the **Activity Window**
- The **Status Bar** appears across the top of the screen **at all times**
- **Current Eligibility** is displayed in the Status Bar
- The **“Bid Placed?”** box shows whether or not a bid has been submitted and verified in the bidding phase and processed by the Auction Software

# USER PROFILE

- Bidders should enter in the Auction Software (**User Profile**) their contact information for the auction day
  - Phone number where you can be reached **directly**
  - Contact information for a second member of bidding team
  - Update as often as necessary
  - Allows multiple contacts
- The Auction Manager Team uses the information in the **User Profile** when contacting a bidder
  - When giving courtesy calls, returning calls for technical assistance, or providing phone notices regarding the auction
- The Auction Manager Team will **monitor changes** to the User Profile and use the latest information available

# SCHEDULE

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Schedule

Session 1 12/7/2017 18:10 - 20:00

Round	Bidding		Calculating		Reporting	
	Start	End	Start	End	Start	End
1	18:10	18:18	18:18	18:21	18:21	18:23
2	18:23	18:31	18:31	18:34	18:34	18:36
3	18:36	18:44	18:44	18:47	18:47	18:49
4	18:49	18:57	18:57	19:00	19:00	19:02
5	19:02	19:10	19:10	19:13	19:13	19:15
6	19:15	19:23	19:23	19:26	19:26	19:28
7	19:28	19:36	19:36	19:39	19:39	19:41
8	19:41	19:49	19:49	19:52	19:52	19:54

- Each round has three phases: **Bidding, Calculating, and Reporting**
- The schedule is pre-announced but subject to change
- The schedule window displays the most up-to-date schedule

# SCHEDULES – ACTUAL AUCTIONS

- Schedule during actual auction is **emailed** to your Bidder Team on the previous day
- **Updates to the Bidder Team** can be submitted through the Nominee Insert
- Schedule in the software **before the auction begins** will not display the automatic extension of Round 1 but display will adjust as the automatic extension begins
- Consult the **Schedule Page** often
  - Schedule always subject to change
  - Extensions may be requested by bidders
  - Auction Manager may change schedule to avoid concurrent bidding windows in the BGS-CIEP and BGS-RSCP Auctions

# REQUESTS

<b>Extension (15 minutes)</b>	Bidding Phase	<ul style="list-style-type: none"><li>▪ Each bidder has two (2) extensions</li><li>▪ In a given round, a bidder can use only one (1) extension</li><li>▪ If possible, extension triggered if bidder did not submit bid in the bidding phase</li></ul>
<b>Recesses (20+ minutes)</b>	Calculating and Reporting Phases	<ul style="list-style-type: none"><li>▪ Each bidder has one (1) recess</li><li>▪ Later in the auction to consider next bid</li></ul>
<b>Time-Outs</b>	AM discretion	<ul style="list-style-type: none"><li>▪ Will call time-out if volume must be adjusted to ensure competitiveness of the bidding environment</li><li>▪ Can be called to resolve technical difficulties</li></ul>

# AUTOMATIC EXTENSION IN ROUND 1

- **Bidding phase in Round 1 is automatically extended** for the convenience of bidders
- Bidders that call an extension during Round 1 (because they request an extension or because they fail to bid during the bidding phase) will have their **extensions run concurrently** with the automatic extension
  - **No gain:** Bidding is only extended once for 15 minutes
  - **Cost:** Number of available extensions reduced from 2 to 1
- If a bidder does not submit a bid during the bidding phase and the bidder has extension requests remaining, the bidder is automatically deemed to have requested an extension – **even in Round 1**

# THE BASIC BID IN ROUND 1

**Bid Entry**

Step 1: Bid the number of tranches desired on each product.

	PSE&G	JCP&L	ACE	RECO	Total
Total Eligibility					21
Round 1 Going Price	17.000	17.000	17.000	17.000	
Tranches Bid	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	0

- A **bid** is a number of tranches for each EDC
- Total number of tranches cannot exceed eligibility
- **BGS-RSCP:** Number of tranches bid on a given EDC cannot exceed that EDC's specific load cap
- **Tip:** If registered in both auctions background is different for each auction (**RSCP is blue, CIEP is orange**)

# BID ENTRY: THE FIRST STEP

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- A **bid** is a number of tranches for each EDC
- Click on the “Submit Bids” button once tranches for each EDC have been selected

### Bid Entry

Step 1: Bid the number of tranches desired on each product.

	PSE&G	JCP&L	ACE	RECO	Total
Total Eligibility					21
Round 1 Going Price	17.000	17.000	17.000	17.000	
Tranches Bid	8	5	2	0	15

**Submit Bids** Reset Bids

# THE SECOND STEP: A BID **MUST** BE VERIFIED

- The second and crucial step is to **verify your bid**
- A bidder is warned when reducing eligibility

**Bid Confirm/Accept**

Step 2: You have specified all of the information for your bid submission. Now, verify your bid. Press **Verify Bids** when complete or bid will be invalid.

**Warning** - The number of tranches bid is not sufficient to maintain your current eligibility. If you do not select the 'Change Bids' button below, your eligibility will be reduced by the number of tranches you are withdrawing from the auction (including any unused free eligibility). Withdrawn tranches will not add to the eligibility total and no eligibility is required to retain withdrawn tranches.

	PSE&G	JCP&L	ACE	RECO	Total
Current Bid	8	5	2	--	15
at Going Price	17,000	17,000	17,000	17,000	
Switches In (+) and Out (-)	--	--	--	--	
Switch Priority	--	--	--	--	
Tranches Retained from Denied Switches	--	--	--	--	--
at Price	--	--	--	--	
Current Tranches Withdrawn	--	--	--	--	
at Exit Price	--	--	--	--	
Tranches Retained from Withdrawals	--	--	--	--	
at Exit Price	--	--	--	--	

**Verify Bids** Change Bids

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# BID THAT COUNTS IS THE LAST ONE

**Bid Confirm/Accept**

Bid received for Bidder A before bidding closed for round 1.  
Bid processed at 12/07/2017 18:11:50 EST.

	PSE&G	JCP&L	ACE	RECO	Total
Current Bid	8	5	2	--	15
at Going Price	17.000	17.000	17.000	17.000	
Switches In (+) and Out (-)	--	--	--	--	
Switch Priority	--	--	--	--	
Tranches Retained from Denied Switches	--	--	--	--	--
at Price	--	--	--	--	
Current Tranches Withdrawn	--	--	--	--	
at Exit Price	--	--	--	--	
Tranches Retained from Withdrawals	--	--	--	--	
at Exit Price	--	--	--	--	

**Change Bids**

- The last bid submitted and verified during the bidding phase of the round and processed by the Auction Software is the valid bid
- **Bid Confirm/Accept** page (or Bid Received page) is the same in bidding phase and in extended bidding phase and will provide time at which bid was processed

Two options in the drop-down menu:

- **Round Report:**  
Each bidder gets a private report on its own bid
- **Common Report:**  
All bidders see the same information:
  - Prices for next round
  - Range of total excess supply

**Common Report - Round 2**

	PSE&G	JCP&L	ACE	RECO	Total
Round 3 Tranche Target	29	20	7	1	57
Round 3 Load cap	14	9	3	1	27
Statewide Load Cap	21				
Round 2 Price	16.560	16.653	16.673	16.407	
Decrement	0.232	0.507	0.208	0.820	
Round 3 Price	16.328	16.146	16.465	15.587	

Regime	
1	

Range of Total Excess Supply	
21	30

# STARTING IN ROUND 2

## A bidder can:

- Keep the **bid the same** as in previous round
  - Then, you only need to click “Submit Bids” and “Verify Bids”
- **Withdraw** some tranches from the auction
  - Can only reduce number of tranches on an EDC if the price for that EDC has ticked down
- **Switch:** Increase tranches bid on some EDCs and decrease tranches bid on other EDCs
  - Can only reduce number of tranches on an EDC from a switch if the price for that EDC has ticked down
- Withdraw **and** switch simultaneously

# WITHDRAWING TRANCHES

**Bid Entry**

Step 1: Bid the number of tranches desired on each product.

	PSE&G	JCP&L	ACE	RECO	Total
Round 1 Tranches	8	5	2	--	15
at Price	17.000	17.000	17.000	17.000	
Round 2 Going Price	16.560	16.653	16.673	16.407	
Tranches Bid	4	5	2	0	11

**Submit Bids**    Reset Bids

# ADDITIONAL INFORMATION REQUIRED

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**Bid Entry**

Step 2: Place Exit Prices. Please enter an exit price no greater than the prior going price and above the current going price.

**Warning** - The number of tranches bid is not sufficient to maintain your current eligibility. If you do not select the 'Change Bids' button below, your eligibility will be reduced by the number of tranches you are withdrawing from the auction (including any unused free eligibility). Withdrawn tranches will not add to the eligibility total and no eligibility is required to retain withdrawn tranches.

	PSE&G	JCP&L	ACE	RECO
Maximum Exit Price	17.000	--	--	--
Exit Price	<input type="text" value="16.750"/>	--	--	--
Minimum Exit Price	16.561	--	--	--

- **Additional information** required when withdrawing tranches: An exit price
- Exit price is above the going price and no higher than the previous price
- Must **continue and verify**
- If tranches are retained they are retained at the exit price and eligibility is lost

**Bid Entry**

Step 1: Bid the number of tranches desired on each product.

	PSE&G	JCP&L	ACE	RECO	Total
Round 1 Tranches	8	5	2	--	15
at Price	17.000	17.000	17.000	17.000	
Round 2 Going Price	16.560	16.653	16.573	16.407	
Tranches Bid	6	5	3	1	15

**Submit Bids** **Reset Bids**

The screenshot shows a bid entry interface for a switching auction. The table displays the current bid status for four products: PSE&G, JCP&L, ACE, and RECO. The 'Tranches Bid' row shows the current bid counts: 6 for PSE&G, 5 for JCP&L, 3 for ACE, and 1 for RECO, totaling 15 tranches. The 'at Price' row shows the current bid price for each product: 17.000 for PSE&G, ACE, and RECO, and 17.000 for JCP&L. The 'Round 2 Going Price' row shows the current going price for each product: 16.560 for PSE&G, 16.653 for JCP&L, 16.573 for ACE, and 16.407 for RECO. The 'Submit Bids' button is highlighted with a red box.

- Bidder is asked for additional information when switching if the bidder is **increasing the number of tranches bid for several EDCs**

# SOMETIMES ADDITIONAL INFORMATION IS REQUIRED

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**Bid Entry**

Step 2: You are increasing your tranches bid on multiple products. Enter the priorities with which the increases should be carried out. A switch with priority "1" would be carried out first.

	PSE&G	JCP&L	ACE	RECO
Switch Priority	--	--	2	1

**Continue** Reset Bids Change Bids

- **Switching priorities** tell the Auction Manager for which EDC to increase the number of tranches bid first **in case part of the switch is partially denied** ("1" is highest priority)
- When a switch is denied, tranches are kept at the price at which they were last freely bid

# CAN BOTH WITHDRAW AND SWITCH

- **Step 1:** Number of tranches bid

**BID ENTRY**

System Time: 18:39:19 - New York City      Logged on as: BidderA (Bidder)      Logout

BGS-RSCP Auction

Current Round	Auction Status	Time Remaining	Bids Placed?	Current Eligibility	Auction Volume	Current Phase Requests
2	Bidding	05:41	No	15	57	2

**Bid Entry**

Step 1: Bid the number of tranches desired on each product.

	PSE&G	JCP&L	ACE	RECO	Total
Round 1 Tranches	8	5	2	--	15
at Price	17.000	17.000	17.000	17.000	
Round 2 Going Price	16.560	16.653	16.673	16.407	
Tranches Bid	5	3	3	1	12

**Submit Bids**      Reset Bids

- **Step 2:** Designate tranches to withdraw

**Bid Entry**

Step 2: Please designate which tranches to withdraw in the following table.

**Warning** - The number of tranches bid is not sufficient to maintain your current eligibility. If you do not select the 'Change Bids' button below, your eligibility will be reduced by the number of tranches you are withdrawing from the auction (including any unused free eligibility). Withdrawn tranches will not add to the eligibility total and no eligibility is required to retain withdrawn tranches.

	PSE&G	JCP&L	ACE	RECO	Total
Prior Round Tranches	8	5	2	--	15
Tranches to Withdraw	-1	-2	--	--	-3
Switches In (+) and Out (-)	-2	--	+1	+1	0
Current Round Tranches Bid	5	3	3	1	12

**Continue** Reset Bids Change Bids

When **decreasing the number of tranches bid from more than one EDC AND switching**, the bidder will be asked to designate which tranches are being withdrawn

# ADDITIONAL INFORMATION REQUIRED

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## ■ Step 3: Enter exit prices and switching priorities

**Bid Entry**

Step 3: Please place switching priorities and exit price(s). Please enter an exit price no greater than the prior going price and above the current going price. Also, a switch with priority "1" would be carried out first.

**Warning** - The number of tranches bid is not sufficient to maintain your current eligibility. If you do not select the 'Change Bids' button below, your eligibility will be reduced by the number of tranches you are withdrawing from the auction (including any unused free eligibility). Withdrawn tranches will not add to the eligibility total and no eligibility is required to retain withdrawn tranches.

	PSE&G	JCP&L	ACE	RECO
Maximum Exit Price	17.000	17.000	--	--
Exit Price	16.750	16.821	--	--
Minimum Exit Price	16.561	16.654	--	--
Switch Priority	--	--	1	2

**Continue** Reset Bids Change Bids

# MUST ALWAYS VERIFY THE BID

## ■ Step 4: Verify bid

**Bid Confirm/Accept**

**Step 4: You have specified all of the information for your bid submission. Now, verify your bid. Press Verify Bids when complete or bid will be invalid.**

**Warning** - The number of tranches bid is not sufficient to maintain your current eligibility. If you do not select the 'Change Bids' button below, your eligibility will be reduced by the number of tranches you are withdrawing from the auction (including any unused free eligibility). Withdrawn tranches will not add to the eligibility total and no eligibility is required to retain withdrawn tranches.

	PSE&G	JCP&L	ACE	RECO	Total
Current Bid	5	3	3	1	12
at Going Price	16.560	16.653	16.673	16.407	
Switches In (+) and Out (-)	-2	--	1	1	
Switch Priority	--	--	1	2	
Tranches Retained from Denied Switches	--	--	--	--	--
at Price	--	--	--	--	
Current Tranches Withdrawn	1	2	--	--	
at Exit Price	16.750	16.821	--	--	
Tranches Retained from Withdrawals	--	--	--	--	
at Exit Price	--	--	--	--	

**Verify Bids** **Change Bids**

# ADDITIONAL RULE (“ANTI-STALLING”)

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Reports

Report Name Round Report Round 2 Show Report

Round Report: Accepted Bid - Round 2

	PSE&G	JCP&L	ACE	RECO	Total
Round 2 Tranches at Going Price	8	8	3	1	20
	16.560	16.653	16.673	16.407	
Tranches Retained from Denied Switches at Price	1	--	--	--	1
	17.000	--	--	--	
Tranches Withdrawn at Exit Price	--	--	--	--	
	--	--	--	--	
Tranches Retained from Withdrawals at Exit Price	--	--	--	--	
	--	--	--	--	
Free Eligibility					--
Total Eligibility					21
Round 3 Price	16.560	16.450	16.465	15.915	

- If a bidder, while having retained tranches from a denied switch for an EDC, bids new tranches for this same EDC at the price for the current round, the denied switches **become bids at the going price**

# ADDITIONAL RULE (CONTINUED)

**Bid Confirm/Accept**

Step 2: You have specified all of the information for your bid submission. Now, verify your bid. Press *Verify Bids* when complete or bid will be invalid.

	PSE&G	JCP&L	ACE	RECO	Total
Current Bid	12	5	3	1	21
at Going Price	16.560	16.450	16.465	15.915	
Switches In (+) and Out (-)	3	-3	--	--	
Switch Priority	1	--	--	--	
Tranches Retained from Denied Switches	--	--	--	--	--
at Price	--	--	--	--	
Current Tranches Withdrawn	--	--	--	--	
at Exit Price	--	--	--	--	
Tranches Retained from Withdrawals	--	--	--	--	
at Exit Price	--	--	--	--	

- Note how a switch of three tranches into PSE&G results in **twelve tranches bid at the going price**

# OUTBID DENIED SWITCHES

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Reports

Report Name Round Report Round 2 Show Report

Round Report: Accepted Bid - Round 2

	PSE&G	JCP&L	ACE	RECO	Total
Round 2 Tranches at Going Price	8	8	3	1	20
	16.560	16.653	16.673	16.407	
Tranches Retained from Denied Switches at Price	1	--	--	--	1
	17.000	--	--	--	
Tranches Withdrawn at Exit Price	--	--	--	--	
Tranches Retained from Withdrawals at Exit Price	--	--	--	--	
Free Eligibility					--
Total Eligibility					21
Round 3 Price	16.560	16.450	16.465	15.915	

- Denied switches that are outbid become **free eligibility**

# OUTBID DENIED SWITCHES

**Bid Entry**

Step 1: Bid the number of tranches desired on each product.

	PSE&G	JCP&L	ACE	RECO	Total
Round 3 Tranches	8	8	3	1	20
at Price	16.560	16.450	16.465	15.915	
Free Eligibility					1
Round 4 Going Price	16.477	16.450	16.259	15.438	
Tranches Bid	<input type="text" value="8"/>	<input type="text" value="8"/>	<input type="text" value="3"/>	<input type="text" value="1"/>	20

- **Free eligibility**
  - Must be bid in the next round or it will be lost
  - Can be bid on any EDC
- With free eligibility, exact circumstances when additional information is required may differ

# REPORTING PHASE: COMMON REPORT

BGS-Protected Information  
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Reports

Report Name: Common Report Round: 2 Show Report

### Common Report - Round 2

	PSE&G	JCP&L	ACE	RECO	Total
Round 3 Tranche Target	29	20	7	1	57
Round 3 Load cap	14	9	3	1	27
Statewide Load Cap		21			
Round 2 Price	16.560	16.653	16.673	16.407	
Decrement	0.232	0.507	0.208	0.820	
Round 3 Price	16.328	16.146	16.465	15.587	

Regime: 1

Range of Total Excess Supply: 21 | 30

- All bidders see the common report
- You can print or export the common report

# REPORTING PHASE: ROUND REPORT

BGS-Protected Information  
Optimal Auctions Proprietary &  
Confidential

Reports

Report Name: Round Report Round 2 Show Report

Round Report: Accepted Bid - Round 2

	PSE&G	JCP&L	ACE	RECO	Total
Round 2 Tranches at Going Price	5	3	3	1	12
	16.560	16.653	16.673	16.407	
Tranches Retained from Denied Switches at Price	--	--	--	--	--
	--	--	--	--	--
Tranches Withdrawn at Exit Price	1	2	--	--	
	16.750	16.821	--	--	
Tranches Retained from Withdrawals at Exit Price	--	--	--	--	
	--	--	--	--	
Free Eligibility					--
Total Eligibility					12
Round 3 Price	16.328	16.653	16.673	15.407	

- Each bidder gets a private, confidential report about its own bid by clicking on Round Report
- You can print or export your Round Report
- **Tip:** If having technical difficulties, you can ask technical assistants for this Round Report and the Common Report to be sent to you

# AUCTION RULES REMINDER: DECREMENTS

- The price for an EDC **ticks down** in the next round when, and only when, there are more tranches bid than needed
- Prices tick down faster at the start of the auction
  - Start (**Regime 1**): 0.5% to 5%
  - Middle (**Regime 2**): 0.375% to 3.75%
  - End (**Regime 3**): 0.25% to 2.5%
- **Final Decrement Formulas** released by end of day

# BACKUP BIDDING AND GENERAL RECOMMENDATIONS

# BACKUP BIDDING

## You will need:

Login ID	Confidential Information	Verifies identity of bidder
Code Keys	Confidential Information	Verifies identity of bidder

**Reminder!** It is your responsibility to ensure there is sufficient time left in the Bidding Phase or Extended Bidding Phase to place your backup bid

# BACKUP BIDDING STEPS

1

- Phone the Auction Manager Team (973-297-0880)
- Have your login id and code keys readily available
- State that you are calling to place a backup bid

2

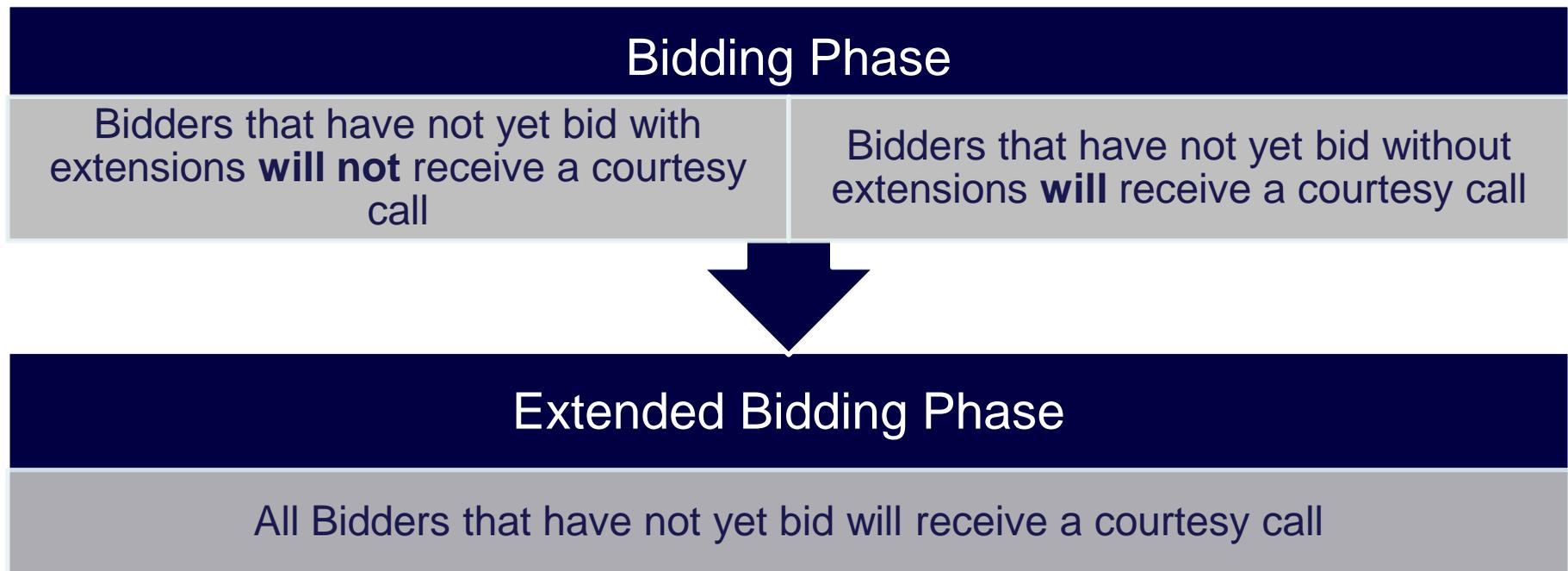
- Specify your bid (including tranches for each EDC at the going prices, switches, withdrawals and exit prices)
- Stay on the line and respond to questions from the Technical Assistant

3

- Confirm your bid and receive your bid verification by phone
- *Optional.* Request verification by Secure File Transfer

# COURTESY CALLS BY AUCTION MANAGER TEAM

- **Courtesy calls** are reminders that the auction is in a bidding phase provided ONLY to those bidders that are at risk of receiving a default bid
- There is no guarantee that a bidder will receive a courtesy call; courtesy calls are made as time permits and on the basis of **commercially reasonable efforts**



# SYSTEM REQUIREMENTS ARE MINIMAL

<b>Standard PC</b>	Windows 7 or later, or MacOS 10.7 or later
<b>Internet Connection</b>	Primary access through a company network Secondary Access through an alternative ISP
<b>Supported Web Browsers</b>	<ul style="list-style-type: none"><li>▪ Internet Explorer 11 or later</li><li>▪ Current version Firefox</li><li>▪ Current version of Chrome</li><li>▪ Current version of Safari</li></ul>
<b>Backup Systems</b>	Backup laptop and backup internet connection Dedicated phone line

# REMINDERS AND RECOMMENDATIONS

1. To guarantee that you maintain eligibility in the auction, you must **submit a bid every round**
2. Bid **as early as you can** in each round
  - Bids can be changed as long as the bidding phase is open
  - If you cannot bid electronically and it is early, **do not delay** in contacting the Auction Manager Team to submit a backup bid
3. If you do not submit a bid at all, or if you fail to submit and verify your bid in time, you will be assigned a default bid. **A default bid:**
  - Withdraws all tranches that can be withdrawn;
  - Assigns the highest possible exit price;
  - If the same bid is submitted actively by a bidder and by default by the system, the bids are not treated the same. A default bid is disadvantaged when any tie-breaking procedures

# REMINDERS AND RECOMMENDATIONS

4. It is **the bidder's responsibility to submit a backup with sufficient time** for bid entry and processing
  - Just like electronic bids, backup bids are valid when entered and verified by the Technical Assistant in the bidding phase and processed by the Auction Software
5. It is the bidder's responsibility to submit a complete backup bid that is **consistent with the Auction Rules**
6. The **Authorized Representative is the only person authorized to distribute confidential information**
  - Including but not limited to login ids, passwords and code keys for the auctions sent to you on January 30, 2018
7. Ensure you **stay reachable**
  - Check messages frequently

# REMINDERS AND RECOMMENDATIONS

8. Participate in the Trial Auctions for Registered Bidders
  - **Test that Auction Software functions properly with your company's systems**
  - Important for both new and returning Bidders
9. Have the Software Manual at hand
  - Section D of the January Bidder Information Packet
  - Available on backup bidding page and in hard copy from the Auction Manager
10. Review **Section E of January Bidder Information Packet** for further recommendations on Technical Preparedness

QUESTIONS?

# HOW TO ASK A QUESTION

- **Questions are taken in writing through the WebEx interface:**
  - Locate the “Q&A” on the right hand side of your screen
  - Select “All Panelists” in the “Ask” box
  - Type in your question including the relevant slide number
  - Click “Send” to submit your question

