

D. BIDDER TRAINING AND ADDITIONAL INFORMATION RELEASES

Companion Document: Section C.4 of the [BGS Auction Process](#) Chapter of the October Bidder Information Materials is a **companion document** that provides a timeline and brief overview of bidder training and future information releases. This chapter of the November Bidder Information Materials expands upon these materials.

This chapter is provided for bidder convenience only. Bidders bear full responsibility for reviewing all information releases from the Auction Manager, regardless of whether such information releases are mentioned in this chapter. Bidders should participate in bidder training and review all materials released by the Auction Manager for this purpose. Bidders should not rely on the summary provided in this chapter.

The 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”).

D.1. Bidder Training and Training Materials

Applicants that successfully complete the requirements of the Part 1 Application and the Part 2 Application become Registered Bidders. The Auction Manager releases training materials and holds training events for the benefit of Bidders that have registered to participate in the BGS Auctions. Specifically, the Auction Manager:

- Releases to Registered Bidders further Bidder Information Materials in January, which include a guide to the auction rules as well as a manual for use of the Auction Software for purposes of submitting bids online;
- Holds a webcast that provides announcements and discusses the bidding procedures in detail; and
- Conducts trial auctions so that Registered Bidders may practice all aspects of the bidding procedures.

The bidding procedures include submission of bids online through the Auction Software as well as a backup bidding procedure via phone in case of technical difficulties. The terms and conditions of access to the Auction Software are provided as an appendix to these Bidder Information Materials. These bidding procedures are further explained in Chapter E of these Bidder Information Materials.

Bidder Information Materials

The Bidder Information Materials to be released in January are prepared specifically for Registered Bidders. The Bidder Information Materials are posted on a page of the BGS Application website that is only accessible to Registered Bidders. The January Bidder Information Materials will include:

- Expected schedules for the first day of the BGS-CIEP Auction and the first day of the BGS-RSCP Auction;
- System requirements for use of the Auction Software;
- A guide for technical preparedness;
- A presentation of the login credentials and other information required to log in to the Auction Software; and
- A Software Manual, including sample bid sequences and presentation of other functionality of the Auction Software.

The January Bidder Information Materials are available in hardcopy so that they can be used as a reference for Registered Bidders during the course of the BGS Auctions.

Webcast for Registered Bidders

The Auction Manager holds an information webcast for Registered Bidders, scheduled for Tuesday, January 22, 2019. Information covered by the webcast includes:

- Announcement of the amount of the tranches fees;
- Announcement of the transmission rates;
- Release of Mark-to-Market Information;
- Detailed bid sequences to submit bids using the Auction Software;
- The backup bidding procedure and the manner in which Registered Bidders are authenticated if they submit a backup bid by phone; and
- Purpose of the Trial Auctions and how Registered Bidders can use the Trial Auctions to prepare for the auctions.

Time is reserved so that Registered Bidders have the opportunity to ask the Auction Manager questions.

Trial Auctions for Registered Bidders

The Trial Auctions for Registered Bidders provide Registered Bidders the opportunity to familiarize themselves with the Auction Software and to practice all aspects of the bid

submission procedures over several rounds. The Auction Manager encourages Registered Bidders to:

- Update their user profile after logging in to the Auction Software;
- Attempt several different bid sequences using the Auction Software, including: (i) withdrawing by reducing the total number of tranches bid across EDCs and entering exit prices; (ii) switching by reducing the number of tranches bid on one or more EDC while increasing the number of tranches bid on different EDCs by the same amount, entering switching priorities as necessary; and (iii) withdrawing and switching simultaneously;
- Submit backup bids by phoning the Auction Manager team and reaching a Technical Assistant who can also answer questions about the backup bidding procedures; and
- Request an extension. Bidders are granted two 15-minute extensions during an auction and bidders can use the Trial Auctions to practice extending the bidding phase of a round.

The Trial Auctions for Registered Bidders are scheduled to take place on Thursday, January 24, 2019. An invitation and schedule for the trial auctions are sent to a Registered Bidder once the Registered Bidder has returned the certifications required. These certifications are provided as part of the Notification of Registration.

D.2. Information Releases

The Auction Manager continues to respond to bidder questions after Bidders are registered to participate in the BGS Auctions; however, the questions and answers are sent directly to Registered Bidders rather than being posted to the BGS Auction website. Similarly, announcements or reminders of certain events, like the start of the Trial Auctions, are provided only to Registered Bidders. Registered Bidders are advised of any update to data series in the BGS Data Room that may be made available by the EDCs before the BGS Auctions.

A number of additional information releases occur in January before the BGS Auctions start. On the day after the webcast, any updates to decrement formulas and to the ranges of total excess supply are released. On the day of the Trial Auctions, the Auction Manager posts the final rate spreadsheets and announces the final seasonal factors.

These information releases are posted to the BGS Auction website and bidders are advised of that fact through an announcement. Announcements are typically posted to the [news](#) page of the BGS Auction website.

The Mark-to-Market information and the release of the rate spreadsheets and seasonal factors are relevant only to participation in the BGS-RSCP Auction. Further details about these additional information releases are provided below.

Transmission Rates

BGS suppliers are responsible for providing full-requirements service, including transmission. The Auction Manager expects to announce the rates for Firm Transmission Service for each EDC for purposes of the 2019 Supplier Master Agreements (“SMAs”) on January 22, 2019. In the BGS-CIEP SMA, these rates correspond to the Transmission Charge for each EDC. In the BGS-RSCP SMA, these rates correspond to the baseline Firm Transmission Rate against which changes are calculated. These rates reflect the Open Access Transmission Tariff (“OATT”) rates in effect on January 1, 2019 and may reflect Reliability Must Run (“RMR”) and Transmission Enhancement Charges (“TECs”).

PSE&G and ACE have formula-based rates. PSE&G’s annual updates are filed on or about October 15 of each year and become effective on January 1 of the following year. ACE’s annual updates are posted on or about May 15 of each year on the PJM website and become effective on June 1 of that year. The EDCs’ transmission enhancement charge filings and other relevant transmission filings can be found on the [transmission docs](#) tab of the BGS Auction website.

For informational purposes only, Table D-1 below provides the transmission rates for each EDC for the past three BGS Auctions.

Table D-1. Transmission Rates for Each EDC for Past BGS Auctions (\$/MW-day)

EDC	2018 Auction	2017 Auction	2016 Auction
PSE&G	277.25	249.93	225.45
JCP&L	68.69	41.40	41.40
ACE	139.62	100.85	111.29
RECO	122.74	87.98	87.98

Decrement Formulas and Ranges of Total Excess Supply

During the calculating phase of a round in the auction, the Auction Manager calculates the number of tranches bid for an EDC. If the number of tranches bid exceeds the number of tranches needed for an EDC, the price for the EDC falls by a decrement in the next round. The decrement varies in each round based on the excess supply on an EDC measured against a measure of maximum possible excess supply on that EDC. Decrement formulas

are provided on a provisional basis in an Appendix to the BGS-RSCP and BGS-CIEP Auction Rules posted to the [auction rules](#) page of the BGS Auction website. This year for the first time, step-functions are used for all EDCs in the BGS-RSCP Auction.

The decrement formulas depend on the number of Registered Bidders. The final decrement formulas are released after Bidders are registered. The final decrement formulas are expected to be posted to the [auction rules](#) page of the BGS Auction website on January 23, 2019.

The Auction Manager may, at the same time, adjust the ranges of total excess supply that are reported to bidders during the reporting phase of each round. Such adjustment, which is possible but not expected, would be provided along with the final decrement formulas.

Mark-to-Market Information Release

During the three years of the BGS-RSCP supply period, a Mark-to-Market (“MtM”) exposure amount is calculated daily for each BGS-RSCP supplier reflecting the total MtM credit exposure to an EDC due to fluctuations in market prices for energy minus amounts due to the BGS-RSCP supplier. The method to develop the marks and to calculate the exposure amount for each BGS-RSCP supplier is discussed in a MtM information release that is expected to be posted on Tuesday, January 22, 2019. Generally, the mark for each billing month is determined on the day the BGS-RSCP Auction closes. At that time, the MtM credit exposure for each BGS-RSCP supplier is equal to zero. Subsequently, the differences between the available forward market prices and the mark prices for the corresponding billing months are used to calculate the daily credit exposure for each BGS-RSCP Supplier.

Final Rate Spreadsheets and Rate Spreadsheet Tool

Each EDC’s methodology to set BGS-RSCP retail rates as a function of the final auction prices which was included in each EDC’s Company Specific Addendum, was approved by the Board. For an EDC, retail rates are set on the basis of the weighted average, seasonally adjusted final auction prices for that EDC’s tranches from the 2019 BGS-RSCP Auction, the 2018 BGS-RSCP Auction, and the 2017 BGS-RSCP Auction. For RECO, costs resulting from bilateral contracts from RECO’s 2018 RFP for the New York ISO load also affect RECO retail rates. This methodology is set out in detail in each EDC’s Company Specific Addendum as well as in the rate spreadsheets.

The EDCs update the inputs to the rate spreadsheets at the time of the compliance filing and again in January. In an information release expected to occur on January 24, 2019 the Auction Manager makes available:

- The rate spreadsheet for each EDC incorporating the input updates;

- The final seasonal factors calculated on the basis of the rate spreadsheet for each EDC; and
- A BGS-RSCP pricing spreadsheet tool.

The BGS-RSCP pricing spreadsheet tool is intended to provide bidders with an easy-to-use device that translates final auction prices for each EDC into BGS-RSCP retail rates. The spreadsheet tool along with a guide are currently available on the [additional data](#) page of the BGS Auction website. The BGS-RSCP pricing spreadsheet tool currently reflects the methodology that the EDCs proposed to set BGS-RSCP retail rates in the June 29, 2018 filing with the inputs available at that time. The BGS-RSCP pricing spreadsheet tool is updated prior to the BGS-RSCP Auction to reflect updates to the inputs.