

AEP Ohio

Competitive Bidding Process

1st and 2nd Auctions under ESP III

Bidder Webcast
Monday, March 23, 2015

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Disclaimer

Any statements herein describing or referring to documents and agreements are summaries only, and are ***qualified in their entirety*** by reference to such governing documents

- These governing documents include:
 - PUCO decisions in Case No. 13-2385-EL-SSO related to AEP Ohio's third Electric Security Plan (“ESP III”)
 - Bidding Rules for the Auctions Under the Competitive Bidding Process of Ohio Power Company (“CBP Rules”)
 - Master Standard Service Offer (“SSO”) Supply Agreement
 - Rules and Protocols for Participation by Associated Bidders
 - Part 1 Application
 - Part 2 Application

Please see the CBP website for complete documentation
<http://www.aepohiocbp.com/>

CBP Website is Central Source of Information

www.AEPOhioCBP.com

Home
Search
Background
Information
Data Room
Calendar
Contact Us
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Ask a Question
RSVP for an Information Session
Contact the Auction Manager
Register for an Application Account

Register for an Application Account

Please complete the Expression of Interest to request an account for the application portion of the website. Application materials for AEP Ohio's CBP are submitted online through the application portion of this website.

Company *:

Primary Contact First Name *:

Primary Contact Last Name *:

Primary Contact Phone *:

Primary Contact Mobile :

Primary Contact Email *:

Secondary Contact First Name :

Secondary Contact Last Name :

Secondary Contact Phone :

Secondary Contact Mobile :

Secondary Contact Email :

3525462 401

Type the text

Privacy & Terms

reCAPTCHA™ stop spam, read books.

Submit

Contact Us / Register

- Sign up for email alerts

Contact Us / Ask A Question

- Allows bidders to ask questions
- All Q&As posted as FAQs

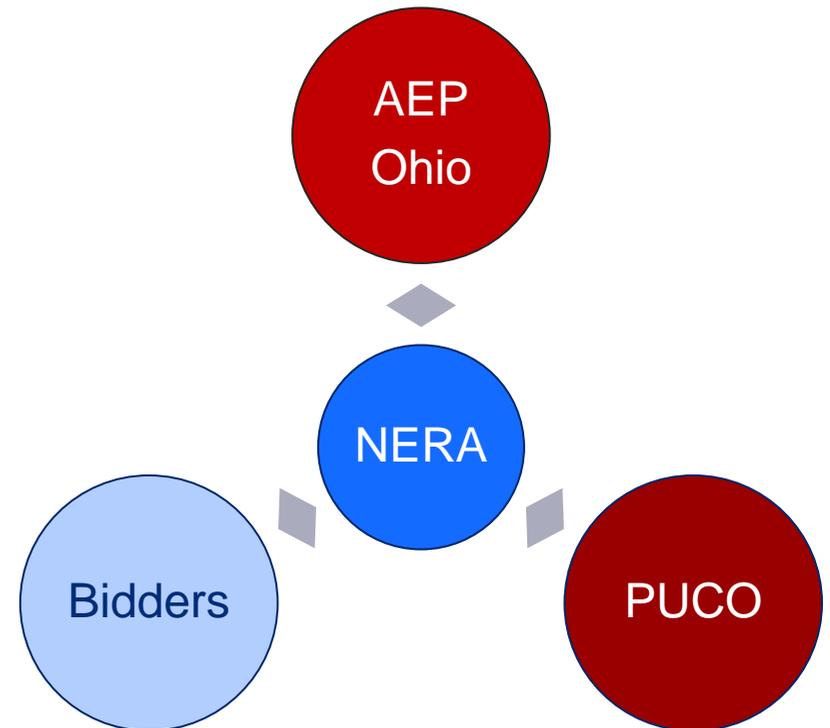
Get account for Application website

- Username and password for access to forms

This presentation as well as questions and answers will be posted to the CBP website

NERA's Role as Auction Manager

Role	Description
Communication	To be the main point of contact with bidders
CBP Rules	To ensure the CBP Rules, as approved by the PUCO, are followed
Qualifications	To ensure bidder qualifications are evaluated equitably and fairly
Auction	To administer the Auction
Results	To present results to PUCO

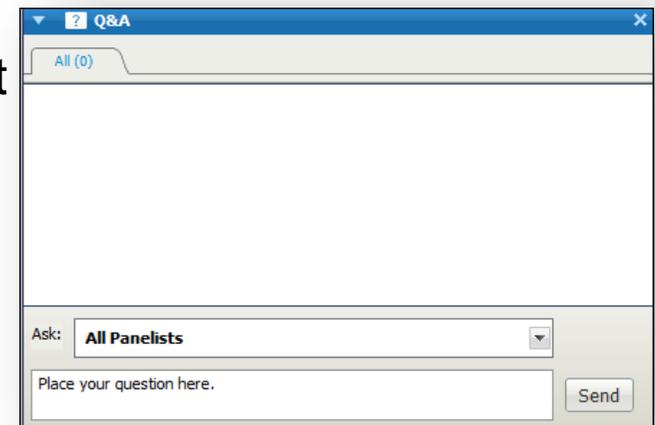


Agenda

1. Overview of this Auction
2. Product Design and Contract
3. Application Process
4. Bidding in the Auction
5. CBP Website

Ask a Question during the Webcast

- Questions will be 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
- We will respond to questions as we go along as practicable and we will also pause to provide responses:
 - After Part 2 on “Product Design and Contract”
 - At the end of the presentation



Part 1 | Overview

Commission's Order on ESP III Issued February 25

Winning suppliers will provide a load-following slice-of-system product

- ✓ A tranche is a percentage of the load of SSO customers
- ✓ SSO customers are those customers who take retail generation service from AEP Ohio

ESP II

- Energy only
- Master Energy Supply Agreement
- Delivery point: Pnode ID **8445784**
- Supplier is **not LSE**
- scheduled and reported to PJM as an **internal bilateral transaction** for the physical transfer of Energy

ESP III

- **Full Requirements Service**
- Master SSO Supply Agreement
- Delivery Point: Pnode ID **1269364670**
- SSO Supplier **assumes LSE responsibility**, including scheduling SSO Supply and making arrangements for delivery of SSO Supply

Single Application Process for First Two Auctions

To submit bids in **1st Auction or 2nd Auction, or both**, there will be one Application process:

- Part 1 (April 2nd): an interested party applies to become a Qualified Bidder
- Part 2 (April 15th): a Qualified Bidder makes a number of certifications, submits an indicative offer, and posts pre-bid security to become a Registered Bidder
 - Between the first and the second auction, Bidders may amend the indicative offers as well as the Pre-Bid Letter of Credit
 - Any additional procedures necessary to administer the single application process for purposes of 2 auctions will be provided in an addendum

Auction Format is a Clock Auction

- A product is the SSO Load for a given supply period
- **Multiple products and multiple rounds**
 - Each round, suppliers state how many tranches they want to supply of a product at the going price announced by the Auction Manager
 - From one round to the next, auction continues and price ticks down on a product if there is excess supply
- Switching between products is allowed
- Auction concludes when no price ticks down
- No sealed bid round: bidders provide exit prices as they withdraw tranches throughout the auction
- Auction establishes a **single clearing price for each product**

Identical products in the first and second auction

Auction 1	Auction 2
Tuesday, April 28, 2015	Tuesday, May 12, 2015

Product Type	Delivery Period	Tranche Target	Tranche Size
12-month	Jun 2015- May 2016	17	1%
24-month	Jun 2015- May 2017	17	1%
36-month	Jun 2015- May 2018	16	1%

Announcements: Minimum & Maximum starting price, MW-Measure

- The **minimum and maximum** starting prices are:

Max	\$95/MWh
Min	\$70/MWh

- **The PLC (MW)** is based on the five highest coincident peaks experienced by PJM in 2014 for SSO customers (i.e., non-shopping only).

PLC (MW)*	2,954.03
MW-measure*	29.54

*The MW-measure is provided for reference purposes only. The amount of actual quantity to be delivered depends on many factors (e.g., migration of SSO customers).

Announcement: Seasonal Factors

Suppliers are paid the auction clearing price for each MWh of supply during the delivery term



ANNOUNCEMENT: Seasonal Factors
Summer (June to September): 1.00
Non-Summer (October to May): 1.00

Key Events in the Spring 2015 Auctions

M	T	W	Th	F
Mar. 23 P1 Window Opens	24	25	26	27
30	31	Apr. 1	2 P1 Due	3
6	7 P1 Notification	8 P2 Window Opens	9	10
13	14	15 P2 Due	16	17
20	21 P2 Notification	22 Trial Auction	23	24
27	28 Auction 1 Starts	29 Refresh Period Starts	30	May. 1
4	5 Refresh Deadline	6	7	8 Refresh Notification
11	12 Auction 2 Starts	13	14	15

March 19: Deadline to submit alternate guaranty for consideration

March 23: Bidders can access account for application

Announcements:

March 23: Tranche targets, tranche size, MW-measure, and range of starting price

April 9: Update to seasonal factors and MW-measure

April 23: Auction 1 R1 Price

May 7: Auction 2 R1 Price

Application Process is Online

Part 1 Application (March 23 – April 02)

- Provide contact and company information
- Upload Inserts
- Upload required supporting documents

Part 2 Application (April 8 – April 15)

- Provide information and indicative offer
- Upload Inserts
- Provide hardcopy of pre-bid letter of credit or wire cash

**Applies to
both or either
of the first
two auctions**

No hardcopy of application forms required!

Post-Auction: PUCO Approval and Power Flow

- Auction results are contingent on final PUCO approval
- Auction Manager submits a **confidential report** on auction results to PUCO on the day the auction closes
- PUCO will issue a decision within two days of auction close
 - If PUCO does not act within this window, auction results are deemed accepted
- PUCO may publicly release the auction clearing prices and the names of the winning bidders from the auction
- Master SSO Supply Agreement fully executed and winning bidders fulfill creditworthiness requirements within three days of the end of Commission review period

Part 2 | Product Design and Contract

Full Requirements

- SSO Suppliers:
 - **Will assume all responsibilities of an LSE**
 - Are responsible for providing full requirements service to SSO customers of AEP Ohio and to bear all costs that are associated with this responsibility.
- Full requirements service and the LSE obligations of SSO Suppliers are defined in the Master SSO Supply Agreement.

**Attachment F of the Master SSO Supply Agreement:
Sample PJM Invoice**

Supplier Obligations

Suppliers
provide

- Energy, capacity, ancillary services, certain transmission services, as well as any other service as may be required by PJM.

AEP Ohio
provides

- Firm Transmission Service from the Delivery Point
- other FERC-approved non-market-based charges
- renewable resource requirement

What are SSO Customers?

- **SSO customers take retail generation service from AEP Ohio**
 - SSO customers have NOT switched to a Competitive Retail Electric Service (“CRES”) Supplier

Includes

- Residential Customers
- Commercial / Industrial Customers
- Lighting Customers
- PIPP customers;
- special contract customers;
- any customer taking retail generation service from AEP Ohio

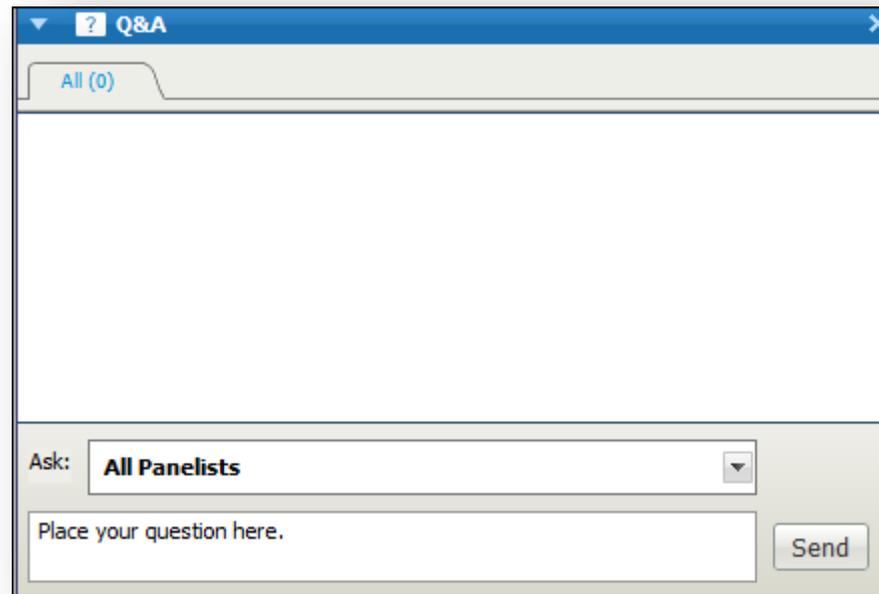
Credit Requirements under the Master SSO Supply Agreement

Two Credit Requirements and Two Unsecured Credit Lines:

- **Independent Credit Requirement (ICR)** and the **Independent Credit Threshold (ICT)**
 - Amount required per tranche; declines throughout the term of the Master SSO Supply Agreement
 - **Mark-to-Market (MTM)** and **Credit Limit**
 - Differences between the prevailing market prices on a valuation date and the market prices in effect on the date the auction is completed
- Credit Limit and Independent Credit Threshold will depend upon a credit evaluation
- Form of Guaranty and Form of Performance Assurance Letter of Credit provided as attachments to the Master SSO Supply Agreement

Questions?

- To submit questions to the presenters, **please locate the “Q&A” on the right hand side of your screen**, and select “All Panelists” in the “Send to” box; type in your question and click “Send” to submit your question



The image shows a screenshot of a web-based Q&A submission interface. The window title is "Q&A". At the top, there is a tab labeled "All (0)". Below the tab is a large empty text area for questions. At the bottom, there is a section labeled "Ask:" with a dropdown menu currently set to "All Panelists". Below the dropdown is a text input field with the placeholder text "Place your question here." and a "Send" button to its right.

Part 3 | Application Process

Register for your Online Application Account Only for NEW bidders

www.AEPOhioCBP.com

Home
Search
Background Information
Data Room
Calendar
Contact Us
Register
Ask a Question
RSVP for an Information Session
Contact the Auction Manager
Register for an Application Account

Register for an Application Account

Please complete the Expression of Interest to request an account for the application portion of the website. Application materials for AEP Ohio's CBP are submitted online through the application portion of this website.

Company *:

Primary Contact First Name *:

Primary Contact Last Name *:

Primary Contact Phone *:

Primary Contact Mobile :

Primary Contact Email *:

Secondary Contact First Name :

Secondary Contact Last Name :

Contact Us / Register for an Application Account

Alternatively, email
AEP-CBP@nera.com with:

- Company name
- full name of contact
- phone and alternate number
- email address

Returning bidders will receive reminder of
login credentials by email from the
Auction Manager

Application Process Features

- **Single application process** for both auctions. Even a bidder that wants to participate only in the May 12 Auction must present its qualifications in the window that opens today
- **Inserts**. Bidders download, prepare, sign, and upload their own “Inserts” with their applications
- **Qualification Status** does not carry over from prior CBP. All bidders must resubmit the full application
- **Acceptable modifications of credit documents** carry over from prior CBP

Online Part 1 Form

AEP OHIO CBP AUCTION
My account Log out

APPLY

Application Process

- Part 1 Inserts
- Part 1 Form**
- Part 2 Inserts
- Part 2 Form
- Cash Return Instructions

Part 1 Form

Due Date April 02, 2015 @ 12PM (noon)

Info In the Part 1 Application, interested parties apply to become Qualified Bidders. Interested parties respond to the qualification standards required in the Part 1 Application by completing the online Part 1 Form.

Contact aep-cbp@nera.com or (215) 568-0200

Initial Certification

Please make the following certifications before continuing with the Part 1 Form.

- The information provided for the auction, including but not limited to information provided on the CBP website, has been prepared to assist bidders in evaluating the auction process. It does not purport to contain all the information that may be relevant to a bidder in satisfying its due diligence efforts. Neither AEP Ohio nor the Auction Manager make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information, and shall not, either individually or as a corporation, be liable for any representation expressed or implied in the auction process or any omissions from the auction process, or any information provided to a bidder by any other source. A bidder should check the CBP website frequently to ensure it has the latest documentation and information. Neither AEP Ohio, nor the Auction Manager, nor any of their representatives, shall be liable to a bidder or any of its representatives for any consequences relating to or arising from the bidder's use of information.
- Bidder shall hold AEP Ohio and the Auction Manager harmless of and from all damages and costs, including but not limited to legal costs, in connection with all claims, expenses, losses, proceedings or investigations that arise in connection with the auction process or the award of a bid pursuant to the auction process.
- All bids submitted by bidders participating in the auction will become the exclusive property of AEP Ohio upon conclusion of the auction.
- Through its participation in the auction process, a bidder acknowledges and accepts all the terms, conditions and requirements of the auction process and the Master SSO Supply Agreement.
- Bidders shall obtain all licenses and permits and status that may be required by any governmental body, agency or organization necessary to conduct business or to perform hereunder. Bidders' subcontractors, employees, agents and representatives of each in performance hereunder shall comply with all applicable governmental laws, ordinances, rules, regulations, orders and all other governmental requirements.

Certifications

As a bidder in the CBP, I submit to the above certifications.

* Please use one of the following internet browsers: Internet Explorer 8.0 or later, Mozilla Firefox 19.0 or later, Safari 6.0 or later, or Chrome 25 or later.

Download “Inserts” before starting

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APPLY

Part 1 Inserts

Application Process

- Part 1 Inserts
- Part 1 Form
- Part 2 Inserts
- Part 2 Form
- Cash Return Instructions

Due Date April 02, 2015 @ 12PM (noon)

Info “Inserts” are separate forms in Microsoft Word format posted to the Application website. Applicants fill in each applicable Insert, sign the Insert (and have the signature notarized when instructed), scan the signed and completed Insert, and upload the scanned Insert to the [Part 1 Form](#).

Contact aep-cbp@nera.com or (215) 568-0200

Part 1 Inserts

[Insert Package DOWNLOAD](#) ↓

 [Part 1 Insert .zip package download](#)

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List of Inserts and To Whom They Apply

#	Insert	Applies to
P1 - A	Designation of the Applicant's Representative Insert	REQUIRED of all Bidders
P1 - B	Acknowledgment of Representative Responsibilities Insert	REQUIRED of all Bidders
P1 - C	Designation of Nominees Insert	OPTIONAL
P1 - D	Applicant's Legal Representative in Ohio Insert	REQUIRED of all Bidders
P1 - E	PJM Requirements Insert	Special Circumstances: Bidders that are not PJM LSEs
P1 - F	Foreign Applicant Certification Insert	Special Circumstances: Bidders that are Foreign Applicants
P1 - G	Foreign Guarantor Certification Insert	Special Circumstances: Bidders with Foreign Guarantors
P1 - H	Certifications Insert	REQUIRED of all Bidders
P1 - i	Bidding Agreements Insert	Special Circumstances: Bidders in Bidding Agreements

Up-Front Requirements for Part 1 Are Simple

1. Applicant's Contact Information

- Representative: Represents the Applicant in the auction
- Legal Representative in Ohio: Agrees to accept service of process
- Nominees (optional): to be included in electronic communications from the Auction Manager to the bidder along with Representative

2. PJM requirements

- Qualified as a "Market Buyer" and "Market Seller"
- Qualified as a "Load Serving Entity"

All notifications are sent to Representative and Nominees by email

PJM Qualifications May Be Demonstrated By

- **Copy of executed signature pages** from PJM agreements:
 - Reliability Assurance Agreement ([link](#))
 - Operating Agreement, Schedule 4 – Standard Form of Agreement to become a Member of the LLC ([link](#), see page 432)

OR

- **A letter from PJM stating:**
 - “[Bidder] is currently a PJM member in good standing and qualified by PJM as a “Market Buyer” and “Market Seller” pursuant to PJM Agreements and qualified as a PJM “Load Serving Entity.”

Certifications, Financial Information, and Documents

3. Certifications

- Agree to terms of Master SSO Supply Agreement
- Agree to CBP Rules
- Keep information related to the auction confidential

4. Financial Information

- Annual and quarterly financial statements
- Credit ratings
- Additional information for foreign applicants or guarantor
- Submit via upload to application website

5. Request for modifications to pre-bid credit instruments (optional)

- Submit redline via upload to application website
- Any modification accepted for one bidder will be made available to all bidders on an optional basis

Approved modifications in prior CBP carry over

Upload Required Documents to Part 1 Form

#	Steps
1	Click “choose file”
2	Find file, click “open”
3	Click “upload”

John

NERA

Title
Senior VP

Street Address 1
1166 Avenue of the Americas

Street Address 2
Suite 5555

City
New York

Phone No. *
555-555-5555

Email Address *
nera@nera.com

Please complete and upload the #P1-A Designation of the Applicant's Representative Insert.

Insert **UPLOAD**

Choose File No file chosen

File size: less than 10 MB.
Allowed file types: pdf.

Upload

Save Draft < Previous Page Next Page >

Insert File Name to Upload is Indicated

Please complete and upload the #P1-A Designation of the Applicant's Representative Insert. ×

Insert UPLOAD

No file chosen

Files must be less than 10 MB.
Allowed file types: pdf.

This number corresponds to the number in the Insert file name



Part 2 Application: To Be Registered as a Bidder

1. Submit an indicative offer
2. Submit pre-bid security
3. Make certifications including compliance with Rules related to Association and Handling of Confidential Information
4. Provide additional certifications

Indicative Offer

1. **Submit an indicative offer** - the maximum number of tranches that the bidder is willing to bid
 - At the minimum starting price and at the maximum starting price

Indicative Offer and Minimum Pre-Bid Security Calculations

Credit-Based Tranche Cap

Minimum Starting Price	Indicative Offer	
\$ <input type="text" value="TBA"/> /MWh	<input type="text"/> Tranches	
Maximum Starting Price	Indicative Offer	Minimum Pre-Bid Security
\$ <input type="text" value="TBA"/> /MWh	<input type="text"/> Tranches	x \$500,000 = \$ <input type="text" value="0"/>

- The indicative offer at the maximum starting price **determines**:
 - The maximum number of tranches that the bidder can bid in the auction (the initial eligibility)
 - The amount of pre-bid security required with the Part 2 Application

Bidders are Subject to Load Caps

- A bidder cannot bid or win more than **80% of the tranches available** at the start of the auction
- Credit-based tranche caps are determined by credit ratings and is an overall cap in effect **across all auctions under the CBP**

Credit Rating for Bidder or Guarantor			
S&P	Moody's	Fitch	Credit Based Tranche Cap
BB and above	Ba2 and above	BB and above	No cap
BB-	Ba3	BB-	10
Below BB-	Below Ba3	Below BB-	5
Not rated			5

Additional Part 2 Requirements

2. Submit pre-bid security

- Each Qualified Bidder must submit a letter of credit or cash in an amount of **\$500,000** per tranche of its indicative offer at the maximum starting price
- **Additional pre-bid security** may be required

3. Certify compliance with Association and Confidential Information Rules (see Article X of CBP Rules)

- Certify that applicant is not “associated with” another Qualified Bidder to promote competitiveness of the auction
- Keep information related to the auction confidential

4. Provide Additional Certifications

- Agree that bids in auction will be a binding obligation
- Agree not to assign rights as Registered Bidder

Part 2 Form Available Online

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APPLY

Application Process

- Part 1 Inserts
- Part 1 Form
- Part 2 Inserts
- Part 2 Form
- Cash Return Instructions

Part 2 Form

Due Date April 15, 2015 @ 12PM (noon)

Info In the Part 2 Application, Qualified Bidders respond to the requirements by completing the online Part 2 Form and separately providing a pre-bid letter of credit or cash.

Contact aep-cbp@nera.com or (215) 568-0200

Ongoing Obligations

Please note that all obligations, terms and conditions set forth in the Bidding Rules and Master SSO Supply Agreement remain in effect and apply to the certifications made herein, including but not limited to the following:

- Sanctions can be imposed on a bidder for failing to disclose information relevant to determining associations, for coordinating with another bidder, or for failing to abide by any of the certifications that it will have made in its Part 1 and Part 2 Applications.
- Such sanctions can include, but are not limited to, termination of the Master SSO Supply Agreement, loss of all rights to provide SSO supply for AEP Ohio to serve any load won by such bidder, forfeiture of financial guarantees and other fees posted or paid, prosecution under applicable state and federal laws, debarment from participation in future competitive bidding process, and other sanctions that may be appropriate.
- The Auction Manager, in its report submitted to the Commission at the conclusion of the auction, will make a recommendation on a possible sanction for any bidder that violates any of its undertakings under the Part 1 or the Part 2 Application process or that fails to disclose information required by the Part 1 or the Part 2 Application process.

Certification

As a bidder in the CBP, I submit to the above certifications.

* Please use one of the following Internet browsers: Internet Explorer 8.0 or later, Mozilla Firefox 19.0 or later, Safari 6.0 or later, or Chrome 25 or later.



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Download “Inserts”

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My account Log out

APPLY

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Contact aep-cbp@nera.com or (215) 568-0200

Part 1 Inserts

[Insert Package DOWNLOAD](#) ↓

 [Part 2 Insert .zip package download](#)

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List of Inserts and To Whom They Apply

#	Insert	Applies to
P2-A	Cash Certification Insert	Special Circumstances: Bidders that submit cash as pre-bid security
P2-B	Certifications Insert	REQUIRED of all Bidders

Part 4 | Bidding in the Auction

Auction Format is a Clock Auction

— Multi-product design

- Tranches for all products are procured at once

— Multi-round design

- Suppliers state how many tranches they want to supply at prices suggested by the Auction Manager
- Price for a product ticks down if there is excess supply for that product
- Suppliers can switch their bids from one product to another

Rounds Have Three Phases

Bidding Phase

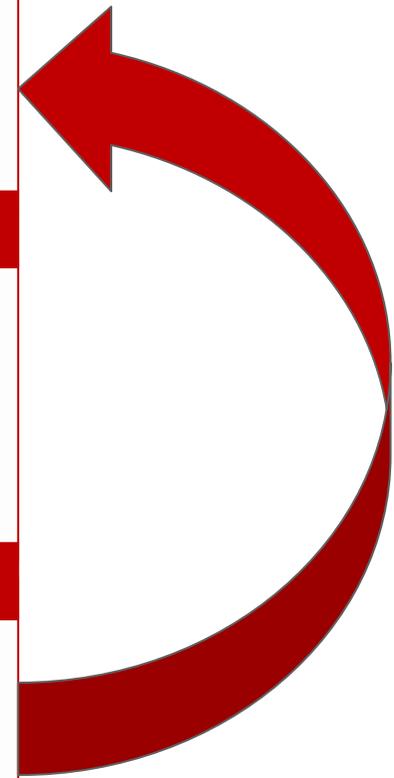
- Suppliers state how many tranches they want to supply of each product at going prices in round
- Auction Manager informs bidders of Round 1 prices three days before auction

Calculating Phase

- Auction Manager tabulates the results of that round's bidding phase and calculates the prices for the next round

Reporting Phase

- Information provided to bidders:
 - Total Excess Supply range; and
 - Going prices for next round



Bid in Round 1

- A bid in round 1 is a number of tranches of each product that the bidder is willing to supply at the round 1 prices
- **Bidder cannot bid (in total across all products) more than its initial eligibility** determined by the indicative offer at the maximum starting price
- Bidder will not be able to increase the total number of tranches bid throughout the auction (but a bidder may increase the number of tranches bid on a particular product by switching)

Possible Reduction of Volume

- If there is insufficient supply for the tranches to ensure competitive bidding, **the Auction Manager has the discretion to reduce the volume**
- The criteria that could lead to such a reduction will be determined prior to the auction but will not be announced to bidders
- Once certain pre-specified criteria have been met, the discretion to reduce the volume will be eliminated

Sample Reports

Bidder sees:

- Range of total excess supply
 - Total excess supply aggregates excess supply for all products and free eligibility
 - Range provided includes actual excess supply
- The next round prices
- The result of the bidder's own bid

Report: Round 1	
Total Excess Supply 51-55	
Full Requirements Product	Round 2 Price (\$/MWh)
12-month	58.00
24-month	61.75
36-month	68.50

Bidder has no information about others' bids, identities or eligibilities

Information in Bidder User Manual

- Bidder User Manual provided to Registered Bidders
- **Decrement is related to amount of excess supply**
 - For each product, price ticks down if there is excess supply
 - Price for a product ticks down more than another if there is more excess supply on that product
 - Formula or table for determination of decrements will be provided to bidders
 - Auction Manager has discretion to override decrements
- Possible ranges of total excess supply provided in Bidder User Manual

Bidding in Round 2 and Subsequent Rounds

- In response to reduced prices, a bidder may:
 - Leave bid unchanged
 - Withdraw tranches from the Auction
 - **Switch**: Reduce tranches bid on one product and increase tranches bid on another
 - Withdraw and Switch
- Bidder cannot bid more than its eligibility across all products
 - In round 2, eligibility is the number of tranches bid in round 1
 - In round 3 and all subsequent rounds, eligibility in a round is the eligibility in the prior round less any tranches that were withdrawn from the auction

Can a Bidder Always Decrease the Number of Tranches Bid?

- **No.** In a round, if the price for a product has not ticked down, a bidder cannot reduce the number of tranches bid for that product
 - Any bid is a **binding obligation** to supply at the price at which the bid was made
 - If the price for a **product** does not tick down in a round, a bidder's offer at that price cannot be rescinded
 - The bidder cannot decrease the number of tranches bid for the product (either by decreasing the number of tranches bid in total or by reducing the number of tranches bid on the product while increasing the number of tranches bid on another product)

Withdrawing Tranches

- When reducing the number of tranches bid, a bidder must provide an **exit price**

	12-month	24-month	36-month
Price Round 1 (\$/MWh)	60.00	62.00	70.00
Bid Round 1 (tranches)	6	3	8
Price Round 2 (\$/MWh)	58.00	61.75	68.50
Bid Round 2 (tranches)	6	3	7
Exit Price			69.33

- Exit price is a **final and best offer**
 - Above current going price
 - Below or equal to previous going price
- Eligibility is lost whether or not the withdrawal is retained

A Bidder Could Need to Provide Additional Information When Switching

	12-month	24-month	36-month
Price Round 1 (\$/MWh)	60.00	62.00	70.00
Bid Round 1 (tranches)	6	3	8
△	+1	+1	-2
Price Round 2 (\$/MWh)	58.00	61.75	68.50
Bid Round 2 (tranches)	7	4	6
Switching Priority	1	2	

- When a bidder reduces the tranches bid on a product and increases the number of tranches bid on two products, the bidder will be asked for a switching priority
- This is used by the Auction Manager in case only some of the reductions can be granted (a denied switch subsequently outbid leads to free eligibility)

A Bidder Could Need to Provide Additional Information When Switching AND Withdrawing

	12-month	24-month	36-month
Price Round 1 (\$/MWh)	60.00	62.00	70.00
Bid Round 1 (tranches)	6	3	8
△	+1	-1	-1
Price Round 2 (\$/MWh)	58.00	61.75	68.50
Bid Round 2 (tranches)	7	2	7
Exit Price			69.33
Designate Exit			√

- When decreasing the number of tranches bid from more than one product **and** switching, the bidder will be asked to designate which tranche is being withdrawn
- The bidder can name an exit price for the withdrawn tranche

Changes in Round 2 Reporting (from Round 1)

- A bidder can request a switch or a withdrawal – but it may not always be granted
 - Auction Manager may retain tranches from exits or switches if necessary to fill the tranche targets
 - Auction Manager fills tranche target first with tranches bid at the going price, then by retaining exits, then by denying switches (if necessary)

- Each bidder gets **information**:
 - A range of total excess supply
 - The prices for next round
 - The bidder's own bid including
 - Any tranches requested to be withdrawn that were retained (retained at the named exit price)
 - Any tranches requested to be switched that were denied (retained at the last price at which tranches were freely bid)

How Does the Auction End?

- Rules in rounds 3, 4, etc. are the same as the rules in round 2
- Auction closes: When **total excess supply equals zero** and prices no longer tick down
- Bidding on **all products will stop at the same time** and all bidders that win tranches for a product **get the same price**
 - Price for a product is lowest price at which tranche target for the product is filled
 - Could be the going price of the last round, an exit price, or the price associated with a denied switch
- The Commission has a **two (2) business day window** from the conclusion of the auction for review of the results

Basics of the Bidding Methods

1. **Bidders submit bids online using the Auction Software.** The Trial Auction (Wednesday, April 22, 2015) is 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 entered and verified by the Technical Assistant in the bidding phase and processed by the Auction Software
4. **It is the bidder's responsibility to get a bid in on time.** It is the bidder's responsibility to ascertain the system needed to minimize the chance that technical difficulties will impair its ability to bid in the auction
5. If providing a backup bid, it is the bidder's responsibility to provide a complete bid consistent with the CBP Rules

System Requirements are Minimal

Standard PC	Windows Vista, Windows 7 or MacOS 10.7
Internet Connection	Primary access through a company network Secondary Access through an alternative ISP
Supported Web Browser	Internet Explorer 9 or later, as well as the most recent versions of Mozilla Firefox or Apple Safari
Backup Systems	Consider having backup laptop and backup connection, Bidding teams in two geographical locations

Part 5 | CBP Website





AEP Ohio Competitive Bidding Process for SSO Supply

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Home

This Ohio Power Company ("AEP Ohio") website provides information to prospective suppliers that seek to provide full requirements service for AEP Ohio's Standard Service Offer ("SSO") customers through a Competitive Bidding Process ("CBP"). This site contains the official documents and announcements related to the CBP. NERA Economic Consulting ("NERA") serves as AEP Ohio's Auction Manager.



Important Dates:

- Thu 3/19/2015 - Alternate guaranty process begins (Deadline to submit alternate form of guaranty and required documentation)
- Mon 3/23/2015 - Bidder Information Session
- Mon 3/23/2015 - Auction Manager announces tranche targets, tranche sizes, MW-measure, minimum and maximum starting prices

Recent Announcements:

- 03/17/2015 - [ANNOUNCEMENT: Webcast](#) [NEW>>](#)



Information Tab

Document page includes:

- CBP Rules
- Master SSO Agreement
- Qualification Information
- Credit Instruments
- Communications Protocols
- Associated Bidder Rules
- Glossary of key terms

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AEP Ohio Competitive Bidding Process for SSO Supply

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Documents

- **Spring 2015 Auction Documents**
 - CBP Rules (March 12, 2015) 
 - Part 1 Application (March 12, 2015) 
 - Part 2 Application (March 12, 2015) 
 - Rules and Protocols for Participation by Associated Bidders (March 12, 2015) 
 - Communications Protocols (March 12, 2015) 
 - Glossary (March 12, 2015) 
- **Spring 2015 Guaranty Process**
 - Alternate Guaranty Process (March 12, 2015) 
- **Pre-Bid Credit Documents - Spring 2015**
 - Acceptable Modifications to Pre-Bid Security Documents (March 20, 2015) 
 - Letter of Intent to Provide a Guaranty (March 20, 2015) 
 - Pre-Bid Letter of Credit (March 20, 2015) 
- **MESA Documents - Spring 2015**
 - AEP Ohio Master SSO Supply Agreement (March 12, 2015) 
 - Attachment E Form of SSO Supplier Letter of Credit (Spring 2015) 

Data Additions for ESP III

- New data provided
 - Daily PLC (1/1/2013 - 1/31/2015)
 - Daily NSPL (1/1/2013 - 12/31/2014)
 - Monthly Switching Statistics (1/1/2013 - 12/31/2015)
- Data Description has been updated
- Municipal Aggregation Data will be provided closer to the auction
- **IMPORTANT!** Hourly energy data series for September 2014 through November 2014 have been revised. Please download the revised files.

Data Room

AEP Ohio provides:

- Hourly energy
 - CSP Rate Zone and OPCo Rate Zone
 - SSO and CRES
 - Customer groups & aggregate
- Customer counts
 - CSP Rate Zone and OPCo Rate Zone
 - SSO and CRES
 - Customer groups & aggregate
- PLC and NSPL Data
- Monthly Switching Statistics
- Historical Unaccounted for Energy
- Updated on the 20th of each month

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AEP Ohio Competitive Bidding Process for SSO Supply

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Welcome to the AEP Ohio CBP Monthly Data Room.
The March 2015 data update is now complete.

Data Description 03/20/2015

PLC - NSPL Data
This data is typically updated monthly on or before the 20th of each month.

Description	
	NSPL
	PLC

Hourly Energy
This data is typically updated monthly on or before the 20th of each month.

Zone	Group
CSP	Aggregate
	Residential
	SC&I
	LC&I
OPCo	Aggregate
	Residential
	SC&I
	LC&I

Customer Counts
This data is typically updated monthly on or before the 20th of each month.

Zone	Group	SSO	CRES	Data Range
CSP	Aggregate			6/1/2010 - 12/31/2014
	Residential			6/1/2010 - 12/31/2014
	SC&I			6/1/2010 - 12/31/2014
	LC&I			6/1/2010 - 12/31/2014
OPCo	Aggregate			6/1/2010 - 12/31/2014
	Residential			6/1/2010 - 12/31/2014
	SC&I			6/1/2010 - 12/31/2014
	LC&I			6/1/2010 - 12/31/2014

Monthly Switching Statistics
This data is typically updated monthly on or before the 20th of each month.

File	Data Range
	1/1/2013 - 12/31/2015

Additional Data
This data is updated occasionally.

Description	File	Data Range
AEP Ohio P5PP 2013 Usage		1/1/2013 - 12/31/2013
Unaccounted for Energy		1/1/2013 - 12/31/2014

Mark to Market Calculation
This data is updated occasionally. These documents provide the Price Adjustment Factors and estimated Initial Tranche Volumes required to perform the mark-to-market ("MtM") calculation in support of the credit requirements for the Master Energy Supply Agreement ("MESA") for AEP Ohio's CBP auctions. The calculations are described in Attachment C-2 to the MESA.

Ask a Question through the CBP Website

- Contact Us / Ask a Question
 - Bidder questions answered via email typically within 2 business days
 - Responses and questions are posted as FAQs on CBP website
- You may also contact us via email at AEP-CBP@nera.com

The screenshot shows the 'Ask a Question' form on the CBP website. On the left is a navigation menu with the following items: Home, Search, Background Information, Data Room, Calendar, **Contact Us** (highlighted with a red border), Register, Ask a Question, RSVP for an Information Session, Contact the Auction Manager, and Register for an Application Account. The main form area is titled 'Ask a Question' and contains the following fields: Name *, Company *, Email Address *, and Question/Comment *. Below the Question/Comment field is a CAPTCHA challenge with the text 'MIGUEL LEON' and a 'Type the text' input field. A 'Submit' button is located at the bottom of the form.

Contact the Auction Manager Team

**NERA Economic Consulting
Auction Manager
For AEP's Ohio CBP**

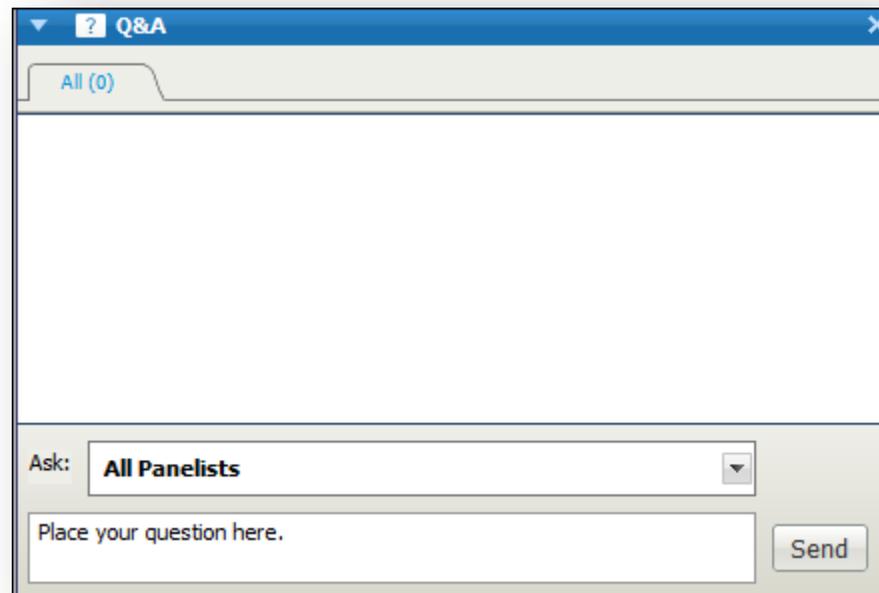
Contact us by email at AEP-CBP@nera.com

**From the beginning of the Part 1 Window,
You can also contact us at (215) 568-0200**

**Address for delivery of pre-bid letter of credit
NERA – Auction Manager
AEP Ohio CBP
1835 Market Street, Suite 1205
Philadelphia, PA 19103**

Questions?

- To submit questions to the presenters, please locate the “Q&A” on the right hand side of your screen, and select “All Panelists” in the “Send to” box; type in your question and click “Send” to submit your question



The image shows a screenshot of a web-based Q&A submission interface. The window title is "Q&A". At the top, there is a tab labeled "All (0)". Below this is a large empty text area for questions. At the bottom, there is a section labeled "Ask:" with a dropdown menu currently set to "All Panelists". Below the dropdown is a text input field with the placeholder text "Place your question here." and a "Send" button to its right.