

AEP Ohio Competitive Bidding Process November 2015 Auction

**Bidder Webcast
Friday, August 21, 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

The screenshot shows the 'Register for an Application Account' page. On the left is a navigation menu with 'Contact Us' highlighted. The main content area contains a registration form with the following fields: 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, and Secondary Contact Email. Below the form is a reCAPTCHA challenge with the numbers 3525462 and 401. A 'Submit' button is at the bottom.

Contact Us / Register

- Sign up for email alerts

Contact Us / Ask A Question

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

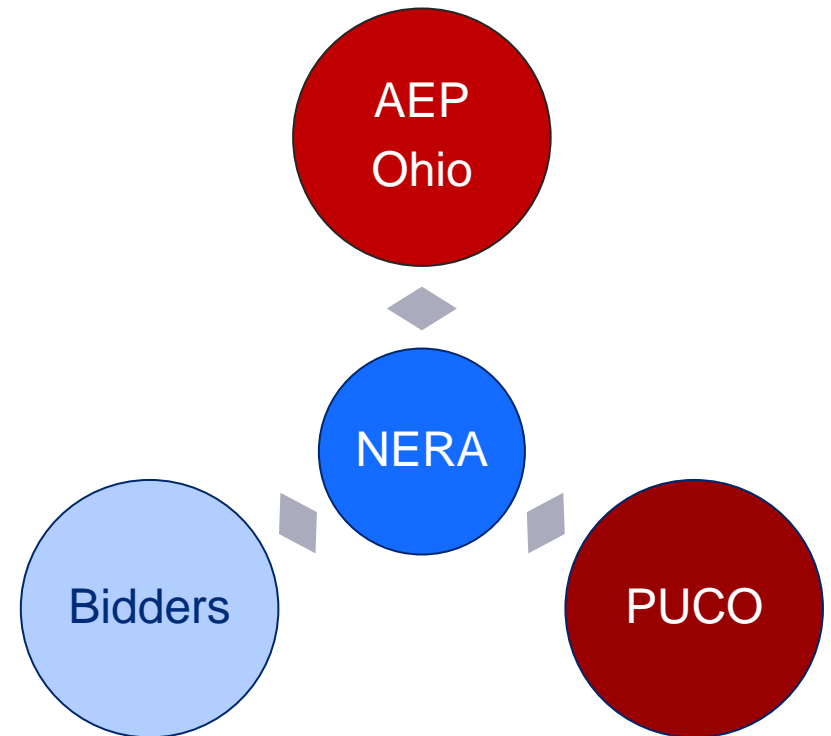
Get account for Application website

- 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

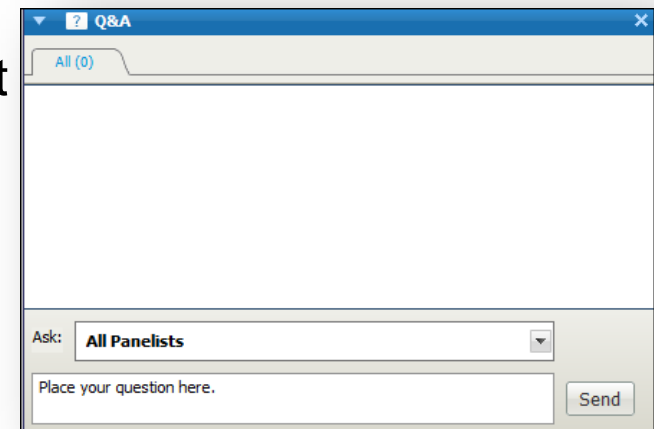


Agenda

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

Recap of Changes from ESP II

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

Product is Full Requirements

AEP Ohio will procure full requirements service for its SSO customers through a series of six **full requirements auctions**

Auction	Product Months	Load Cap	2015												2016												2017												2018								
			1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5				
1 (Apr. 2015)	12	40				1	17%					12 Month																																			
	24		17%					24 Month																																							
	36		16%												36 Month																																
2 (May. 2015)	12	40				2	17%					12 Month																																			
	24		17%					24 Month																																							
	36		16%												36 Month																																
3 (Nov. 2015)	24	13										3				17%																		24 Month													
4 (Mar. 2016)	24	13													4				17%																		24 Month										
5 (Nov. 2016)	12	13																5				17%																		12 Month							
6 (Mar. 2017)	12	13																			6				17%																		12 Month				

Results of Previous Auctions

Registered Bidders	13
Rounds in the Auction	18
Range of Starting Price	\$70/MWh - \$95/MWh
Delivery Period Start	June 1, 2015

Product	Tranche Target	Clearing Price (\$/MWh)	
		April 28, 2015	May 12, 2015
12-month	17	53.79	55.42
24-month	17	53.51	54.70
36-month	16	55.58	56.35

PUCO accepted results on April 29, 2015 and May 13, 2015.

NEW for November 2015 Auction

- Application process for returning bidders is **streamlined**
 - Reminder of login credentials will be sent to returning bidders
 - Part 1 Form **pre-populated** with previously submitted contact information and PJM information
 - However, all bidders (including returning bidders) must provide financial information and make certifications
- **Letters of Reference were updated to allow for lower credit rating.** Please use the updated version posted
- **Posted Letter of Credit has minor clean up from previous version**

Supply Will Be Divided into Tranches

Auction Date
Tuesday, Nov. 3

Product Type	Delivery Period	Tranche Target	Load Cap	Tranche Size
24-month	June 2016- May 2018	17	13	1%

Auction Format is a Clock Auction

- Multiple tranches of a single term
- **Multiple rounds**
 - Each round, suppliers state how many tranches they want to supply at the going price announced by the Auction Manager
 - From one round to the next, auction continues and price ticks down if there is excess supply
- **No sealed bid round**: bidders provide exit prices as they withdraw tranches throughout the auction
- Auction establishes a **single clearing price**

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)*	2,827
MW-measure*	28.27

*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 November 2015 Auction

M	T	W	Th	F
Aug. 31	Sep. 1	2 P1 Window Opens	3	4
7	8	9	10	11
14	15	16	17	18
21	22 P1 Due	23	24	25
28 P1 Notification	29 P2 Window Opens	30	Oct. 1	2
5	6	7	8	9
12	13	14	15	16
19	20 P2 Due	21	22	23
26	27 P2 Notification	28 Trial Auction	29	30
Nov. 2	3 Auction Starts	4	5	6

August 13: Deadline to submit alternate guaranty for consideration

By September 2: Bidders can access account for application

Announcements:

August 21: Tranche targets, tranche size, MW-measure, and range of starting price

October 14: Update to seasonal factors and MW-measure

October 29: Auction 1 R1 Price

Application Process is Online

Part 1 Application (Sept. 02 – Sept. 22)

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

Part 2 Application (Sept. 29 – Oct. 20)

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

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 price 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

Credit Requirements under the Master SSO Supply Agreement

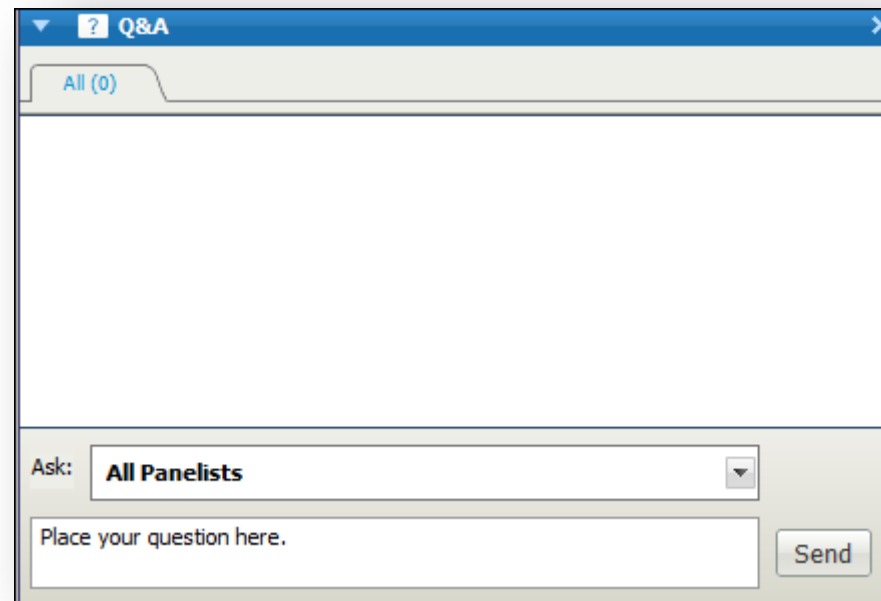
Two Credit Requirements and Two Unsecured Credit Lines:

- **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" with a question mark icon and a close button. Below the title bar, there is a tab labeled "All (0)". The main content area is empty. At the bottom, there is a form with the following elements:

- An "Ask:" label followed by a dropdown menu currently showing "All Panelists".
- A text input field with the placeholder text "Place your question here."
- A "Send" button to the right of the text input field.

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 and Reminders

- Application process for returning bidders is **streamlined**
 - Reminder of login credentials will be sent to returning bidders
 - Part 1 Form **pre-populated** with previously submitted contact information and PJM information
 - However, all bidders (including returning bidders) must provide financial information and make certifications
- **Inserts**. Bidders download, prepare, sign, and upload their own “Inserts” with their applications
- **Acceptable modifications of credit documents** carry over from prior auction, and also some additions
- **Letters of Reference were updated to allow for lower credit rating**. Please use the updated version posted
- **Posted Letter of Credit has minor clean up from previous version**

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 September 22, 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.

Download “Inserts” before starting

The screenshot shows the 'AEP OHIO CBP AUCTION' application process page. The main heading is 'Part 1 Inserts'. On the left, there is a navigation menu with 'Part 1 Inserts' highlighted. The main content area includes a 'Due Date' of September 22, 2015 @ 12PM (noon), an 'Info' section explaining that inserts are Microsoft Word forms to be signed and scanned, and a 'Contact' section with the email aep-cbp@nera.com or phone number (215) 568-0200. Below this, under the heading 'Part 1 Inserts', there is a blue button labeled 'Insert Package DOWNLOAD' with a downward arrow, and a link to 'AEP Ohio CBP - Part 1 Inserts (#P1-A to #P1-I).zip'. This button and link are circled in red. The footer contains the AEP OHIO logo and the NERA ECONOMIC CONSULTING logo.

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

Which Inserts are retained for returning bidders?

#	Insert	Retained?
P1 - A	Designation of the Applicant's Representative Insert	YES
P1 - B	Acknowledgment of Representative Responsibilities Insert	YES
P1 - C	Designation of Nominees Insert	NO
P1 - D	Applicant's Legal Representative in Ohio Insert	YES
P1 - E	PJM Requirements Insert	YES
P1 - F	Foreign Applicant Certification Insert	NO
P1 - G	Foreign Guarantor Certification Insert	NO
P1 - H	Certifications Insert	NO
P1 - i	Bidding Agreements Insert	NO

Up-Front Requirements for Part 1 Are Simple

Largely RETAINED for Returning Bidders

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"

Notifications sent to Rep and Nominees by email

Certifications, Financial Information, and Documents

NOT RETAINED for Returning Bidders

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 Auctions carry over

Upload Required Documents to Part 1 Form

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

John

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

Choose File No file chosen **Upload**

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

This number corresponds to the number in the Insert file name

 #P1-A Designation of the Applicant's Representative Insert SIGNED.pdf

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

Requirements for new and returning bidders are the same

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

\$ TBA /MWh Tranches

Maximum Starting Price Indicative Offer Minimum Pre-Bid Security

\$ TBA /MWh Tranches x \$500,000 = \$

- 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

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 2 Form

Due Date October 20, 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.

Save Draft Next Page >

Download “Inserts”

AEP OHIO CBP AUCTION My account Log out

APPLY

Part 2 Inserts


Due Date October 20, 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 2 Form](#).

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

Part 1 Inserts

Insert Package DOWNLOAD ↓

 [AEP Ohio CBP - Inserts #P2-A to #P2-B.zip](#)

AEP OHIO
A unit of American Electric Power

NERA
ECONOMIC CONSULTING

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

Rounds Have Three Phases

Bidding Phase

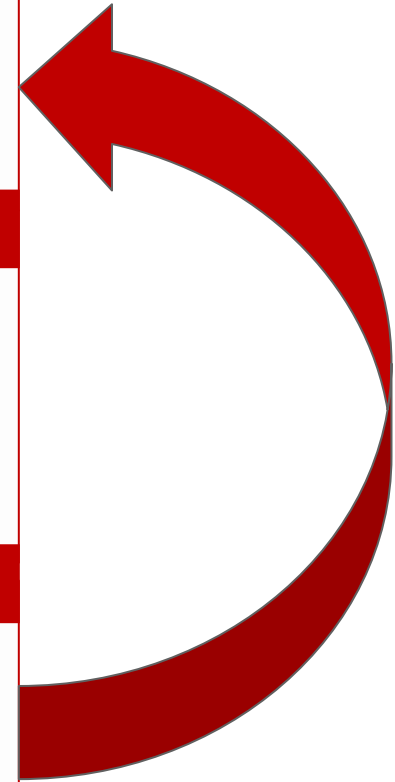
- Suppliers state how many tranches they want to supply at going price in round
- Auction Manager informs Registered Bidders of Round 1 price three days before auction

Calculating Phase

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

Reporting Phase

- Information provided to bidders:
 - Excess supply range; and
 - Going price for next round



Bid in Round 1

- A bid in round 1 is a number of tranches that the bidder is willing to supply at the round 1 price
- **Bidder cannot bid more than its initial eligibility** determined by the indicative offer at the maximum starting price
- Bidder will not be able to increase the number of tranches bid throughout the auction

Possible Reduction of Tranche Target

- If there is insufficient supply to ensure competitive bidding, **the Auction Manager has the discretion to reduce the tranche target**
- 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 tranche target will be eliminated

Sample Reports

Bidder sees:

- Range of excess supply
 - Range provided includes actual excess supply
- The next round price
- The result of the bidder's own bid

Report: Round 1	
Excess Supply	51-55
Round 2 price (\$/MWh)	67.75

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

Information in Bidder User Manual

- **Decrement is related to amount of excess supply left in the auction**
 - Formula or table for determination of decrement provided to bidders
 - Auction Manager has discretion to override decrement
- Possible ranges of excess supply provided in Bidder User Manual
- Bidder User Manual provided to Registered Bidders

Bidding in Round 2 and Subsequent Rounds

- In response to reduced prices, a bidder may:
 - Leave bid unchanged
 - Reduce the number of tranches the bidder is willing to supply by withdrawing tranches from the auction
- Bidder cannot bid more than its eligibility
 - 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

Withdrawing Tranches

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

Price Round 1 (\$/MWh)	70.00
Bid Round 1 (tranches)	3
Price Round 2 (\$/MWh)	65.75
Bid Round 2 (tranches)	2
Exit Price	67.37

- Exit price is a **final and best offer**
 - Above current going price
 - Below or equal to previous going price

How Does the Auction Continue and Close?

- Auction continues as long as there is excess supply:
 - when tranches bid are more than tranches available

- When the auction closes, a uniform price is determined that is the auction clearing price

- **Two cases** on how the auction clearing price is determined:
 - when tranches bid are equal to tranches available, the auction clearing price is the price of the final round
 - when there are fewer tranches bid than tranches available, lowest exit price at which all tranches available are filled is the auction clearing price

Auction Clearing Price Example

Round	Price \$/MWh	Bidder A	Bidder B	Bidder C	#Bid	Target	#Bid – Target
R11	39.42	7	8	4	19	17	2
R12	38.68	5	7	2	14	17	-3

Tranches withdrawn	2	1	2
Exit Prices	38.69	38.99	39.42

To fill the tranche target of 17 tranches:

1. take 14 tranches bid at going price
2. take 2 tranches at \$38.69
3. take 1 tranche at \$38.99

Retained Tranches	2	1	0
Auction Clearing Price		\$38.99	

Auction clearing price is \$38.99/MWh, the lowest price at which all tranches available are filled

Auction Results Subject to Commission Review

- The Commission has a **two (2) business day window** from the conclusion of the auction for review of the results
- The Commission may reject the results of the auction if:
 - The auction violates a specific CBP rule in such a manner so as to invalidate the auction
 - The auction was **NOT** oversubscribed on the basis of the indicative offers received in the Part 2 Application
 - There were **NOT** four or more bidders
 - A bidder won more than 80% of the tranches available at the start of the auction

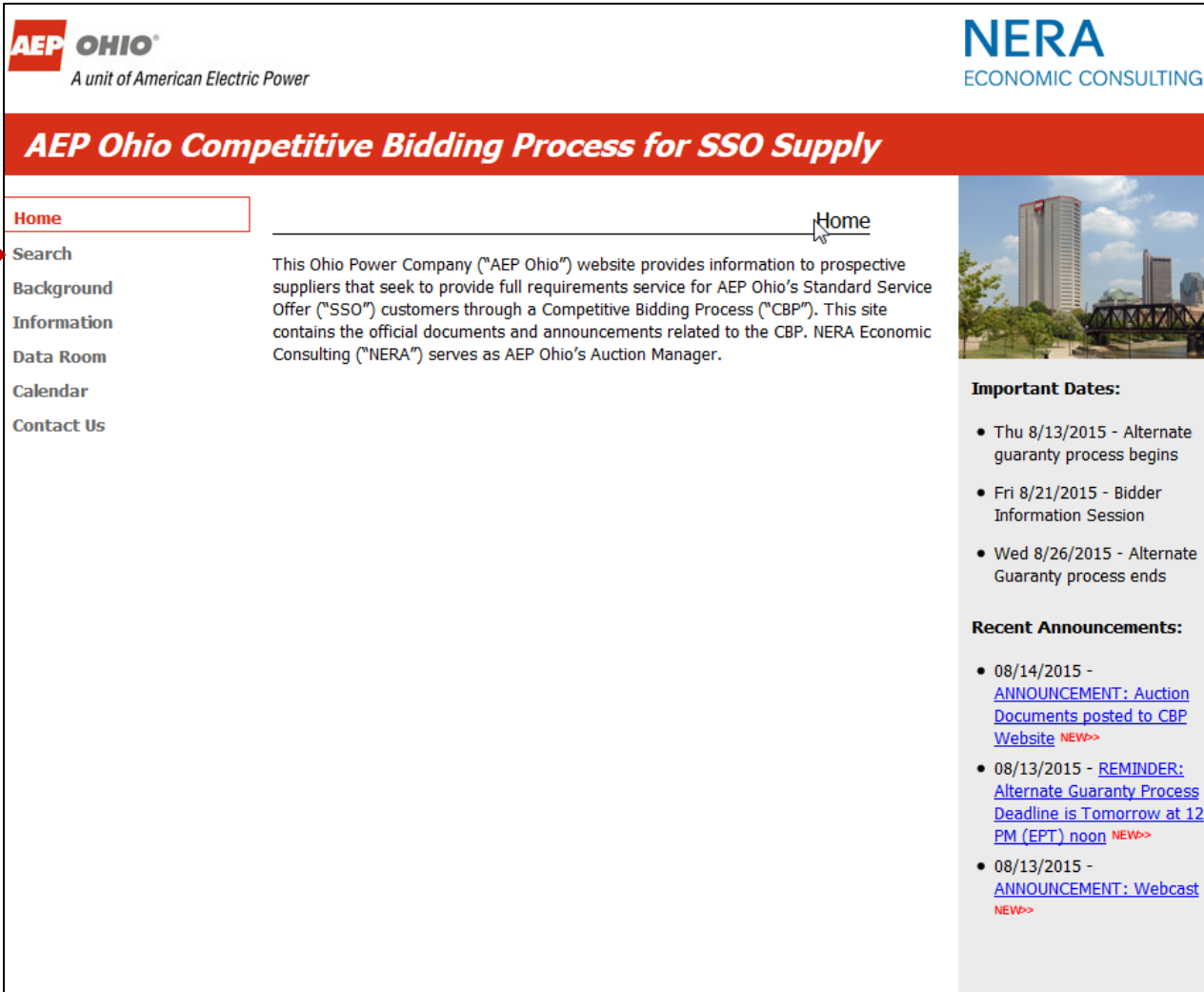
Basics of the Bidding Methods

1. **Bidders submit bids online using the Auction Software.** The Trial Auction (Wednesday, October 28, 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, not when it is called in
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



Navigation



AEP OHIO
A unit of American Electric Power



NERA
ECONOMIC CONSULTING

AEP Ohio Competitive Bidding Process for SSO Supply

[Home](#)

[Search](#)

[Background](#)

[Information](#)


[Data Room](#)

[Calendar](#)

[Contact Us](#)

[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 8/13/2015 - Alternate guaranty process begins
- Fri 8/21/2015 - Bidder Information Session
- Wed 8/26/2015 - Alternate Guaranty process ends

Recent Announcements:

- 08/14/2015 - [ANNOUNCEMENT: Auction Documents posted to CBP Website](#) [NEW>>](#)
- 08/13/2015 - [REMINDER: Alternate Guaranty Process Deadline is Tomorrow at 12 PM \(EPT\) noon](#) [NEW>>](#)
- 08/13/2015 - [ANNOUNCEMENT: Webcast](#) [NEW>>](#)

Key Dates and Announcements

Information Tab

Document page includes:

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

The screenshot shows the 'Information' tab of the AEP Ohio website. The page title is 'AEP Ohio Competitive Bidding Process for SSO Supply'. The navigation menu includes Home, Search, Background, Information (highlighted), Documents, FAQs, Announcements, Data Room, Calendar, and Contact Us. The main content area is divided into sections: Auction Documents - November 2015, Master SSO Supply Agreement Documents - November 2015, Guaranty Process - November 2015, and Pre-Bid Credit Documents - November 2015. Each section lists documents with their dates and download icons. On the right side, there is a 'Documents' link, a 'NERA ECONOMIC CONSULTING' logo, a photograph of a power plant, and two sections: 'Important Dates' and 'Recent Announcements', both containing links to specific events and documents.

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

The screenshot displays the AEP Ohio Data Room interface, which includes a navigation menu on the left and a main content area with several data sections:

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

Description	File	Data Range
NSPL		1/1/2013 - 4/30/2015
PLC		1/1/2013 - 4/30/2015

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

Zone	Group	SSO
CSP	Aggregate	
	Residential	
	LCB1	
OPCo	Aggregate	
	Residential	
	LCB1	

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 - 4/30/2015
	Residential			6/1/2010 - 4/30/2015
	SCB1			6/1/2010 - 4/30/2015
	LCB1			6/1/2010 - 4/30/2015
OPCo	Aggregate			6/1/2010 - 4/30/2015
	Residential			6/1/2010 - 4/30/2015
	SCB1			6/1/2010 - 4/30/2015
	LCB1			6/1/2010 - 4/30/2015

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

File	Data Range
	1/1/2013 - 4/30/2015

Additional Data
This data is updated occasionally.

Description	File	Data Range
AEP Ohio PIPP 2013 Usage		1/1/2013 - 12/31/2013
Unaccounted for Energy		1/1/2013 - 4/30/2015
AEP-Ohio Government Aggregation		4/1/2014 - 3/31/2015

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

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' page on the AEP Ohio 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 content area is titled 'Ask a Question' and contains the following fields: 'Name *:' with a text input box, 'Company *:' with a text input box, 'Email Address *:' with a text input box, and 'Question/Comment *:' with a large text area. Below these fields is a CAPTCHA challenge featuring a red background with the name 'MIGUEL LEON' in a stylized font. The CAPTCHA interface includes a text input box with the placeholder 'Type the text', a 'Privacy & Terms' link, and a 'Submit' button.

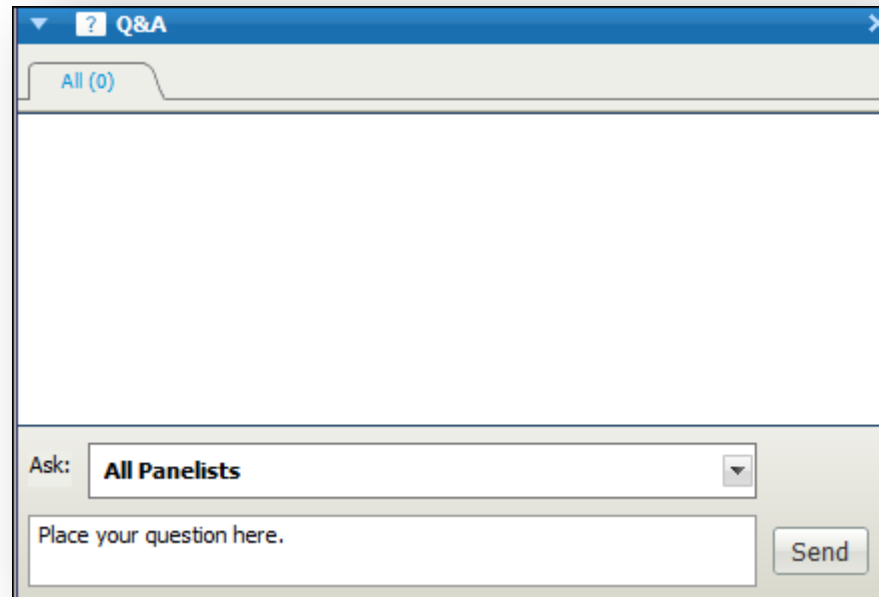
Contact the Auction Manager Team

**NERA Economic Consulting
Auction Manager
For AEP's Ohio CBP
Contact us by email at AEP-CBP@nera.com**

**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" with a question mark icon and a close button. 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.