

Glossary for AEP Ohio's Competitive Bidding Process Auctions

This glossary applies to AEP Ohio's Competitive Bidding Process ("CBP"). Defined terms used in this glossary shall have the meaning given to such terms in the CBP Rules or in the Master SSO Supply Agreement; definitions for such terms are summarized here for convenience. Other terms may also be defined below.

Application website: The website through which a bidder submits the online Part 1 Form, the online Part 2 Form, and any required attachments. Bidders will be provided logon credentials for the application website upon submitting an expression of interest to the Auction Manager.

Associated with: A Qualified Bidder is associated with another Qualified Bidder if the two bidders have ties that could allow them to act in concert or that could prevent them from competing actively against each other.

Auction clearing price: Price obtained at the Auction for a product, which determines the payment to SSO Suppliers and the rates of SSO customers. The CBP Rules explain how the auction clearing price for a product is determined.

Bid (in a multiple product auction): A bid consists of the number of tranches that the bidder wants to supply of each product at the going prices of a round of the auction.

Bid (in a single product auction): A bid consists of the number of tranches that the bidder wants to supply for a product at the going price of a round of the auction.

Bidder: Term used generically to refer to a prospective bidder, a Qualified Bidder, or a Registered Bidder.

Bidding agreement: Any agreement between two or more parties, each of whom intends to participate in the auction, to share information relative to the bidding strategy in the auction, to share information regarding round results, to agree upon bids, to agree upon bidding strategy or to coordinate bids during the auction.

Bidding consortium: A group of separate businesses or business people joining together to submit joint bids in the auction. A set of companies joining together to provide SSO Supply, with each providing different expertise or components.

Bidding phase: In the bidding phase of a round of an auction, bidders place bids. A bidder can modify its bid as long as the bidding phase of the round is open. The valid bid is the last received bid that is submitted and verified during the bidding phase and processed by the Auction Software. A valid bid is a firm commitment to supply the number of tranches indicated at the price of the round and a valid bid cannot be rescinded.

Calculating phase: The calculating phase immediately follows the bidding phase. In the calculating phase of the round, the Auction Manager tabulates the results of that round's bidding phase and calculates the prices for the next round. During this phase, bidders

cannot submit bids and bidders do not yet have access to the results from that round's bidding phase.

CBP Rules: The "Bidding Rules for the Auctions Under the Competitive Bidding Process of Ohio Power Company" document describes the process and requirements for participation in the full requirements auctions to be held under the CBP.

CBP Website: The website for AEP Ohio's CBP is <https://www.aepohiocbp.com>.

Commission Consultant: The Commission Staff may retain an advisor for purposes of assisting in overseeing the conduct of the auctions.

Confidential Information Regarding the Auction: Information that is not released publicly by the Commission, AEP Ohio, or the Auction Manager and that a bidder acquires as a result of participating in the auction, whether in writing or verbally, which if it were to be made public could impair the integrity of current or future auctions, impair the ability of AEP Ohio to hold future competitive bidding processes, or harm consumers, or injure bidders or applicants. Confidential Information regarding the auction includes (but is not limited to): the list of Qualified Bidders, the list of Registered Bidders, the initial eligibility, the status of a bidder's participation, and all non-public reports of results and announcements made by the Auction Manager to any or all bidders during the auction.

Confidential Information Relative to Bidding Strategy: Information relating to a bidder's bids, whether in writing or verbally, which if it were to be made public likely would have an effect on any of the bids that another bidder would be willing to submit. Confidential Information relative to bidding strategy includes (but is not limited to): a bidder's strategy; a bidder's indicative offer; a bidder's preference to bid on one product rather than another; the quantities that a bidder wishes to supply; the bidder's estimation of the value of a tranche of one or more products; the bidder's estimation of the risks associated with providing SSO Supply; and a bidder's contractual arrangements for purchasing power to provide SSO Supply were the bidder to win tranches in the auction.

Day: A business day, unless noted otherwise.

Decrement: A decrement is the percentage decrease of the going price for a product from one round to the next. The Auction Manager will define a relationship whereby the decrement for a product will be positively related to the difference between the number of tranches bid and the tranche target for that product.

Default bid: A bidder with positive eligibility that does not submit a bid in a round is assigned a default bid. A default bid consists of the minimum number of tranches that the bidder could have bid for each product.

Denied Switch (in a multiple product auction): The Auction Manager will deny requests to switch only when, to keep the tranche target of a product filled, the Auction Manager must retain all tranches that were withdrawn out of that product (if any) and must deny some, or

all, reductions from that product that come from switches. A denied switch is a tranche that the Auction Manager retains in this manner.

Eligibility: The maximum number of tranches that the bidder can bid in a round of the auction. (See also initial eligibility).

ESP IV: AEP Ohio's fourth Electric Security Plan. Through an April 25, 2018 Opinion and Order in Case No. 16-1852-EL-SSO, the Commission authorized AEP Ohio to implement ESP IV for the period June 1, 2018 through May 31, 2024.

ESP V: AEP Ohio filed an Application on January 6, 2023, seeking to implement its fifth Electric Security Plan for a period to commence on June 1, 2024.

Excess supply (in a multiple product auction): The number of tranches bid less the tranche target for a product. (See also total excess supply).

Exit price: A last and best offer for the tranches withdrawn from a product. An exit price for a product must be less than or equal to the going price in the previous round for that product and must be greater than the going price in the current round for that product.

Free eligibility (in a multiple product auction): A tranche from a denied switch for a bidder that is outbid by another bidder becomes free eligibility in the next round of the auction.

Going price: The going prices in a round of the auction are the prices at which the Auction Manager is soliciting bids in that round.

Indicative offer: Two (2) numbers of tranches that a Qualified Bidder must specify in its Part 2 Application. The first number represents the number of tranches that the Qualified Bidder is willing to supply at the minimum starting price for all products in the auction and the second number represents the number of tranches that the Qualified Bidder is willing to supply at the maximum starting price for all products in the auction.

Initial eligibility: The maximum number of tranches that a bidder can bid in the first round of the auction.

Joint Venture: An enterprise entered into by two or more people for profit with the purpose of bidding in the auction. A joint venture has most of the elements of a partnership, such as shared management, the power of each venturer to bind the others in the business, division of profits and joint responsibility for losses. However, unlike a partnership, a joint venture anticipates a specific area of activity and/or period of operation, so after the purpose is completed, bills are paid, profits (or losses) are divided, and the joint venture is terminated.

Letter of intent to provide a guaranty: A document executed by an authorized representative of the guarantor that is required for a bidder relying on the financial standing of a guarantor.

Letter of reference: A document issued by a bidder's bank in support of the bidder's indicative offer.

Load cap: A maximum number of tranches that a bidder can bid and win in an auction.

Load cap percentage: The maximum percentage of SSO Load that a bidder can bid and win in an auction.

Master SSO Supply Agreement: Document that defines the specific obligations associated with providing SSO Supply.

Minimum and maximum starting prices: The minimum and maximum starting prices establish the range of possible round 1 prices in the auction.

MW-measure: A figure in MW assigned to each tranche.

Nominees: Individuals, in addition to a bidder's Representative, who will be included in electronic communications from the Auction Manager. A bidder's Representative can provide contact information for up to three (3) Nominees.

Outbid (in a multiple product auction): If a bidder had denied switches in a prior round of the auction, these denied switches may be outbid as new tranches bid at the going price in subsequent rounds replace the denied switches in filling the tranche target.

Part 1 Application: The first part of the application process through which interested parties apply to become Qualified Bidders.

Part 1 Date: The date when Part 1 Applications are due.

Part 1 Notification: Notice provided by the Auction Manager to a bidder that has met all the requirements to become a Qualified Bidder.

Part 1 Notification Date: The date when the Auction Manager notifies bidders whether they have met all the requirements to become a Qualified Bidder.

Part 1 Window: The period during which Part 1 Applications are processed.

Part 2 Application: The second part of the application process through which each Qualified Bidder makes certifications, provides an indicative offer, and posts pre-bid security to become a Registered Bidder.

Part 2 Date: The date when Part 2 Applications are due.

Part 2 Notification: Notice provided by the Auction Manager to a bidder that has met all the requirements to become a Registered Bidder.

Part 2 Notification Date: The date when the Auction Manager notifies bidders whether they have met all the requirements to become a Registered Bidder.

Part 2 Window: The period during which Part 2 Applications are processed.

Percentage of Income Payment Plan customers: residential customers who take retail generation service from AEP Ohio under AEP Ohio's percentage of income payment plan.

Pre-bid security: Consists of a pre-bid letter of credit or cash and, if necessary, a letter of reference and/or a letter of intent to provide a guaranty. A bidder is advised upon qualification whether a letter of reference and/or a letter of intent to provide a guaranty are required.

Preliminary interest (in a multiple product auction): Two (2) numbers of tranches that a Qualified Bidder must specify in its Part 2 Application. The first number represents the number of tranches that the Qualified Bidder is willing to bid for that product at the maximum starting price and the second number represents the number of tranches that the Qualified Bidder is willing to bid for that product at the minimum starting price.

Product: SSO Supply for a given delivery period.

Qualified Bidders: All bidders that are qualified pursuant to a successful Part 1 Application.

Representative: The individual authorized to represent the Applicant in the auction. The Auction Manager provides all notifications and other written communication to the Representative and any Nominees the Representative may designate.

Representative Agent: A business or individual with an address in Ohio that is authorized and agrees to receive service of process on behalf of the bidder.

Registered Bidders: All bidders that are registered pursuant to a successful Part 2 Application.

Reporting phase: The reporting phase immediately follows the calculating phase. In the reporting phase of the round, the Auction Manager informs bidders of the going prices for the next round's bidding phase and the range of total excess supply. Each bidder privately receives the results of its own bid from that round.

Retained: When the number of tranches bid on a product at the going price falls short of that product's tranche target due to reductions from withdrawals or due to reductions from withdrawals and switches, the Auction Manager will retain one or more tranches by refusing some or all requests to withdraw, as needed to fill the tranche target of the product. The tranches with lower exit prices are retained first, and they are retained at the exit price that the bidder has named.

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

Round 1 price: The going price for a product in the first round of the auction.

Special Contract customers: Customers that have reasonable arrangements under Section 4905.31, Revised Code.

SSO customers: SSO customers are customers who take retail generation service from AEP Ohio. SSO customers include Special Contract customers to the extent that such customers are not taking service from a Competitive Retail Electric Supplier. SSO customers do not include Percentage of Income Payment Plan customers.

SSO Supplier: A bidder that wins at an auction for which results are accepted by the Commission.

SSO Supply: Full requirements service for AEP Ohio's SSO customers. Full requirements service includes, without limitation, energy, capacity, ancillary services, certain transmission services, as well as any other service as may be required by PJM.

Switch (in a multiple product auction): A bidder requests a switch when the bidder decreases the number of tranches bid for one or more products and increases the number of tranches bid for one or more products while leaving the total number of tranches bid unchanged.

Switch priority (in a multiple product auction with three or more products): If a bidder increases the number of tranches bid on more than one product, the bidder must assign a unique switch priority to each of the products for which the bidder is increasing the number of tranches bid. A switch priority of '1' is the highest priority and it is assigned to only one product; the next highest priority is '2' and it is assigned to a different and unique product, etc. A switch priority indicates that, if the request to switch is partially but not completely accepted, the bidder prefers that the tranches of the product with the highest priority be increased first (followed by the product with the next highest priority, etc.).

Time-Out: A time-out suspends the activity in the auction and is called at the discretion of the Auction Manager.

Total excess supply (in a single product auction): The greater of (i) zero; and (ii) the number of tranches bid less the tranche target.

Total excess supply (in a multiple product auction): Sum across all products of the greater of: (i) zero; or (ii) the number of tranches bid less the tranche target for the product; plus any free eligibility.

Total initial eligibility: The sum across all Registered Bidders of the indicative offers at the maximum starting price.

Tranche: A fixed percentage of SSO load.

Tranche size: The fixed percentage of SSO load assigned to each tranche.

Tranche target: The number of tranches procured for each product in the auction.

Volume: The total number of tranches to be procured in the auction.

Withdraw: If a bidder selects to bid fewer tranches than in the previous round, the bidder withdraws tranches from the auction for at least one product.

Acronyms and Abbreviations

AEP Ohio: Ohio Power Company

CBP: Competitive Bidding Process

Commission: The Public Utilities Commission of Ohio

ESP: Electric Security Plan

ICRT: Independent Credit Requirement per Tranche

LSE: Load Serving Entity

NITS: Network Integration Transmission Service

OVEC: Ohio Valley Electric Corporation

PIPP: Percentage of Income Payment Plan

SSO: Standard Service Offer