

AEP Ohio Competitive Bidding Process November 2020 Auction

**Bidder Webcast
Wednesday, September 2, 2020**

**Chantale LaCasse, NERA
Rachel Northcutt, NERA
Matt Pettit, NERA**

Disclaimer

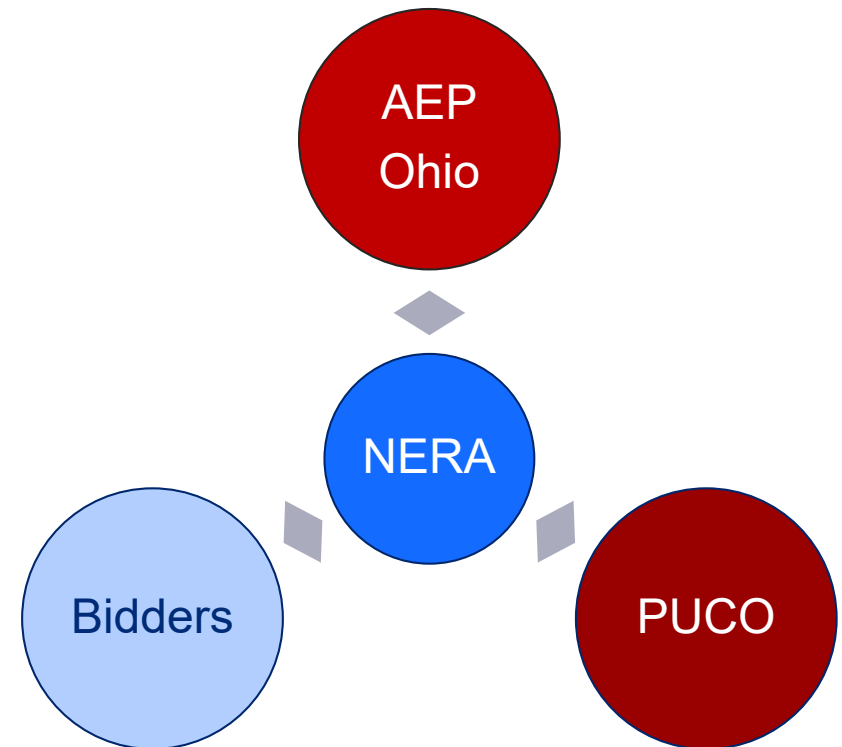
Any statements herein describing or referring to documents and agreements are summaries only, and are *qualified in their entirety* by reference to such governing documents

- These governing documents include:
 - Public Utilities Commission of Ohio (“PUCO”) Orders under Case No. 16-1852-EL-SSO (April 25 2018) and Case No. 17-2391-EL-UNC (July 15, 2020 and August 26, 2020)
 - 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/>

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

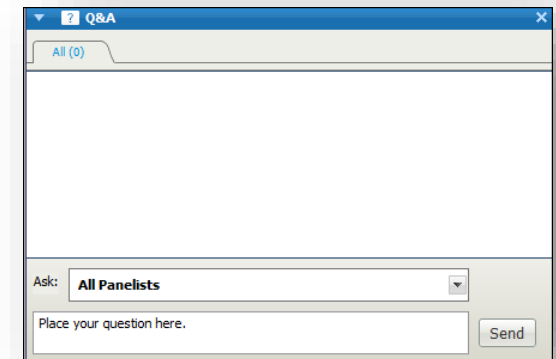


Agenda

1. Overview
2. Product Design and Contract
3. CBP Website
4. Application Process **(including procedures to address COVID-19)**
5. Bidding in the Auction

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 at the end of the presentation



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

Part 1 | Overview

12-Month Product Only

- The November 2020 Auction and the March 2021 Auction originally included a **12-month and a 36-month product**
- Given the proceeding before the Federal Energy Regulatory Commission (“FERC”) regarding the PJM Interconnection, LLC (“PJM”) capacity market, the base residual auctions for the 2022/2023 delivery year and the 2023/2024 delivery year will not have been held prior to the auctions
- The PUCO Order from July 15, 2020 requires AEP Ohio to **procure 12-month products only** in these two auctions
- AEP Ohio filed a motion to comply with the July 15 Order and this motion was approved by the PUCO on August 26, 2020

The November 2020 and March 2021 Auctions will each be set to procure 33 tranches of a 12-month product

Upcoming Auction is on November 2, 2020

- This is the seventh of a series of twelve **full requirements auctions** under **Case No. 16-1852-EL-SSO** (“ESP IV”)
- In accordance with PUCO Orders, AEP Ohio will be filing a plan for procurement of supply for SSO customers for June 2022 and beyond

Auction	Product Months	Load Cap	2017		2018												2019												2020												2021												2022																																							
			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	6	7	8	9	10	11	12	1	2	3	4	5																																															
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8 (Mar. 2021)	12	26																																																		8												33%												12 Month																

Results of Previous Auction

Registered Bidders	14
Rounds in the Auction	17
Range of Starting Price	\$55/MWh - \$75/MWh
Delivery Period Start	June 1, 2020

Product	Tranche Target	Clearing Price (\$/MWh)
One-year	17	36.74
Two-year	17	40.00

PUCO accepted results on March 25, 2020.

Product Description

Product	Load-following, slice-of-system, full requirements Denominated in tranches
Tranche	a fixed percentage of the load of SSO customers
SSO Customers	those customers who take retail generation service from AEP Ohio, excluding PIPP customers
Delivery Point	Pnode ID 1269364670
LSE Responsibility	is assumed by the SSO Supplier, including scheduling SSO Supply and making arrangements for delivery of SSO Supply

Load Will Be Divided into Tranches

Auction Date
Monday, November 2

Product	Delivery Period	Tranche Target	Load Cap	Tranche Size
12-Month	June 2021- May 2022	33	26	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, the auction continues and the 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**

Announcement: Minimum and Maximum Starting Prices, MW-Measure

- The minimum and maximum starting prices are:

Max	\$80/MWh
Min	\$60/MWh

- **The PLC (MW)** is based on the five highest coincident peaks experienced by PJM in prior year for SSO customers (i.e., non-shopping only)
- The MW-measure is provided for reference and information purposes only

PLC (MW)	2,450
MW-measure*	24.50

*The amount of actual quantity to be delivered depends on many factors (e.g., migration of SSO customers).

- Suppliers for a product are paid the auction clearing price for that product for each MWh of supply during the delivery term (Seasonal Factors = 1.00)

Key Events

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

By Sep. 18: Bidders can access account for application website

Announcements:

Sep. 2: Tranche target, tranche size, MW-measure, and range of starting prices

Oct. 7: Update to seasonal factors and MW-measure

Oct. 28: Round 1 price for Registered Bidders

Application Process is Online

Part 1 Application (Sep. 18 – Sep. 30)

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

Part 2 Application (Oct. 7 – Oct. 20)

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

No hardcopies required!

NEW! Procedures in Response to COVID-19: Digital Signatures

- Due to emergency measures enacted in the wake of COVID-19, Inserts may be:
 - Printed, signed (and notarized if required), scanned, and uploaded; OR
 - Submitted with a **digital signature** and a document or information verifying the identity of the signatory
- Guide to completing an Insert with a digital signature and providing any supporting documentation verifying the identity of the signatory is posted to the CBP website
- Electronic signatures (e.g., a picture of a signature as opposed to a digital signature entered through software such as DocuSign) are **not acceptable**

NEW! Procedures in Response to COVID-19: Electronic Pre-Bid Letter of Credit



- Standard form of pre-bid letter of credit has changed to accommodate submission via **electronic means**
- If providing a pre-bid letter of credit, it must be provided to the Auction Manager at AEP-CBP@nera.com
- Hardcopies of the pre-bid letter of credit will NOT be accepted
- **Acceptable modifications to the pre-bid security documents** are posted on the CBP website

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 Commission's acceptance of results

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, excluding PIPP customers, 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**

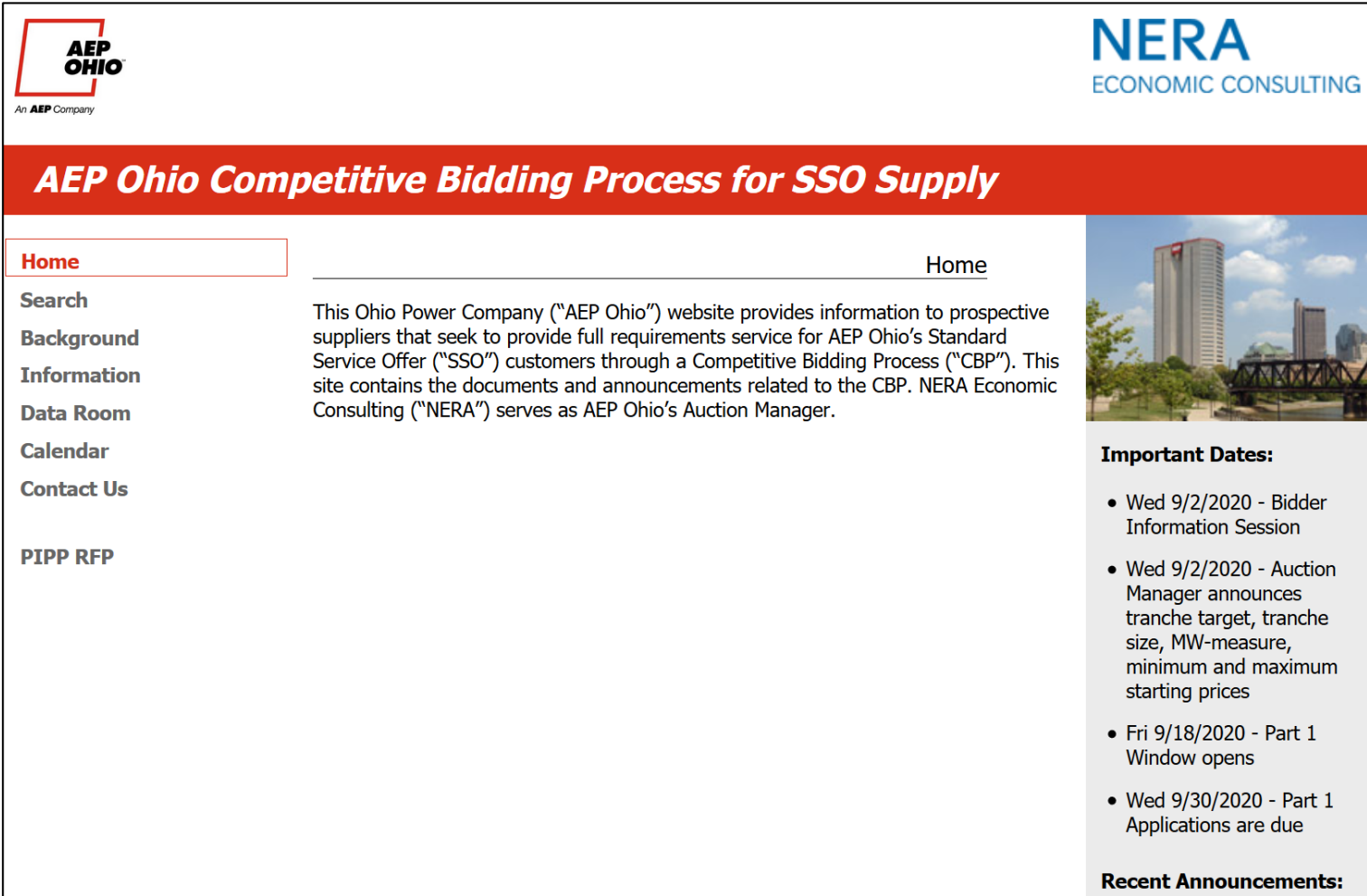
Credit Requirements under the Master SSO Supply Agreement

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

Part 3 | CBP Website

Navigation



The screenshot shows the website header with the AEP OHIO logo (An AEP Company) on the left and the NERA ECONOMIC CONSULTING logo on the right. The main title is "AEP Ohio Competitive Bidding Process for SSO Supply". Below the title is a navigation menu with "Home" selected. The main content area contains a paragraph about the website's purpose and a "Home" link. On the right side, there is a photograph of a city skyline and a list of "Important Dates" with four bullet points. Below the dates is a section for "Recent Announcements".

Home Home

Search

Background Information

Data Room

Calendar

Contact Us

PIPP RFP

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 documents and announcements related to the CBP. NERA Economic Consulting ("NERA") serves as AEP Ohio's Auction Manager.

Important Dates:

- Wed 9/2/2020 - Bidder Information Session
- Wed 9/2/2020 - Auction Manager announces tranche target, tranche size, MW-measure, minimum and maximum starting prices
- Fri 9/18/2020 - Part 1 Window opens
- Wed 9/30/2020 - Part 1 Applications are due

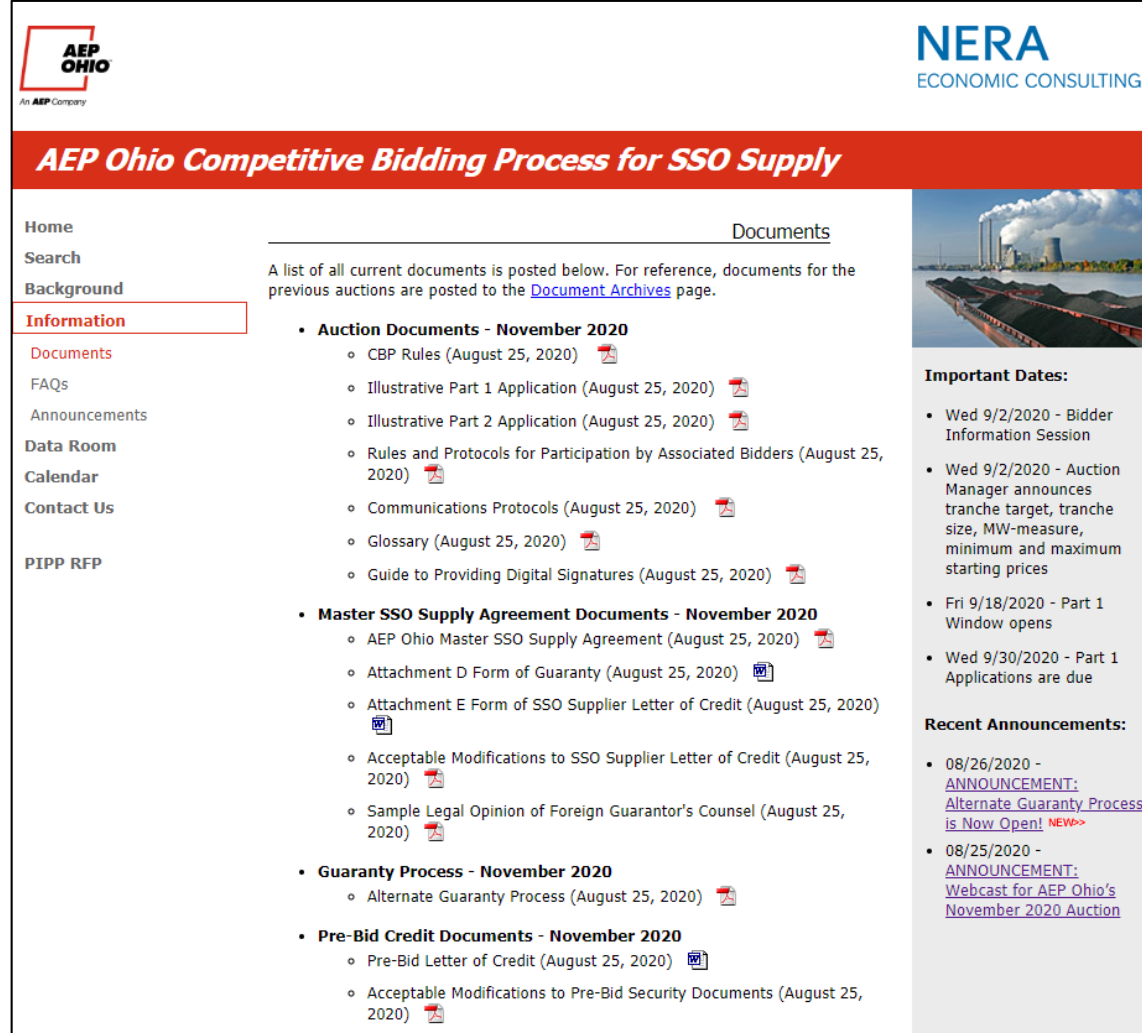
Recent Announcements:

Key Dates and Announcements

Information Tab

Document page includes:

- CBP Rules
- Master SSO Supply Agreement
- Qualification Information
- Credit Instruments
- Communications Protocols
- Associated Bidder Rules
- Glossary of key terms
- **NEW!** Guide to Providing Digital Signatures



The screenshot shows the AEP Ohio website's 'Information' tab for the 'AEP Ohio Competitive Bidding Process for SSO Supply'. The page features a navigation menu on the left with 'Information' highlighted. The main content area is titled 'Documents' and lists various documents under three categories: 'Auction Documents - November 2020', 'Master SSO Supply Agreement Documents - November 2020', and 'Guaranty Process - November 2020'. A right-hand sidebar contains 'Important Dates' and 'Recent Announcements'.

AEP OHIO
An AEP Company

NERA
ECONOMIC CONSULTING

AEP Ohio Competitive Bidding Process for SSO Supply

Home | Search | Background | **Information** | Documents | FAQs | Announcements | Data Room | Calendar | Contact Us | PIPP RFP

Documents

A list of all current documents is posted below. For reference, documents for the previous auctions are posted to the [Document Archives](#) page.

- **Auction Documents - November 2020**
 - CBP Rules (August 25, 2020)
 - Illustrative Part 1 Application (August 25, 2020)
 - Illustrative Part 2 Application (August 25, 2020)
 - Rules and Protocols for Participation by Associated Bidders (August 25, 2020)
 - Communications Protocols (August 25, 2020)
 - Glossary (August 25, 2020)
 - Guide to Providing Digital Signatures (August 25, 2020)
- **Master SSO Supply Agreement Documents - November 2020**
 - AEP Ohio Master SSO Supply Agreement (August 25, 2020)
 - Attachment D Form of Guaranty (August 25, 2020)
 - Attachment E Form of SSO Supplier Letter of Credit (August 25, 2020)
 - Acceptable Modifications to SSO Supplier Letter of Credit (August 25, 2020)
 - Sample Legal Opinion of Foreign Guarantor's Counsel (August 25, 2020)
- **Guaranty Process - November 2020**
 - Alternate Guaranty Process (August 25, 2020)
- **Pre-Bid Credit Documents - November 2020**
 - Pre-Bid Letter of Credit (August 25, 2020)
 - Acceptable Modifications to Pre-Bid Security Documents (August 25, 2020)

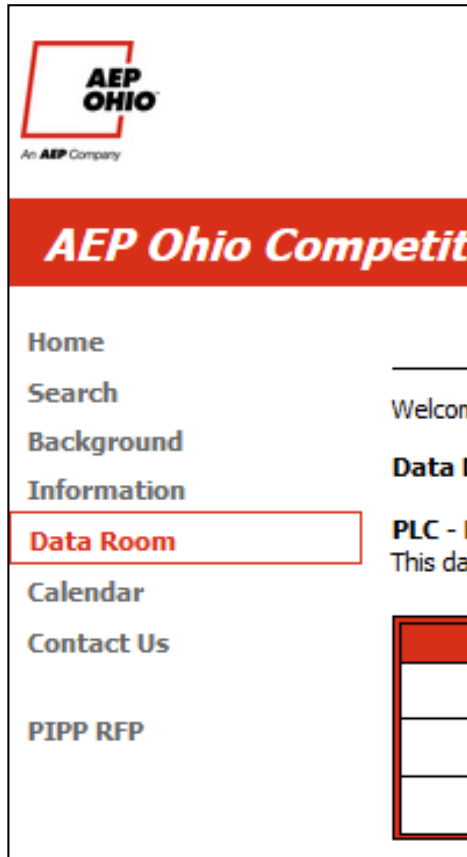
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Recent Announcements:

- 08/26/2020 - [ANNOUNCEMENT: Alternate Guaranty Process is Now Open!](#) **NEW>>**
- 08/25/2020 - [ANNOUNCEMENT: Webcast for AEP Ohio's November 2020 Auction](#)

Data Room and Data Categories



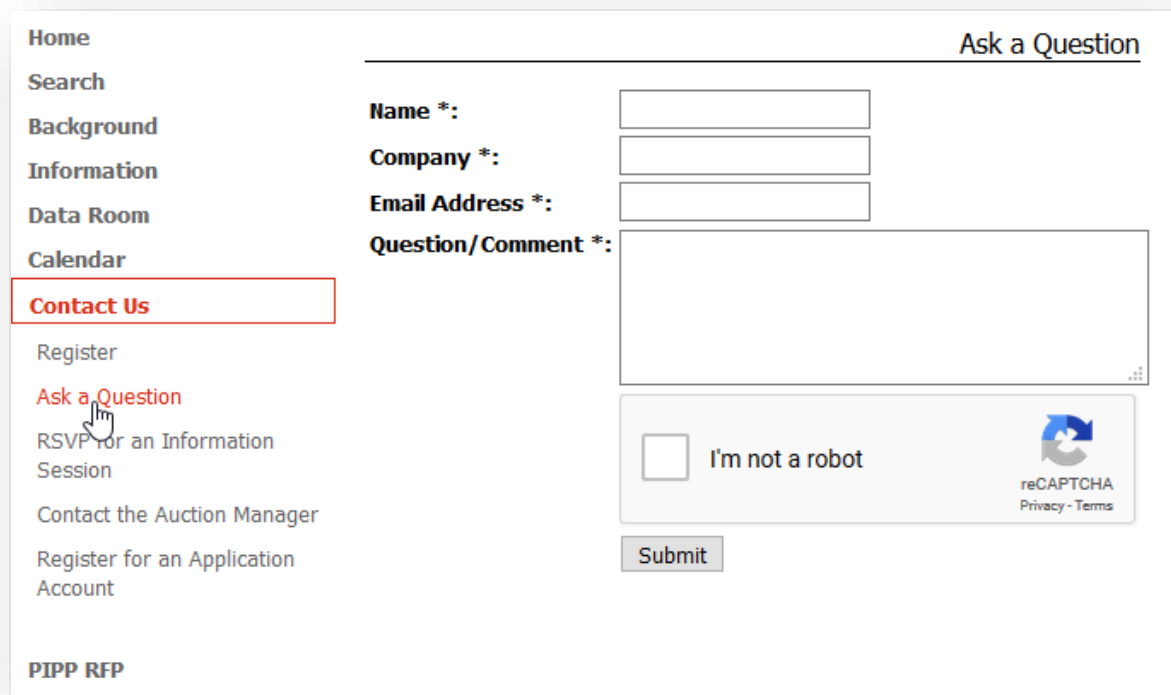
Data Room includes:

- Hourly energy
- Customer counts
- PLC and NSPL Data
- Monthly Switching Statistics
- Historical Unaccounted for Energy

Updated on or before the 20th of each month

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

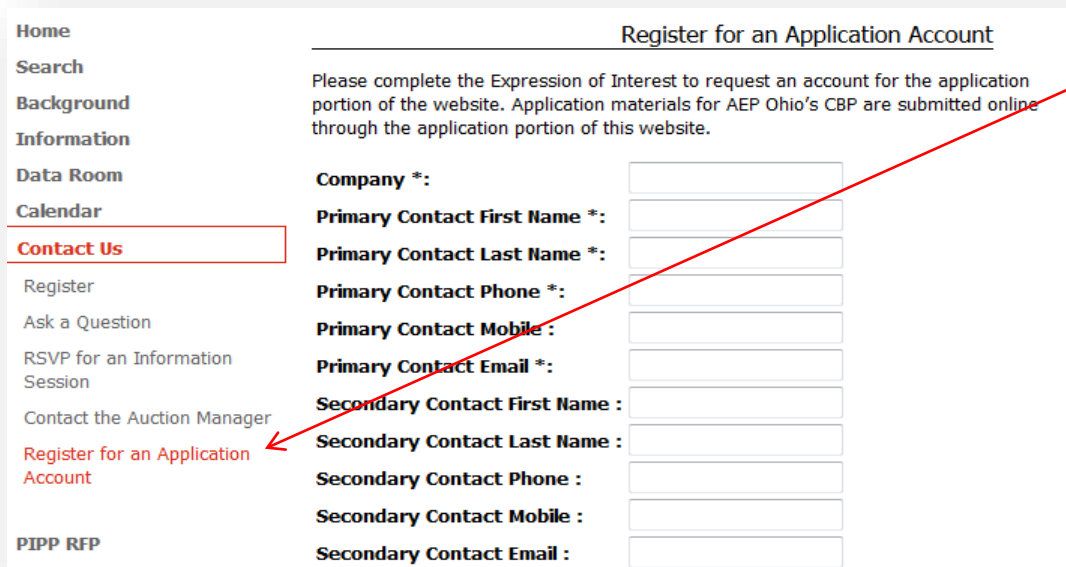


The screenshot shows the 'Ask a Question' form on the CBP website. The form is titled 'Ask a Question' and is located on the right side of the page. The left side of the page contains a navigation menu with the following items: Home, Search, Background, Information, Data Room, Calendar, **Contact Us** (highlighted with a red border), Register, Ask a Question (with a mouse cursor over it), RSVP for an Information Session, Contact the Auction Manager, Register for an Application Account, and PIPP RFP. The form itself has the following fields: Name *, Company *, Email Address *, and Question/Comment *. There is a 'Submit' button at the bottom of the form. A reCAPTCHA widget is also present, with the text 'I'm not a robot' and the reCAPTCHA logo.

Part 4 | 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
PIPP RFP

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 :

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 and can
participated in a streamlined process

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”

**Notifications sent to Representative
and Nominees by email**

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 applicants relying on foreign 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

**New and Returning Bidders
Provide This Information and Documents**

NEW!

Completing Inserts with Digital Signatures

- Inserts may be:
 - Printed, signed (and notarized if required), scanned, and uploaded;
OR
 - Submitted with a **digital signature** and **additional documentation or information verifying the identity of the signatory**
- Digitally signed Inserts are not required to be notarized
- If completing an Insert with a digital signature, additional documentation or information to verify identity of signatory may include:
 - A **certificate of completion** from **DocuSign**
 - A **Final Audit Report** from **Adobe Sign**
 - Evidence that the digital signature has been certified by the signatory using a document signing certificate (such as that through **Adobe Acrobat**)
 - Other documentation or information produced by another commercially available software that can be used to verify the identity of the signatory

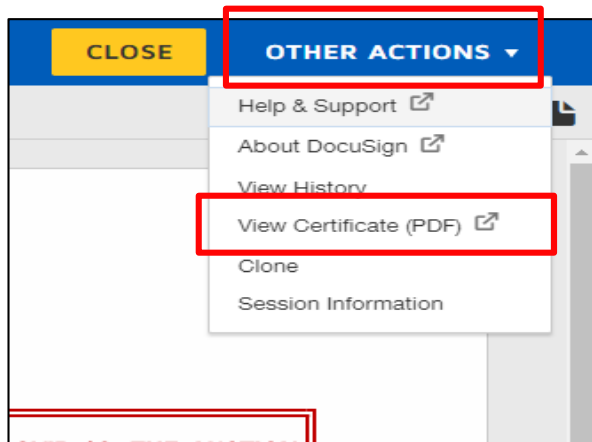
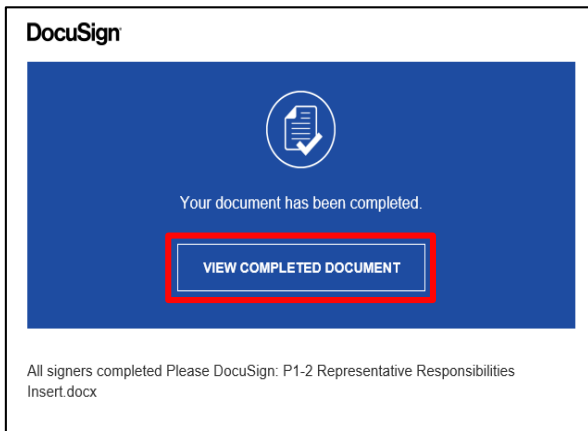
Digital Signature Using DocuSign

- DocuSign offers a 30-day free trial:
<https://go.docusign.com/o/trial/?tgr=com-trial-hero>
- DocuSign provides instructions for uploading documents to their site needing to be signed and instructions for completing the digital signature process
- Following the completion of the digitally signed document, the file can be sent to individuals of the bidder's choosing and these individuals, along with the sender, will be able to access the Certificate of Completion
- Two avenues for retrieving Certificate of Completion from DocuSign:
 - **OPTION 1:** Navigate to certificate of completion through email
 - **OPTION 2:** Retrieve certification of completion directly through website

DocuSign: Retrieving Certificate of Completion

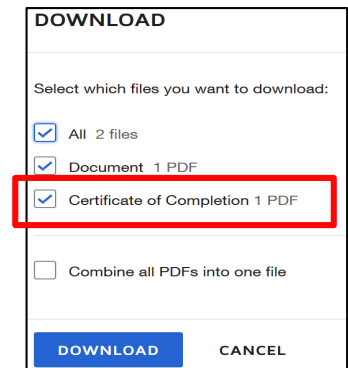
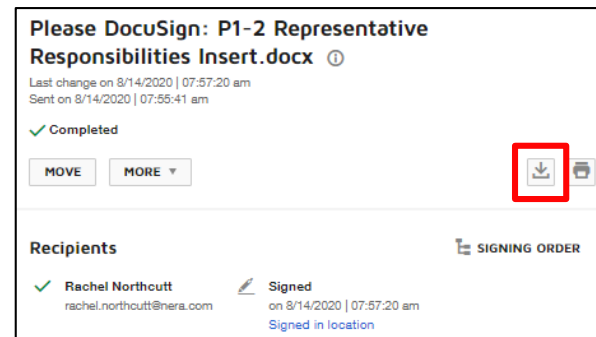
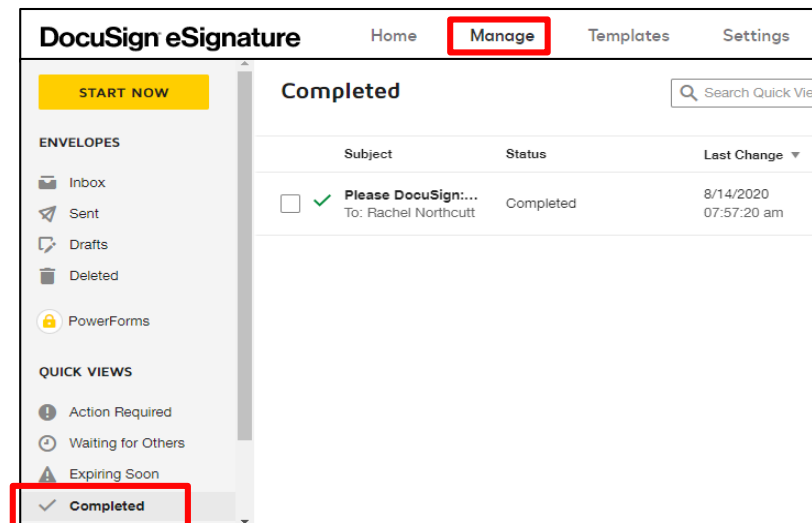
Option 1

1. Click “VIEW COMPLETED DOCUMENT”
2. Click “OTHER ACTIONS” and select “View Certificate (PDF)”



Option 2

1. Account holder may click “Manage” then “Completed” and click on the digitally signed Insert
2. Click the download icon, select “Certificate of Completion” then click “DOWNLOAD”



DocuSign: Retrieving Certificate of Completion

- Upload the digitally signed Insert together with the Certificate of Completion to the online form

DocuSign Envelope ID: A0036934-0F34-45CB-8EFC-BC0BD3B233F8

August 25, 2020
Insert #P1-2

Bidder A, LLC
Name of Applicant

DUE TO EMERGENCY MEASURES ENACTED IN THE WAKE OF COVID-19, THE AUCTION MANAGER IS ACCEPTING DIGITALLY SIGNED INSERTS.

This Insert may be:

- Printed, signed, scanned, and uploaded to the online Part 1 Form; or
- Submitted with a digital signature and a document or information verifying the identity of the signatory. If digitally signed, the signature line for the Notary Public may be left blank.

Electronic signatures (e.g., a picture of a signature by opposition to a digital signature entered through software such as that offered by DocuSign) are not acceptable.

REPRESENTATIVE RESPONSIBILITIES INSERT (#P1-2)

I, Rachel Northcutt (the Representative), hereby certify that I am authorized by the Applicant to serve as Representative, to represent the Applicant: (i) generally in the auctions held under AEP Ohio's CBP, and (ii) in particular for purposes of the application process.

If there are material changes to the Applicant's information provided in the Part 1 Application or the Part 2 Application for an auction, I agree to notify the Auction Manager as soon as practicable.

I further certify that I will be responsible for all Confidential Information Regarding the Auction provided to me and the Nominee(s) including Confidential Information for the submission of bids and that I will ensure that this Confidential Information is only distributed to other individuals who are authorized to act on behalf of the Applicant according to the rules for the handling of Confidential Information included in the CBP Rules.

DocuSigned by:
Rachel Northcutt 8/14/2020
Signature of Representative Date

Signature and Seal from Notary Public Date
(OMIT the Notary signature if this Insert is digitally signed)

NERA Economic Consulting
AEP Ohio CBP

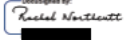
DocuSign
SECURED

Certificate Of Completion

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Subject: Please DocuSign: P1-2 Representative Responsibilities Insert.docx
Source Envelope:
Document Pages: 1 Signatures: 1 Envelope Originator:
Certificate Pages: 1 Initials: 0 Rachel Northcutt
AutoNav: Enabled rachel.northcutt@BidderA.com
Envelope Stamping: Enabled IP Address: [REDACTED]
Time Zone: (UTC-08:00) Pacific Time (US & Canada)

Record Tracking

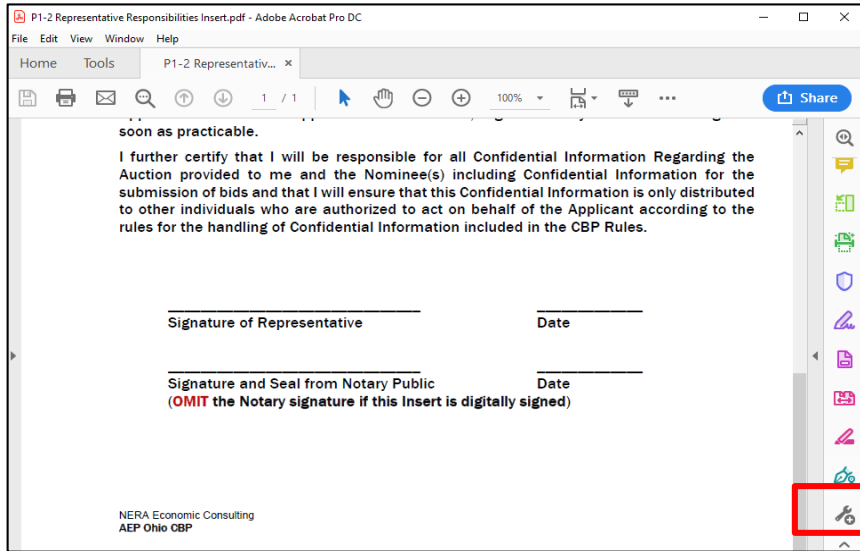
Status: Original Holder: Rachel Northcutt Location: DocuSign
8/14/2020 4:55:17 AM rachel.northcutt@BidderA.com

Signer Events	Signature	Timestamp
Rachel Northcutt rachel.northcutt@BidderA.com Officer Security Level: Email, Account Authentication (None)	 Signature Adoption: Pre-selected Style Using IP Address: [REDACTED]	Sent: 8/14/2020 4:55:41 AM Viewed: 8/14/2020 4:55:44 AM Signed: 8/14/2020 4:57:20 AM Freeform Signing

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

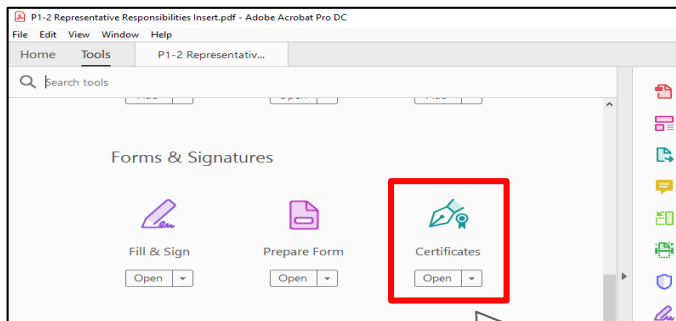
In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	8/14/2020 4:55:41 AM
Certified Delivered	Security Checked	8/14/2020 4:55:44 AM
Signing Complete	Security Checked	8/14/2020 4:57:20 AM
Completed	Security Checked	8/14/2020 4:57:20 AM
Payment Events	Status	Timestamps

Digital Signature Using Signing Certificate in Adobe Acrobat

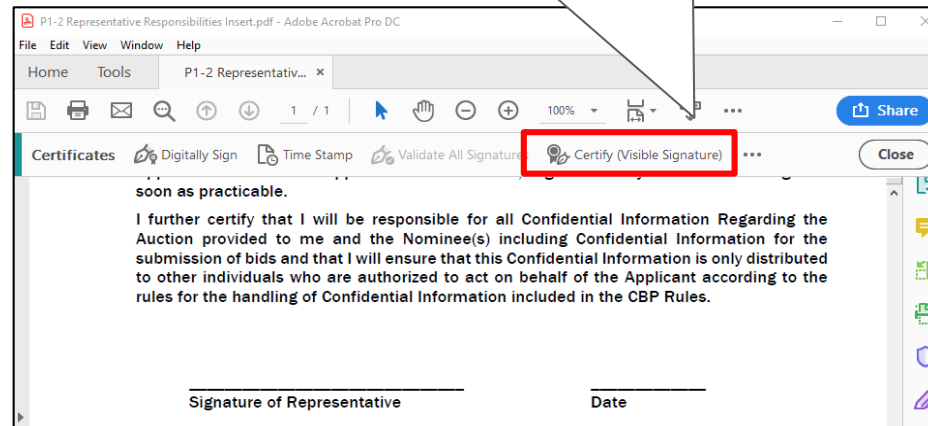


1. Convert the Insert to a PDF, open the file in Adobe Acrobat, then click on “More Tools”

3. Click the option to “Certify (Visible Signature)” and complete the digital signature process

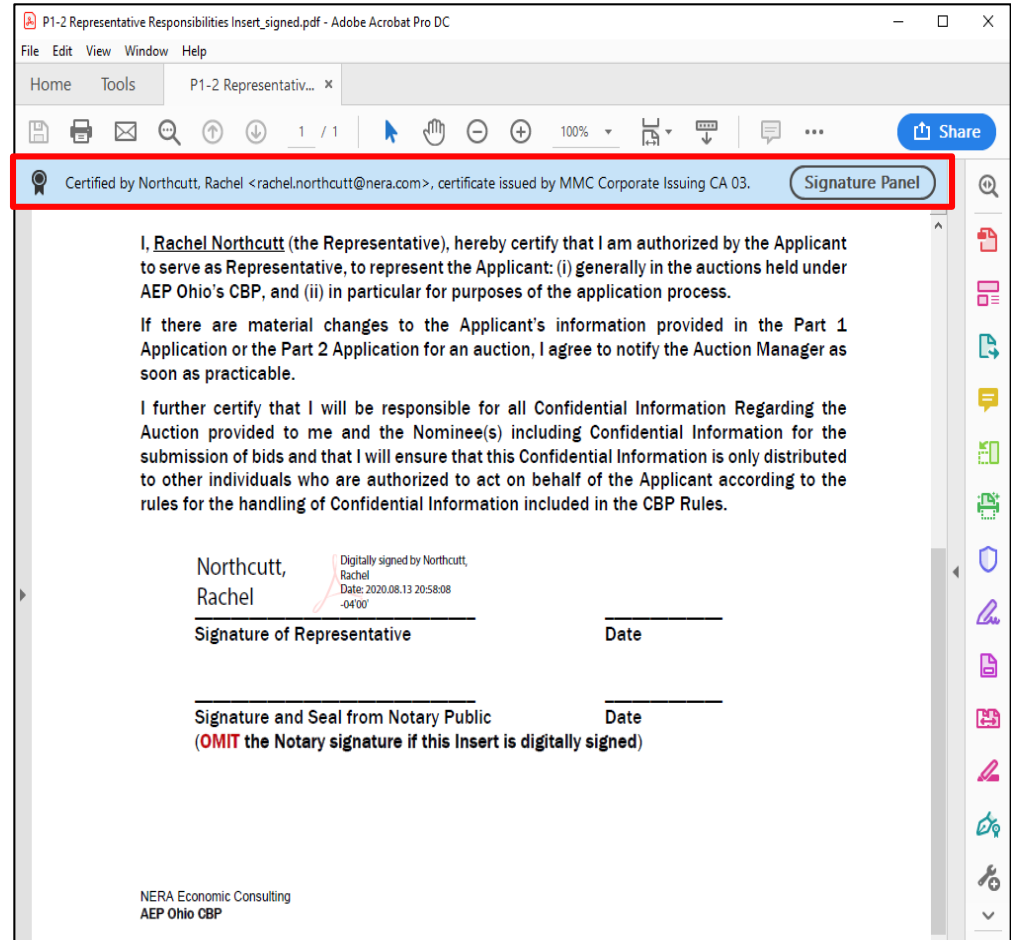


2. Click the “Certificates” Icon



Digital Signature Using Signing Certificate in Adobe Acrobat

- After digitally signing the Insert, a banner will appear displaying the additional information certifying the signature
- Other commercially available programs are acceptable as long as appropriate documentation or additional information is provided to the Auction Manager for purposes of verifying the identity of the signatory



List of Inserts and to Whom They Apply

#	Insert	When Applicable	Notary Line
P1-1	Representative Designation	REQUIRED OF ALL BIDDERS; retained for returning bidders	YES
P1-2	Representative Responsibilities	REQUIRED OF ALL BIDDERS; retained for returning bidders	YES
P1-3	Designation of Nominees Insert	OPTIONAL	NO
P1-4	Legal Representative	REQUIRED OF ALL BIDDERS; retained for returning bidders	YES
P1-5	PJM Requirements	Only Applicable in Limited Circumstances	NO
P1-6	Certifications	REQUIRED OF ALL BIDDERS	NO
P1-7	Bidding Agreement	Only Applicable in Limited Circumstances	NO

Part 2 Application: To Be Registered as a Bidder

1. Submit an indicative offer
2. Submit pre-bid security (pre-bid letters of credit must be sent via electronic means to AEP-CBP@nera.com)
3. Make certifications including compliance with Rules related to Associations and Handling of Confidential Information
4. Provide additional certifications
5. Foreign entities: Provide executed additional documents required under the Master SSO Supply Agreement

**Requirements for new and returning bidders are the same
In the Part 2 Application**

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

Credit-Based Tranche Cap

Minimum Starting Price	Indicative Offer
\$ <input type="text" value="60"/> /MWh	<input type="text"/> Tranches
Maximum Starting Price	Indicative Offer
\$ <input type="text" value="80"/> /MWh	<input type="text"/> Tranches

- 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
- Amount a bidder can bid and win **in a given auction** could be further reduced to the credit-based tranche cap depending on credit ratings of Bidder or Guarantor

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
- **No additional pre-bid security** is required

3. Certify compliance with Associations and Confidential Information Rules

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

NEW!

Electronic Pre-Bid Letter of Credit

- The standard form of the Pre-Bid Letter of Credit has changed to accommodate submission via **electronic means**
 - Beneficiary information include the email address of the Auction Manager
 - Paragraph 12 allows for presentation by electronic means including e-mail
 - Paragraph 14 confirms that AEP Ohio may use the file as it would a hardcopy original
- Pre-Bid Letter of Credit must be provided directly to the Auction Manager at AEP-CBP@nera.com
- Electronic PDF version is to be the operative instrument and hardcopies of the Pre-Bid Letter of Credit will not be accepted

Opportunity to propose modifications to the standard form of the Pre-Bid Letter of Credit with the Part 1 Application

Additional Part 2 Requirements

4. Provide Additional Certifications

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

5. Requirements for foreign entities

- A foreign bidder or a bidder desiring to rely on the creditworthiness of a foreign entity must provide the **executed additional documents** required under the Master SSO Supply Agreement
- Additional documents should incorporate all changes required by AEP Ohio upon review of the draft documents submitted with the Part 1 Application

List of Inserts and to Whom They Apply

#	Insert	When Applicable
P2-1	Cash Certification	Applicable in Specific Circumstances
P2-2	Certifications	REQUIRED OF ALL BIDDERS

No Notary Public line on Part 2 Inserts

Part 5 | Bidding in the Auction

Rounds Have Three Phases

Bidding Phase

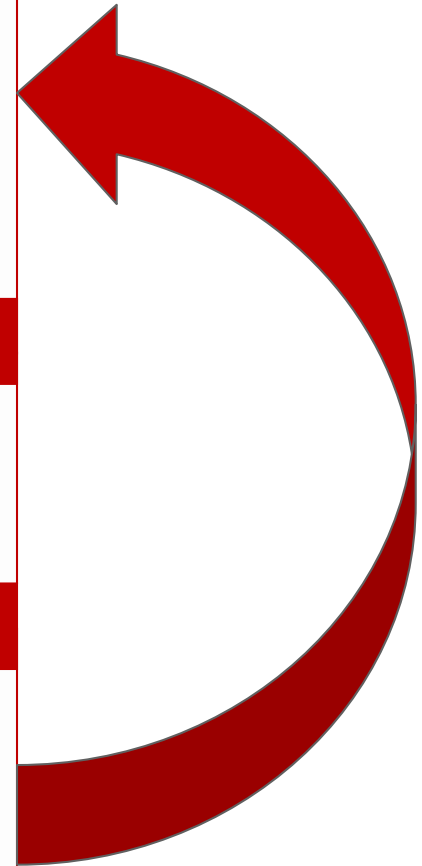
- Suppliers state how many tranches they want to supply at going price for the round
- Auction Manager informs Registered Bidders of Round 1 price no later than 3 days before auction

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:
 - Total Excess Supply range; and
 - Going price for next round



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

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

Sample Reports

Bidder sees:

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

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

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

Bidding in Round 2 and Subsequent Rounds

- In response to a reduction in price, a bidder may:
 - Leave bid unchanged
 - Withdraw 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)	60.00
Bid Round 1 (tranches)	6
Price Round 2 (\$/MWh)	58.00
Bid Round 2 (tranches)	5
Exit Price	59.22

- Exit price is a **last 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 positive total excess supply
 - When there are more tranches bid than there are 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 the number of tranches bid is equal to the number of tranches available, the auction clearing price is the price of the final round
 - when there are fewer tranches bid than tranches available, the auction clearing price is lowest exit price at which the tranche target is filled

Auction Clearing Price Example

Round	Price \$/MWh	Bidder A	Bidder B	Bidder C	#Bid	Target	#Bid – Target
R11	39.42	12	13	10	35	33	2
R12	38.68	10	12	8	30	33	-3

Tranches withdrawn	2	1	2
Exit Prices	38.69	38.99	39.42

To fill the tranche target of 33 tranches:

1. take 30 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

Basics of the Bidding Methods

1. **Bidders submit bids online using the Auction Software.** The Trial Auction (Wednesday, October 28, 2020) is the bidders' opportunity to practice
2. The backup bid procedure is by phone
3. The last bid submitted and verified 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 systems 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 later, or MacOS 10.7 or later
Internet Connection	Primary access through a company network
Supported Web Browser	Internet Explorer 11 or later, as well as the most recent versions of Mozilla Firefox, Apple Safari, or Google Chrome

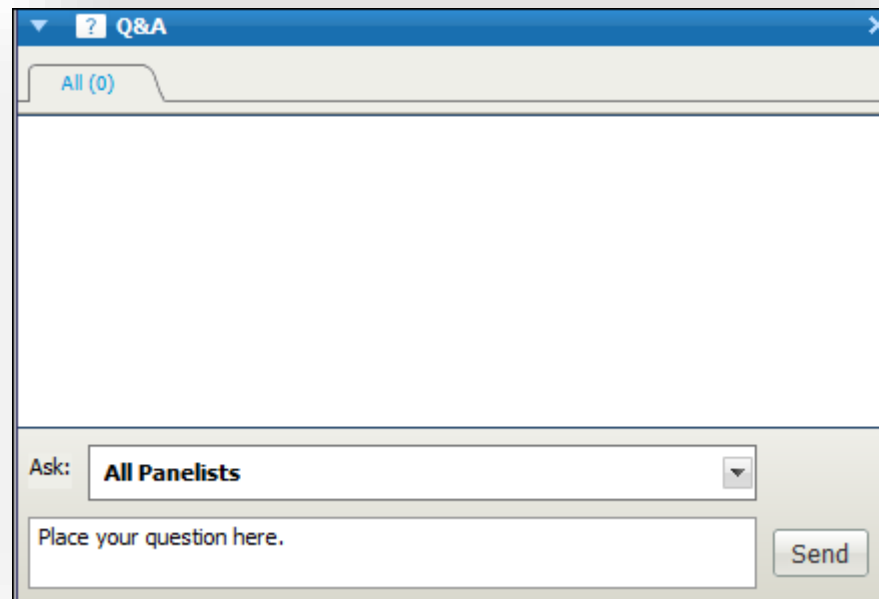
Contact the Auction Manager Team

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

**If providing a Pre-Bid Letter of Credit,
it must be sent electronically
to the Auction Manager by email at
AEP-CBP@nera.com**

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 screenshot shows a web browser window titled "Q&A". At the top left of the window, there is a tab labeled "All (0)". Below the tab is a large empty white area. At the bottom of the window, there is a form with the following elements: a label "Ask:" followed by a dropdown menu currently showing "All Panelists", a text input field containing the placeholder text "Place your question here.", and a "Send" button to the right of the input field.