

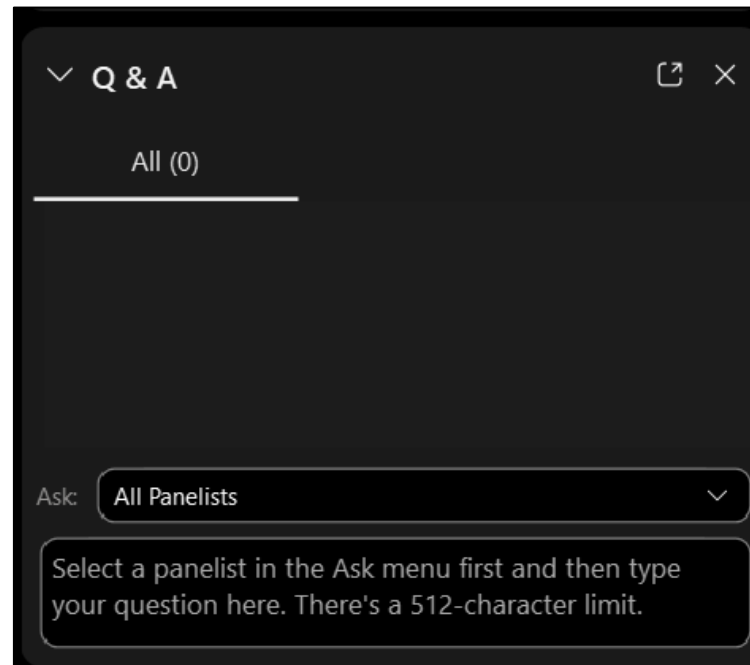
AEP Ohio Competitive Bidding Process March 2025 Auction

**Bidder Webcast
Tuesday, January 7, 2025**

**Katie Orlandi, NERA
Rachel Northcutt, NERA
Abigail Sinotte, NERA**

Submitting Text Questions during the Webcast

- To submit text questions to the presenters, please locate the “Q&A” panel on the righthand side of your screen, type in your question, select “All Panelists” in the drop down, and hit Enter



The screenshot shows a dark-themed Q&A panel. At the top, it says "Q & A" with a downward arrow icon on the left and a close icon on the right. Below this, it says "All (0)" with a horizontal line underneath. At the bottom, there is a section labeled "Ask:" followed by a dropdown menu currently set to "All Panelists". Below the dropdown is a text input area with a placeholder message: "Select a panelist in the Ask menu first and then type your question here. There's a 512-character limit."

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

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

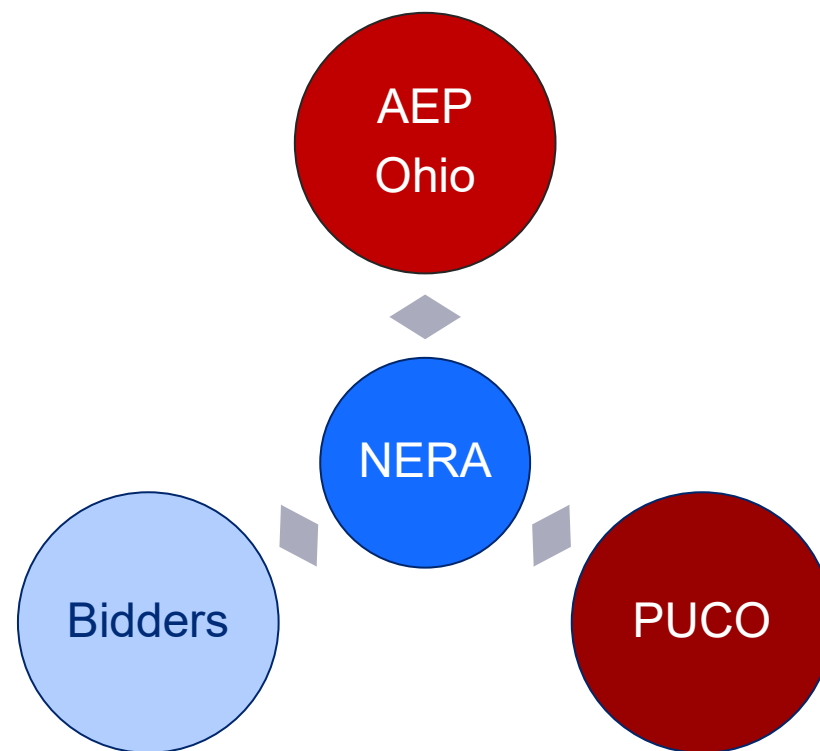
— These governing documents include:

- Public Utilities Commission of Ohio (“PUCO” or “Commission”) Orders under Case No. 23-0023-EL-SSO (April 3, 2024 and September 19, 2024)
- 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
<https://www.aepohiocbp.com/>

NERA's Role as Auction Manager

Role	Description
Communication	To be the single point of contact with bidders All questions must be referred to the Auction Manager
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
5. Bidding in the Auction

Part 1 | Overview

- | | | | | 2023 | | 2024 | | | | | | | 2025 | | | | | | | | | | | | 2026 | | | | | | | | | | | | 2027 | | | | | | | | | | | | 2028 | | | | |
|---------------|----------------|----------------|----------|------|----|------|---|---|---|-----|-----|---|------|---|----------|----------|----|---|---|-----|---|---|---|---|----------|---|----|----|----|----------|---|---|---|---|----------|---|------|---|----|----|----|---|---|---|---|---|--|--|------|--|--|--|--|
| Auction | Product Months | Tranche Target | Load Cap | 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 | | | | | | | |
| 1 (Nov. 2023) | 12 | 50 | 40 | 1 | | | | | | 50% | | | | | 12 Month | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 12 | 50 | 40 | | | | 2 | | | | 50% | | | | | 12 Month | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 12 | 17 | | | | | | | | | | | | 3 | | | | | | 17% | | | | | 12 Month | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 (Mar. 2024) | 12 | 17 | | | | | | | | | | | | 3 | | | | | | 17% | | | | | | | | | | 24 Month | | | | | | | | | | | | | | | | | | | | | | | |
| | 24 | 17 | 40 | | | | | | | | | | | 3 | | | | | | 17% | | | | | | | | | | 24 Month | | | | | | | | | | | | | | | | | | | | | | | |
| | 36 | 16 | | | | | | | | | | | | 3 | | | | | | 16% | | | | | | | | | | | | | | | 36 Month | | | | | | | | | | | | | | | | | | |
| 3 (Oct. 2024) | 12 | 17 | | | | | | | | | | | | 3 | | | | | | 17% | | | | | 12 Month | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 24 | 17 | 40 | | | | | | | | | | | 3 | | | | | | 17% | | | | | | | | | | 24 Month | | | | | | | | | | | | | | | | | | | | | | | |
| | 36 | 16 | | | | | | | | | | | | 3 | | | | | | 16% | | | | | | | | | | | | | | | 36 Month | | | | | | | | | | | | | | | | | | |
| 4 (Mar. 2025) | 12 | 17 | | | | | | | | | | | | 4 | | | | | | 17% | | | | | 12 Month | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 24 | 17 | 40 | | | | | | | | | | | 4 | | | | | | 17% | | | | | | | | | | 24 Month | | | | | | | | | | | | | | | | | | | | | | | |
| | 36 | 16 | | | | | | | | | | | | 4 | | | | | | 16% | | | | | | | | | | | | | | | 36 Month | | | | | | | | | | | | | | | | | | |
| 5 (Nov. 2025) | 12 | 17 | 13 | | | | | | | | | | | 5 | | | | | | 17% | | | | | 12 Month | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 (Mar. 2026) | 24 | 17 | 13 | | | | | | | | | | | 6 | | | | | | 17% | | | | | | | | | | 24 Month | | | | | | | | | | | | | | | | | | | | | | | |
| 7 (Nov. 2026) | 12 | 17 | 13 | | | | | | | | | | | 7 | | | | | | | | | | | 17% | | | | | 12 Month | | | | | | | | | | | | | | | | | | | | | | | |
| 8 (Mar. 2027) | 12 | 34 | 27 | | | | | | | | | | | 8 | | | | | | 34% | | | | | 12 Month | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

- The results of the Base Residual Auction (“BRA”) under PJM’s Reliability Pricing Model (“RPM”) for the 2026/2027 and 2027/2028 delivery years are not expected to be known five (5) business days prior to March 4, 2025. A Capacity Proxy Price is announced in this webcast for these delivery years for the 24-month and 36-month products.

The March 2025 Auction will procure 17 tranches of a 12-month product, 17 tranches of a 24-month product, and 16 tranches of a 36-month product

Results of Previous Auction

Registered Bidders	10
Rounds in the Auction	23
Range of Starting Price	\$135/MWh - \$185/MWh
Delivery Period Start	June 1, 2025

Product	Tranche Target	Tranches Procured	Clearing Price (\$/MWh)
12-month	17	17	85.72
24-month	17	17	91.67
36-month	16	16	96.28

PUCO accepted the results on October 30, 2024

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
Tuesday, March 4

Product	Delivery Period	Tranche Target	Load Cap	Tranche Size
12-Month	June 2025-May 2026	17	40	1%
24-Month	June 2025-May 2027	17		1%
36-Month	June 2025-May 2028	16		1%

Auction Format is a Clock Auction

- Multiple tranches of each product
 - 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 at the going prices announced by the Auction Manager
 - From one round to the next, auction continues and price for a product ticks down 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**

Announcement: MW-Measure

- **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)	1,453
MW-measure*	14.53

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

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

Key Events

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

By Jan. 09: Bidders can access online form

Announcements:

Jan. 07: Tranche target, tranche size, MW-measure, seasonal factors

By Jan. 13: Minimum and maximum starting prices

Jan. 31: Update to seasonal factors and MW-measure as necessary

Feb. 27: Round 1 prices for Registered Bidders

Application Process is Online

Part 1 Application (Jan. 09 – Jan. 24)

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

Part 2 Application (Jan. 31 – Feb. 18)

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

No hardcopies 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 Commission's acceptance of results

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
- The credit-based tranche caps have been increased for this March 2025 Auction and are provided in the table below:

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-	15
Below BB-	Below Ba3	Below BB-	8
Not rated			8

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**

Capacity Proxy Price Mechanism

- A **Capacity Proxy Price** will be established for a delivery year if the results of the BRA under PJM's RPM for that delivery year are not expected to be known by, or prior to, five (5) business days prior to the date the SSO auction begins
- If a Capacity Proxy Price is established for a delivery year covered by the delivery period of a product in an SSO auction, a true-up mechanism, described in **Attachment H to the Master SSO Supply Agreement**, will become effective for the product
- As described in Attachment H,
 - true-up takes place in the delivery year for which a Capacity Proxy Price was established
 - through an additional line item on the invoice, the supplier will be paid (or will pay) the difference between the actual capacity price charged in the AEP Ohio Load Zone through PJM's RPM and the Capacity Proxy Price that was announced for that product, multiplied by the SSO Supplier Responsibility Share of the Capacity obligation for each day

Capacity Proxy Price Mechanism (cont.)

- In this March 2025 SSO Auction, the Capacity Proxy Prices for the 2026/2027 and 2027/2028 delivery years will be set equal to the BRA results of the 2025/2026 delivery year as shown below:

Product	Product Delivery Period	Capacity Proxy Price?	Portion of Delivery Period during which Capacity Proxy Price Applies	Capacity Proxy Price (\$/MW-day)
12-Month	June 1, 2025 – May 31, 2026	NO	N/A	N/A
24-Month	June 1, 2025 – May 31, 2027	<u>YES</u>	<u>June 1, 2026 – May 31, 2027</u>	<u>\$270.35</u>
36-Month	June 1, 2025 – May 31, 2028	<u>YES</u>	<u>June 1, 2026 – May 31, 2027</u>	<u>\$270.35</u>
			<u>June 1, 2027 – May 31, 2028</u>	<u>\$270.35</u>

- The Auction Manager may update a Capacity Proxy Price for a delivery year. Any such update will be made no later than five (5) business days prior to the start of the SSO auction.

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 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



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AEP Ohio Competitive Bidding Process for SSO Supply

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[Background Information](#)

[Data Room](#)

[Calendar](#)


[Contact Us](#)

[Application Website](#)

[PIPP RFP](#)

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




Important Dates:

- Tue 1/7/2025 - Bidder Information Session
- Tue 1/7/2025 - Auction Manager announces tranche targets, tranche size, MW-measure
- Thu 1/9/2025 - Part 1 Window opens
- Mon 1/13/2025 - Auction Manager announces minimum and maximum starting prices
- Fri 1/24/2025 - Part 1 Applications are due

Information Tab

Document page includes:

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



The screenshot displays the website for the AEP Ohio Competitive Bidding Process for SSO Supply. The header features the AEP OHIO logo and the NERA ECONOMIC CONSULTING logo. The main title is "AEP Ohio Competitive Bidding Process for SSO Supply". The left sidebar contains navigation links: Home, Search, Background, Information (highlighted), Documents, FAQs, Announcements, Data Room, Calendar, Contact Us, and Application Website. The main content area is titled "Documents" and lists various documents categorized by date (March 2025). The categories include Auction Documents, Master SSO Supply Agreement Documents, and Pre-Bid Credit Documents. Each document entry includes a title, date, and a PDF icon. The right sidebar features a section titled "Important Dates:" with a list of key events and dates, and a section titled "Recent Announcements:" with a link to a recent announcement.

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AEP Ohio Competitive Bidding Process for SSO Supply

Home Search Background **Information** Documents FAQs Announcements Data Room Calendar Contact Us Application Website

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 - March 2025**
 - CBP Rules (December 10, 2024)
 - Illustrative Part 1 Application (December 10, 2024)
 - Part 1 Inserts (December 10, 2024)
 - Part 1 Application Processing
 - Illustrative Part 2 Application (December 10, 2024)
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 - Rules and Protocols for Participation by Associated Bidders (December 10, 2024)
 - Communications Protocols (December 10, 2024)
 - Glossary (December 10, 2024)
 - Guide to Providing Digital Signatures
- **Master SSO Supply Agreement Documents - March 2025**
 - AEP Ohio Master SSO Supply Agreement (December 10, 2024)
 - Attachment D Form of Guaranty (December 10, 2024)
 - Attachment E Form of SSO Supplier Letter of Credit (December 10, 2024)
 - Acceptable Modifications to SSO Supplier Letter of Credit (December 10, 2024)
 - Sample Legal Opinion of Foreign Guarantor's Counsel (December 10, 2024)
- **Pre-Bid Credit Documents - March 2025**
 - Pre-Bid Letter of Credit (December 10, 2024)
 - Acceptable Modifications to Pre-Bid Security Documents (December 10, 2024)
 - Letter of Intent to Provide a Guaranty (December 10, 2024)
 - Letters of Reference (December 10, 2024)

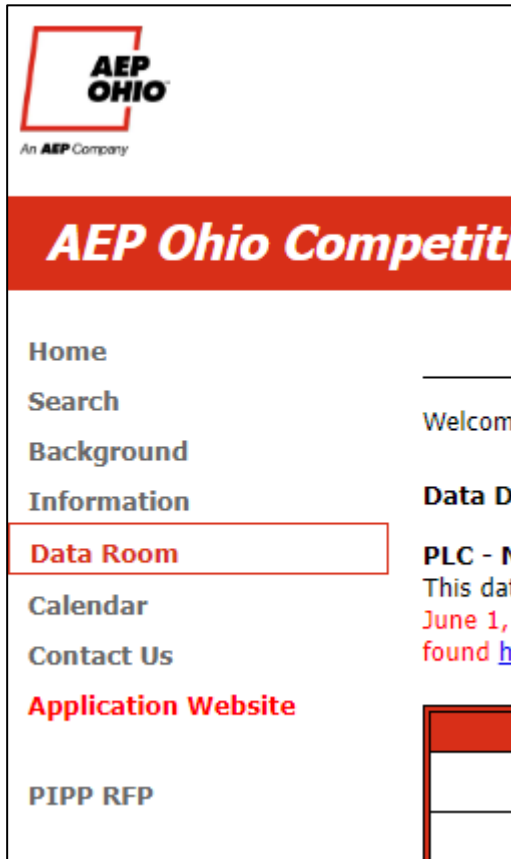
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Recent Announcements:

- 12/10/2024 - [ANNOUNCEMENT: March 2025 Auction Documents Posted to the CBP Website; RSVP for Webcast on January 7, 2025](#)

Data Room and Data Categories



Data Room includes:

Files updated on or before the 20th of each month:

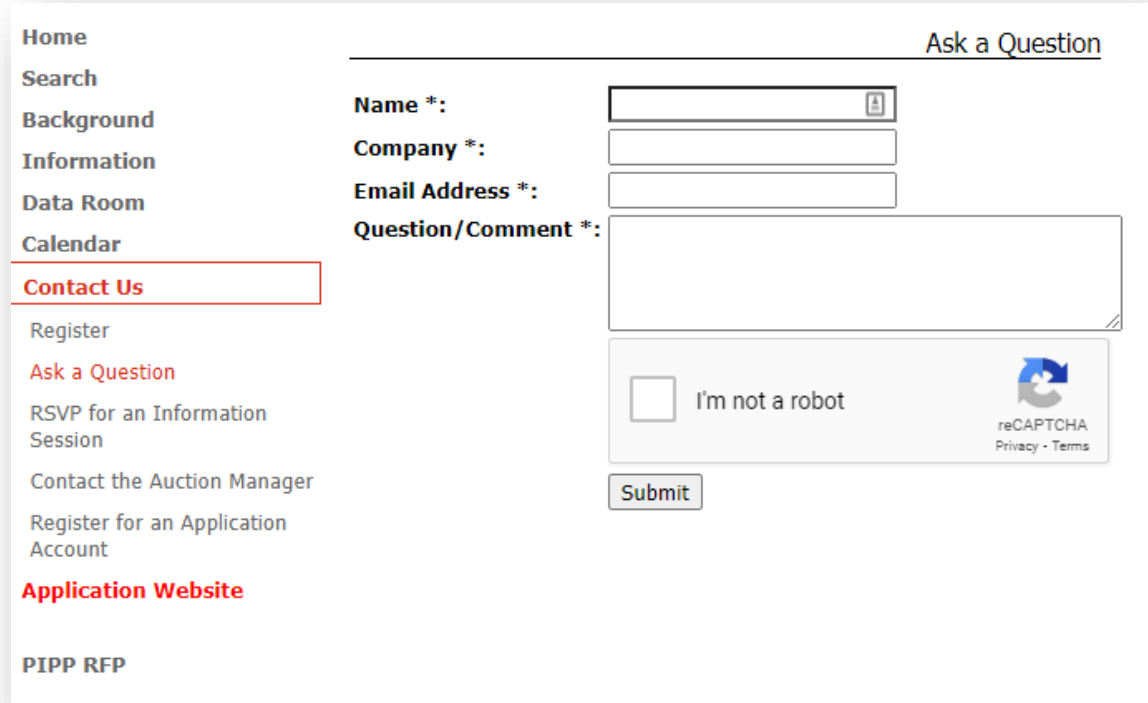
- Hourly energy
- Customer counts
- PLC and NSPL Data
- Monthly Switching Statistics
- Historical Unaccounted for Energy

Additional files updated less frequently:

- Government Aggregation

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 links: 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, Register for an Application Account, Application Website, and PIPP RFP. The main form area is titled 'Ask a Question' and contains the following fields: 'Name *:' with a text input and a small icon; 'Company *:' with a text input; 'Email Address *:' with a text input; and 'Question/Comment *:' with a large text area. Below these fields is a reCAPTCHA section with a checkbox labeled 'I'm not a robot' and a 'Submit' button. The reCAPTCHA logo and 'reCAPTCHA Privacy - Terms' link are also visible.

Part 4 | Application Process

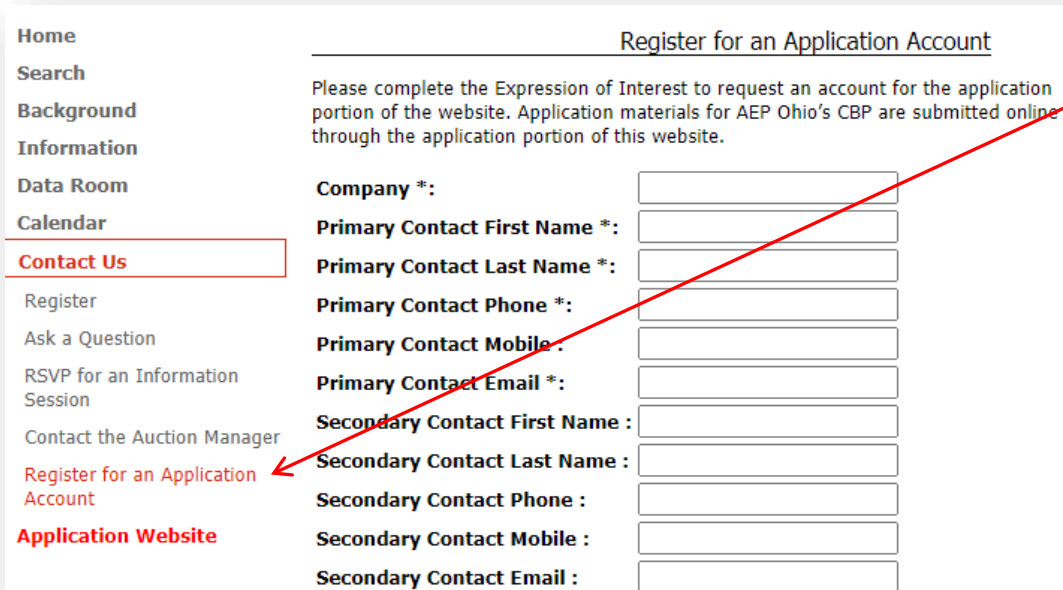
Accessing the Application Website

- The URL to access the online forms is: <https://aepohiocbp-application.com>
- The application website is also accessible via a link on the CBP website



New Bidders Must Register for your Online Application Account

www.AEPOhioCBP.com



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

The individual that registers for the account will receive an email with account activation instructions.

Current Account Holders and Account Activation

- **Current account holders** do not need to re-register for an account to access the online forms
 - For Returning Bidders that qualified to participate in an auction in 2023 or later, an email with instructions on how to activate their account will be sent to the Representative
 - For entities that registered for an account in 2023 or later, the email with instructions to activate the account will be sent to the person that registered for the account
- **All account holders (including Returning Bidders) will need to activate their account** by following the instructions provided in the account activation email

The Auction Manager will send instructions for accessing and completing the online forms to all account holders prior to the opening of the Part 1 Window

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**

Download the Inserts from the CBP Website

- The Inserts are available on <https://aepohiocbp.com/>

Information / Documents



The screenshot displays the website's navigation menu on the left and a list of documents on the right. The 'Information' menu item is highlighted with a red oval. The 'Documents' section on the right lists various documents, with 'Part 1 Inserts' and 'Part 2 Inserts' highlighted by red rectangles.

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List of Inserts and to Whom They Apply

#	Insert	When Applicable	Notary Line
P1-1	Representative Designation	REQUIRED OF ALL BIDDERS	YES
P1-2	Representative Responsibilities	REQUIRED OF ALL 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; retained for returning bidders	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 and preliminary interests
2. Submit pre-bid security (provided **via electronic means only**)
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 (to be announced by January 13, 2025)

Credit-Based Tranche Cap	
<input type="button" value="No Cap"/>	
Minimum Starting Price	Indicative Offer
\$ <input type="text" value="[XXX]"/> /MWh	<input type="text"/> Tranches
Maximum Starting Price	Indicative Offer
\$ <input type="text" value="[XXX]"/> /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

Preliminary Interest is by Product

Preliminary Interest (Number of Tranches)		
Product	Preliminary Interest at the Minimum Starting Price:	Preliminary Interest at the Maximum Starting Price:
12-Month	[XX]	[XX]
24-Month	[XX]	[XX]
36-Month	[XX]	[XX]

- Bidder provides number of tranches that it intends to bid of each product at the minimum and maximum starting price
- **Preliminary interest** in a product at a given price **should not exceed the indicative offer** at that price
- **Sum of preliminary interests** can exceed the indicative offer

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 (**\$300,000** per tranche)

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

Pre-Bid Credit Instruments – Electronic ONLY

- The standard form of the Pre-Bid Letter of Credit to be submitted as **electronic PDF file only**
- If providing a pre-bid letter of credit, it must be provided ONLY to the Auction Manager at **AEP-CBP@nera.com**
- Electronic PDF version of the Pre-Bid Letter of Credit is to be the operative instrument and **hardcopies of the Pre-Bid Letter of Credit will NOT be accepted**
- Any required additional pre-bid security must be uploaded to the online form. **Hardcopies of any required additional pre-bid security will NOT be accepted**

Opportunity to propose modifications to the pre-bid credit instruments 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

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

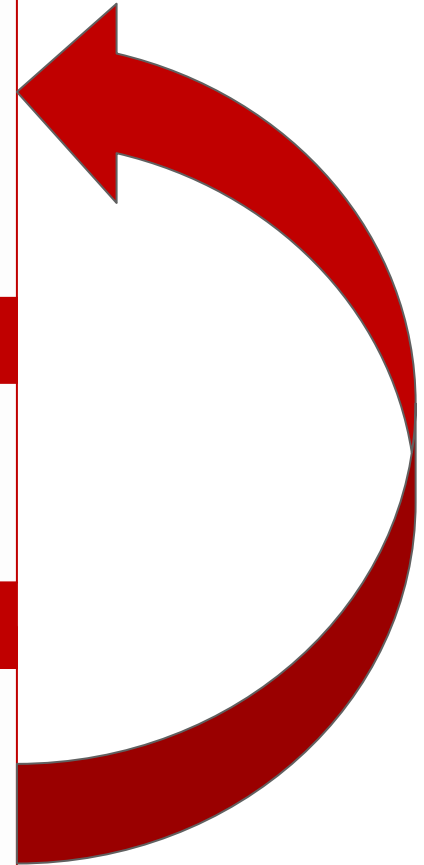
- Suppliers state how many tranches they want to supply at going prices for the round
- Auction Manager informs Registered Bidders of Round 1 prices no later than 3 days before auction

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



Possible Reduction of Volume

- If there is insufficient supply 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

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 number of tranches bid throughout the Auction (but a bidder may increase the number of tranches bid on a particular product by switching)

Sample Reports

Bidder sees:

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

Report: Round 1	
Total Excess Supply 106 – 110	
Product Type	Round 2 Price (\$/MWh)
12-month	118.75
24-month	118.75
36-month	118.75

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

Bidding in Round 2 and Subsequent Rounds

- In response to a reduction in 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

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)	125.00	125.00	125.00
Bid Round 1 (tranches)	12	10	10
Price Round 2 (\$/MWh)	118.75	118.75	118.75
Bid Round 2 (tranches)	12	10	9
Exit Price			119.25


- Exit price is a **last 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 May Need to Provide Additional Information When Switching

	12-Month	24-Month	36-Month
Price Round 1 (\$/MWh)	125.00	125.00	125.00
Bid Round 1 (tranches)	12	10	10
Δ	+1	+1	-2
Price Round 2 (\$/MWh)	118.75	118.75	118.75
Bid Round 2 (tranches)	13	11	8
Switching Priority	1	2	

- When a bidder reduces the number of tranches bid on one 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 May Need to Provide Additional Information When Switching AND Withdrawing

	12-Month	24-Month	36-Month
Price Round 1 (\$/MWh)	125.00	125.00	125.00
Bid Round 1 (tranches)	12	10	10
Δ	+1	-1	-1
Price Round 2 (\$/MWh)	118.75	118.75	118.75
Bid Round 2 (tranches)	13	9	9
Exit Price			119.25
Designate Exit			

- When decreasing the number of tranches bid from two products **and** switching, the bidder will be asked to designate which tranche is being withdrawn
- This bidder will be asked to name an exit price for the tranche(s) withdrawn
- Eligibility is lost whether or not the withdrawal is retained

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 withdrawals or deny switches if necessary to fill the tranche targets
 - Auction Manager fills tranche target first with tranches bid at the going price, then by retaining withdrawals, then by denying switches (if necessary)
- Each bidder gets **information**:
 - A range of total excess supply
 - The going prices for the next round
 - The results of 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 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 for each product that is the auction clearing price for that product
- 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 the 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

Auction Clearing Price Illustrative Example

Round	Price \$/MWh	Bidder A	Bidder B	Bidder C	#Bid	Target	#Bid – Target
R11	95.99	7	8	4	19	17	2
R12	95.46	5	7	2	14	17	-3

Tranches withdrawn	2	1	2
Exit Prices	95.47	95.85	95.90

To fill the tranche target of 17 tranches:

1. take 14 tranches bid at going price
2. take 2 tranches at \$95.47
3. take 1 tranche at \$95.85

Retained Tranches	2	1	0
Auction Clearing Price		\$95.85	

Auction clearing price is \$95.85/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, February 26, 2025) 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 7 or later, or MacOS 10.7 or later
Internet Connection	Primary access through a company network
Supported Web Browser	The most recent versions of Mozilla Firefox, Microsoft Edge, Apple Safari, or Google Chrome

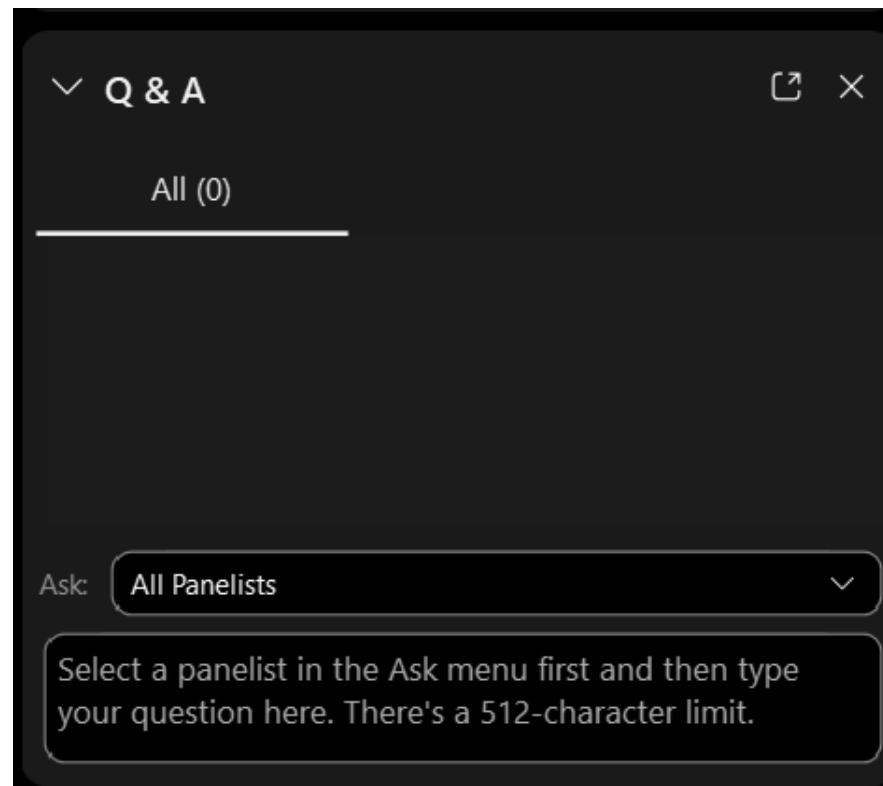
Contact the Auction Manager Team

**NERA
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 text questions to the presenters, please locate the “Q&A” panel on the righthand side of your screen, type in your question, select “All Panelists” in the drop down, and hit Enter



The screenshot shows a dark-themed Q&A panel. At the top, there is a header with a downward arrow, the text "Q & A", and icons for a share link and a close button. Below the header, the text "All (0)" is displayed above a horizontal line. At the bottom, there is an "Ask:" label followed by a dropdown menu currently showing "All Panelists". Below the dropdown is a text input area with a placeholder message: "Select a panelist in the Ask menu first and then type your question here. There's a 512-character limit."