

# **AEP Ohio Competitive Bidding Process November 2021 Auction**

**Bidder Webcast  
Thursday, September 2, 2021**

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# Disclaimer

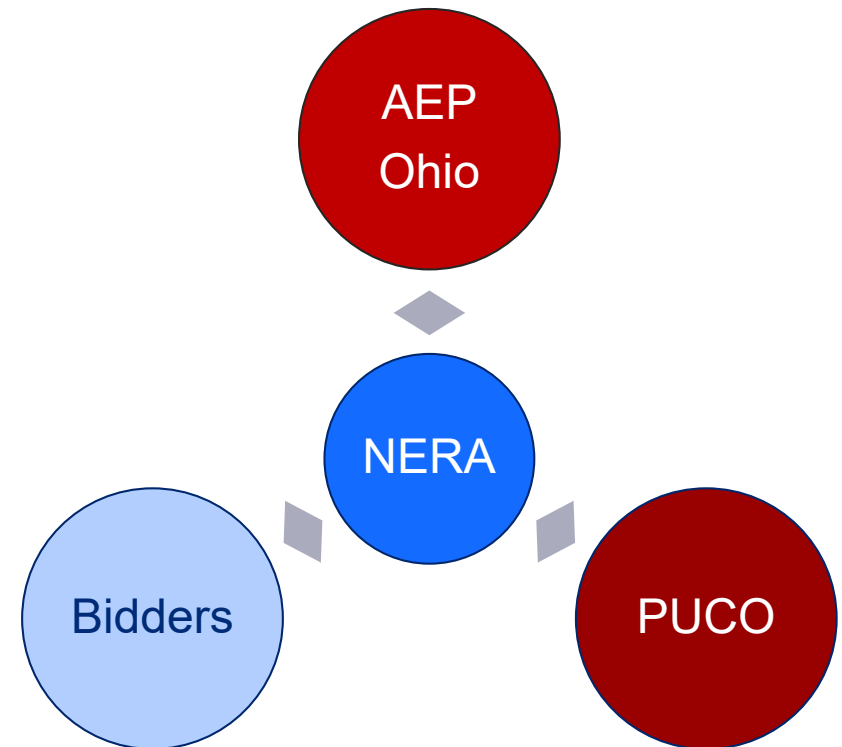
Any statements herein describing or referring to documents and agreements are summaries only, and are *qualified in their entirety* by reference to such governing documents

- These governing documents include:
  - 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, August 26, 2020, and June 16, 2021)
  - 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
<b>Communication</b>	To be the main point of contact with bidders
<b>CBP Rules</b>	To ensure the CBP Rules, as approved by the PUCO, are followed
<b>Qualifications</b>	To ensure bidder qualifications are evaluated equitably and fairly
<b>Auction</b>	To administer the Auction
<b>Results</b>	To present results to PUCO



# Agenda

1. Overview
2. Product Design and Contract
3. CBP Website
4. Application Process
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 at the end of the presentation

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

# Part 1 | Overview

# Upcoming Auction is on November 2, 2021

- This is the ninth auction of a series of twelve **full requirements auctions** under **Case No. 16-1852-EL-SSO** (“ESP IV”)
- In accordance with PUCO Orders, AEP Ohio filed a proposed schedule on April 22, 2021 with the products for June 2022 and beyond. The PUCO approved the schedule on June 16, 2021 under **Case No. 17-2391-EL-UNC**

Auction	Product Months	Tranche Target	Load Cap	2017												2018												2019												2020												2021												2022												2023												2024																																																																						
				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	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	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																																													
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COMPLETE

The November 2021 Auction will procure 50 tranches of a 12-month product

# Results of Previous Auction

<b>Registered Bidders</b>	15
<b>Rounds in the Auction</b>	13
<b>Range of Starting Price</b>	\$60/MWh - \$80/MWh
<b>Delivery Period Start</b>	June 1, 2021

<b>Product</b>	<b>Tranche Target</b>	<b>Clearing Price (\$/MWh)</b>
<b>One-year</b>	33	46.35

PUCO accepted results on March 10, 2021.



# Product Description

<b>Product</b>	Load-following, slice-of-system, full requirements Denominated in tranches
<b>Tranche</b>	a fixed percentage of the load of SSO customers
<b>SSO Customers</b>	those customers who take retail generation service from AEP Ohio, excluding PIPP customers
<b>Delivery Point</b>	Pnode ID 1269364670
<b>LSE Responsibility</b>	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, November 2**

Product	Delivery Period	Tranche Target	Load Cap	Tranche Size
<b>12-Month</b>	<b>June 2022- May 2023</b>	<b>50</b>	<b>40</b>	<b>1%</b>

# 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:

<b>Max</b>	<b>\$80/MWh</b>
<b>Min</b>	<b>\$60/MWh</b>

- **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

<b>PLC (MW)</b>	<b>2,551</b>
<b>MW-measure*</b>	<b>25.51</b>

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

**By Sep. 17:** Bidders can access online form

## Announcements:

**Sep. 02:** Tranche target, tranche size, MW-measure, range of starting prices, seasonal factors

**Oct. 06:** Update to seasonal factors and MW-measure as necessary

**Oct. 28:** Round 1 price for Registered Bidders

# 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

# Application Process is Online

## Part 1 Application (Sep. 17 – Sep. 29)

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

## Part 2 Application (Oct. 6 – Oct. 19)

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

**No hardcopies required!**

# Pre-Bid Letter of Credit – Electronic ONLY


- Standard form of 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](mailto:AEP-CBP@nera.com)
- Hardcopies of the pre-bid letter of credit will **NOT** be accepted
- **Acceptable modifications to the pre-bid letter of credit** are posted on the CBP website



# Download the Inserts from the CBP Website

- The Inserts are available on [www.aepohiocbp.com](http://www.aepohiocbp.com)

## Information / Documents



Home

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Background

**Information**

Documents

FAQs

Announcements

Data Room

Calendar









Contact Us

**Application Website**

PIPP RFP

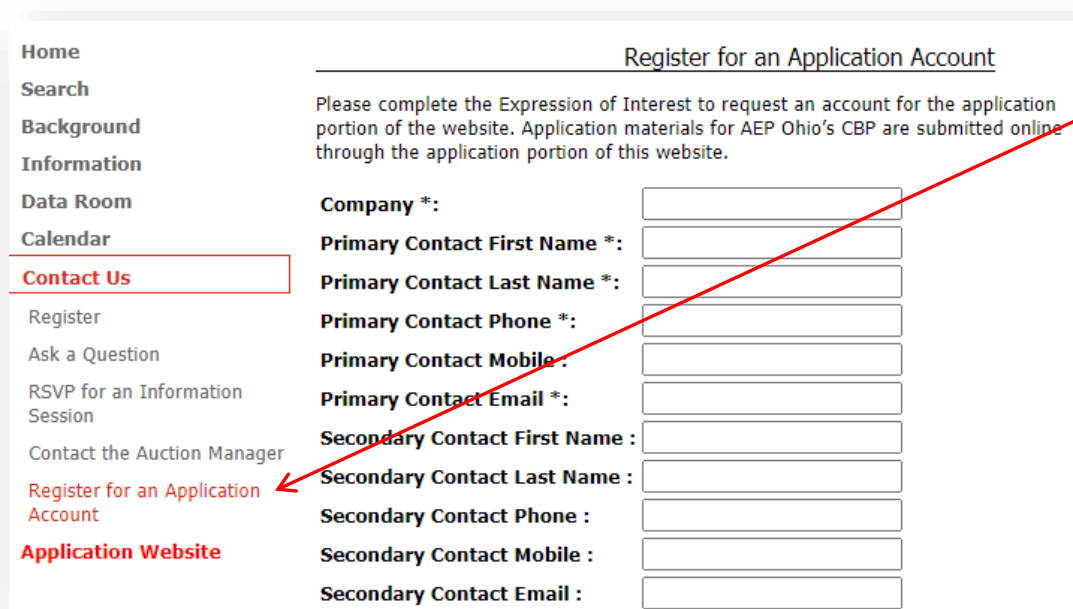
Documents

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 - November 2021**
  - CBP Rules (August 25, 2021) 
  - Illustrative Part 1 Application (August 25, 2021) 
  - **Part 1 Inserts (August 26, 2021) **
  - Illustrative Part 2 Application (August 25, 2021) 
  - **Part 2 Inserts (August 26, 2021) **
  - Rules and Protocols for Participation by Associated Bidders (August 25, 2021) 
  - Communications Protocols (August 25, 2021) 
  - Glossary (August 25, 2021) 
  - Guide to Providing Digital Signatures 

# New Bidders Must Register for your Online Application Account

## www.AEPOhioCBP.com



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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

Application Website

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](mailto: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 2019 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 2019 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**

# 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



**AEP Ohio Competitive Bidding Process for SSO Supply**

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**Contact Us**

**Application Website**

**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.

## 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**

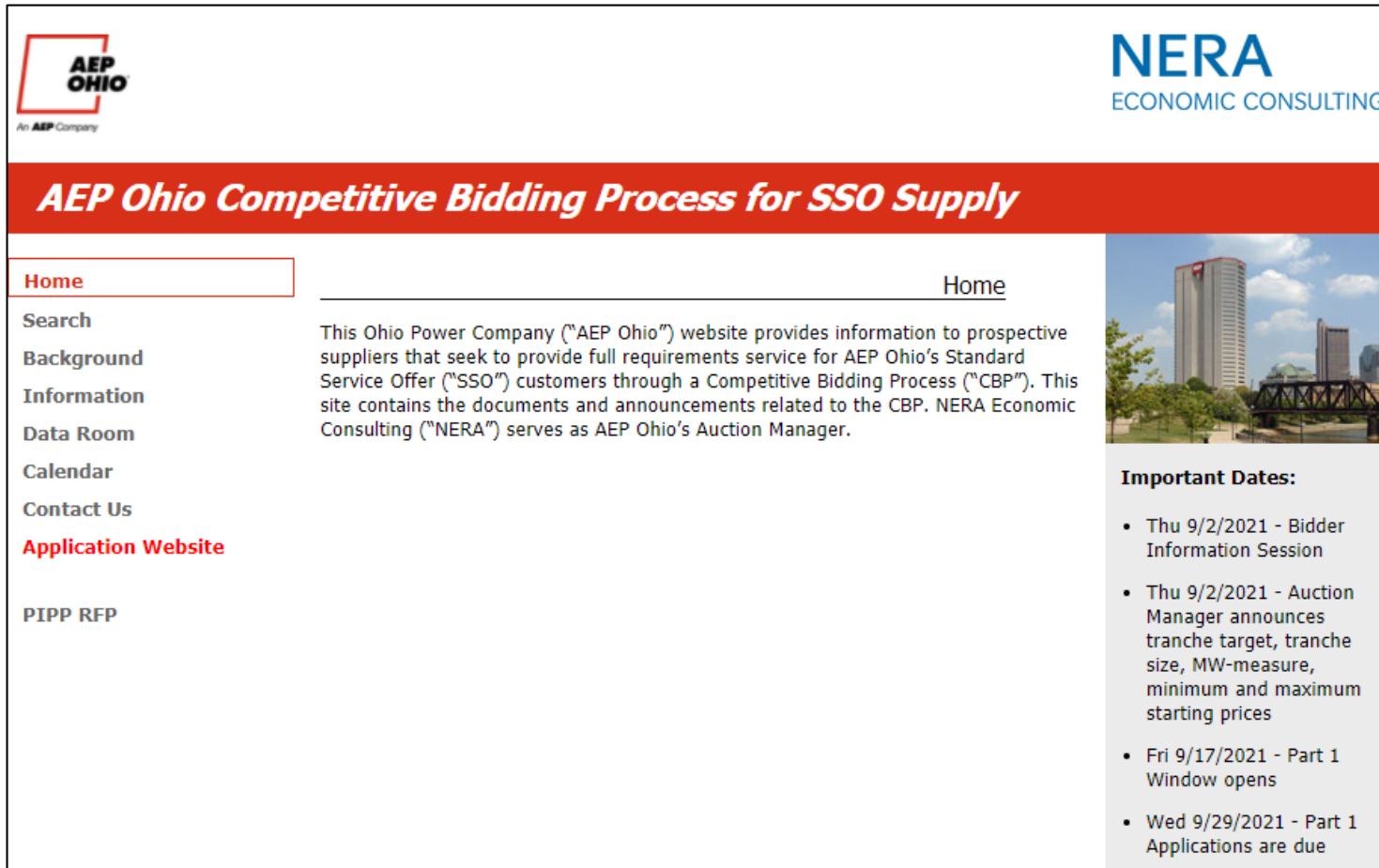
# Credit Requirements under the Master SSO Supply Agreement

- 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 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



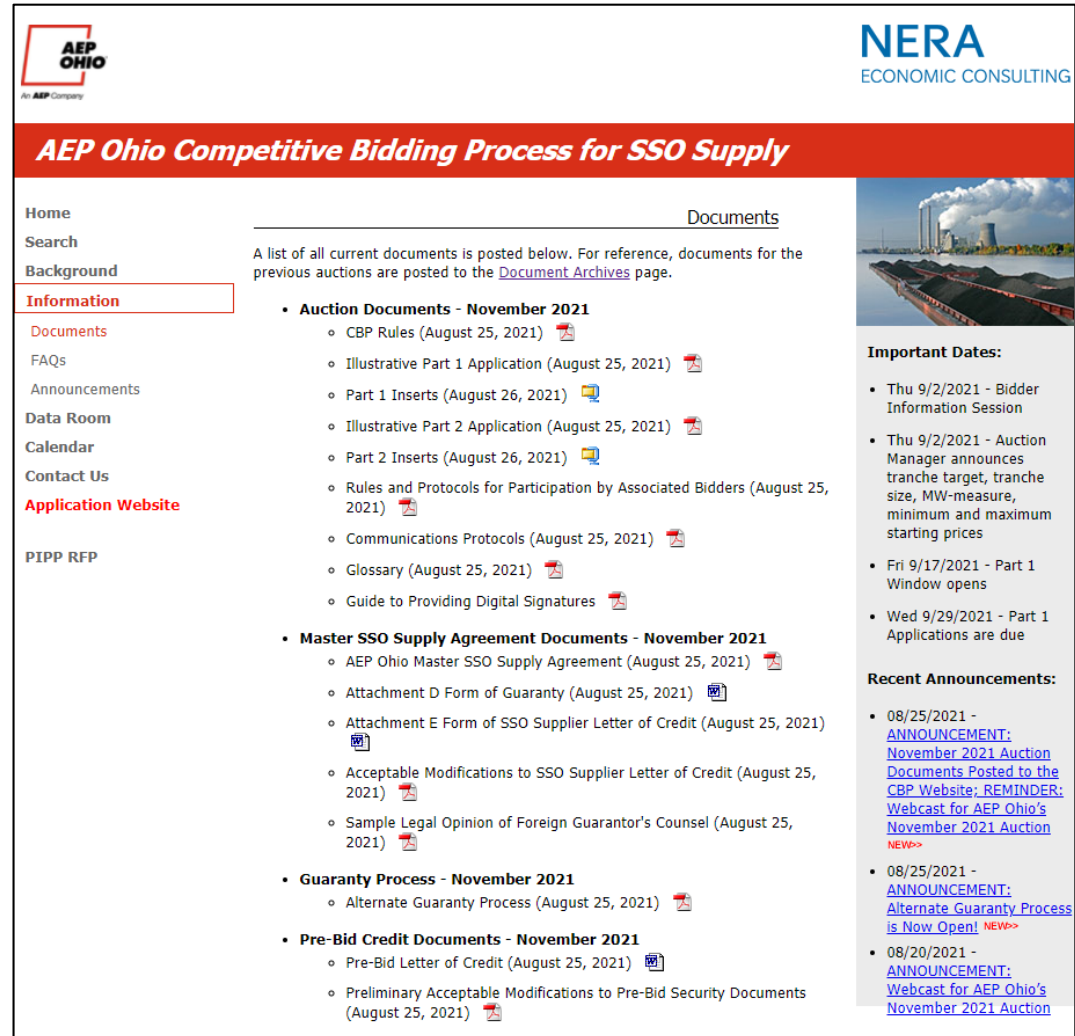
The screenshot shows the website for the AEP Ohio Competitive Bidding Process for SSO Supply. The page features the AEP Ohio logo in the top left and the NERA Economic Consulting logo in the top right. A red banner at the top of the content area reads "AEP Ohio Competitive Bidding Process for SSO Supply". Below this, there is a navigation menu on the left with items: Home (highlighted with a red box), Search, Background Information, Data Room, Calendar, Contact Us, Application Website (in red), and PIPP RFP. The main content area contains a "Home" heading and a paragraph: "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." To the right of the main text is a photograph of a city skyline with a bridge. Below the photo is a section titled "Important Dates:" with a list of three items: "Thu 9/2/2021 - Bidder Information Session", "Thu 9/2/2021 - Auction Manager announces tranche target, tranche size, MW-measure, minimum and maximum starting prices", and "Fri 9/17/2021 - Part 1 Window opens". A fourth item, "Wed 9/29/2021 - Part 1 Applications are due", is partially visible at the bottom of the list.

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
- Guide to Providing Digital Signatures



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, Contact Us, Application Website, and PIPP RFP. The main content area is titled 'Documents' and contains a list of documents categorized into Auction Documents, Master SSO Supply Agreement Documents, Guaranty Process, and Pre-Bid Credit Documents. A sidebar on the right features an image of a power plant, 'Important Dates' with a list of upcoming events, and 'Recent Announcements' with links to various news items.

**AEP Ohio**  
An AEP Company

**NERA**  
ECONOMIC CONSULTING

### AEP Ohio Competitive Bidding Process for SSO Supply

Home Documents

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  - Communications Protocols (August 25, 2021)
  - Glossary (August 25, 2021)
  - Guide to Providing Digital Signatures
- **Master SSO Supply Agreement Documents - November 2021**
  - AEP Ohio Master SSO Supply Agreement (August 25, 2021)
  - Attachment D Form of Guaranty (August 25, 2021)
  - Attachment E Form of SSO Supplier Letter of Credit (August 25, 2021)
  - Acceptable Modifications to SSO Supplier Letter of Credit (August 25, 2021)
  - Sample Legal Opinion of Foreign Guarantor's Counsel (August 25, 2021)
- **Guaranty Process - November 2021**
  - Alternate Guaranty Process (August 25, 2021)
- **Pre-Bid Credit Documents - November 2021**
  - Pre-Bid Letter of Credit (August 25, 2021)
  - Preliminary Acceptable Modifications to Pre-Bid Security Documents (August 25, 2021)

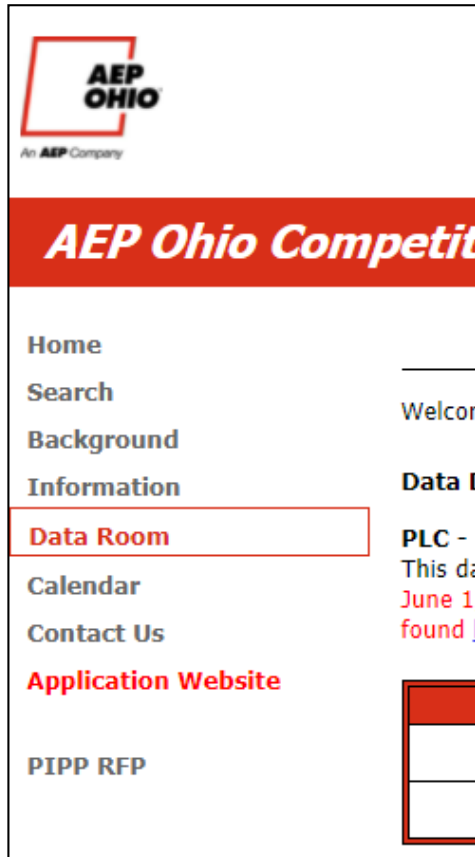
**Important Dates:**

- Thu 9/2/2021 - Bidder Information Session
- Thu 9/2/2021 - Auction Manager announces tranche target, tranche size, MW-measure, minimum and maximum starting prices
- Fri 9/17/2021 - Part 1 Window opens
- Wed 9/29/2021 - Part 1 Applications are due

**Recent Announcements:**

- 08/25/2021 - [ANNOUNCEMENT: November 2021 Auction Documents Posted to the CBP Website; REMINDER: Webcast for AEP Ohio's November 2021 Auction](#) [NEW>>](#)
- 08/25/2021 - [ANNOUNCEMENT: Alternate Guaranty Process is Now Open!](#) [NEW>>](#)
- 08/20/2021 - [ANNOUNCEMENT: Webcast for AEP Ohio's November 2021 Auction](#)

# Data Room and Data Categories



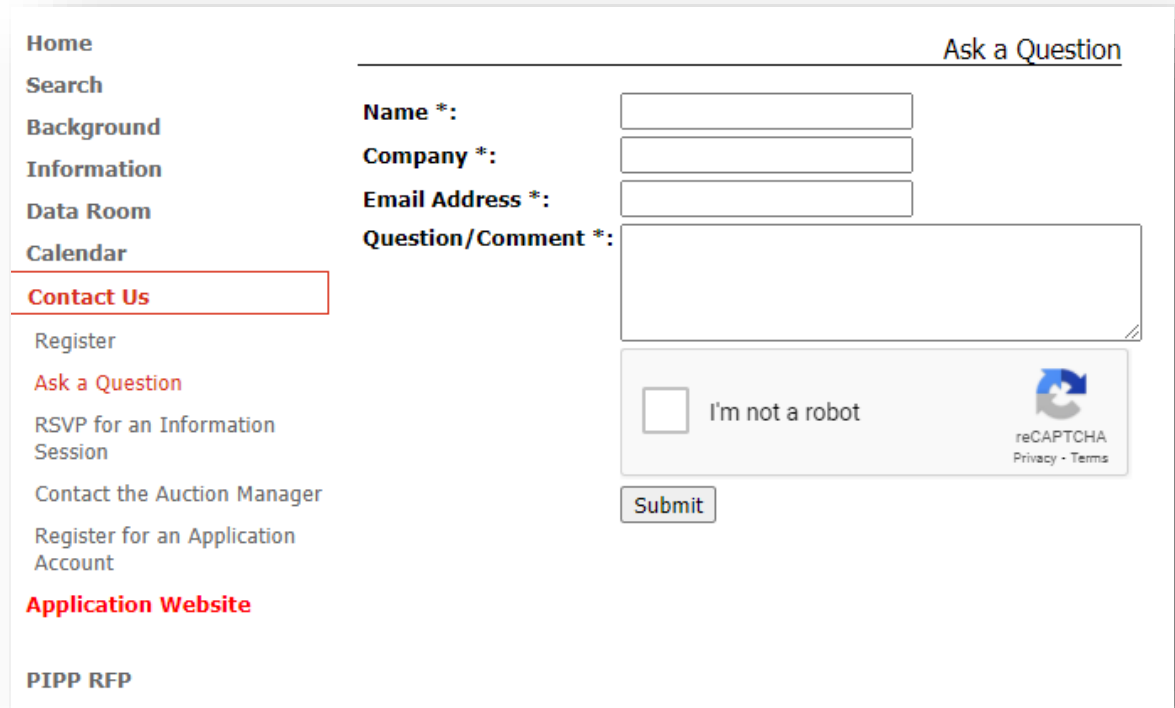
## Data Room includes:

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

Updated on or before the 20<sup>th</sup> 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](mailto:AEP-CBP@nera.com)



The screenshot shows the 'Ask a Question' form on the CBP website. The form is located on the right side of the page, with a navigation menu on the left. The navigation menu includes links for 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 'Ask a Question' form itself has a title 'Ask a Question' in the top right corner. It contains four input fields: 'Name \*:', 'Company \*:', 'Email Address \*:', and 'Question/Comment \*:'. Below the 'Question/Comment \*:' field is a reCAPTCHA widget with the text 'I'm not a robot' and a 'Submit' button. The reCAPTCHA logo and 'reCAPTCHA Privacy - Terms' are also visible.

# Part 4 | Application 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**

# 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

**Guide to Providing Digital Signatures available on CBP website**



# 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	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 only to [AEP-CBP@nera.com](mailto: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**

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

# Electronic Pre-Bid Letter of Credit

- The standard form of the Pre-Bid Letter of Credit to be submitted as **electronic PDF file**
  - Beneficiary information includes 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](mailto: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	<b>REQUIRED OF ALL BIDDERS</b>

**No Notary Public line on Part 2 Inserts**



# Part 5 | Bidding in the Auction

# Rounds Have Three Phases

## Bidding Phase

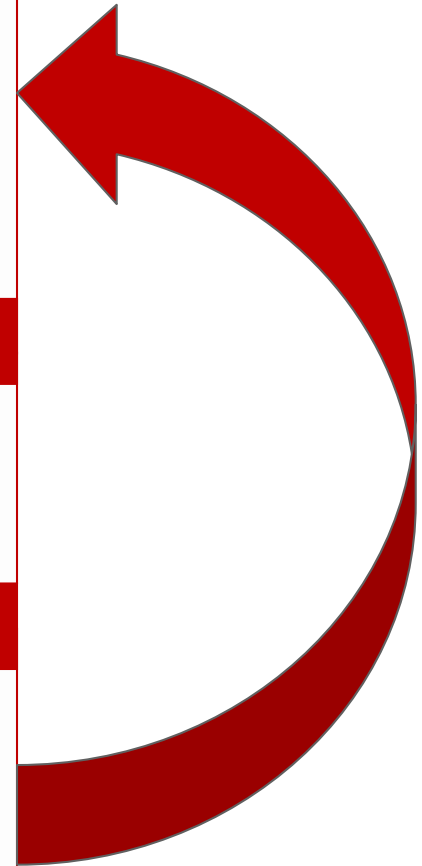
- Suppliers state how many tranches they want to supply at going price for the round
- Auction Manager informs Registered Bidders of Round 1 price no later than 3 days before auction

## 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	
<b>Total Excess Supply</b>	51-55
<b>Round 2 Price (\$/MWh)</b>	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)	<b>5</b>
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	18	22	12	52	50	2
R12	38.68	16	21	10	47	50	-3

<b>Tranches withdrawn</b>	2	1	2
<b>Exit Prices</b>	38.69	38.99	39.42

To fill the tranche target of 50 tranches:

1. take 47 tranches bid at going price
2. take 2 tranches at \$38.69
3. take 1 tranche at \$38.99

<b>Retained Tranches</b>	2	1	0
<b>Auction Clearing Price</b>		<b>\$38.99</b>	

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 27, 2021) 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

<b>Standard PC</b>	Windows Vista, Windows 7 or later, or MacOS 10.7 or later
<b>Internet Connection</b>	Primary access through a company network
<b>Supported Web Browser</b>	Internet Explorer 11 or later, as well as the most recent versions of Mozilla Firefox, Apple Safari, or Google Chrome

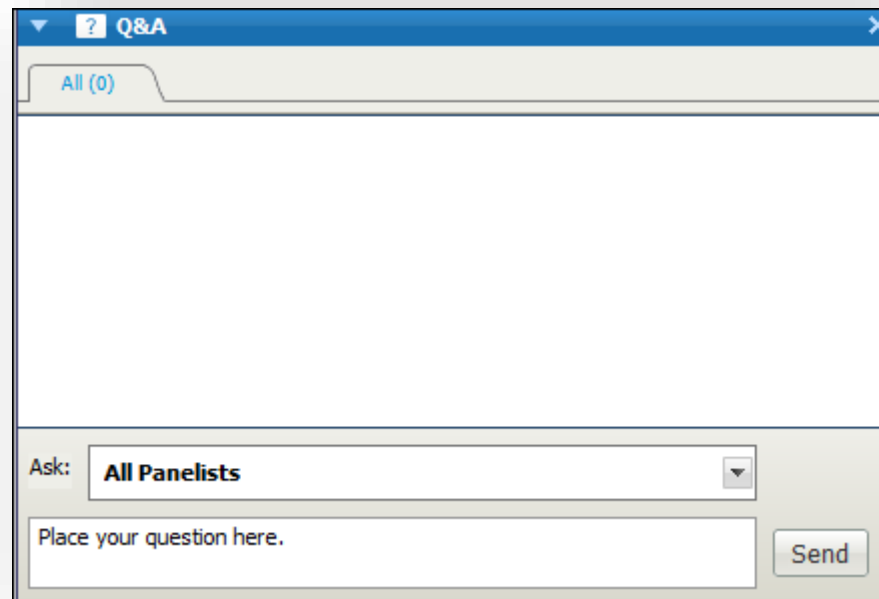
# Contact the Auction Manager Team

**NERA Economic Consulting  
Auction Manager  
For AEP's Ohio CBP  
Contact us by email at [AEP-CBP@nera.com](mailto: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](mailto: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-based Q&A interface. At the top, there is a blue header bar with a question mark icon and the text "Q&A". Below the header, there is a tab labeled "All (0)". The main area is a large, empty white space. At the bottom, there is a form with a label "Ask:" followed by 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.