

ComEd 2008 Procurement Standard Product RFP



Master Agreement

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Agenda



- ❑ Regulatory Background
- ❑ Comment Process Overview
- ❑ The Proposed Master Agreement
- ❑ Timeline for Comment Process
- ❑ Review of Principle Contract Terms and Amendments
- ❑ Questions

Regulatory Background



- ❑ ComEd Procurement Plan has been approved by the ICC to procure resources to serve its retail customers from June 1, 2008 to May 31, 2009
 - Sealed bid RFP process with pay as bid settlement
 - 24 products; on-peak and off-peak blocks for each of the 12 months
 - NERA as the Procurement Administrator

- ❑ Under the Public Utilities Act (as amended by Public Act 095-0481) Procurement Administrator has responsibility to:
 - develop and provide standard supply contracts that meet generally accepted industry practices
 - develop and provide standard credit terms and instruments
 - solicit comments by interested parties

- ❑ Once finalized, the contract terms are not subject to negotiation by winning bidders, and bidders must agree to contract terms in advance so that winning bids are selected solely on the basis of price

Comment Process Overview



- ❑ Draft Master Agreement and Comment Process Document posted on Friday, **January 18**, 2008: www.2008-rfp.com/documents.asp
- ❑ All comments must be submitted by Friday, **February 1**, 2008 at Noon CPT
 - only written comments will be considered
 - provide telephone and email information in case clarifications needed
 - Email to comments@2008-rfp.com
- ❑ Review Committee, which includes representatives from NERA, ComEd, ICC Staff, and Procurement Monitor, evaluates submitted comments
- ❑ Final Master Agreement incorporating accepted comments posted by Friday, **February 8**, 2008

The Master Agreement



- NERA proposes as the standard Master Agreement the following:
 - EEI Master Power Purchase and Sales Agreement and Cover Sheet
 - EEI Collateral Annex (including Paragraph 10)
 - Schedule 1 to Collateral Annex (EEI standard Letter of Credit)
 - Schedule 2 to Collateral Annex (Guaranty)
 - Schedule 3 to Collateral Annex (MtM Calculation Methodology)
 - Confirmation Sheet (Sample)
 - Confirmation Sheet (Supplier Fee)

- Cover Sheet of the EEI Master Power Purchase and Sales Agreement contains all modifications to the Master Agreement

- Elections to certain contract terms are found in Cover Sheet and Paragraph 10 of Collateral Annex

The Master Agreement



❑ Cover Sheet:

- Contains elections that indicate applicability of certain contract terms
- Contains revisions to general terms of the contract

❑ EEI Collateral Annex:

- Contains Credit Terms (supersedes parts of Master Agreement)
- Elections are made in Paragraph 10 (separate document)
- Language for certain terms are revised in Cover Sheet

❑ Confirmation Sheet:

- One confirmation for each of the 24 products (on-peak and off-peak for each of the 12 months in the supply period)
- One separate confirmation for Supplier Fee invoice

Principle Features of the Master Agreement (non-credit)



- ❑ Supplier Fee and Confirmation Provisions Added
 - Confirmations under this Agreement is done through the RFP process, and approved by the ICC.
- ❑ Scheduling Requirement
 - Seller must schedule 2 months in advance
 - Buyer must confirm 1 month in advance
- ❑ Delivery Point
 - Physical transaction scheduled to NIHUB for the day ahead market
- ❑ Confidentiality
 - Included reference to the Illinois Public Utilities Act
- ❑ Added EEI Optional Mobile-Sierra Language

Principle Features of the Credit Terms



- ❑ Exposure is defined as Current MtM Value adjusted for amounts owed (whether invoiced or not)
- ❑ Methodology for Calculating Current MtM Value is set forth in Schedule 3 to the Collateral Annex
- ❑ Collateral Requirement is the amount by which Net Exposure exceeds Collateral Threshold and any liquid security posted
- ❑ Collateral Requirement must be satisfied with cash or standard Letter of Credit (Schedule 1 of the Collateral Annex)
- ❑ Credit Provisions are bi-lateral and apply to both Parties

The Collateral Threshold



- ❑ Formula based on Credit Rating and Tangible Net Worth
- ❑ Tables are provided in Paragraph 10 of Collateral Annex (see Cover Sheet)
- ❑ While Credit Provisions are bi-lateral, the tables for Buyer and Seller are different
- ❑ Credit Rating uses the lower of the two highest ratings from Moody's, S&P and Fitch (if entity is rated by only one agency, that rating will be used)

Questions



- ❑ Please send all comments by 12:00pm CPT on Friday, February 1, 2008 to: comments@2008-rfp.com
- ❑ Please direct any questions regarding this comment process to the “Ask a Question” page on the RFP Web site: www.2008-rfp.com/questions.asp

Contact Us



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