



**PECO's Solar AEPS  
Alternative Energy  
Credits RFP  
Bidders Teleconference  
October 22, 2009**

## Disclaimer

- ✓ Please note that the terms and conditions of PECO Energy's RFP and related Agreements have been approved by the Pennsylvania Public Utility Commission and are posted on PECO Energy's website. In the event of any discrepancy or conflict between this presentation and the terms and conditions of the documents approved by the Commission, the documents approved by the Commission will control. Please note that ***all terms and conditions are non-negotiable***. Specific dates included herein may be altered by PECO Energy in its sole discretion.
- ✓ Please note that capitalized terms referred to defined terms that can be found in the documents on PECO's website.

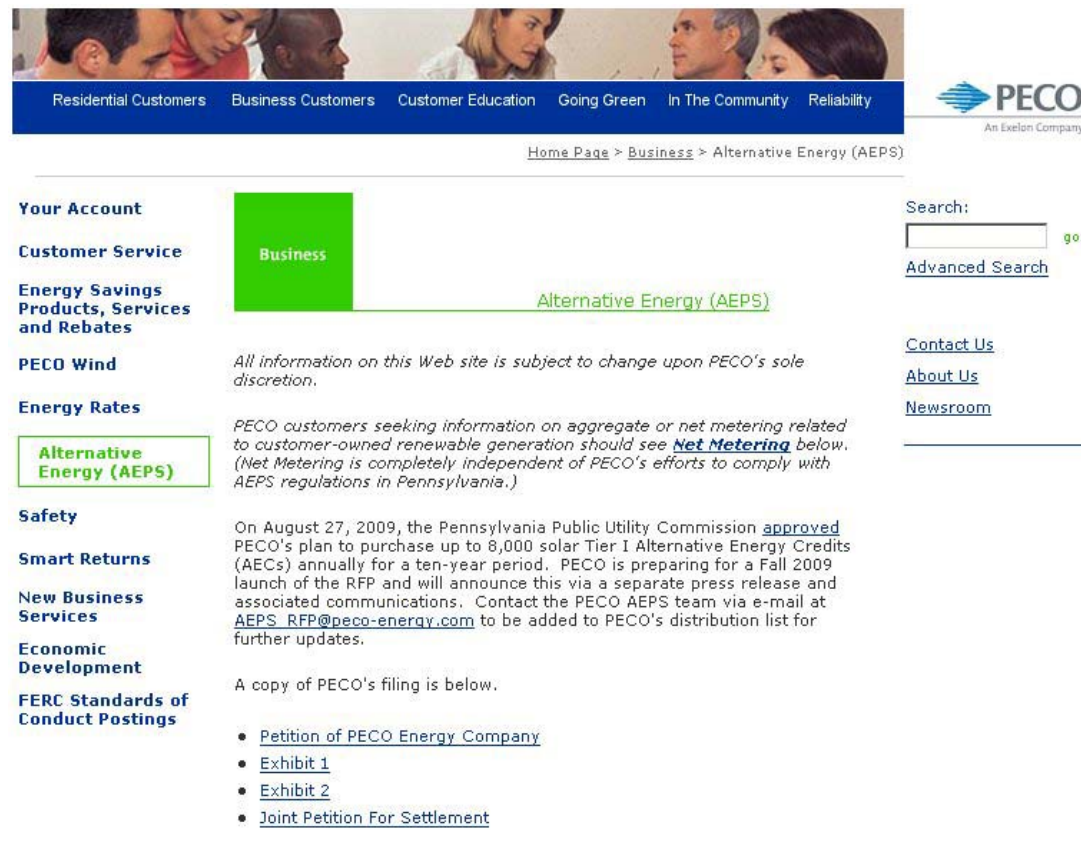
## Presenters

- ✓ Brian Crowe, VP, PECO Energy Acquisition
- ✓ John McCawley, Director, PECO Energy Acquisition
- ✓ Joe Bisti, Senior Analyst, PECO Energy Acquisition  
(facilitator for this session)

Representatives from Navigant Consulting (RFP Monitor) and PECO's Legal organization also in attendance.

[www.peco.com/aeps](http://www.peco.com/aeps)

Visit our AEPS website for more details on the RFP process.  
Exhibit numbers in this presentation correspond to those on the site.



The screenshot shows the PECO website's page for Alternative Energy (AEPS). The top navigation bar includes links for Residential Customers, Business Customers, Customer Education, Going Green, In The Community, and Reliability. The breadcrumb trail reads: Home Page > Business > Alternative Energy (AEPS). A search bar is located on the right side of the page. The main content area features a green box labeled "Business" and a link for "Alternative Energy (AEPS)". Below this, there is a disclaimer: "All information on this Web site is subject to change upon PECO's sole discretion." A paragraph of text states: "PECO customers seeking information on aggregate or net metering related to customer-owned renewable generation should see Net Metering below. (Net Metering is completely independent of PECO's efforts to comply with AEPS regulations in Pennsylvania.)" A date-based announcement follows: "On August 27, 2009, the Pennsylvania Public Utility Commission approved PECO's plan to purchase up to 8,000 solar Tier I Alternative Energy Credits (AECs) annually for a ten-year period. PECO is preparing for a Fall 2009 launch of the RFP and will announce this via a separate press release and associated communications. Contact the PECO AEPS team via e-mail at [AEPS\\_RFP@peco-energy.com](mailto:AEPS_RFP@peco-energy.com) to be added to PECO's distribution list for further updates." Below this, it says "A copy of PECO's filing is below." and lists four links: "Petition of PECO Energy Company", "Exhibit 1", "Exhibit 2", and "Joint Petition For Settlement". The left sidebar contains various menu items such as "Your Account", "Customer Service", "Energy Savings Products, Services and Rebates", "PECO Wind", "Energy Rates", "Alternative Energy (AEPS)", "Safety", "Smart Returns", "New Business Services", "Economic Development", and "FERC Standards of Conduct Postings". The right sidebar includes "Contact Us", "About Us", and "Newsroom".

# Introduction

Brian Crowe,  
VP Energy Acquisition

## Introduction

- ✓ PECO is voluntarily soliciting proposals for supply of Alternative Energy Credits (AECs) from Pennsylvania AEPS Tier 1, solar Alternative Energy Systems\* physically located within Pennsylvania or the PJM control area
  - <http://www.pjm.com>
- ✓ PECO is seeking to purchase AECs only - not energy or capacity.

\*As defined by Pennsylvania's Alternative Energy Portfolio Standards (AEPS) Act of 2004

## Introduction

- ✓ PECO seeks fixed-price, ten-year agreements for a minimum of 300 solar AECs annually per solar facility
  - Contract years will align with AEPS planning period (June 1<sup>st</sup> through May 31<sup>st</sup>)
  - Contract deliveries may begin in any month during 2010 after agreements are signed
- ✓ The target total number of solar AECs for this RFP is 8,000 annually
- ✓ PECO will bank and apply AECs procured toward its future AEPS obligations in 2011 and beyond in accordance with the PA AEPS legislation and Pennsylvania Public Utility Commission (PUC) order.

## Introduction

- ✓ Bidders must satisfy PECO's bidder qualifications to submit proposals, including the "PA or PJM location" requirement for the facility
- ✓ All AECs must be delivered to PECO using the PJM Generation Attribute Tracking System (GATS)
- ✓ All AECs delivered must be qualified as Pennsylvania AEPS Tier I solar by the PA AEPS Program Administrator **at the time of delivery**  
[http://paaeps.com/credit/register\\_generator.do](http://paaeps.com/credit/register_generator.do)
- ✓ Successful bidder's facility must achieve Commercial Operation on or before 12 months from the date that RFP results are approved by the Pa PUC (***anticipated Jan 25, 2010***).

## Introduction

- ✓ PECO has selected Navigant Consulting as the independent RFP Monitor
- ✓ Navigant's responsibilities include
  - Oversight of PECO's evaluation of bidder applications
  - Oversight of PECO's bid proposal ranking process
  - Reporting of RFP results to the Pennsylvania Public Utility Commission
- ✓ A representative of Navigant Consulting is also participating in today's call

# RFP Timeline, Process Overview, and Purchase / Sale Agreement Overview

John McCawley, Director  
PECO Energy Acquisition

## Solar AEPS RFP Timeline

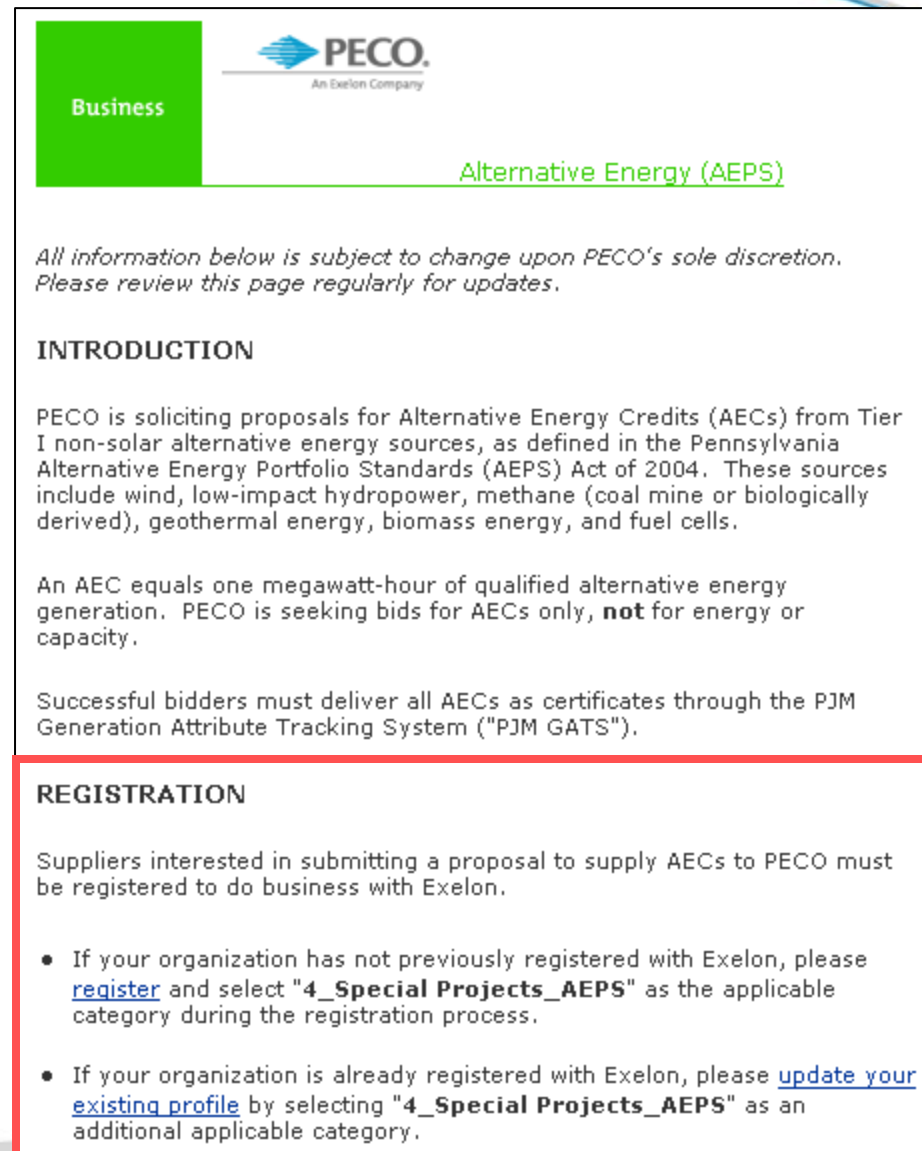
<b>Event</b>	<b>Responsibility</b>	<b>Deadline (5:00 PM Eastern)</b>
<b>Potential Bidders Must Register to Do Business with Exelon</b>	<b>Potential Bidders</b>	<b>ASAP</b>
Non-Binding Notice of Intent to Bid	Potential Bidders	Friday, 10/30/09
Bidder Inquiries Deadline	Potential Bidders	Friday, 11/6/09
Final Publication of Responses to Inquiries	PECO	Friday, 11/13/09
Bidder Application & Deposit Due Date	Bidder Applicants	Wednesday, 12/2/09
Notification of Bidder Qualifications	PECO	Monday, 12/14/09
Bid Proposal Due Date	Qualified Bidders	Monday, 1/11/10
Notification of Selected Bidders	PECO	Tuesday, 1/25/10
Execution of AEC Purchase and Sale Agreements	PECO and Selected Bidders	Monday, 2/8/10

# How to Register to Do Business with Exelon

- ✓ This is a prerequisite to all other steps in the bidding process

*Those who previously registered do not need to register again*

- ✓ Register via the PECO AEPS Web site, [www.peco.com/aeps](http://www.peco.com/aeps)
- ✓ First-time registrants must complete a brief eligibility questionnaire; Completion concludes the registration process



The screenshot shows the PECO Business Alternative Energy (AEPS) registration page. It features a green header with the PECO logo and the text "Business" and "Alternative Energy (AEPS)". Below the header, there is a disclaimer: "All information below is subject to change upon PECO's sole discretion. Please review this page regularly for updates." The page is divided into sections: "INTRODUCTION" and "REGISTRATION". The "REGISTRATION" section is highlighted with a red border. A red arrow points from the text "Completion concludes the registration process" in the main slide to the "REGISTRATION" section in the screenshot.

**Business** **Alternative Energy (AEPS)**

All information below is subject to change upon PECO's sole discretion. Please review this page regularly for updates.

**INTRODUCTION**

PECO is soliciting proposals for Alternative Energy Credits (AECs) from Tier I non-solar alternative energy sources, as defined in the Pennsylvania Alternative Energy Portfolio Standards (AEPS) Act of 2004. These sources include wind, low-impact hydropower, methane (coal mine or biologically derived), geothermal energy, biomass energy, and fuel cells.

An AEC equals one megawatt-hour of qualified alternative energy generation. PECO is seeking bids for AECs only, **not** for energy or capacity.

Successful bidders must deliver all AECs as certificates through the PJM Generation Attribute Tracking System ("PJM GATS").

**REGISTRATION**

Suppliers interested in submitting a proposal to supply AECs to PECO must be registered to do business with Exelon.

- If your organization has not previously registered with Exelon, please [register](#) and select "**4\_Special Projects\_AEPS**" as the applicable category during the registration process.
- If your organization is already registered with Exelon, please [update your existing profile](#) by selecting "**4\_Special Projects\_AEPS**" as an additional applicable category.

## Non-Binding Notice of Intent to Bid

- ✓ All parties seeking to bid **must** submit Non-Binding Notice of Intent to Bid (Exhibit 2) to PECO (*in addition to registering*)
  - Must be submitted regardless of actions taken during the PECO non-solar AEC RFP
- ✓ Potential bidders may submit this form to PECO as follows:
  - E-mail to “AEPS\_RFP@peco-energy.com”, OR
  - FAX to 215-841-4728, OR
  - Mail to:
    - PECO AEPS RFP
    - C/o Joseph Bisti
    - PECO Energy, Energy Acquisition
    - 2301 Market Street, S14-2
    - Philadelphia, PA 19103
- ✓ PECO will confirm receipt via e-mail.

## Non-Binding Notice of Intent to Bid

- ✓ Submitting this notice does not commit the party to submitting a bid later in the process
- ✓ PECO will assign a bidder number to each notice and inform the bidder of their assigned number
- ✓ **Potential bidders must submit this notice by the deadline (5:00 PM Eastern Time on Friday, 10/30/09) as a prerequisite for submitting an application for this RFP**
- ✓ As previously mentioned, fax or e-mail of an executed notice is an acceptable means of submission.

## Bidder Inquiries

- ✓ Potential bidders should e-mail all questions about the RFP process to “[AEPS\\_RFP@peco-energy.com](mailto:AEPS_RFP@peco-energy.com)” following this presentation and any time **until 5:00 PM Eastern Time on Friday, 11/6/09**.
- ✓ PECO will post updated “**Responses to Bidder Inquiries**” (including Q&As from this teleconference) on the PECO AEPS website at [www.peco.com/aeps](http://www.peco.com/aeps)
  - Posted responses will not reference the organization asking the question
  - All posted responses will be **final as of 5:00 PM Eastern Time on Friday, 11/13/09** and remain posted throughout the RFP process

## Bidder Applications

- ✓ Potential bidders must submit a printed Original and three printed Copies of the Bidder Application (Exhibit 3)
  - **An electronic copy may be provided by initially by email to [AEPS\\_RFP@peco-energy.com](mailto:AEPS_RFP@peco-energy.com) to meet the applications deadline as long as the printed copies are received by 5:00 pm EPT the business day immediately following.**
  - All bidder applications must include two signed copies of the Confidentiality Agreement (Exhibit 6)
  - PECO will sign both and return one

## Bidder Applications

- ✓ **PECO must receive all Applications via certified mail, registered mail, hand delivery, or courier service to the address below no later than 5:00 PM Eastern Time on Wednesday, 12/2/09**
- ✓ Send applications to:

**PECO AEPS RFP  
C/o Joseph Bisti  
PECO Energy, Energy Acquisition  
2301 Market Street, S14-2  
Philadelphia, PA 19103**

**Contact telephone number: 215-841-5626**

## Bidder Applications

- ✓ PECO will confirm by e-mail the receipt of Bidder Application
- ✓ Submission constitutes a bidder's agreement to and acceptance of all RFP terms and conditions
- ✓ PECO, in its sole discretion, will determine if the bidder is qualified; Navigant Consulting as independent RFP Monitor will oversee this process
- ✓ Upon review, PECO may request additional information from any bidder for evaluation

## Bid Deposit

- ✓ Each application must be accompanied by a bid deposit in the form of a certified check payable to “PECO” or by Wire Transfer of funds. PECO will confirm by e-mail the receipt of the Bid Deposit.
- ✓ Deposits for winning bidders will be held until those winners execute agreements and post either the Development Security or the Credit Support (for Facilities that have achieved Commercial Operation status)
- ✓ Deposits submitted by bidders rejected or not selected will be refunded without interest upon rejection or notification to selected bidders
- ✓ Amount of deposit is based on the maximum Contract Amount of AECs the applying bidder intends to bid in response to the RFP (see next slide). A qualified bidder may not offer to provide a Contract Amount in excess of the maximum Contract Amount corresponding to the bidder’s Bid Deposit.

## Bid Deposit, per facility/application

<b>Contract Amount (AECs)</b>	<b>Bid Deposit (US \$)</b>
300 to 999	\$5,000
1,000 to 1,999	\$10,000
2,000 to 2,999	\$20,000
Over 3,000	\$30,000

# Bidder Application (highlights)

## Section 1. Facility information

Address

Legal description

Basis for qualifying as solar Tier I

Major equipment

Capacity

Expected annual energy production

Impact assessment studies

Interconnection status

Plans for energy sale/use

Useful life

## Section 2. Project Schedule

(for projects which are still in construction/development)

## Section 3. Property Rights and Site Control

(easements, rights of way, etc.)

## Section 4. Permits and Government Approvals

Status, approval dates, and expiration dates of federal, state, and local permits (provide copies)

# Bidder Application (highlights continued)

## Section 5. Contracts

Sale of generation

Sale of AECs to others

O&M

Equipment Supply

Equipment Warranties

PV Panel Supplier

## Section 6. Interconnection (with PJM, or host)

## Section 7. Bidder information

Organization structure, ownership interests in facility >5% of equity, corporate parent of each interest

Bidder management, consultants, advisors

Operational plans and maintenance capabilities

Long term plans for the facility

Ability to satisfy AEC Purchase and Sale Agreement terms including Development and Credit Support requirements.

# Bidder Application (highlights continued)

## Section 7. Bidder information (cont.)

Financial Statements; 10-K and 10Q for public company owners;  
most recent financial statements for non-public companies

## Section 8. Facility financing information (new projects)

Financial structure and details of financing. (This information will be kept confidential and used by PECO to assess project qualifications and likelihood of being completed on schedule).

## Section 9. Other bidder information

- Contract default history
- Pending litigation
- Bankruptcy history
- Other

## Notification of Qualified Bidders

- ✓ **By 5:00 PM Eastern Time on Monday, 12/14/2009**, PECO will notify each bidder applicant via e-mail as to whether or not that bidder has satisfied the Bidder Qualifications.
- ✓ In cases of failure to satisfy the Bidder Qualifications, PECO will provide its justification for rejecting the associated Applications.
- ✓ Any rejected Applications will have their Bid Deposits refunded. No interest shall be paid on Bid Deposits.

## Bid Proposals

- ✓ Bidders will be permitted to submit up to three bid proposals for each single facility if each proposal offers contract amounts at different prices (Multiple Bids)
- ✓ All bid proposals will be ranked by price, up to the targeted RFP maximum for this particular procurement – 8,000 AECs annually (total Contract Amount)
- ✓ Bid proposals with the same price will be ranked by Contract Amount, with larger Contract Amounts receiving higher priority

## Bid Proposals

**Navigant Consulting must receive** all bid proposals by certified mail, registered mail, hand delivery, or courier service to the address below **no later than 5:00 PM Eastern Time on Monday, 1/11/2010.**

Electronic submissions are **NOT** acceptable.

PECO AEPS RFP  
C/o Craig McDonald  
Navigant Consulting  
1717 Arch Street, Suite 4800  
Philadelphia, PA 19103  
Phone: 215-832-4400

# Bid Proposal – Ranking Illustration

Illustration for ranking bid proposals first by price, then by contract amount where prices are equal up to target of 8,000 AECs, annually.  
*(illustrative only to demonstrate ranking – not indicative of projected price)*

Bid Proposal Rank (24 total bids)	Price/AEC	Contract Amount Bid	Cumulative AECs Bid (all bidders)
1	\$100.00	300 AECs	300 AECs
2	\$150.00	1,000 AECs	1,300 AECs
3	\$150.00	800 AECs	2,100 AECs
...	...	...	...
15	\$175.25	300 AECs	7,600 AECs
16	\$176.50	400 AECs	8,000 AECs
17	\$201.75	500 AECs	8,500 AECs

} winning bids

## Bid Proposal – Format

- ✓ One, two or three bids per Facility - Multiple bids may not exceed 100% of Facility production capability
- ✓ A bidder may submit bids for more than one facility.
- ✓ **Contract Amount** - AECs to be delivered annually during each of ten AEPS reporting periods- June through May
- ✓ **Price per AEC** in \$ /AEC, over Term
  - Bid selection based on Price and Contract Amount above
- ✓ Additionally, bidders may submit a Contract Amount to be delivered prior to the first full PA AEPS reporting period
  - This commitment will not be used for selecting bids
  - Up to a maximum prorated by portion of year, adjusted for seasonal production

## Bid Proposal – ILLUSTRATION

### Initial Partial Year Delivery

Bidder has a PV facility under development and wants to sell 1,000 AECs annually. Bidder can begin delivering AECs to PECO in September 2010.

- ✓ Contract Amount – 1,000 solar AECs to be delivered annually during each of ten AEPS reporting periods- June through May, 6/1/2011 through 5/31/2022
- ✓ Additionally, Bidder may elect to deliver AECs for the partial year (September 2010 through May 31<sup>st</sup>, 2011), based on partial year AEC production associated with the annual Contract Amount
  - 9 months/12 months \* 1,000 AECs = up to 750 AECs

# Bid Proposal – ILLUSTRATION Multiple Bids

Bidder wishes to sell 1,000 AECs annually, but wants to submit three multiple bids for the facility, each with different prices

Bid Proposal	Price/AEC	Contract Amount
1	\$150.00	300 AECs
2	\$175.50	400 AECs
3	\$190.74	300 AECs

Note: Multiple bids may not exceed the production capability of the facility.

## Bid Proposals/ Bid Selection

- ✓ The independent RFP Monitor will oversee the bid proposal review process and submit a Report to the PA Public Utility Commission (PUC) on 1/13/10 for approval
- ✓ The PUC has authorized a 10 calendar-day period for review of the RFP Monitor's report.
- ✓ Upon PUC approval, PECO will notify successful bidders and deliver AEC Purchase and Sale Agreements (Exhibit 1) consistent with bidders' winning proposals.
- ✓ PECO will not sign any Agreements with bidders whose bids are not approved by the PUC.

## Additional Notes

- ✓ PECO is not responsible for bidder costs in considering or responding to this RFP
- ✓ Bidders may not announce or release any information about this RFP or PECO's evaluation process without PECO's prior written approval, which PECO may withhold at its sole discretion

# Alternative Energy Credits Purchase and Sale Agreement

## Highlights

# Purchase/Sale Agreement Highlights

- ✓ 2.1 Term is ten Contract Years (June 1 – May 31) with first Contract Year extension up to twelve months from Commercial Operation (C.O.)

Facility	Term Begins	Term Ends
C.O. as of date that RFP results are approved by PUC (Jan 25, 2010)	On Effective Date (in Feb 2010)	May 31, 2021
In Development as of date that RFP results are approved by PUC	On C.O. Date (which must occur within 12 months of date that RFP results are approved by PUC)	May 31, 2021, if C.O. before July 1, 2010 May 31, 2022, if C.O. between July 1, 2010 and Jan 25, 2011

## Purchase/Sale Agreement Highlights

- ✓ 3.2 Quarterly delivery of all AECs created by facility until Contract Amount is met for the current year. Proportional delivery every month if Contract Amount is less than Total Facility AEC Production
- ✓ 3.4 Replacement AECs – Seller has 45 days at end of Contract Year to provide Replacement AECs if total delivered AECs from facility is short of annual Contract Amount; or pay the Alternative Compliance Payment value for any shortfall.

## Purchase/Sale Agreement Highlights

- ✓ 3.6 Excess AECs – if Seller has produced AECs in a Contract Year in excess of Contract Amount then seller can ‘rollover’ any amount of excess in the first month of the new Contract Year. Seller must provide notice to PECO by June 30 and deliver ‘rollover’ by July 31.

## A note on House Bill 80

- ✓ House Bill 80 (HB 80) was introduced in March and is currently pending before the Pennsylvania legislature
- ✓ HB 80 would amend the AEPS requirements for eligibility of solar AECs to allow only AECs generated from Pennsylvania solar systems to qualify to fulfill the requirements of the Act
- ✓ PECO wants to make sure bidders are aware that the Purchase and Sale Agreement requires that all AECs delivered under the agreement must be qualified as PA AEPS Tier I Solar AECs by the PA AEPS Program Administrator at the time of delivery, and HB 80 could change whether AECs from a given facility qualify during the Term of the contract
- ✓ PECO offers no opinion on the merits of HB 80 or on the likelihood that it will pass

## House Bill 80 Link

- ✓ More on House Bill 80 including the current version of the Bill can be found at:

<http://www.legis.state.pa.us/cfdocs/billinfo/BillInfo.cfm?syear=2009&sind=0&body=H&type=B&bn=80>

# Purchase/Sale Agreement Highlights

- ✓ 6.0 Credit / Collateral Requirements
  - Based on Nominal Contract Value
    - Price per AEC \* 10 years \* number of AECs/year
- ✓ Development Security (if Facility has not achieved Commercial Operation)
  - 2% of Nominal Contract Value
  - held until Commercial Operation
- ✓ Credit Support (upon Commercial Operation)
  - Starts at 5% of Nominal Contract Value, declines each year by 0.5% over ten years

## Additional Information

- ✓ PECO **will** release average weighted price of winning bids
- ✓ PECO **will not** release number of winning bidders or names of winning bidders
- ✓ **Minimum bid criteria:** PECO must receive bids from at least three bidders (not affiliated with each other) as a condition for Commission approval of RFP results
- ✓ Affiliates of PECO are permitted to participate as bidders to the same extent as any other entity

## Q&A

- ✓ Questions sent via the Chat window or e-mailed to “AEPS\_RFP@peco-energy.com” will be addressed and included in PECO’s “Responses to Bidder Inquiries”
- ✓ This Q&A document will be posted on PECO’s AEPS website at [www.peco.com/aeps](http://www.peco.com/aeps)