

Ohio RFP Frequently Asked Questions – Agreement

<u>FAQ#</u>	<u>Date of Posting</u>	<u>Question / Answer</u>
AGR001	24-Dec-08	Question: Can I submit changes to the SSO Supply Agreement?
		Answer: No. Any changes to the SSO Supply Agreement or any of the forms to be submitted as part of the bid proposal will cause the bid proposal to be considered non-conforming and subject to immediate rejection by the RFP Manager.
AGR002	24-Dec-08	Question: If I already have a Master Agreement with FirstEnergy, can I supply power under the terms of our pre-existing agreement?
		Answer: No. The terms of this supply contract are embodied in the SSO Supply Agreement and cannot be changed as part of the RFP process.
AGR003	26-Dec-08	Question: Must bidders offer both energy and capacity for each tranche bid or can a supplier bid capacity only?
		Answer: Under the SSO Supply Agreement, the obligation and therefore the bids are for both energy and capacity.
AGR004	26-Dec-08	Question: Is it permissible for a different party to sign the SSO Supply Agreement than the person named as the Authorized Representative?
		Answer: The company representative who signs the bid submission must have the power to bind the Company. A winning bidder may have a different representative with binding signatory power sign the SSO Supply Agreement.
AGR005	29-Dec-08	Question: If rates for the FirstEnergy Ohio Utilities' Standard Service Offer Supply customers are different than the winning bidder prices of this RFP, who will be responsible for the difference between the rates paid by customers and the prices paid to suppliers?
		Answer: This RFP is a "pay-as-bid" solicitation. Specifically, the price paid to the winning bidders in \$/MWh will be the average price of the tranches that the winning bidder has won for power delivered during the Delivery Period under the terms of the SSO Supply Agreement. The amount paid to winning bidders is not contingent upon, or impacted by, retail rates for FirstEnergy Ohio Utilities' Standard Service Offer customers or any difference between those rates and winning bid prices.

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AGR006	29-Dec-08	<p>Question: Will a supplier ever be paid anything different than its winning prices for its SSO Responsibility Share?</p>
		<p>Answer: This RFP is a “pay-as-bid” solicitation. Specifically, the price paid to the winning bidders in \$/MWh will be the average price of the tranches that the winning bidder has won for power delivered during the Delivery Period under the terms of the SSO Supply Agreement.</p>
AGR007	30-Dec-08	<p>Question: Could you please provide more details around the logistics of scheduling the load. Based on one of the posted FAQ answers, it seems that FirstEnergy will be bidding the load in on behalf of all SSO suppliers and final load quantities will be settled after 6 days. Please confirm.</p>
		<p>Answer: The process for determining the amount of energy to be delivered by winning SSO bidders to the FirstEnergy Ohio Utilities is illustrated below using one specific day for a reference point:</p> <p>Given:</p> <ul style="list-style-type: none"> (1) Operating Day: January 5, 2009 (2) S7 Settlement Due: January 11, 2009, by Noon EST (3) Financial Schedule (Finsched) Update Due: January 11, 2009, by Noon EST <p>Process:</p> <ul style="list-style-type: none"> (1) On or before January 4, 2009, winning SSO suppliers and the FirstEnergy Ohio Utilities will create Financial Schedules (Finscheds) at MISO; the creation of the Finsched will be handled by the FirstEnergy Ohio Utilities using information supplied by winning SSO suppliers (i.e., for items such as source node). (2) Volume settlement for the Finsched will be based on S7 volume settlement data broken up by the number of tranches won by each supplier. Finscheds will be updated as S7 settlement data are finalized and submitted to MISO. (3) Once S7 data are submitted to MISO, the same volume will be broken up by supplier in proportion to the amount of tranches won in the RFP. The Finscheds will be updated accordingly to reflect the amount of load served under the SSO Supply Agreement. The FirstEnergy Ohio Utilities will determine the supplier Finsched amounts and update the

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		<p>Finscheds accordingly. This amount also becomes the amount to be paid to suppliers under the settlement provisions of the SSO Supply Agreement.</p> <p>(4) Winning SSO suppliers will not be responsible for deviations attributable to S55 and S105 re-settlements.</p> <p>Each party will be responsible for scheduling their respective obligations outside of the financial schedule process accordingly.</p> <p>It should be noted that these Finscheds will be settled in the Day Ahead market.</p>
AGR008	30-Dec-08	<p>Question: Will suppliers be responsible for any load deviation between the day-ahead Finsched load and the S7 volumes?</p>
		<p>Answer: Since the day-ahead Finscheds will be developed with the S7 volumes, by definition there will be no deviation.</p>
AGR009	30-Dec-08	<p>Question: Will suppliers be paid at the wholesale or retail level? If at the retail level then please provide the distribution loss factors.</p>
		<p>Answer: Suppliers will be paid based on wholesale volumes (like those used in MISO LSE settlements) which are calculated by taking SSO retail load volumes for each hour and adding an amount of energy to reflect distribution losses. For reference, the distribution loss values utilized in load settlement calculations can be found at the following links:</p> <p>http://www.firstenergycorp.com/Residential_and_Business/Customer_Choice/files/Tariff_-_OH/OESupplierTariff.pdf</p> <p>http://www.firstenergycorp.com/Residential_and_Business/Customer_Choice/files/Tariff_-_OH/CEISupplierTariff.pdf</p> <p>http://www.firstenergycorp.com/Residential_and_Business/Customer_Choice/files/Tariff_-_OH/TESupplierTariff.pdf</p>

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AGR010	30-Dec-08	<p>Question: Will suppliers be provided with any Auction Revenue Rights (ARRs)? If so, please provide details on paths or value per tranche.</p>
		<p>Answer: Because the FirstEnergy Ohio Utilities will remain the LSE, no ARR's will transfer to winning SSO Suppliers.</p>
AGR011	30-Dec-08	<p>Question: Will suppliers be provided with the Marginal Loss component refunds?</p>
		<p>Answer: No. The FirstEnergy Ohio Utilities, as the LSE, will receive the Marginal Loss component refund, if any, from MISO. These funds will remain with the FirstEnergy Ohio Utilities and will not be distributed to winning SSO suppliers.</p>
AGR012	30-Dec-08	<p>Question: Please describe the daily energy forecasting and scheduling process as you expect it to work. Section 7.3 of the SSO Supply Agreement indicates that FirstEnergy Ohio Utilities will not provide any load forecasting services and that the SSO supplier will be responsible for scheduling energy to meet its obligations under the agreement. However, in both the Rules and General FAQ answers on the RFP website, it is stated that, "A winning bidder's projected energy requirements will be submitted on a day-ahead basis to MISO by the FirstEnergy Ohio Utilities." Are suppliers expected to submit their day-ahead load projection to FE, and they, in turn, will submit the schedule to MISO? If so, by what time does FE expect to receive such schedules?</p>
		<p>Answer: The answer to this question may be best described by the process outlined in Figure 1 below. Also, the FirstEnergy Ohio Utilities' expectations are as follows:</p> <ol style="list-style-type: none"> (1) The FirstEnergy Ohio Utilities will create and submit the day-ahead (DA) Load schedule. (2) SSO Suppliers will provide to the FirstEnergy Ohio Utilities the Source node needed to create the financial schedules (Finscheds). (3) The FirstEnergy Ohio Utilities will obtain the energy at the Sink node (FE.FESR). (4) The timing of the submission of market data (i.e., DA source schedules, DA load schedules, Real Time (RT) load data, Finscheds, etc.) will follow MISO processes and timelines. (5) The Finscheds will be submitted by the FirstEnergy Ohio Utilities and will reflect S7 RT demand volumes. Suppliers will approve the Finscheds.

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		<p style="text-align: center;">Figure 1</p> <p>Supplier forecast total supply needs for DA schedule.</p> <p>Supplier (Serves 1 Tranche)</p> <p>DA 85 RT 80</p> <p>Resource</p> <p>Utilities forecast total demand for DA schedule.</p> <p>Utilities</p> <p>DA 8000 RT 8100</p> <p>Demand</p> <p>Financial Schedule is created</p> <p>8100 / 100 = 81 MW per tranche</p> <p>81 MWs "taken out" of MISO Settlement and settles via RFP Price in SSO Agmt.</p> <p>81</p> <p>4 MWs get LMP Price and settle with MISO.</p> <p>4</p> <p>81 MWs "taken out" of MISO Settlement and settles via RFP Price in SSO Agmt.</p> <p>81</p> <p>7919 MWs get LMP Price and settle with MISO.</p> <p>7919</p> <p>S7 Settlement</p> <p>Chart illustrates one hour of settlement and only one supplier winning one tranche.</p>
AGR013	30-Dec-08	<p>Question: Please verify that FirstEnergy is the LSE and will be responsible for ancillary services. If so, please confirm that the product we are bidding is only energy and capacity and will not include ancillary services. If FirstEnergy as the LSE will have to procure ancillary services, will there be another auction for ancillary services?</p>
		<p>Answer: The FirstEnergy Ohio Utilities, as the LSE, will procure ancillary services from MISO via schedule charges and the Ancillary Services Market. There are no plans to procure ancillary services using a competitive solicitation. Further, the product to be bid on is energy and capacity — the energy is delivered to the CP Node FE.FESR (this means the SSO Supplier is responsible for congestion and marginal losses up to delivery at that node).</p>

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AGR014	30-Dec-08	<p>Question: What is the volume of the settled load? Is it the MWh measured at the retail meter, at retail meter + distribution losses (like the load data provided), or retail meter + distribution + transmission losses?</p>
		<p>Answer: The volume of the settled load is at the retail meter + distribution losses (like the load data provided) as reported to MISO for S7 settlement.</p>
AGR015	30-Dec-08	<p>Question: With respect to the historical loads you have posted, are the special contract loads that are expiring being actively renegotiated, and if you are successful, would they stay as SSO load? Are some of the "extending special contracts" expiring during the 3 month term of this RFP delivery period?</p>
		<p>Answer: The load associated with customers currently served under special contracts is part of the load that is being procured in this RFP process. Whether a customer remains under contract or is served on tariff rates, the load procured through the RFP process will continue to be used to serve those customers for the Delivery Period.</p>
AGR016	30-Dec-08	<p>Question: Can you clarify the intent of section 15.6 of the SSO Supply Agreement, which appears to contradict the first sentence, relative to FirstEnergy 'Customers' as sole beneficiaries of the agreement while not being parties to the agreement?</p>
		<p>Answer: Section 15.6 does not contain a contradiction. It is meant to indicate that the SSO Supply Agreement is intended solely for the benefit of the Parties but may not be construed to create any duty, or standard of care with reference to, or any liability to, any person not a Party to the Agreement.</p>