

Overview of the SOS RFP Process

Potomac Electric Power Company "Pepco" is, using the model RFP, approved by the Maryland Public Service Commission, to solicit full-requirements wholesale electric power supply. The RFP for Pepco is part of a Maryland statewide procurement process conducted to concurrently seek offers for all of the SOS loads in Maryland on a utility specific basis.

The RFP seeks offers for the supply of full-requirements to meet the needs of three specific customer service types. The service types are described as Residential SOS, Type I and Type II Non-Residential SOS. Type I and Type II Non-residential service types were redefined consistent with Order 81102, effective June 1, 2008. Starting in June 2008, Type I was defined as "small commercial" with a demand below 25kW and the Type II demand will range from 25kW up to 600kW.

Table 1 below describes the customer classes included in each service type for Pepco.

Bidding on the load for each service type will be conducted through a multi-procurement process. This process will have four procurements (plus reserve procurements, if necessary) to fulfill Utility's requests for its various customer service types. The exact number of procurements required will vary by utility depending on the retail load for each service type.

If multi-year contracts are applicable, the load associated with each procurement will be further divided amongst the contract terms. The solicitation for this RFP is for two-year wholesale supply contracts for Residential load, and for Type I load. The Type II load will be solicited for quarterly contract terms.

The load in each procurement is divided into blocks of approximately 50 MW in size for bidding purposes. Suppliers may bid on as many blocks, for as many service types, as the supplier deems appropriate. A supplier of full-requirements service will have an obligation stated as a percentage of Pepco's actual retail load for a service type, and as that load varies from day to day and hour to hour, the supplier's full requirements obligation will follow those variations.

For the Residential and Type I Small Commercial, the RFP provides a volumetric risk mechanism to mitigate the risk to wholesale suppliers if there is large customer migration back to SOS from

competitive retail service. When such events occur, the Utility (Buyer) will be responsible for the incremental load obligation, and wholesale supplier's percentage obligation will remain the same. Table 2 shows preliminary Peak Load Contribution (PLC) for the specific service type for which Pepco is soliciting wholesale supply in the RFP. Two representations of PLC are provided. The first represents the PLC associated with customers currently receiving SOS from each utility. The second represents the PLC associated with all customers currently eligible for a specific service type within Pepco's service territory.

Bidders will be required to submit bids using the Bid Form Spreadsheets attached to the RFPs, or electronic versions. There will be separate Bid Form Spreadsheets for each procurement, and each service type. The Bid Form Spreadsheets will contain shaded cell areas in which bidders provide information and their offers. In order to prevent any misunderstanding of a bidder's offer, all shaded cells within a Bid Form Spreadsheet must be completed by the bidder. A Bid Form Spreadsheet submitted by a bidder that contains blank shaded cells will be deemed a non-conforming bid and will be eliminated from further consideration. Therefore, if it is the intent of a bidder to submit a zero price for any component of the pricing structure, the bidder must enter the numerical value of zero in that specific cell.

Bidders will indicate the number of bid blocks offered and the price quote for the bid blocks offered. All price quotes are limited to two decimal places. All of the pricing components within a bid for a specific service type will be reduced to a single discounted price (Discounted Average Term Price) on a common basis for comparison purposes. Once all conforming bids have thus been reduced to common Discounted Average Term Prices, the blocks will be awarded to the lowest bidders until the procurement targets are filled.

Applicants interested in participating in the RFPs are required to express their non-binding interest to bid by completing and submitting the Expression of Interest Form. The applicant will not be eligible to submit proposals until such submission has been provided to Pepco. Upon submission of the Expression of Interest Form, an applicant will be issued a password to access a Web site containing additional information relating to the RFPs.

SERVICE TYPE	CUSTOMER CLASSES
RESIDENTIAL SOS	R & R-TM
TYPE I SMALL COMMERCIAL SOS	GS, T, TN, EV, OL & SL (all <25kW)
TYPE II NON-RESIDENTIAL SOS	MGT-LV & MGT-3A (all 25kW < 600kW)

SERVICE TYPE	SOS	ELIGIBLE
RESIDENTIAL	577.2	1,435.7
TYPE I SMALL COMMERCIAL SOS	22.9	78.0
TYPE II NON-RESIDENTIAL SOS	205.2	870.0
TOTAL	805.3	2,383.7