

**Technical Consultant's Final Report
To the Delaware Public Service Commission**

**Delmarva Power & Light's 2021 Request for Proposals for
Full Requirements Wholesale Electric Supply for Standard Offer Service**

February 17, 2021



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I. Executive Summary

A. Introduction

The Delaware Public Service Commission (DE PSC) retained The Liberty Consulting Group, Inc. (Liberty) to monitor Delmarva Power & Light's (Delmarva) 2021 Request for Proposals (RFP) for Full Requirements Supply for its Standard Offer Service (SOS). Liberty presents this report to the DE PSC with its findings on the process and the auction results of the RFP.

Liberty is based in Lebanon, PA and has been providing regulatory consulting services to the energy industry since 1987. Its consultants are experts in electric utility operations and regulatory issues. Liberty has provided energy procurement monitoring services in multiple state jurisdictions and a broad range of procurement formats.

B. Results

Delmarva performed two auction sessions for the 2021 RFP. Tranche 1 was held on November 30, 2020, and Tranche 2 was held on January 25, 2021. Overall, Delmarva's RFP was a success and resulted in prices reflective of market conditions. Participation was satisfactory and fostered a competitive bidding process. The RFP process was run successfully from start to finish. The processes were carried out as expected and the Enel X auction platform performed as expected. The ultimate winning bids were consistent with regional market conditions.

Average winning bid prices for both the 2020 and 2021 RFPs are shown in Table 1 (average of all blocks in both tranches for each year), along with the actual and percentage change in prices. Year over year, the weighted average auction prices were lower for all customer types, largely due to lower wholesale energy prices and lower capacity prices year over year. ***In fact, prices for all classes reached record lows this year.***

Table 1: Weighted Average Winning Bid Price by Delivery Year (\$/MWh)

| Customer Type | 2020 | 2021 | Change | % Change |
|---------------|---------|---------|--------|----------|
| RSCI | \$54.55 | \$52.91 | (1.64) | -3.0% |
| MGS | \$50.94 | \$48.58 | (2.36) | -4.6% |
| LGS | \$48.96 | \$45.54 | (3.42) | -7.0% |
| GS-P | \$48.83 | \$44.06 | (4.77) | -9.8% |

The customer bill impacts of the winning wholesale energy prices are estimated by PHI to be as follows in Table 2. More detail on these estimated impacts is provided in Section III: Auction Results & Prices.

Table 2: Estimated Average Monthly Customer Bill and Impact per PHI¹

| Class | 1/1/2021 | 6/1/2021 | \$ Change | % Change |
|---------------|--------------------|--------------------|-----------------------|-----------------|
| Res (845 kWh) | \$111.27 | \$108.29 | (\$2.98) | -2.70% |
| SGS-ND | \$101 - \$352 | \$99 - \$343 | (\$2.09) - (\$8.33) | (2.1%) - (2.4%) |
| MGS | \$350 - \$6,171 | \$342 - \$6,003 | (\$7.49) - (\$168.81) | (2.1%) - (2.7%) |
| LGS | \$6,802 - \$80,438 | \$6,575 - \$77,702 | (\$227) - (\$2,735) | (3.3%) - (3.4%) |
| GS-P | \$756 - \$112,495 | \$751 - \$105,069 | (\$6) - (\$7,426) | (0.7%) - (6.6%) |

C. Findings & Conclusions

Liberty monitored the auction process in its entirety. Pre-bid monitoring included reviews of announcements, bidder communication, bidder certification, bid system training, energy and capacity markets, and bid system performance. Bid day monitoring included remote monitoring of the auction, verification of bids, notification of winners, and contract signing.

Liberty has concluded that each element of the entire process, including both the Tranche 1 and Tranche 2 auctions, was run professionally, and resulted in bids that were consistent with expectations based on market conditions. Concerning the process and results, Liberty finds no areas in need of attention at this time. The Enel X auction platform performed as expected, with no issues.

II. RFP Overview

Since 2006, Delmarva has performed an RFP to procure wholesale electricity to serve its Standard Offer Service (SOS) customers. SOS customers receive comprehensive default electricity service from Delmarva vs. a non-utility, third party supply for generation. Each year, blocks of power to meet the SOS load are purchased from the winning bidders in this multi-tranche auction. The process consists of two tranches, the first of which is in either late November or early December, and the second in either late January or early February. If required, a third tranche is available—a rare occurrence—and in this year's process a third tranche was not needed². The bid plans defining blocks were provided by Delmarva and are shown in Appendix 1 (Tranche 1) and Appendix 2 (Tranche 2).

Blocks are bid for Residential, Small Commercial, and Industrial (RSCI), Medium General Service (MGS), Large General Service (LGS) and General Service-Primary (GS-P). Auctions for each block are held electronically with a web-based platform provided by Enel X. Bidders apply for approval, and approved bidders are granted access to and training on the Enel X platform. Tables 3 and 4 display the quantity and size of each block by customer class for Tranche 1 and 2, respectively, totaling 534 MW for the year.

¹These comparisons are estimates and are subject to change as the annual adjustments to transmission, procurement cost, renewable energy portfolio standards, Qualified Fuel Cell Provider Projects-Renewable Capable Power Production, and reasonable allowance for retail margin are not yet included for the supply year beginning 06/01/2021.

² A Third Tranche was necessary in 2006.

Table 3: Tranche 1 Block Summary

| Service Type | Blocks | MW Per Block | Total MW |
|--------------|--------|--------------|--------------|
| RSCI | 4 | 50.4 | 201.6 |
| MGS | 2 | 35.3 | 70.6 |
| LGS | 1 | 7.1 | 7.1 |
| GS-P | 1 | 17.8 | 17.8 |
| Total | | | 297.1 |

Table 4: Tranche 2 Block Summary

| Service Type | Blocks | MW Per Block | Total MW |
|--------------|--------|--------------|--------------|
| RSCI | 4 | 50.4 | 201.6 |
| MGS | 1 | 35.3 | 35.3 |
| Total | | | 236.9 |

One of the keys to a competitive RFP for power is active participation from power suppliers. To ensure adequate participation, Delmarva announces its RFP by issuing a press release to media channels and directly to known suppliers. As a result, thirteen companies submitted expressions of interest in this RFP, and nine ultimately became eligible. Table 5 displays historical participation since 2015, up to and including this most recent auction.

Table 5: Bidder Participation

| Participants | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|------------------|------|------|------|------|------|------|------|
| EOIs | 15 | 11 | 12 | 12 | 10 | 12 | 13 |
| Eligible Bidders | 6 | 8 | 8 | 7 | 7 | 9 | 9 |
| Actual Bidders | 5 | 8 | 6 | 6 | 6 | 9 | 9 |

Table 6 lists the organizations who successfully bid (won) any of the blocks in Tranche 1 or 2. Four companies won blocks in this year's tranches as compared to six last year and five in 2019.

Table 6: Tranche 1 & 2 Winning Bidders

| Company |
|-----------|
| Axpo |
| Exelon |
| Hartree |
| TransAlta |

Table 7 displays the percentage of MWs served for the 2021 delivery period, which includes RSCI blocks won in 2020 and 2021.

Table 7: Suppliers for 2021 Delivery Period and Percentage of Load Served

| Supplier | RSCI | MGS | LGS | GS-P |
|--------------|----------------|----------------|----------------|----------------|
| Axpo | 25.00% | 0.00% | 0.00% | 0.00% |
| DTE | 25.00% | 0.00% | 0.00% | 0.00% |
| Exelon | 25.00% | 33.33% | 100.00% | 100.00% |
| Hartree | 12.50% | 33.33% | 0.00% | 0.00% |
| Nextera | 6.25% | 0.00% | 0.00% | 0.00% |
| TransAlta | 6.25% | 33.33% | 0.00% | 0.00% |
| Total | 100.00% | 100.00% | 100.00% | 100.00% |

The results in Table 7 show reasonable diversity in the *number* of suppliers, with six different companies serving load, five of them serving RSCI load.

III. Auction Results & Prices

A. Bid Activity

In both Tranche 1 and Tranche 2, participation was adequate and resulted in competitive auctions. The auction process itself promotes competition due to Enel X's auction platform. It provides real-time bidder feedback to induce competitive bidding behavior. The bid activity for Tranche 1 and Tranche 2 is displayed in Tables 8 and 9, respectively.

Table 8: Tranche 1 Bid Activity

| Class/Block | Bidders | Bids |
|----------------|---------|------|
| RSCI – Block 1 | 7 | 24 |
| RSCI – Block 2 | 8 | 15 |
| RSCI – Block 3 | 8 | 14 |
| RSCI – Block 4 | 8 | 15 |
| MGS – Block 1 | 8 | 14 |
| MGS – Block 2 | 8 | 16 |
| LGS | 5 | 8 |
| GS-P | 5 | 11 |

Table 9: Tranche 2 Bid Activity

| Class/Block | Bidders | Bids |
|----------------|---------|------|
| RSCI – Block 1 | 8 | 27 |
| RSCI – Block 2 | 7 | 14 |
| RSCI – Block 3 | 8 | 15 |
| RSCI – Block 4 | 8 | 17 |
| MGS | 8 | 20 |

B. Prices

Winning bid prices for the last three delivery years for each customer class are provided in Table 10, as well as the change in prices between 2021 and 2020. The RSCI blocks averaged \$52.91 per MWh, 3.0% lower than in 2020. MGS, LGS, and GS-P prices were lower than those of 2020 by 4.6%, 7.0%, and 9.8%, respectively.

Table 10: Weighted Average Winning Bid Prices (\$/MWh)

| Customer Class | 2019 | 2020 | 2021 | Change | % Change |
|----------------|-------|-------|-------|--------|----------|
| RSCI | 59.68 | 54.55 | 52.91 | (1.64) | (3.0%) |
| MGS | 52.97 | 50.94 | 48.58 | (2.36) | (4.6%) |
| LGS | 50.55 | 48.96 | 45.54 | (3.42) | (7.0%) |
| GS-P | 52.37 | 48.83 | 44.06 | (4.77) | (9.8%) |

C. Rate Impacts

To gauge the impact of the most recent auction on its SOS customers, PHI has developed a model to calculate the estimated changes to average monthly customer bills by customer class. It is important to note that these are estimates and should not be construed as exact or guaranteed results as the impacts are based only on the wholesale prices of the winning bids. The results of this analysis, displayed in Table 11, are consistent with the bid price results displayed in Table 10.

Table 11: Estimated Average Monthly Customer Bill and Impact Per PHI³

| Class | 1/1/2021 | 6/1/2021 | \$ Change | % Change |
|---------------|--------------------|--------------------|---------------------|-----------------|
| Res (845 kWh) | \$111.27 | \$108.29 | (\$2.98) | -2.70% |
| SGS-ND | \$101 - \$352 | \$99 - \$343 | (\$2.09) - (\$8.33) | (2.1%) - (2.4%) |
| MGS | \$350 - \$6,171 | \$342 - \$6,003 | (7.49) - (\$168.81) | (2.1%) - (2.7%) |
| LGS | \$6,802 - \$80,438 | \$6,575 - \$77,702 | (\$227) - (\$2,735) | (3.3%) - (3.4%) |
| GS-P | \$756 - \$112,495 | \$751 - \$105,069 | (\$6) - (\$7,426) | (0.7%) - (6.6%) |

IV. Market Analysis

A. Overview

As stated earlier in this report, the winning bid prices reflected market conditions. Liberty has collected market information on energy, capacity, and fuel prices to assess the key drivers of bidder behavior.

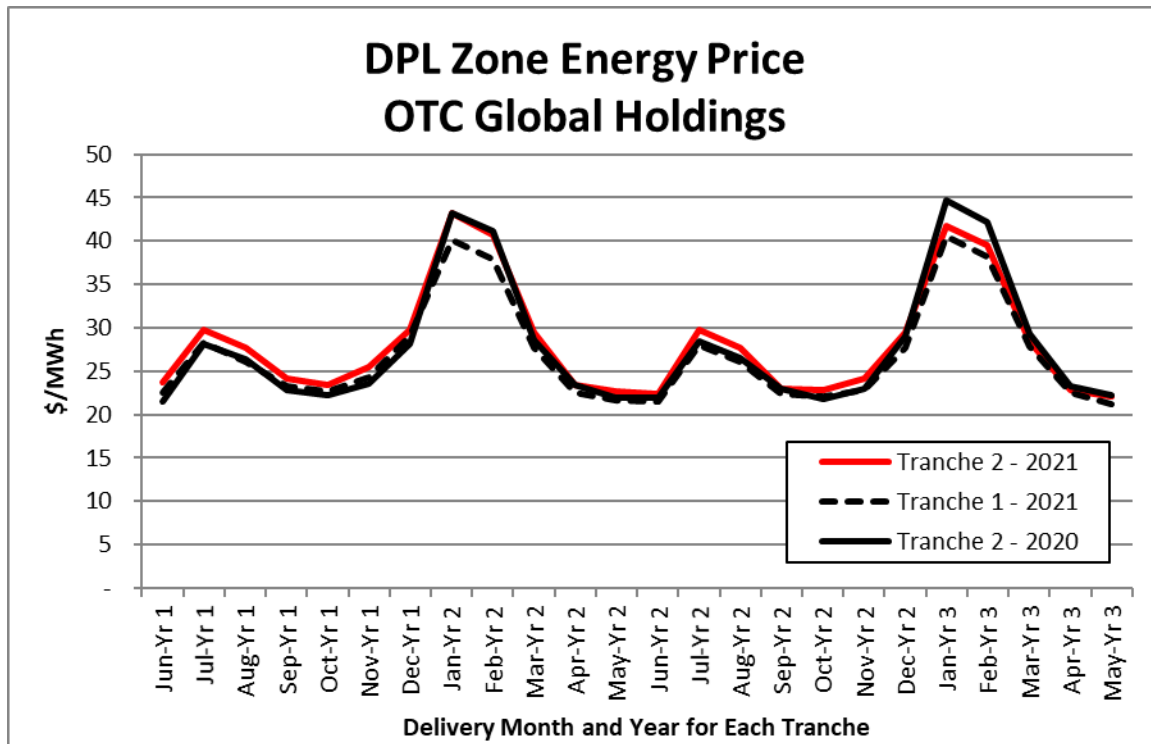
B. Energy Market

The outlook for regional energy prices was slightly higher in Tranche 2 as compared to both Tranche 1 and last year's Tranche 2. Despite the slight uptick in prices, the energy forward prices are still at historically low prices. The market for energy in PJM is currently stable, and futures prices reflect seasonal patterns and growth rates that are to be expected.

Exhibit 1 displays round the clock (RTC) prices for the last three auction dates for the DPL Zone. It highlights the difference in energy price expectations between the tranches. The source for all energy prices is OTC Global Holdings via the SNL Energy Database.

³These comparisons are estimates and are subject to change as the annual adjustments to transmission, procurement cost, renewable energy portfolio standards, Qualified Fuel Cell Provider Projects-Renewable Capable Power Production, and reasonable allowance for retail margin are not yet included for the supply year beginning 06/01/2021.

Exhibit 1: Energy Forward Prices – PJM RTC Avg – DPL Zone



C. Fuel Market Outlook

As an extension of Liberty’s review of energy forwards, we also reviewed the underlying fuel markets that drive energy prices by assessing fuel forward markets. Liberty has reviewed forward prices for natural gas, the primary fuel commodity for generating units that set market clearing prices in PJM. Exhibit 2 displays the outlook for gas prices at the Dominion South Hub over the previous two tranches. Forward prices in the most recent (2021 Tranche 2) auctions are slightly lower than those in Tranche 1, but higher than those from the 2020 Tranche 2 prices. The forward prices for both gas and power are plotted together in Exhibit 3, which shows that despite the increase in gas prices, power prices remained relatively unchanged.

Exhibit 2: Dominion Hub Natural Gas Forward Prices

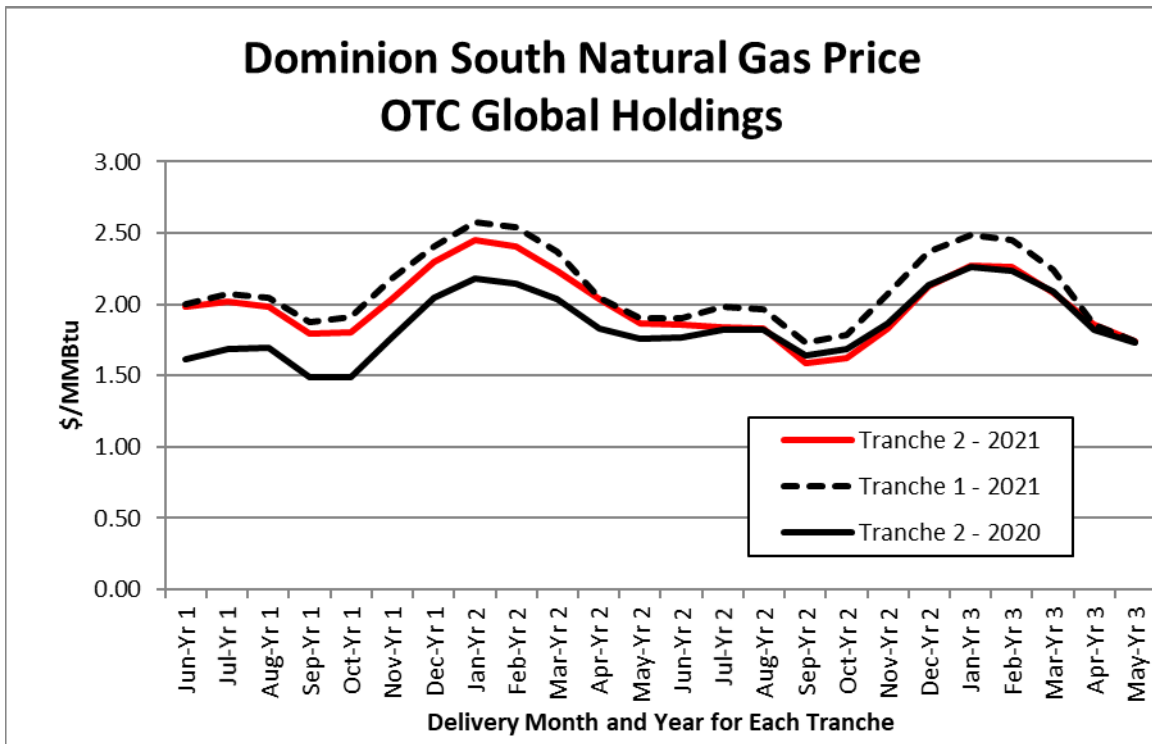
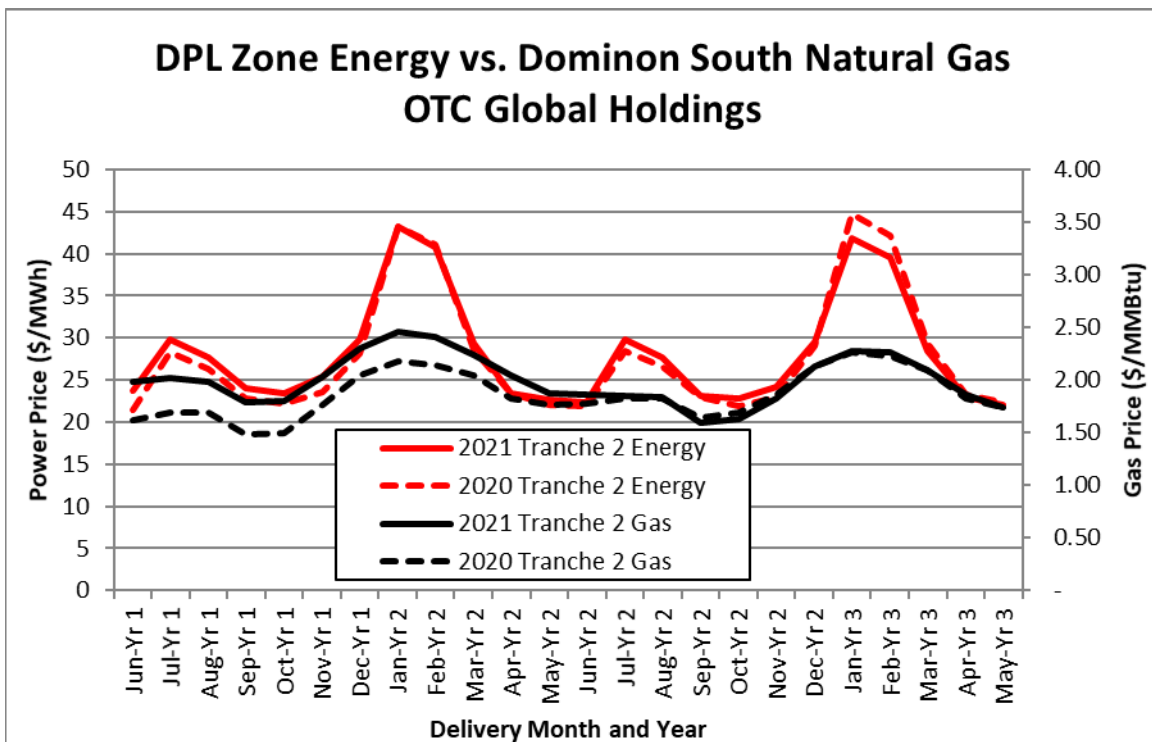


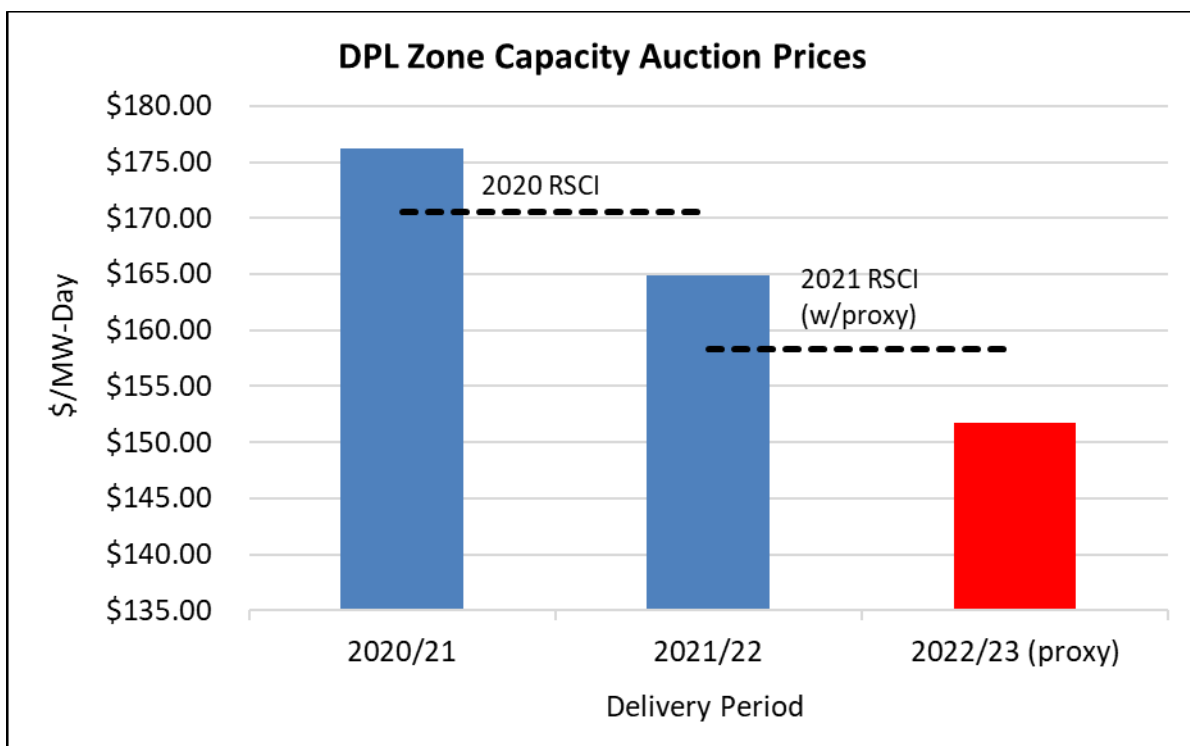
Exhibit 3: Gas Forward Prices vs. Power Forward Prices



D. Capacity Market

PJM capacity prices are set through auctions and prices (in \$/MW-day) are set for annual delivery periods commencing June 1 of each year. Exhibit 4 shows capacity prices for the years relevant to this SOS auction’s delivery periods and how they affect each year and type of auction block. This year, the capacity prices for RSCI are both the 2021/22 and 2022/23 prices (\$164.89/MW-day and \$151.70/MW-day, respectively). The 2022/23 price is a proxy price in lieu of an actual auction price to be determined at a later date. Last year’s RSCI bids were based on the 2020/21 and 2021/22 prices (\$176.17/MW-day and \$164.89/MW-day, respectively). Based on this, the average capacity prices applicable to the two-year RSCI blocks decreased 7%. The capacity price applicable to MGS, LGS, and GS-P all realized a 6% decrease year over year.

Exhibit 4: Capacity Prices (\$/MW-day)



Bidders use \$/MW-day capacity auction prices to create a capacity component (in \$/MWh) of their SOS bid prices. The calculation is a function of the conversion factors between the two units and the load factor for each class (which change from year to year). Lower load factor customer classes like RSCI feel a greater impact from capacity prices than high load factor GS-P customers, since they have fewer MWh over which to spread their demand-based capacity charges. Based on historical load factors of the DPL customer classes, every \$1 change in capacity auction prices translates to approximately \$0.07-\$0.10/MWh.

As mentioned previously, a proxy price is used for 2022/23 capacity. PJM suspended its capacity auctions while it addresses FERC’s Minimum Offer Price Rule (MOPR) related to state-subsidized generators. As described above, bidders rely on capacity auction prices to submit SOS bids and the

absence of such capacity prices required use of a proxy price, to be updated with future auction prices for 2022/23. Ultimately, the capacity auction prices for 2022/23 will be translated to \$ per MWh and the 2021 SOS RSCI winning bid prices will be adjusted accordingly.

E. Ancillary Services Market

Ancillary service-related costs are reflected by the bidders, but do not make up a large portion of or impact on SOS prices. Ancillary services were essentially unchanged during this auction period and are relatively insignificant when compared to Capacity and Energy prices. This parameter did not have a material impact on the auction results.

V. Process Analysis

Liberty was assigned the task of monitoring Delmarva's RFP process through specific administrative requirements. The following is an assessment of each area:

A. Notification of the RFP to the Market

To ensure adequate participation, Delmarva announces its RFP by issuing a press release to media channels and directly to eighteen companies. These documents are displayed in Appendix 3 and Appendix 4, respectively. They included basic information to prospective bidders and instructions for acquiring more information and registering on Delmarva's RFP website. As a result, thirteen companies submitted expressions of interest in this RFP, nine ultimately became eligible, and all nine bid on blocks. Liberty finds that this task was performed to expectations.

B. Information Dispersal

Delmarva provided all materials for expressing interest and registering for the auction on its RFP website. Once approved, bidders were able to acquire all key administrative, technical, and schedule information. Liberty finds that information was disseminated appropriately and that the website, as a foundation for communication, worked according to plan. Delmarva also held a webinar on the entire RFP process. The webinar included a review of changes since the previous RFP and instructions for all aspects of RFP participation.

C. Determination of Applicant Eligibility

Interested bidders were required to submit to Delmarva their Credit Application, Confidentiality Agreement, PJM certification, and FERC certification by the deadline. It was ultimately determined that nine of the twelve interested parties became eligible to bid. Liberty finds that this eligibility process was performed to standards.

D. Bid Ranking

On auction day, each block is made available to bid at 10 AM. The first RSCI block auction ends at 10:30 am, and subsequent block auctions end every ten minutes after that. Each of the RSCI blocks was offered first, followed in order by MGS, LGS, and finally the GS-P block (LGS and GS-P are only applicable to Tranche 1).

Due to COVID, a Liberty representative monitored the auctions remotely, along with Enel X representatives and DE PSC Staff. All viewed the auction through the Enel X platform with full access. After all of the blocks ended, Liberty reviewed each bid with Delmarva and confirmed the winning bid, the organization, and the price.

E. The Awarding of Transactions

After the completion of each tranche, and review between Delmarva and Liberty, Delmarva contacted each bidder. Winning bidders were notified and were provided with contracts reflecting their organization, bid size and winning bid price.

F. Full Requirements Service Agreement Signing

Delmarva worked with each winning bidder to complete the Full Requirements Service Agreements and provided copies of each executed agreement to Liberty for review. On the Wednesday after each auction, Liberty presented the auction results to the DE PSC, and these were subsequently approved.

VI. Conclusions

Liberty has concluded that all processes, including both the Tranche 1 and Tranche 2 auctions, were run professionally and resulted in bids that were consistent with expectations based on market conditions. Liberty finds no areas in need of attention at this time.

Appendix 1: Tranche 1 Final Bid Plan

**Delmarva DE SOS RFP 2021
Tranche 1**

| <u>Service Type</u> | data as of 11/23/2020 | |
|---|------------------------------|------------------------------|
| | SOS PLC (MW) | Eligible PLC (MW) |
| Residential and Small Commercial & Industrial | 808.9 | 910.2 |
| Medium General Service -Secondary | 107.1 | 241.7 |
| Large General Service -Secondary | 7.1 | 72.9 |
| General Service - Primary | 17.8 | 112.5 |
| Total | 940.9 | 1337.3 |

| <u>Service Type</u> | Contract Term | |
|---------------------|---|---|
| | <u>12 Month</u> 6/1/21-5/31/22 | <u>24 Month</u> 6/1/21-5/31/23 |

| | |
|---|---------|
| Residential and Small Commercial & Industrial | 50.0% |
| Service Classifications: R, R-TOU-ND, SGS-ND, SGS-SH, SGS-WH, OL, ORL, PIV, X. | |
| Approximate Total PLC | 404.5 |
| Block Size % | 6.2500% |
| Approximate Block Size (MW) | 50.6 |
| Total Number of Blocks | 8 |
| Tranche 1 blocks | 4 |
| Tranche 2 blocks | 4 |

| | |
|---|----------|
| Medium General Service - Secondary | 100.0% |
| Service Classifications: MGS-S | |
| Approximate Total PLC | 107.1 |
| Block Size % | 33.3333% |
| Approximate Block Size (MW) | 35.7 |
| Total Number of Blocks | 3 |
| Tranche 1 blocks | 2 |
| Tranche 2 blocks | 1 |

| | |
|--|--------|
| Large General Service - Secondary | 100.0% |
| Service Classifications: LGS-S | |
| Approximate Total PLC | 7.1 |
| Block Size % | 100.0% |
| Approximate Block Size (MW) | 7.1 |
| Total Number of Blocks | 1 |
| Tranche 1 blocks | 1 |

| | |
|----------------------------------|--------|
| General Service - Primary | 100.0% |
| Service Classifications: GS-P | |
| Approximate Total PLC | 17.8 |
| Block Size % | 100.0% |
| Approximate Block Size (MW) | 17.8 |
| Total Number of Blocks | 1 |
| Tranche 1 blocks | 1 |

Appendix 2: Tranche 2 Final Bid Plan

**Delmarva DE SOS RFP 2021
Tranche 2**

| <u>Service Type</u> | data as of 1/15/2021 | |
|---|-------------------------|------------------------------|
| | <u>SOS PLC (MW)</u> | <u>Eligible PLC (MW)</u> |
| Residential and Small Commercial & Industrial | 806.9 | 907.7 |
| Medium General Service -Secondary | 106.0 | 242.1 |
| Large General Service -Secondary | 6.9 | 70.7 |
| General Service - Primary | 17.3 | 112.6 |
| Total | 937.1 | 1333.1 |

| <u>Service Type</u> | <u>Contract Term</u> | |
|---------------------|------------------------------------|------------------------------------|
| | <u>12 Month 6/1/21-5/31/22</u> | <u>24 Month 6/1/21-5/31/23</u> |

| | |
|---|---------|
| Residential and Small Commercial & Industrial | 50.0% |
| Service Classifications: R, R-TOU-ND, SGS-ND, SGS-SH, SGS-WH, OL, ORL, PIV, X. | |
| Approximate Total PLC | 403.5 |
| Block Size % | 6.2500% |
| Approximate Block Size (MW) | 50.4 |
| Total Number of Blocks | 8 |
| Tranche 1 blocks | 4 |
| Tranche 2 blocks | 4 |

| | |
|---|----------|
| Medium General Service - Secondary | 100.0% |
| Service Classifications: MGS-S | |
| Approximate Total PLC | 106.0 |
| Block Size % | 33.3333% |
| Approximate Block Size (MW) | 35.3 |
| Total Number of Blocks | 3 |
| Tranche 1 blocks | 2 |
| Tranche 2 blocks | 1 |

| | |
|--|--------|
| Large General Service - Secondary | 100.0% |
| Service Classifications: LGS-S | |
| Approximate Total PLC | 6.9 |
| Block Size % | 100.0% |
| Approximate Block Size (MW) | 6.9 |
| Total Number of Blocks | 1 |
| Tranche 1 blocks | 1 |

| | |
|----------------------------------|--------|
| General Service - Primary | 100.0% |
| Service Classifications: GS-P | |
| Approximate Total PLC | 17.3 |
| Block Size % | 100.0% |
| Approximate Block Size (MW) | 17.3 |
| Total Number of Blocks | 1 |
| Tranche 1 blocks | 1 |

Appendix 3: RFP Press Release

News Release

Contact: Timothy Stokes
Delmarva Power, Communications
866-655-2237 (media hotline)

FOR IMMEDIATE RELEASE

Delmarva Power Issues RFP for Wholesale Electric Power for Delaware Customers

NEWARK, Del. (Oct. 7, 2020) – Delmarva Power today announced a Request for Proposals (RFP) to eligible vendors regarding the company’s annual wholesale electric power supply procurement. The RFP will allow the company to meet its Standard Offer Service (SOS) obligation in the state of Delaware.

SOS is the market-based, fixed-price of electricity that Delmarva Power buys on behalf of its customers who do not purchase their electricity from competing retail suppliers and who do not choose the option of hourly-priced service.

Delmarva Power is requesting proposals to supply approximately 540 megawatts (MW) of electricity. Peak load contributions by customer class include approximately:

- 400 MW for the combined Residential, Small Commercial and Industrial (RSCI) customers
- 110 MW for the Medium General Service-Secondary (MGS-S) customers
- 10 MW for the Large General Service-Secondary (LGS-S) customers
- 20 MW for the General Service-Primary (GS-P) customers

A pre-bid conference webinar for prospective bidders will be held on October 14, 2020. The conference will review the bid schedule, the RFP process improvements, and the Delmarva Power bid plan for its Delaware customers, as well as answer questions about the power supply contract.

Additional details regarding the RFP or the pre-bid conference webinar can be found online at delmarva.com.

To learn more about Delmarva Power, visit [The Source](http://TheSource.com), Delmarva Power’s online news room. Find additional information by visiting delmarva.com, on Facebook at facebook.com/delmarvapower and on Twitter at twitter.com/delmarvaconnect. Delmarva Power’s mobile app is available at delmarva.com/mobileapp.

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Delmarva Power is a unit of Exelon Corporation (Nasdaq: EXC), the nation’s leading energy provider, with approximately 10 million customers. Delmarva Power provides safe and reliable energy service to approximately 532,000 electric customers in Delaware and Maryland and approximately 136,000 natural gas customers in northern Delaware.

Appendix 4: RFP Announcement to Prospective Suppliers

October 7, 2020

**DELMARVA POWER
REQUEST FOR PROPOSALS FOR
STANDARD OFFER SERVICE WHOLESALE ELECTRIC POWER SUPPLY**

Good Afternoon,

Delmarva Power (Delmarva) provided electric supply service to Delaware customers through fixed price power supply tariffs offered by Delmarva pursuant to orders issued by the Delaware Public Service Commission (“Commission”) in Docket No. 99-163 and Docket No. 01-194. These offers expired as of April 30, 2006. Since May 1, 2006, Delmarva has provided generation supply for specified periods, procured through a competitive wholesale bidding process and pursuant to procedures that are set forth in Order No. 9276 in Commission Docket No. 18-1065 (formerly Docket No. 04-391). Since June 1, 2009, Delmarva has conducted a multi-tranche (multi-round) bidding process to solicit proposals from suppliers interested in providing Fixed Price Standard Offer Service (“FP-SOS”) to Delmarva for its Delaware customer service classifications.

Delmarva is soliciting competitive bids for full requirements wholesale supply service, excluding the provision of Renewable Energy Credits (“RECs”). The supply will be procured using the Enel X (formerly EnerNOC) reverse auction process as is more fully described in the Request for Proposals (“RFP”) documents. The solicitation is for supply agreements for one year and two year terms. Auction dates and auction rounds for this multi-tranche solicitation can be found in the RFP documents which are provided on the RFP website as noted below.

The load to be bid upon in the RFP is divided into four service types. An approximation of that portion of the load (stated in megawatts) associated with customers currently receiving supply service for each service type and for whom wholesale supply will be solicited is indicated in the following table. The load figures will be updated prior to the auction dates.

| <u>Service Type</u> | <u>Delmarva</u> |
|--|-----------------|
| Residential and Small Commercial & Industrial FP-SOS | 400 MW |
| Medium General Service-Secondary FP-SOS | 110 MW |
| Large General Service-Secondary FP-SOS | 10 MW |
| General Service-Primary FP-SOS | 20 MW |
| TOTAL | 540 MW |

If you are interested in participating in the RFP, you must submit an Expression of Interest Form. The Expression of Interest Form is available for electronic submission on the RFP website. The RFP website, which became active on October 7, 2020 is [Delmarva.com/derfp](https://delmarva.com/derfp)

Prospective bidders who have submitted the Expression of Interest Form and are approved will be invited to the DPL DE RFP in Ariba.

Additionally, Delmarva will be holding a pre-bid conference on October 14, 2020 to review the general RFP structure and process, the bid plan and the Full Requirements Service Agreement (*i.e.*, the contract that will be used to purchase generation supply under the RFP). We encourage your review of such documents (as posted on Ariba) prior to the conference to enhance the question and answer session. Please visit the RFP website in the coming days for additional details on the pre-bid conference, including registration information.

All questions related to this RFP should be submitted through the RFP website.

Sincerely,

A handwritten signature in black ink that reads "Mario A. Giovannini".

Mario A. Giovannini
Director, Energy Acquisition
Delmarva Power