2027

Delmarva Power Standard Offer Service Auction Tranche 1 Summary

Presented to the
Delaware Public Service Commission

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Executive Summary

Liberty Consulting has completed its role as the Technical Monitoring consultant for Delmarva Power & Light's (Delmarva Power's) November 2, 2026 Tranche 1 RFP for Standard Offer Service. Liberty finds that the Tranche 1 auctions:

- **Were well run and consistent with the RFP**
- **Were very competitive for some customer classes but less so in others—participation and bid activity varied**
- **Resulted in prices that were reasonably consistent with market conditions when factoring in supplier risk premium requirements**

Liberty's Role

The Liberty Consulting Group has monitored the Standard Offer Service RFP process and has:

- Reviewed the tasks and materials related to supplier communication
- Reviewed prospective bidder website access
- Monitored bidder eligibility
- Confirmed Enel X's (now Arcadia's) fees
- Developed a power market assessment and approved opening prices
- Monitored the auction remotely and confirmed results

Overview of Auctions

The Tranche 1 auctions were to procure power for all customer classes classes, totaling approximately 349 MW:

Service Type	Blocks	Block Size (MW)	Total (MW)
Residential and Small Commercial & Industrial (RSCI)	5	48.6	243.2
Medium General Service – Secondary (MGS)	2	39.3	78.6
Large General Service – Secondary (LGS)	1	10.1	10.1
General Service – Primary (GS-P)	1	17.0	17.0
Total	**9**		**348.9**

Delivery Periods

- **RSCI (two years): June 1, 2027 – May 31, 2029**
- **MGS, LGS, GS-P (one year): June 1, 2027 – May 31, 2028**

Participation—Number of Bidders

Participation (as defined by the number of actual bidders) in the Tranche 1 auctions was typical and sufficient. This level of participation promoted a competitive bidding environment.

Count	2022	2023	2024	2025	2026	2027 Tr. 1
EOIs*	10	16	14	14	15	14
Eligible	7	8	8	8	12	10
Actual	4	7	8	8	10	9

Expression of Interest

Bid Activity

Supplier participation and bid activity improved over last year for all blocks in all customer classes.

Class/Block	Bidders		Bids	
	2026	2027	2026	2027
RSCI – Block 1	9	**8**	23	**22**
RSCI – Block 2	9	**8**	23	**19**
RSCI – Block 3	9	**8**	18	**18**
RSCI – Block 4	9	**8**	19	**16**
RSCI – Block 5	NA	**8**	NA	**23**
MGS – Block 1	8	**8**	13	**17**
MGS – Block 2	9	**8**	16	**15**
LGS	5	**6**	6	**11**
GS-P	6	**6**	8	**9**

Market Assessment

Prior to the auctions, Liberty worked with Enel X to assess current power market conditions. The goals were to:

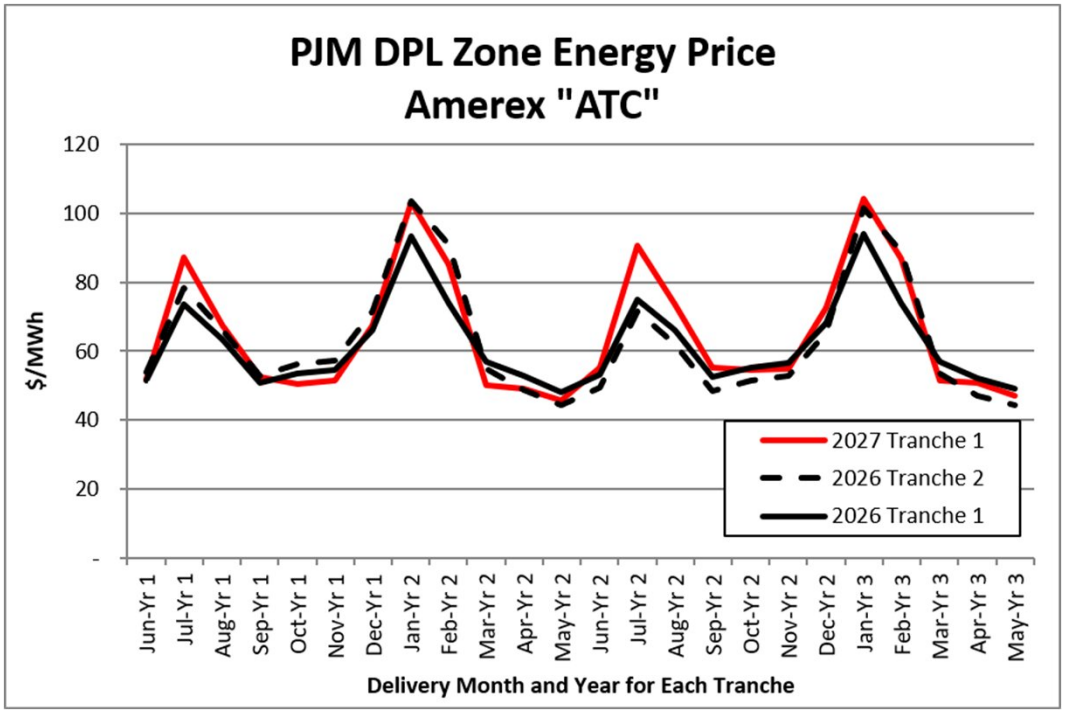
- Identify and analyze any adverse market conditions that could lead to a postponement of the auctions
- Establish Opening Prices for the blocks of power for each of the customer classes
- Review Enel X's estimate of the range of winning prices for each block

Liberty concluded that there were no adverse market conditions and that the auctions should proceed as scheduled.

PJM Energy Market

Wholesale power market prices have risen slightly since last year's Tranche 1 for both the one-year and two-year year delivery periods.

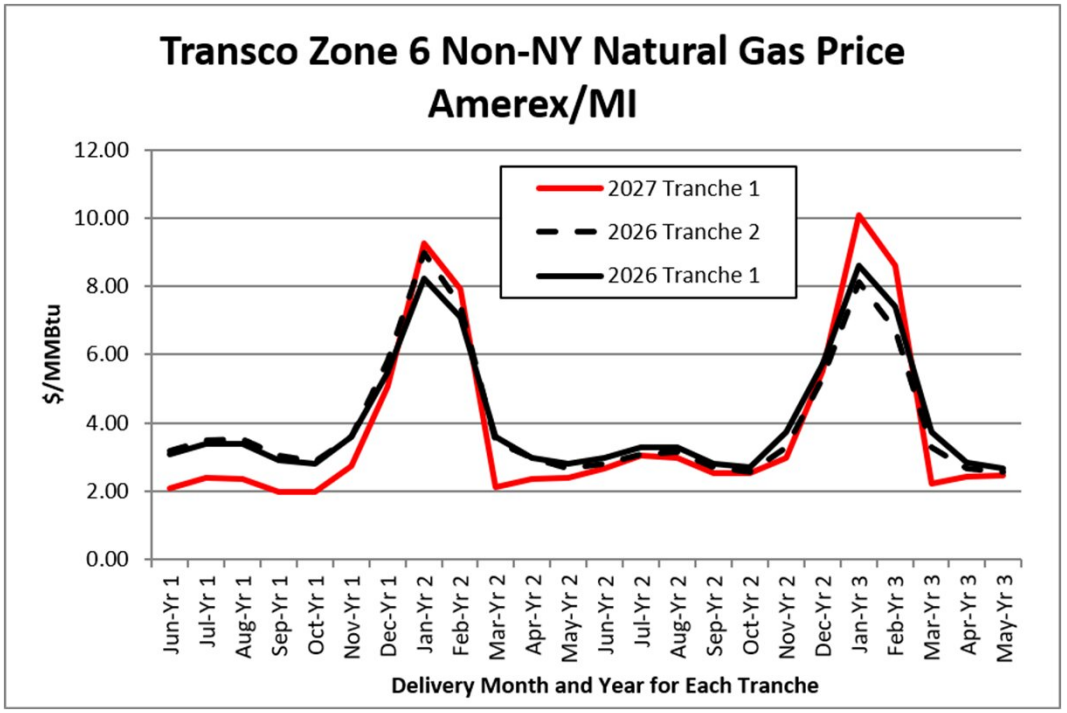
- 3.2% higher than last year's Tranche 1 prices for the one year delivery period and 4.6% higher for the two year delivery period
- 2.1% lower than last year's Tranche 2 prices for the one year delivery period and 3% higher for the two year delivery period



Gas Market

Natural gas forward prices were notably lower than those of last year's Tranche 1 and Tranche 2.

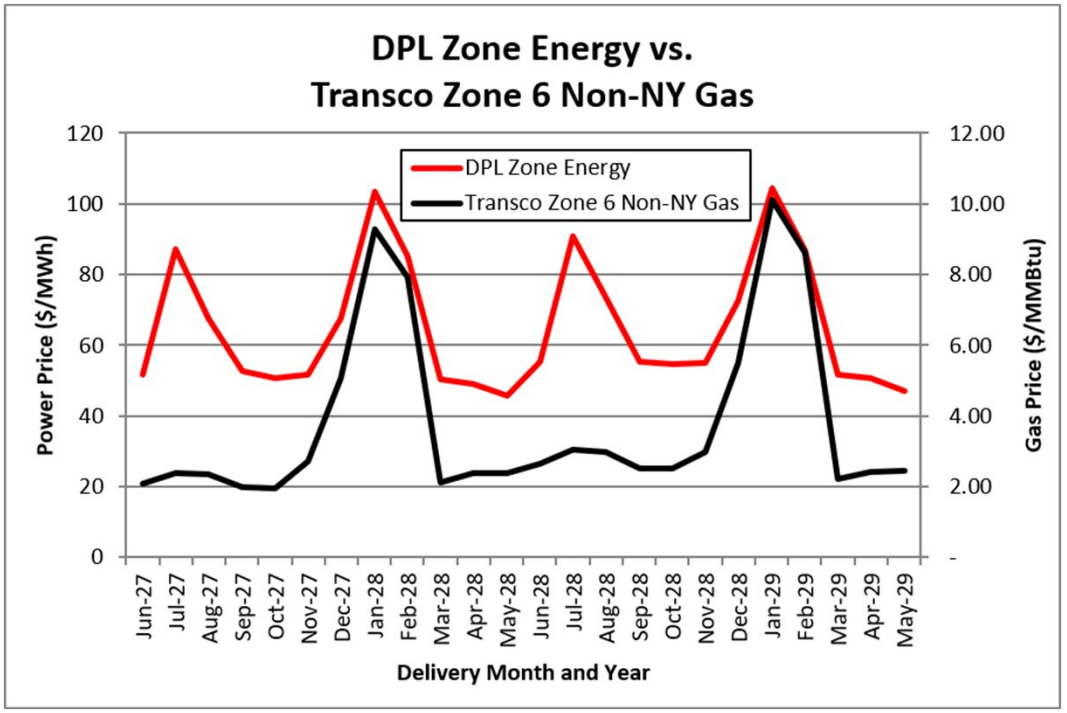
- 13.6% lower than last year's Tranche 1 prices for the one year delivery period and 8.5% lower for the two year delivery period
- 16.5% lower than last year's Tranche 2 prices for the one year delivery period and 6.8% lower for the two year delivery period



Gas and Power Correlation

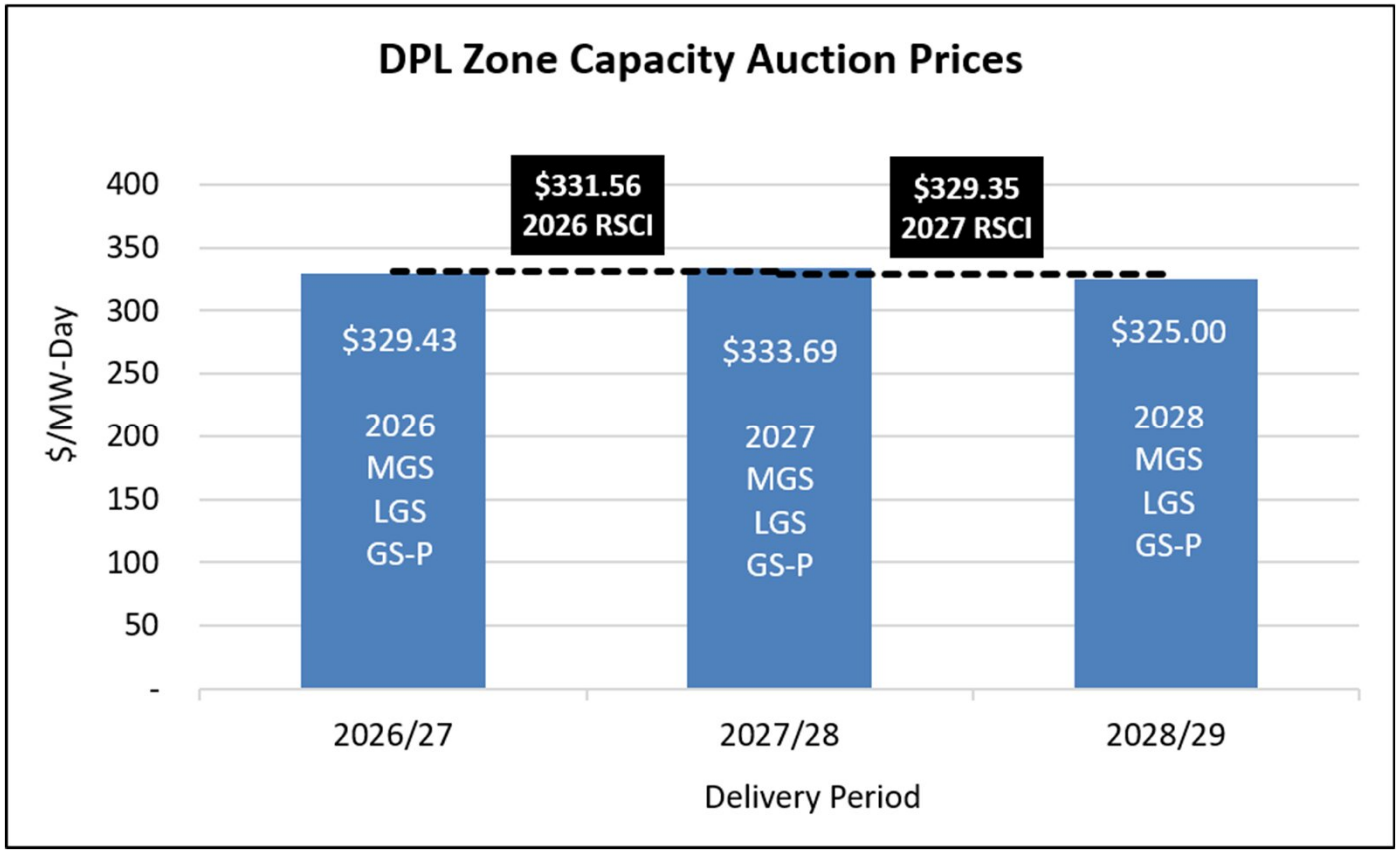
Gas prices drive electric energy prices. Gas-fired units are on the margin, setting the Locational Marginal Price (LMP), in the majority of hours in PJM.

- DPL Zone energy price shapes are consistent with those of the Transco Zone 6 Non-NY gas prices
- Seasonal price shapes are maintained as expected



Capacity Prices

Capacity prices have plateaued at historically high levels. Capacity market prices affect both the one-year MGS, LGS, and GS-P delivery period and the two-year RSCI delivery period.



Next Steps

With the conclusion of Tranche 1, next steps include:

- Tranche 2 of the SOS Auction will be held on January 25, 2027
- The Tranche 2 results will be presented to the Commission at the January 27, 2027 meeting
- If the remaining blocks are filled in Tranche 2, that will conclude the 2027 DE SOS auctions
- Liberty will present the annual final report to the Commission in February 2027
- The new rates will go into effect for customers on June 1, 2027

Conclusions

Liberty concludes that:

- Market conditions indicated that Tranche 1 should proceed on schedule
- The auctions were well run and were accomplished according to the RFP requirements—the Enel X auction platform continues to perform well
- The auctions were reasonably competitive
- The auctions resulted in winning bids that were consistent with the outlook for regional energy and capacity markets and risk premium requirements

Liberty recommends approving the winning bids.