

Bidder Information Session

February 4, 2026

Auction Process for FirstEnergy's Pennsylvania Default Service Program DSP-VI

Auction Date: Tuesday, April 7, 2026

Delivery Periods Include: June 1, 2026 – May 31, 2028

Customer Classes: Residential, Commercial, and Industrial

Introduction

Welcome to this bidder information session for FirstEnergy Pennsylvania Electric Company's Default Service Program

- Rate districts for FirstEnergy Electric Company (FEPA or Company): Metropolitan Edison (“Met-Ed”), Pennsylvania Electric (“Penelec”), Pennsylvania Power (“Penn Power”), and West Penn Power (“West Penn Power”, including service to Pennsylvania State University)
- The Company is seeking to procure full requirements Default Supply generation service for their Default Service Customers
 - Default Service = Load not being served by an Electric Generation Supplier (“EGS”)
 - Products in the auctions (customer class and delivery period):

Fixed-Price (FP) Auction		Hourly-Priced (HP) Auction
Residential Class	Commercial Class	Industrial Class
12-month: Jun 2026 – May 2027	12-month: Jun 2026 – May 2027	12-month: Jun 2026 – May 2027
24-month: Jun 2026 – May 2028	24-month: Jun 2026 – May 2028	

- Winning bidders will assume all responsibilities of a PJM Load Serving Entity (“LSE”), with the exception of certain solar AEPS requirements
- Auction Date: Tuesday, April 7, 2025

Presentation is being made by representatives from

- CRA International, the Independent Evaluator
- This presentation will be posted to the Auction Information Website

Introduction

Questions

Two ways to submit questions during the presentation – questions will be answered only after the prepared presentation

- Send an email to fepaauction@crai.com or
- Use the Teams Q&A feature to submit your questions

Following the prepared presentation

- Questions will be queued in the order above and answered
- The questions sent via email will be answered first, and the questions on Teams Q&A will be answered next
- Attendees who use Q&A may choose to remain anonymous during the Q&A session

Introduction

Disclaimer

The information contained in this presentation material is intended to provide only generally descriptive and summary information. The information and material provided on the Auction Information Website and filed with the PA PUC are controlling. Any conflict with the information conveyed during the bidder information session, or with information or material other than what is provided on the Auction Information Website, is unintentional.

Certain information may be subject to modification and approval by the PA PUC.

Neither the Company, nor the Independent Evaluator, either individually or as corporations, nor any of their representatives shall be liable to an interested party or any of its representatives for any consequences relating to or arising from the use of the information in this presentation.

Introduction

Background: DSP-VI

On December 14, 2021, Metropolitan Edison Company, Pennsylvania Electric Company Pennsylvania Power Company, and West Penn Power Company filed a petition for approval of their DSP-VI Default Service Program with the Pennsylvania Public Utility Commission – Docket Nos. P-2021-3030012, P-2021-3030013, P-2021-3030014, and P-2021-3030021.

The Default Service Program was approved per the August 4, 2022 Pennsylvania Public Utility Commission Opinion and Order.

Under the Default Service Program DSP-VI, which covers the delivery period of June 1, 2023 through May 31, 2028, an auction process is used to procure full requirements Default Supply generation service for the Company's Default Service Customers.

On December 7, 2023, Pennsylvania Public Utility Commission approved a joint settlement related to the proposed consolidation of four Pennsylvania electric utilities – Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec), Pennsylvania Power Company (Penn Power), and West Penn Power Company (West Penn Power) – into the FirstEnergy Pennsylvania Electric Company (FEPA).

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Communications

Central source of information is the Auction Information Website:
www.fepaauction.com

- Information about the Default Service Program
- Download Supplier documents (Supplier Master Agreement, Bidding Rules, etc.)
- Download load and other data
- View auction calendar
- View news and announcements
- View results from previous auctions under the current Default Service Program
- View Frequently Asked Questions (FAQs)
- Submit questions
- Register/subscribe to receive updates

Register on the Information Website

- Register to receive information updates regarding Default Service Program – provide name, company name, valid email address
- Once registered, prospective bidders can submit questions

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Product Overview

DSP-VI Auction

Products are distinguished by rate district, customer class, and period of delivery

Rate districts

- Met-Ed
- Penelec
- Penn Power
- West Penn Power (including service to Pennsylvania State University)

Products in the auctions (customer class and period of delivery)

Fixed-Price Auction (Residential and Commercial products):

- Residential 12-month: June 2026 – May 2027
- Residential 24-month: June 2026 – May 2028
- Commercial 12-month: June 2026 – May 2027
- Commercial 24-month: June 2026 – May 2028

Hourly-Priced Auction (Industrial products):

- Industrial 12-month: June 2026 – May 2027

Product Overview

Price Paid for Winning Tranches

Default Service Suppliers are paid the following

- For the Residential and Commercial products
 - Fixed-price component: 100% of the Supplier's delivered Default Service supply each hour multiplied by the DS fixed-price (determined in the auction)
- For the Industrial products
 - Fixed-price component: 100% of the Supplier's delivered Default Service supply each hour multiplied by the DS fixed price (determined in the auction), plus
 - Variable price component: 100% of the Supplier's delivered Default Service supply each hour multiplied by the DS "spot price", with the spot price equal to the sum of:
 - Real-time hourly total locational marginal price (LMP) for the district, plus
 - Fixed adder of \$4.00/MWh

Product Overview

Obligations of Default Service Suppliers

Obligations of Default Service Suppliers include the following:

- Assume all responsibilities of a PJM Load Serving Entity ("LSE"), including all PJM administrative expenses and any other services or fees as required by PJM of an LSE
- Provide for energy
- Provide for capacity
- Provide for ancillary services
- Provide for transmission service, including Network Integration Transmission Service ("NITS")
- Provide certain alternative energy requirements (explained later)

Obligations of Default Service Suppliers exclude the following:

- Regional Transmission Expansion Plan charges ("RTEP").
- PJM Expansion Cost Recovery charges ("ECRC").
- Reliability Must Run / Generation Deactivation charges ("RMR") associated with generating plants for which specific RMR charges began after July 24, 2014. All Suppliers will continue to be responsible for RMR charges associated with generating plants that began before July 24, 2014, as those charges may change over time.

Product Overview

Obligations of Default Service Suppliers (*continued*)

Under the DSP-VI Supplier Master Agreement, Default Service Suppliers will have the following alternative energy requirements

- Alternative Energy Portfolio Standards Act (AEPS) Alternative Energy Credits (AECs) needed to meet the non-solar requirements of the Company's Default Service Load as more specifically described in the SMAs
- For the second to fourth years of the DSP-VI term, the SPAECs that the Company purchases through its solar PPAs will be allocated to **Residential** Default Service suppliers in proportion to the amount of residential load served over the course of the energy year
 - The Company will provide at least 32% of the SPAECs needed for the Residential Default Service Suppliers solar requirement. The allocated SPAECs may be greater than 32% based on the output from the solar project.
- **Commercial** and **Industrial** Default Service Suppliers and EGSs are responsible for their solar requirement.

Product Overview

Obligations of Default Service Suppliers (*continued*)

Winning bidders will be responsible at their sole cost and expense for:

- Any changes in PJM products and pricing during the contract term
- Any congestion costs incurred to supply its DS share
- Remaining a member in good standing of PJM

Each Default Service Supplier shall be responsible and liable to PJM for the performance of its LSE obligations associated with the provisions of Default Service Supply

Default Service Load will be divided into identical units called tranches

- Each tranche represents a defined percentage of the actual hourly energy required for the relevant delivery period as well as of the PJM capacity requirement for the relevant delivery period
- Intent is to procure 100% of the DS Load for each delivery period over multiple DS auctions

Product Overview

Tranches

For DSP-VI, Default Service Load will be divided into identical units called tranches, each representing a defined percentage of Default Service Load.

For example, if there are 25 tranches for a given customer class, then each tranche equals $1/25 = 0.04 = 4\%$, or four percent of that class's load. This includes four percent (4%) of the actual hourly energy required for Default Service Load for the relevant delivery period as well as four percent (4%) of the PJM capacity requirement for the relevant delivery period.

The nominal MW quantity associated with the energy and the capacity for each tranche will depend upon many factors, including but not limited to customer migration to alternative competitive suppliers and weather conditions.

Bidders are responsible for evaluating the uncertainty associated with supplying a wholesale energy tranche which could vary each hour.

Product Overview

April 2026 DSP-VI Procurement Auctions

										2026				2027				2028																				
										1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5
April 2026	FP Auction	Residential	1	12 Mos	Met-Ed	8	26.67%	A P R	Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2028													
					Penelec	6	30.00%		Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2028													
		Residential	1	24 Mos	Penn Power	2	25.00%		Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028													
					West Penn Power	10	27.03%		Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028													
	TT = 54 LC = 27	Commercial	1	12 Mos	Met-Ed	4	13.33%	A P R	Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2028													
					Penelec	2	10.00%		Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2028													
			1	24 Mos	Penn Power	1	12.50%		Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028													
					West Penn Power	6	16.22%		Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028													
			HP Auction TT = 32 LC = 24	1	12 Mos	Met-Ed	3	33.33%	Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2028													
					Penelec	3	30.00%	Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2028														
				1	24 Mos	Penn Power	1	25.00%	Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028													
					West Penn Power	3	25.00%	Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028														
				1	12 Mos	Met-Ed	1	11.11%	Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2028				Jun 2026 - May 2028													
				1	24 Mos	Penelec	1	10.00%	Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028													
					Penn Power	1	25.00%	Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028				Jun 2026 - May 2028														
				Industrial	12 Mos	West Penn Power	2	16.67%	Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2027				Jun 2026 - May 2028													

Product Overview

Minimum and Maximum Starting Prices

Prior to the auction, the Independent Evaluator will announce a minimum and maximum starting price range for each auctioned product

- As part of the application process, a Qualified Bidder submits an indicative offer based on the product-specific minimum and maximum starting prices which will be used to determine the Bidder's initial eligibility in each auction

The Independent Evaluator may determine that due to extraordinary events, the minimum or maximum starting prices require revision

- If indicative offers have already been received, the Independent Evaluator will request that the Registered Bidders (or the Qualified Bidders if the Part 2 Application process has not been completed) modify their indicative offers on the basis of the revised minimum starting prices and the revised maximum starting prices
- Such an event also may require a revision to the schedule for the Default Service Program

No later than three (3) business days before bidding starts, the Independent Evaluator will inform Registered Bidders of the starting prices for round 1

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Qualification Process

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Part 1 Applications: Prospective bidders apply to become Qualified Bidders

- Start Date: Thursday, February 5, 2026
- Due Date: Wednesday, February 18, 2026 at 12:00 noon ET

Part 2 Applications: Each Qualified Bidder provides certifications, its indicative offer, and pre-bid security in order to become a Registered Bidder

- Start Date: Thursday, February 26, 2026
- Due Date: Thursday, March 19, 2026 at 12:00 noon ET

Only Registered Bidders can participate in the bidding

Prospective bidders will be able to fill out, submit, and upload their supporting documentation for the Part 1 and Part 2 Applications online through the secure Online Application process

Qualification Process

Account Request Form

In order to get an Online Account to participate in the Part 1 and Part 2 Application process, prospective bidders must fill out an Account Request Form and email it to feppaauction@crai.com.

Account Request Form – shown below – is available on the Home page of the Information Website (www.feppaauction.com) under “Forms.”

First Energy Pennsylvania's Default Service Program Auction Process

Account Request Form: Request for Part 1 and Part 2 Application Online Account

With access to an Online Account for the Part 1 Application and Part 2 Application process, a prospective bidder will be able to submit and check the status of their Part 1 Application and Part 2 Application as well as upload supporting documentation.

Please fill out the following information:

Company Name: _____ **Date:** _____
MM/DD/YYYY

Please provide the First Name, Last Name, and E-mail Address for the person that you request to be given access to fill out your online Application. A copy of the online Application will have to be signed and returned to the Independent Evaluator.

First Name _____ **Last Name** _____ **Email Address** _____

Qualification Process

Part 1 Application – Due Wednesday, February 18, 2026 at 12:00 noon ET

Submit an application from a person with the power to bind the bidder and agree to:

- Comply with all rules of the auction(s)
- If they become winning bidders, execute the Supplier Master Agreement with the Company

Show that they either satisfy the three requirements below, or have no existing impediments to them satisfying all the requirements by the start of the supply period

- Transmission Customer of PJM and have executed the relevant PJM Agreements
- Have PJM E-Accounts necessary to provide Default Service Supply
- PJM Market Participant and a Load Serving Entity in PJM

Agree that if they become winning bidders, they will comply with the creditworthiness requirements set forth in the Supplier Master Agreement

Certify that if they qualify to participate, they will not:

- Disclose information regarding the list of Qualified Bidders
- Disclose confidential information about Qualified Bidders obtained during the bidding process
- Substitute another entity in their place
- Transfer their rights to another entity
- Otherwise assign their status as Qualified Bidders to another entity

Qualification Process

Part 1 Application (*continued*)

A prospective bidder that has qualified during the Part 1 Application process becomes a Qualified Bidder

Independent Evaluator will send a list of all Qualified Bidders to relevant parties that have undertaken to maintain the confidentiality of the list of Qualified Bidders – relevant parties that will receive this list of Qualified Bidders are:

- Each Qualified Bidder
- Representatives from the Company

All parties receiving a list of Qualified Bidders will be subject to the confidentiality requirements as specified in the Bidding Rules

Part 1 Applicant also must submit financial information and may choose to submit a Draft Pre-Bid Letter of Credit (described later)

Prospective bidders will be notified by the Independent Evaluator no later than three (3) business days after the Part 1 Application Due Date whether they succeeded in becoming a Qualified Bidder

Qualification Process

Part 1 Application (*continued*)

Part 1 Applications are submitted online

- The Part 1 Online Application process opens on Thursday, February 5, 2026
- Due Date: Wednesday, February 18, 2026 at 12:00 noon ET

A prospective bidder is required to:

- Submit a Part 1 Application to participate in FirstEnergy's Pennsylvania Default Service Program auction(s)

All prospective bidders for the DSP-VI April 2026 auctions must complete a new Part 1 Application to become a Qualified Bidder for the DSP-VI auction process.

Qualification Process

Part 2 Application – Due Thursday, March 19, 2026

Qualified Bidders from the Part 1 Application process submit Part 2 Applications to become Registered Bidders

The Part 2 Application process opens on Thursday, February 26, 2026

Due Date: Thursday, March 19, 2026 at 12:00 noon ET

In the Part 2 Application, each Qualified Bidder will make a number of certifications regarding associations to ensure that they are participating independently of other Qualified Bidders and to ensure the confidentiality of information regarding the auction(s)

A Qualified Bidder is associated with another Qualified Bidder if the two bidders have ties that could allow them to act in concert or that could prevent them from competing actively against each other

Qualification Process

Part 2 Application (*continued*)

With its Part 2 Application, a Qualified Bidder will be required to submit an indicative offer – comprising a set of two (2) numbers of tranches for each product in an auction – and to post pre-bid security sufficient for this indicative offer

- For each product, the first number is the number of tranches that the Qualified Bidder is willing to serve at the minimum starting price for the product in the auction(s)
- For each product, the second number is the number of tranches that the Qualified Bidder is willing to serve at the maximum starting price for the product in the auction(s)
- At the minimum and the maximum starting prices, the number of tranches across all products indicated by the Qualified Bidder cannot exceed the Qualified Bidder's load tranche cap (described later)

Bidder's initial eligibility

- This is the maximum total number of tranches the Qualified Bidder can bid across all products in round 1 of each auction and may be subject to a load cap
- Determined by the number of tranches in the Qualified Bidder's indicative offer at the maximum starting prices
- Thus, the indicative offer at the maximum starting prices needs to state the maximum possible number of tranches that the bidder would be ready, willing, and able to serve

Qualified Bidders will be notified by the Independent Evaluator no later than three (3) business days after the Part 2 Application Due Date whether they succeeded in becoming a Registered Bidder

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Required Credit and Financial Information

For bidder or bidder's Guarantor:

- **Financial statements** (most recently issued SEC Form 10-K, 10-Q, 8-K)
- **A statement of rulings or judgments** relating to financial status that have had a material impact on financial status
- **Debt ratings** from at least **one** of the following rating agencies: S&P, Fitch, or Moody's (with supporting documentation)
- **Contact information** for the Bidder's/Guarantor's credit representative to answer questions on the documentation provided

Credit Provisions

Pre-Bid Security – 2 Options

1) Use Pre-Bid Letter of Credit

- Part 1: Submit a Draft Pre-Bid Letter of Credit (LOC) (optional)
- Part 2: Submit an executed Pre-Bid LOC (**\$500,000/tranche**)

2) Make a cash deposit

- Part 1: Request wiring instructions
- Part 2: Submit cash deposit (**\$500,000/tranche**)
 - Attach a copy of the W9 (tax ID) form and a copy of banking information on company's letterhead, signed and dated
 - Provide wiring instructions for returning your cash deposit

Credit Provisions

Supplier Master Agreement – Key Elements of Credit Provisions

Security posted during the term of the Default Supply delivery period will depend upon a creditworthiness evaluation

- Unsecured credit may be granted based on the Supplier's (or its Guarantor's) Tangible Net Worth and credit rating (see Section 6.6 and Appendix A of the DSP-VI Supplier Master Agreement)
- Total Exposure Amount less any unsecured credit (Margin) must be met with cash or Letter of Credit (Appendix F of the DSP-VI Supplier Master Agreement)

The DSP-VI Supplier Master Agreement is available at

www.fepaauction.com/Documents/SupplierDocuments.aspx

- The credit exposure methodology is explained in Section 6.5 of the DSP-VI Supplier Master Agreement
- Letter of Credit (Appendix F of the DSP-VI Supplier Master Agreement)
- Guaranty (Appendix G of the DSP-VI Supplier Master Agreement)

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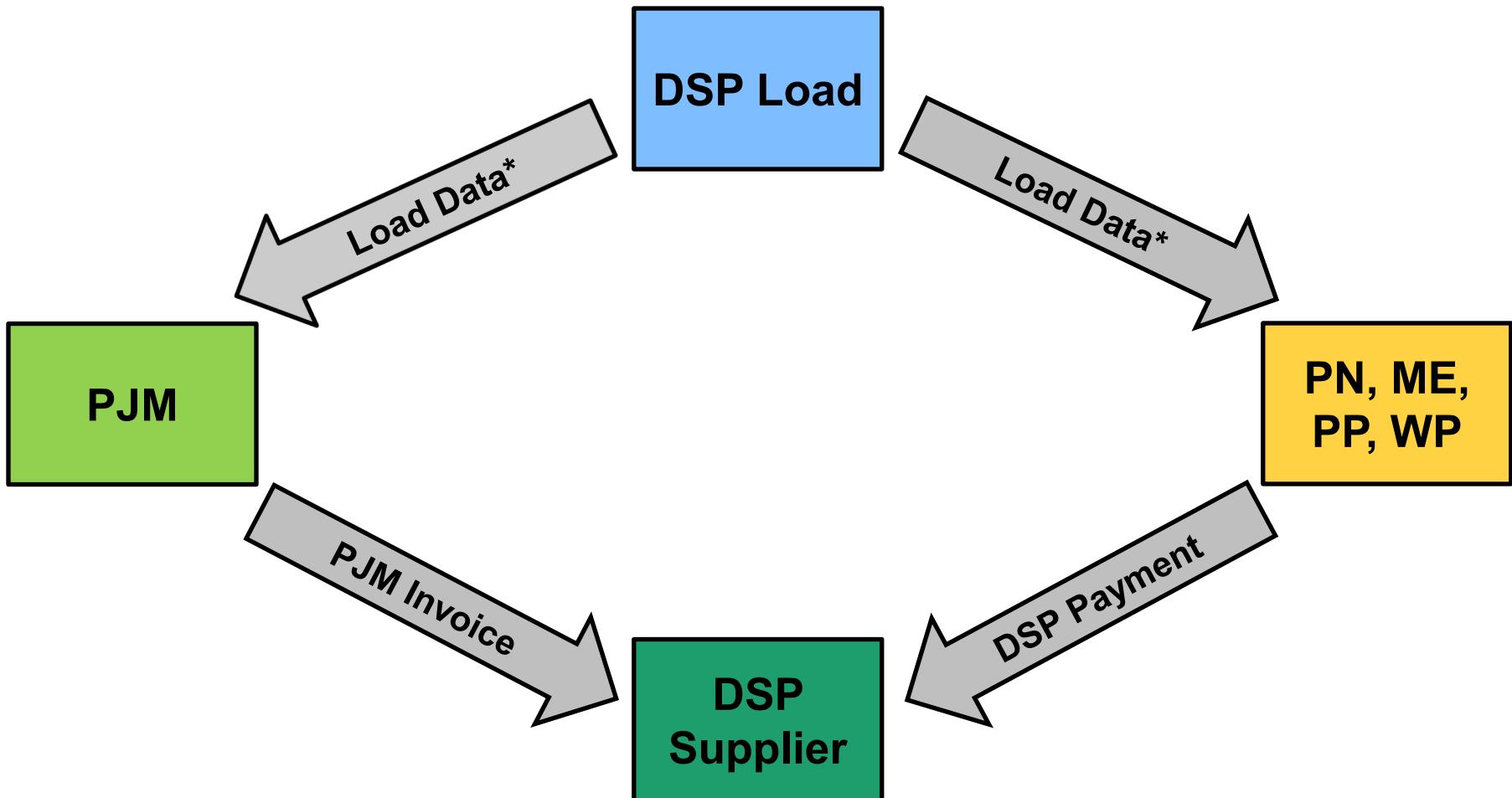
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PJM Settlement

Settlement Landscape



* Load data are developed by the Meter Data Coordinator as designated on the Market Participant's application. The Meter Data Coordinator uses the same PJM settlement data to calculate the Default Service Invoice as well as to submit the settlement data to PJM.

PJM Settlement

The Role of RTO Operations Settlements at FirstEnergy Pennsylvania

Acts as the Meter Data Coordinator for Default Service Suppliers

- Submits load data to PJM for generation of invoices
 - Primary and Secondary data
 - Re-Settlement periods as necessary
- Default Service Load split by tranches won in delivery period

Uses PJM settlement load data to develop the Default Service Invoices

- Primary and Secondary data are used for Final Monthly Energy Allocation (FMEA) and Preliminary Monthly Energy Allocation (PMEA)
- Spreadsheet format
- Emailed
- Based on tranches awarded in the Default Service procurement process

PJM Settlement

Example: DSP Service for a DSP Supplier

INVOICE PREPARED FOR:				Penn Power POLR		Counterparty Banking Institution City/State/Zip ABA: Swift Code: Account Number:			
Start	3/1/2017				End	3/31/2017			
	Auction Price			Auction Price		LMP Price + Adder	LMP Billing Units	Price + Adder	Total Amount \$
	Billing Units MVh	Rate \$/MWh	Seasonal Factor	Amount \$		MWh			Total Amount MWh
PRIMARY SETTLEMENT									
<u>Residential</u>	RES1	-	0.00	1	\$	-	-	\$	-
<u>Commercial</u>	EPPPC	COM1	-	0.00	1	\$	-	\$	-
	EPPPC	COM2	4,862.045	84.12	1	\$	408,995.23	-	\$
	EPPPC	COM3	-	0.00	1	\$	-	\$	-
Prior Period Adjustments									
<u>Industrial</u>	IND1	-	0.00	1	\$	-	-	\$	-
SECONDARY SETTLEMENT									
<u>Residential</u>	RES1	-	0.00	1	\$	-	-	\$	-
<u>Commercial</u>	EPPPC	COM1	-	0.00	1	\$	-	\$	-
	EPPPC	COM2	152.465	84.12	1	\$	12,825.36	-	\$
	EPPPC	COM3	-	0.00	1	\$	-	\$	-
Prior Period Adjustments									
<u>Industrial</u>	IND1	-	0.00	1	\$	-	-	\$	-
Grand Total							5,014.510	\$ 421,820.59	
Class Totals									
Residential							-	\$	-
Commercial							5,014.510	\$ 421,820.59	
Industrial							-	\$	-
							5,014.510	\$ 421,820.59	

PJM Settlement

Example: Invoice From PJM

	PJM Settlement, Inc. 2750 Monroe Blvd. Audubon, PA 19403				
INVOICE NUMBER:					
CUSTOMER ACCOUNT:					
CUSTOMER IDENTIFIERS:					
FINAL BILLING STATEMENT ISSUED:					
BILLING PERIOD:	to				
Monthly Billing Total:					
Previous Weekly Billing Total:					
<table><thead><tr><th>Monthly Billing Statement Summary</th><th>Total</th></tr></thead><tbody><tr><td> </td><td> </td></tr></tbody></table>		Monthly Billing Statement Summary	Total		
Monthly Billing Statement Summary	Total				
TERMS:	PAYABLE IN FULL BY EPT ON				
WIRE TRANSFER FUNDS TO:	PJM SETTLEMENT, INC.				
FOR INQUIRIES CONTACT:					
PJM MEMBER RELATIONS (Banking / Payment):					
PJM MARKET SETTLEMENTS (Billing Line Items):					
ADDITIONAL BILLING STATEMENT INFORMATION:					

PJM Settlement

FirstEnergy Pennsylvania's RTO Operations Settlements

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Reservation Price and Starting Price

There is a reservation price for each product

- No tranche for a product will be procured at a price that is above the reservation price for the product
- Reservation prices will not be disclosed to bidders

Starting price for each product = announced price for round 1

- Announced no later than three (3) business days before bidding starts
- No lower than the product's minimum starting price; no higher than its maximum starting price
- Starting price \geq reservation price

Bidding Format

Discretion to Reduce Tranche Targets

Discretion to reduce tranche targets (# tranches to procure)

- If there is insufficient supply bid for the tranches to ensure competitive bidding, Independent Evaluator may reduce the tranche targets
 - The criteria that could lead to such a reduction will be determined prior to the auction(s) but will not be announced
 - Once certain pre-specified criteria related to excess supply and related to the reservation prices have been met, the discretion to reduce the tranche targets will be eliminated and there will be no reduction in the tranche targets
 - Any exercise of this discretion would be more likely in the earlier rounds of the auction(s)
- If the Independent Evaluator reduces the tranche target(s), bidders will be informed of the revised tranche target(s)

Bidding Format

Bidder's Eligibility and Load Cap

Bidder's eligibility

- This is the maximum number of tranches the bidder can bid in a round
- Bidder's eligibility for a round = total number of tranches they bid in the preceding round
- Thus, bidder's eligibility cannot increase during auction(s) – only stays the same or declines

The load cap limits the bidder's initial eligibility – i.e., maximum number of tranches the Qualified Bidder is allowed to bid on in round 1 across all products

Load cap is a % of load aggregated across all products in each auction

	DSP-VI Residential/Commercial Auction	DSP-VI Industrial Auction
Commission-Ordered Load Cap %	50%	75%
Tranche Target	54	32
Load Cap	27	24

- No bidder may bid on and win more tranches than the load cap – enforced by ensuring that each bidder's initial eligibility does not exceed the load cap in the auction

Bidding Format

Clock Format

Bidders bid using the Independent Evaluator's Bidding Website

Multiple-round, multiple-product, descending-price clock format

- Each round has specified start and end times
- For each product, the price for the next round is announced (“announced price”) – price falls round to round
- Round opens and each bidder submits the number of tranches of each product it is willing to supply at the product’s announced price
- Round closes
 - **If the total number of tranches bid > tranche target for any product**, then announced price for that product will be reduced for the next round by a price decrement
 - **If the total number of tranches bid ≤ tranche target for any product**, then the announced price for that product will remain unchanged for the next round
- Round results are reported prior to the start of next round

Bidding Format

Default Bid

Default bid for a bidder

- If bidder entered round with positive eligibility but fails to submit a confirmed bid in the round, then default bid will be submitted on behalf of the bidder
 - **Products for which the announced price decreased from the preceding round** – the default bid will equal zero (0) tranches
 - **Products for which the announced price did not decrease from the preceding round** – the default bid will equal the accepted number of tranches from the preceding round
- A bidder with zero (0) tranches across all products – i.e., zero eligibility – in an auction will not be able to submit any more bids in that auction

Bidding Format

Subscription State = Measurement of Excess Supply

At the end of each round, a product is over-subscribed (excess supply > 0), subscribed (excess supply = 0), or under-subscribed (excess supply < 0)

(Excess supply) = (Number of Tranches Bid) – (Tranche Target)

- 1) **If excess supply > 0:** Price for the product is reduced by a price decrement and the auction will continue with the next round.
- 2) **If excess supply = 0:** Price for the product will remain unchanged. Bidders who bid on the product will not be able to reduce their tranches bid on the product in the next round of the auction.
- 3) **If excess supply < 0 and no bidders reduced the number of tranches they bid on the product:** Price for the product will remain unchanged. Bidders who bid on the product will not be able to reduce their tranches bid on the product in the next round of the auction.
- 4) **If excess supply < 0 and one or more bidders reduced the number of tranches they bid on the product:** Consequences are the same as case #3, and also a rollback will be applied to the product.

Bidding Format

Rollback

When there is excess supply for a product at the end of round R, the announced price will decline for the round R+1

- In round R+1, bidders are free to reduce the tranches bid for the product either by switching tranches from the product to another product, and/or by reducing the total tranches bid across all products
- Products that were over-subscribed in round R and that are under-subscribed in round R+1 (excess supply < 0) are subject to a rollback following round R+1

The rollback process following round R+1 retains sufficient number of tranches that were bid on the product in round R such that excess supply for the product following round R+1 equals zero

- Tranches rolled back are selected at random from the tranches reduced or switched from round R to round R+1
- The price associated with rolled back tranches is the round R price (the price at which the tranches were bid) – i.e., a price higher than the round R+1 price
- Only tranches that were both bid on a product in round R and not bid on the product in round R+1 are subject to a possible rollback
- Even after a rollback, the total number of tranches accepted for a bidder across all products will be no greater than the total number of tranches the bidder bid in round R

Bidding Format

Illustrative Example – Single Product

Illustrative Bidding in an Auction (single-product example)							
Round	Tranche Target	Announced Price (\$/MWh)	Number of Tranches Bid				
			BidderA	BidderB	BidderC	BidderD	Total
1	100	\$75.00	34	55	21	72	182
2	100	\$70.00	30	55	15	50	150
3	100	\$66.00	20	52	10	45	127
4	100	\$62.00	15	48	0	44	107
5	100	\$59.50	0	48	—	42	90

The auction will conclude after round 5 because excess supply for the product was no longer positive. In the round, only 90 tranches of supply were bid against 100 tranches being procured. Negative excess supply triggers a rollback of 10 tranches.

BidderA bid 15 tranches at \$62.00/MWh in round 4 and 0 tranches at \$59.50/MWh in round 5. Because BidderA reduced its bid, it is subject to a rollback of up to 10 tranches.

BidderB bid 48 tranches in rounds 4 and 5. Because BidderB did not reduce, it is not subject to a rollback. BidderB wins 48 tranches at the clearing price.

BidderC bid 0 tranches at \$62.00/MWh in round 4 and is not subject to any rollback.

BidderD bid 44 tranches at \$62.00/MWh in round 4 and 42 tranches at \$59.50/MWh in round 5. BidderD is subject to a rollback of up to 2 tranches.

Rollback Results				
		Tranches		
Round	Price (\$/MWh)	BidderA	BidderB	BidderD
4	\$62.00	15	48	44
5	\$59.50	0	48	42
Rollback	\$62.00	9	0	1
Winning	\$62.00	9	48	43

Clearing price for all 100 tranches won = \$62.00

Bidding Format

Winning Tranches, Bidders, and Prices

If Excess Supply = 0 for all products at end of a round

- Winning tranches are the tranches bid in the last round of each auction
- Winning bidders are the bidders who bid those tranches
- Uniform pricing: Price to be paid for winning tranches for a product will be the highest price for any tranche in the product's bid stack

If Excess Supply ≤ 0 for all products at the end of a round

- There will be a rollback for all products with excess supply < 0
- There will be no rollback for products with excess supply $= 0$
- Uniform pricing: Price to be paid for winning tranches for a product will be the highest price for any tranche in the product's bid stack

Note: In all cases, a product's bid stack has at most two prices

- If the bid stack has rolled-back tranches, then there are two prices in the bid stack – the most recent (i.e., lower) announced price and the next-most recent (i.e., higher) announced price
- If the bid stack does not have rolled-back tranches, then there is only one price in the bid stack – the most recent announced price

Bidding Format

Close of the Auction

Shortly after the last round of each auction, results are determined by the Independent Evaluator, then:

- Independent Evaluator provides to the Company and the Commission the identity of winning bidders, the number of tranches won by each winning bidder, and the prices for the tranches won
- Independent Evaluator notifies:
 - Each winning bidder of how many tranches the bidder has won and at what prices
 - Each unsuccessful bidder that the bidder has not won any tranches
- The Commission will have 48 hours after the conclusion of the auction to determine if there has been a violation of the auction rules in such a manner as to invalidate the auction(s) based upon an assessment from the Independent Evaluator

The Company and winning bidders will execute the Supplier Master Agreement(s)

Bidding Format

Contingency Plan

Contingency Plan for the Default Service procurement auctions

- See Section 10 of the DSP-VI Bidding Rules
 - At least one of the products in an auction is not fully subscribed
 - At least one of the winning suppliers defaults prior to the start of the delivery period or at any time during the delivery period

Bidding Format

Technical Difficulties During an Auction

- Unforeseen technical difficulties may happen during an online auction
- Pursuant to the auction rules, if a technical difficulty occurs during the auctions, depending on the circumstances the Independent Evaluator will:
 - Inform all the bidders as soon as possible, by phone and/or Independent Evaluator Message page on the Bidding Website
 - Accept bids over the phone to the Help Desk
 - Accept bids using the Backup Bidding Fax Number
 - Extend the duration of bidding round(s), extend the time between bidding round(s), or otherwise pause the auction

Overview

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Product overview

Qualification process

Credit provisions

PJM settlement

Bidding format

Timeline for auction process

Q&As

Timeline for Upcoming April 2026 Auctions

Activity	Date
Virtual Information Session	Wednesday, February 4, 2026
Part 1 Applications can be submitted	Thursday, February 5, 2026
CRA announces tranche targets and tranche sizes (% and MW)	Thursday, February 5, 2026
Deadline to submit Part 1 Applications	Wednesday, February 18, 2026
CRA announces minimum and maximum starting prices	Thursday, February 26, 2026
Part 2 Applications can be submitted	Thursday, February 26, 2026
CRA announces any update to the tranche sizes (MW)	Monday, March 9, 2026
Deadline to submit Part 2 Applications	Thursday, March 19, 2026
Bidder User Manuals Distributed	Thursday, March 26, 2026
Mock Auction for Registered Bidders	Wednesday, April 1, 2026
CRA announces starting prices to Registered Bidders	Wednesday, April 1, 2026
Auction for Registered Bidders	Tuesday, April 7, 2026
Commission Decision due second day after conclusion of auction (tentative)	Thursday, April 9, 2026
Supplier Master Agreement Signed (tentative)	Tuesday, April 14, 2026
Power Flow	Monday, June 1, 2026

The auction timeline shown above is also available at
www.fepaauction.com/Calendar.aspx.

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Q&As

Please do NOT identify yourself if you have a question

Following the prepared presentation

- Questions received and queued during the prepared presentation will be answered in the following order:
 - Email
 - Teams Q&A
- The questions sent via email will be answered first, and the questions on Teams Q&A will be answered next
- Attendees who use Teams Q&A may choose to remain anonymous during the Q&A session

Q&As raised during this bidder information session will be posted on the Information Website

Thank you for your interest in FirstEnergy's Pennsylvania Default Service Program