

Content of the Confidential Auction Manager Report

The Auction Manager report will contain the following four sections.

- Section 1 – A summary and evaluation of the process leading up to the auction
- Section 2 – A summary and evaluation of the conduct of the auction
- Section 3 – A review of external events
- Section 4 – A conclusion as to whether the procurement process has met its goals

The Auction Manager would confirm under oath that the summary and report are accurate

i. Section 1 — Summary and evaluation of process leading up to auction

This section will contain a textual summary of the activities of the Auction Manager with respect to promotion; dissemination of information; application, qualification and registration; the setting of auction parameters (e.g., starting prices); the testing of bidding procedures; and bidder training. The Auction Manager will provide a complete description of these activities.

The contents of the textual description will cover all of the following:

1. A description of the Auction Promotion activities and how these activities enhanced the competitiveness of the auction. These activities would include: efforts to publicize the auction and issued press releases; bidder information sessions; direct bidder contact by the AM.
2. A description of how the Auction Manager disseminated public information regarding the auction and whether these activities provided open and continuous communication to stakeholders. The description would include:
 - Design, development and update to the website;
 - The contents of the Data Room, how it aids in evaluation of the auction opportunity, and how it comports with the utilities' undertakings to provide data to bidders;
 - Updates to documents and data, and adherence to the calendar;
 - Management of questions including a statistical summary of promptness of responses and the degree to which the identity of bidders asking questions has been kept confidential

- A disclosure of any material information requested in a timely manner not provided prior to the auction or provided with a long delay between request and provision
- A description of the activities of the AM to keep “non-bidder” stakeholders appropriately informed about the auction process, including an analysis of the timeliness of responses to these parties’ questions and a description of information sessions held for non-bidder stakeholders.

3. Administering the qualification and registration process including

- A description of the number of applications received and accepted and the reasons for the rejection of any application;
- Whether the utilities were provided only with the application information to which they should have had access;
- Whether the Staff was briefed as appropriate during the process;
- Any instance where any credit assessment was not unanimous among the parties (AM and the utilities)
- All resolution of bidder associations and a description of any instances where the Staff has some disagreement with the AM decision.

4. A description of activities undertaken to test the bidding procedures

5. A description of bidder training activities and of the Staff participation in these activities

6. A description of the setting of auction parameters, and of the Staff involvement in these activities.

ii. Section 2 — Summary and evaluation of the conduct of the Auction

The first part of this section will contain a statistical summary of the results of the auction, including for each product the target procurement level, the achieved procurement level, the closing price by product, the number of winning bidders, the maximum number of tranches won by a single bidder, the auction starting price, the number of rounds, the start and end time of the auction. Sample tables are provided below.

Products for one utility in one section of the auction			
Product	A	B	Total
Peak load share (MW)			
Total tranches needed			
Starting tranche target in auction			
Final tranche target in auction			
Tranche size (%)			
Tranche MW-measure			
Starting load cap (#tranches)			
Number of rounds			
Quantity procured (#tranches)			
Quantity procured (% load)			
# Winning Bidders			
Maximum tranches procured from any one bidder			
Minimum and maximum starting prices (\$/MWh)			
Round 1 price (\$/MWh)			
Final auction price (\$/MWh)			

One Utility in One Section of the Auction			
	Products		TOTAL
	A	B	
	#tranches won	#tranches won	
Company A			
Company B			
Company C			
Company D			
Company E			

The conduct of the auction will also be summarized by a list of questions. These questions will form the criteria by which the AM will determine if the Auction has been conducted fairly and appropriately in accordance with the Auction Rules, and whether the auction was competitive.

Questions would include the following:

1. Was the auction conducted according to the final Auction Rules?
2. Were there any material procedural problems or errors with the auction, including the electronic bidding process, the backup bidding process, and communications between bidders and the Auction Manager? ~~(H)~~ If so, did any of these have a material impact on the auction?
3. Were there any unanticipated delays during the auction? ~~I~~ What, adverse effects, if any, on bidding resulting from unanticipated delays did Auction Manager observe and how did they relate to the unanticipated delays?
4. Did AM take decisions regarding auction parameters (e.g., volume, load caps, bid decrements) in accordance with the Auction Rules and the Auction volume guidelines?
5. Were the calculations (e.g., for price decrements or bidder eligibility) produced by the auction software double-checked or reproduced off-line by the Auction Manager?
6. Did the Auction Manager provide bidders with the information specified in the Auction Rules? Did the Auction Manager communicate with bidders promptly regarding the schedule and setting of auction parameters?
7. Were there any material complaints from bidders about the process that the Auction Manager believed were legitimate?
8. Did the Staff require pauses in the auction or require the AM to take a decision on auction parameters that appear to have affected the auction in a negative and material manner?
9. Was the Auction Office properly secured during the Auction? Was auction data properly backed up and secured?
10. Was round by round data provided on a timely basis to the Staff?
11. Were the utilities provided only with the appropriate data as specified in the final auction rules?
12. Was there any evidence of collusion or improper coordination among bidders?
13. Was there any evidence of a breakdown in competition in the auction?
14. Were bidding patterns consistent with competitive bidding and the efficient allocation of load among bidders?
15. Was there any evidence of non productive gaming by the bidders?

iii. Section 3— Evaluation of outside events

An analysis of the possibility that external events may have affected the results of the Auction will be examined by answering the following questions.

1. Were there any disruptions to the energy markets that were material and that appeared to influence how bidders approached the auction? (for example, in response to a sudden change in markets did several bidders withdraw from the auction?)
2. If there were any material changes to the energy markets, does it appear possible that they will be transitory and will soon reverse?
3. Were there any major non-energy market changes that occurred during the auction and appear to have affected bidder interest? (For example, did one or more ICC Commissioners suddenly resign?)
4. Were there any other factors exogenous to the auction that appear to have materially affected the auction in unanticipated ways?

The occurrence of exogenous event that has a material negative impact on the auction and appears to be short-lived would be a reason to recommend that the ICC investigate the Auction.

iv. Section 4 — Evaluation of whether the auction process has met its goals

The AM will provide the ICC with an evaluation of whether the Auction Process has met the goals identified in the proceeding. This section will be supported by the previous sections of the report. There are, in this section, clear criteria upon which a finding that the Auction Process has met each goal must be based.

Goal 1 — Obtain reliable supply for the utilities' customers at competitive market prices, i.e., at prices that are the result of competition and that are reflective of market conditions.

The AM will provide an opinion on this issue by relying on the Summary and Evaluation of Conduct of the Auction (Section 2). If the auction meets the targeted quantity after volume reduction, if no material issues with respect to the conduct of the auction have been identified and if there are no concerns with respect to the competitiveness of the auction, the Auction Manager will declare that this goal has been met. These will apply if all questions are answered in a way that indicates a valid result. If this is not the case, the AM would say that the goal has not been met or would discuss why the goal is still met despite these shortcomings.

Goal 2 — Provide protection to small customers from the volatility of short-term market fluctuations.

The AM will declare that this goal has been met if the full Auction volume has been procured for smaller customers. If not, the AM should quantify the extent to which this goal has been met. The AM will rely on the Summary and Evaluation of Conduct of the Auction (Section 2) in forming this opinion.

Goal 3 — Provide information to all prospective bidders and promote the participation of all market participants on a fair and equal basis.

The AM will rely on the summary and evaluation of the process leading up to the auction (Section 1) to form an opinion on whether this objective has been achieved. In particular, the AM will declare this goal achieved if the Auction opportunity was promoted through trade press release issuance, widespread potential direct bidder contact and bidder information sessions, if information was disseminated appropriately and in accordance with the Rider calendar, and if the qualification and registration process was conducted without problems. If the above are not the case, the AM would say that the goal has not been met or would discuss why the goal is still met despite these shortcomings.

Goal 4 — Provide reasonable protection against anti-competitive behavior.

The AM will evaluate the achievement of this goal by relying on the criteria concerning the Competitiveness of the Auction and the textual report regarding resolution of associations and measures taken if certifications were not made with respect to confidential information. The AM will declare that this goal has been achieved if those answers indicate that there is no evidence of anti-competitive behavior in the Auction and if the Staff agrees with the AM's resolution of any association and confidential information issues as summarized in Section 1 and if the AM has set the volume according to the guidelines. If the above are not the case, the AM would say that the goal has not been met or would discuss why the goal is still met despite these shortcomings.

Goal 5 — Provide an objective and clear method for determining winning suppliers and final auction prices.

The AM will consider this achieved if the auction is conducted according to a set of Auction Rules that choose winning bidders on a price-only basis and the AM is able to confirm that it has run the auction according to such rules. The AM will rely on the Summary and Evaluation of The Conduct of the Auction to answer this question. If the AM cannot confirm this by reference to previous sections of the report, AM would say that the goal has not been met or would discuss why the goal is still met despite these shortcomings.

Goal 6 — Provide for ICC involvement and oversight of the auction process.

The AM will declare this goal to have been achieved if the Staff has been provided opportunities to consult with the AM in resolving any issues raised in applications with respect to associations and confidential information, and if the Staff has been provided the opportunity to monitor the conduct of the auction. The AM will rely on the summary and evaluation of the process leading up to the auction and of the conduct of the auction to support this determination. If the AM cannot confirm this by reference to previous sections

of the report, AM would say that the goal has not been met or would discuss why the goal is still met despite these shortcomings.

Goal 7 — Provide for continuous and open communications with all interested stakeholders.

The AM will declare that this goal has been achieved if the website was regularly updated with all documents posted in accordance with the Rider Calendar, if the AM provided opportunities for non-bidder stakeholders to get information regarding the auction process and if bidders were provided opportunity to ask questions and provide comments on auction documents. If the AM cannot confirm this by reference to previous sections of the report, AM would say that the goal has not been met or would discuss why the goal is still met despite these shortcomings.

v. Confirmation under oath that the summary and report are accurate

The Auction Manager will sign a notarized statement that the statistical summary and report are, to the best of her knowledge, accurate.