

Appendix 11 – Additional Information Concerning Maximum Willingness to Supply

A Bid must be displayed as a price, in \$/MWh rounded to the nearest cent, for a block of a Product or for a block of a Combination for a Company. A Bidder may provide a maximum willingness to supply for each month and each Segment for a Company. The information related to the maximum willingness to supply provided in this document applies to Bids for each Company (Ameren and ComEd) separately; the term “Segment of a month” should be interpreted to mean “Segment of a month for a Company”.

Unless a maximum willingness to supply for a Segment of a month is specified by the Bidder, it will be assumed that a Bidder is willing to supply up to the minimum of: (i) the Target for that Segment of that month; and (ii) the number of blocks bid for that Segment of that month, which is the sum of the number of blocks bid for the Product corresponding to that Segment and that month and the number of blocks bid on any Combination that includes that Segment and that month. If a Bidder specifies a maximum willingness to supply for a Segment of a month, that maximum willingness to supply cannot be more than the Target for that Segment of that month and the maximum willingness to supply cannot be more than the number of blocks bid for that Segment of that month (which is the sum of the number of blocks bid for the Product corresponding to that Segment and that month and the number of blocks bid on any Combination that includes that Segment and that month). The maximum willingness to supply for a Segment of a month must be an integer number of blocks. The Bidder cannot win, across all Products and Combinations, more blocks of a Segment of a month than the Bidder has specified as its maximum willingness to supply for that Segment of that month.

This document explains further the concept of the maximum willingness to supply by using illustrative Bids. We consider the Bids placed on on-peak blocks by Company A for the period from November 2014 to May 2015. Company A submitted Bids for each Product and for each Combination available during that period. (We will omit the term “on-peak” and the year specification for the remainder of this document). The Bids are presented in Table 1 below.

Please note that this Table 1 does **NOT** follow the format of the Bid Form exactly and has been designed for the purposes of this example.

Table 1 below has each month as a column. The Bids on individual Products (i.e., the Bids for each specific month) are placed in the rows 3-8 of Table 1, followed by the Bids on Combinations in rows 10-14. In the rows with Bids on Combinations, grey shading of a cell indicates that a particular month is not part of the Combination. For example, in column G, which corresponds to the month of March, the cells in rows 10 to 13 that correspond to the Mar/Apr combination are white while the cells in row 14 is grey because March is not a component of the Jan/Feb combination.

Table 1. Illustrative Bids and Maximum Willingness to Supply

	A	B	C	D	E	F	G	H	I
1			Nov	Dec	Jan	Feb	Mar	Apr	May
2	Blocks bid on single products								
3	1			53.00	52.00	55.00	51.00	52.00	50.00
4	2			53.01	53.00		51.01	52.01	50.01
5	3						51.02	52.02	
6	4							52.03	
7	5								
8	6								
9	Blocks bid on combination products								
10	1	Mar/Apr					50.50		
11	2						50.51		
12	3						50.52		
13	4						50.53		
14	1	Jan/Feb			53.50				
15									
16	Number of Bids placed			2	3	2	7	8	2
17	TARGETS			3	2	1	6	4	3
18									
19	Max Willingness to Supply (default)			2	2	1	6	4	2

Company A is placing Bids on every Product, as well as on every Combination. Absent Company A specifying a maximum willingness to supply for a given Segment of a month, that maximum willingness to supply would be set as the minimum of (i) the Target for that Segment of that month; and (ii) the number of blocks bid for that Segment of that month, which is the sum of the number of blocks bids for the Product corresponding to that Segment and that month and the number of blocks bid on any Combination that includes that Segment and that month. We will call this the “Default Max Willingness to Supply”, which appears in row 19 of the table above.

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For example:

- *Month of December:* The Target for December is three (3) blocks, and the Bidder has placed bids on two (2) blocks. The Default Max Willingness to Supply for December is two (2) blocks.
- *Month of March:* The Bidder has placed seven (7) bids for March, which is which is the sum of the three (3) bids on the month of March alone and the four (4) bids placed on the Combination Mar/Apr. The Target for March is six (6) blocks. The Default Max Willingness to Supply for March is six (6) blocks.
- *Month of April:* The Bidder has placed eight (8) bids for April, and the Target for April is four (4) blocks. The Default Max Willingness to Supply for April is four (4) blocks.

Taking March as an example, six (6) blocks are needed to fill the Target so that the evaluation will only consider the packages that contain at most six (6) of the seven (7) bids placed (considering the Bids on March and the Bids on the Mar/Apr Combination). The evaluation could consider three (3) Bids on March and three (3) Bids from the Mar/Apr Combination; or two (2) Bids on March and four (4) Bids from the Mar/Apr Combination.

Company A may specify a maximum willingness to supply. The maximum willingness to supply specified by a Bidder cannot be more than the Default Max Willingness to Supply calculated by the Bid Form and if so will supersede the Default Max Willingness to Supply calculated by the Bid Form. Table 2 on the next page provides illustrative entries that specify a maximum willingness to supply less than the Default Max Willingness to Supply.

Table 2. Illustrative Bids and Bidder Determined Maximum Willingness to Supply

	A	B	C	D	E	F	G	H	I
1			Nov	Dec	Jan	Feb	Mar	Apr	May
2	Blocks bid on single products								
3	1			53.00	52.00	55.00	51.00	52.00	50.00
4	2			53.01	53.00		51.01	52.01	50.01
5	3						51.02	52.02	
6	4							52.03	
7	5								
8	6								
9	Blocks bid on combination products								
10	1	Mar/Apr					50.50		
11	2						50.51		
12	3						50.52		
13	4						50.53		
14	1	Jan/Feb			53.50				
15									
16	Number of Bids placed			2	3	2	7	8	2
17	TARGETS			3	2	1	6	4	3
18									
19	Max Willingness to Supply (Bidder determined)			2	1	1	5	4	2

The Default Max Willingness to Supply for March in Table 1 above is six (6) blocks. In Table 2, Company A specifies a maximum willingness to supply for March of five (5) blocks, which is strictly less than the Target of six (6) blocks and strictly less than the total number of seven (7) blocks bid. The evaluation would then only consider packages that contain at most five (5) of the seven (7) bids placed (considering the Bids on March and the Bids on the Mar/Apr Combination).

Similarly, the Default Max Willingness to Supply for January in Table 1 above is two (2) blocks. In Table 2, Company A specifies a maximum willingness to supply for January of one (1) block, which is strictly less than the Target of two (2) blocks and strictly less than the total number of three (3) blocks bid. The evaluation would then consider at most one (1) Bid for January: either the lowest price Bid for January or the Bid for the January/February Combination. Note that in this instance, the Bidder has placed a Bid for January (the higher priced Bid for January) that cannot possibly be part of the least-cost package. The Bidder cannot win, across all Products and Combinations, more blocks of a Segment of a month than the Bidder has specified as its maximum willingness to supply for that Segment of that month.

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