

DOMINION ENERGY OHIO

STANDARD SERVICE OFFER AND STANDARD CHOICE OFFER

2020-2021 AUCTION INFORMATION PACKAGE

Disclaimer

The information presented in this information package, at the information sessions for potential and registered bidders, or in any other Dominion Energy Ohio communication regarding the auction process is for the sole purpose of providing general information about the auction process in order to help potential participants determine whether they will participate in the auction. The information is subject to change, and it is not intended to be, and does not purport to constitute, a sufficient basis on which to determine whether to participate or how to structure potential bids. While Dominion Energy Ohio has used reasonable efforts to ensure the accuracy of the information presented herein, it does not warrant the accuracy of that information for use by any party in assessing potential participation or structuring potential bidding approaches or actual bids.

STANDARD SERVICE OFFER (SSO) AND STANDARD CHOICE OFFER (SCO) COMBINED AUCTION TO BE CONDUCTED IN FEBRUARY

BACKGROUND

Please refer to the Public Utilities Commission of Ohio (“Commission”) Case No. 07-1224-GA-EXM, Case No. 11-6076-GA-EXM, and Case No. 12-1842-GA-EXM for detailed information describing the progression for Dominion Energy Ohio (“DEO”) exiting the merchant function. Effective April 1, 2013, non-residential customers are no longer eligible to receive SCO service. Instead, non-residential customers that do not select their own supplier or participate in a governmental aggregation program will be assigned to a supplier that will provide monthly variable rate commodity service. All of the related stipulations and Commission rulings in the aforementioned cases can be found at the Commission’s online Docketing Information System website.

OBJECTIVES

Since 2006, DEO has conducted auctions under Commission supervision in which suppliers compete for the right to serve the wholesale and/or retail load of specific customers. Choice-eligible customers that do not wish to receive service from their assigned supplier remain free at any time to enroll with a different Energy Choice supplier or participate in a governmental aggregation program.

DEO will conduct a single auction to secure natural gas supplies for the one-year term from April 1 through March 31. As further detailed in the table below, the combined auction will include the following customer classes based on their billing status as of the month of March from the previous auction year:

- **Wholesale Customers:** Percentage Income Payment Plan (“PIPP”), Choice-ineligible¹ and transitional² customers.
- **Retail Customers:** Residential Choice-eligible SSO and SCO customers.

¹ In order to participate in the Energy Choice program, a customer must have no arrears of 30 days or more, be current on a payment plan to discharge those arrears, or not have broken a prior payment plan more than once in the preceding 12-months.

² Transitional customers comprise Choice-eligible customers that may receive SSO commodity service for up to two consecutive billing periods. Such customers include those establishing new service and those whose Energy Choice supplier agreement or aggregation program terminates without timely enrollment with another supplier or aggregator.

Customer Class	Supplier Relationship	Commodity Service	Applicable Tariffs
Choice-Ineligible and Transitional	Wholesale	Standard Service Offer (SSO)	General Sales Service (GSS-R and GSS-NR) Large Volume GSS
Residential Choice-Eligible	Retail	Standard Choice Offer (SCO)	Energy Choice Transportation Service (ECTS-R)

A portion of the load will be wholesale in nature (SSO) while another portion will be served on a retail basis (SCO). SCO service will be provided as Energy Choice commodity service rather than DEO-provided sales service and, as such, will be subject to applicable sales and use tax, which suppliers will remit to the State of Ohio. DEO will bill SCO customers on behalf of the supplier and remit proceeds to the supplier using the process described in the Energy Choice program. By contrast, SSO service will continue to be provided under DEO's sales service rate schedules under which DEO acquires wholesale supply from winning bidders and resells it to customers at the same price.

The auction will be conducted in a single day. Results of the auction will require Commission approval before agreements with the winning bidders to supply the tranches can be executed.

AUCTION

DEO will conduct one auction for both wholesale SSO and retail SCO commodity service. DEO will assign winning suppliers tranches including both types of customer load. As a result, bidders participating in the auction must be certified CRNGS providers. Individual suppliers may bid on multiple tranches up to a three-tranche limit, which would serve one-third of the available load and market. The auction will employ a descending clock format and will be used to acquire:

- Wholesale natural gas supplies for:
 - PIPP
 - Choice-ineligible customers
 - Certain transitional customers that are able to receive SSO commodity service for up to two consecutive billing periods
- Retail natural gas supplies for:
 - Residential Choice-eligible retail customers receiving SSO or SCO service as of March of the previous auction year.

Winning suppliers will be obligated to serve one-ninth of the aggregate SSO load on a wholesale basis for each tranche that they win as well as one-ninth of the SCO customers, which will be served on a retail basis. The SCO portion of the tranches will be comprised of randomly assigned groups of customers designed to yield similar annual volumes in

the aggregate. No one supplier will be able to acquire more than three (3) tranches. Limiting the tranches that suppliers may serve will promote a diverse supplier base that will minimize the potential impact and risk of a supplier defaulting on its supply obligations.

Suppliers will indicate whether they are interested in serving load and customers at the Retail Price Adjustment (“Going Price”) established for the round, which will be specified as a fixed adder to the closing NYMEX price for each month of the one-year term.

CUSTOMERS INCLUDED IN SSO PORTION OF EACH TRANCHE

The wholesale customers served with supply acquired through the auction will be comprised of two groups: (1) those able to receive SSO commodity service on a continual basis; and (2) those who can obtain commodity service from the SSO pool only for a limited time.

PIPP and Choice-ineligible customers will receive SSO service on a continual basis throughout the one-year term. Some of those customers may become Choice-eligible and leave the SSO pool during the one-year term by selecting an Energy Choice supplier or participating in an opt-out governmental aggregation program. Other SSO accounts may become inactive and leave the pool if, for example, they move or are disconnected for non-payment. Customers that have been disconnected for non-payment will remain in the SSO pool once they are reconnected until such time as they become Choice-eligible.

The following Choice-eligible customers will be able to receive SSO service for up to two consecutive billing periods:

- Customers establishing new service that have not yet selected an Energy Choice supplier or been enrolled in an opt-out governmental aggregation program.
- Customers whose Energy Choice supplier agreement or aggregation program terminates without timely enrollment with another supplier or aggregator.

Choice-eligible customers temporarily receiving SSO commodity service may enroll with an Energy Choice supplier or be included in an opt-out governmental aggregation program before the two-month period is complete.

CUSTOMERS INCLUDED IN SCO PORTION OF EACH TRANCHE

Suppliers awarded tranches in the auction will, in addition to the SSO customers outlined above, initially serve DEO’s residential Choice-eligible customers receiving SSO or SCO service as of March of the previous auction year. SCO customers assigned to suppliers as of March of the previous auction year will be reallocated to those suppliers awarded

tranches for the April through March upcoming auction period. Monthly Variable Rate customers will remain with their current suppliers and will not be reassigned.

Following the auction, a supplier's SCO customers can change for a number of reasons such as:

- Enrollment with an Energy Choice supplier
- Participation in an opt-out governmental aggregation program
- Termination of service to the account due to non-payment or other reason
- Change in status from Choice-eligible to Choice-ineligible

Suppliers should note that, by being awarded a tranche of customers, they are also obligated to take on additional Choice-eligible customers that may be assigned to suppliers on a rotating basis pursuant to the terms of the stipulation. However, as noted in the section below, not all Choice-eligible customers receiving SSO service for up to two consecutive billing periods will be assigned to an SCO supplier.

POST-AUCTION COMMODITY SERVICE OPTIONS

The previously mentioned stipulation provides additional details regarding the commodity service options that will be available to customers after the initial movement of Choice-eligible sales customers to SCO service through the retail SCO auction. The following types of customers may receive SSO commodity service for up to two consecutive billing periods:

- New Choice-eligible customers³ will receive at least one SSO bill, after which they may enroll with an Energy Choice supplier or participate in an opt-out governmental aggregation program. If they do not do so, residential customers will, after their second SSO bill, be assigned to an Energy Choice Supplier that has agreed to accept customers at the price established in the auction under the standard terms and conditions of SCO commodity service included in DEO's tariff. Suppliers awarded tranches in the auction are obligated to take on additional Choice-eligible customers that will be assigned to suppliers on a rotating basis. Other Energy Choice suppliers have the option of participating in that process and must notify DEO if they wish to do so. New non-residential customers that do not select a supplier or participate in a governmental aggregation program will, after their second SSO bill, be assigned to a monthly variable rate supplier, described further below.
- Choice-eligible customers whose opt-out governmental aggregation program is terminated may enroll with an Energy Choice supplier or participate in an opt-out

³ New customers include those (a) establishing service at DEO for the first time, (b) relocating within DEO's service territory and whose Energy Choice or aggregation agreement is not portable and (c) restoring service more than 10 days after being disconnected for non-payment.

governmental aggregation program if a subsequent one is offered. If they do not do so, residential customers will, after their second SSO bill, be assigned to an Energy Choice Supplier that has agreed to accept customers at the price established in the auction under the standard terms and conditions of SCO commodity service included in DEO's tariff. Non-residential customers in that situation will be assigned to a monthly variable rate supplier, described further below. Supplier participation will be handled in the manner described for new Choice-eligible customers.

- Choice-eligible customers whose Energy Choice or opt-in governmental aggregation contract expires without renewal may enroll with an Energy Choice supplier, participate in an opt-out governmental aggregation program or, in the case of residential customers, elect to be assigned to an Energy Choice Supplier that has agreed to accept customers at the price established in the auction under the standard terms and conditions of SCO commodity service included in DEO's tariff. If they do not do so, such customers will, after their second SSO bill, be assigned to an Energy Choice Supplier that has agreed to accept customers at the supplier's posted monthly variable rate ("MVR") under the standard terms and conditions of MVR service included in DEO's tariff. The MVR may differ from the SCO price but cannot be greater than any of the supplier's competitive monthly variable rates posted on the Commission's Apples-to-Apples Chart for the same billing period.

All Choice-eligible SSO, SCO and MVR commodity service customers are eligible to be enrolled in opt-out governmental aggregation programs. A summary of the preceding commodity service options in matrix form is included as Appendix A.

IMPLICATIONS FOR ENERGY CHOICE SUPPLIERS

Energy Choice suppliers must make several elections following the auction even if they are not awarded any tranches in the auction process. In particular, they need to notify DEO if they are interested in (1) taking assignments of customers at the price established in the auction and/or (2) taking assignments of customers at a monthly variable rate that will be posted by the supplier.

As noted above, Choice-eligible customers can receive SSO service for up to two consecutive billing periods, after which they will be assigned on a rotating basis to a supplier. New customers and those returning to SSO service after their opt-out governmental aggregation program is terminated will be assigned to a supplier that agrees to render commodity service at the price established in the auction. Customers returning to SSO service after their Energy Choice or opt-in governmental aggregation agreement expires can elect to receive SCO-priced service or, if they do not make that election or otherwise re-enter the Energy Choice program, they will be assigned to a supplier rendering commodity service at the supplier's posted MVR. The MVR may differ from the SCO price for the month but can be no greater than any of the supplier's competitive

monthly variable rates posted on the Commission's Apples-to-Apples Chart for the same billing period.

Note: There has been a recent filing by the Ohio Consumer Council which recommends that the PUCO eliminate the MVR option for residential customers. However, at this time, DEO does not foresee any changes that would impact the auction process. If this issue gets resolved between now and the auction, DEO will notify all suppliers, including the applicants, as soon as possible and let them know what impact the resolution might have on the auction process or the Energy Choice program as a whole.

OTHER CONSIDERATIONS

The SCO portion of the customers awarded via the auction will be administered using the process that is currently in place for the Energy Choice program in which suppliers serve specific customers and are identified on the customer's bill. The SSO portion of the load suppliers will be administered as a wholesale pool in which suppliers will serve a portion of the aggregate requirements of all SSO customers based on the number of tranches they were awarded in the auction. Because the term of the auction coincides with the beginning storage injection season, there is no required purchase of storage inventory in place on April 1.

There are several other operational considerations that will affect the commodity service economics of suppliers regardless of whether they are awarded tranches in the auction. Please refer to the Capacity Release Information Package, DEO System Operational Update, and Isolated Delivery Points documents for detailed information.

Effective April 1, DEO's fuel retention and Btu-to-Mcf conversion rates will be updated for the period from April 1 through March 31. DEO will announce the new fuel retention and Btu-to-Mcf conversion rates prior to the auction.

DEO will periodically review the interstate pipeline capacity assigned to suppliers and reserves the right to revise such assignments in the event of a material change in a supplier's load served under SSO, SCO or Energy Choice commodity service.