

Delaware SOS Regulatory Background

Delmarva Power & Light Company (Delmarva) provided electric supply service to Delaware customers through fixed price power supply tariffs offered by Delmarva pursuant to settlements filed with the Delaware Public Service Commission (“Commission”) as part of electric restructuring (Docket No. 99-163) and the merger involving Delmarva and Potomac Electric Power Company (Docket No. 01-194). These offers and Delmarva’s obligation to provide Standard Offer Service (“SOS”) expired as of April 30, 2006. In October 2004, the Commission established Docket No.04-391 to investigate and determine: (a) which entity will act as the SOS supplier in the Delmarva service territory as of May 2006; and (b) what prices will be charged for SOS in the Delmarva service territory as of May 2006. On March 22, 2005 the Commission issued Order No. 6598 addressing certain major policy issues including determining that the SOS shall be provided by Delmarva using a wholesale model (Phase 1). On July 18, 2005, a Phase 2 settlement was presented to the Commission proposing the terms and conditions for provision of electric service at the end of the current fixed price offers. Also included in the settlement was a brief description of the Bid Plan procedures and the Request For Proposal (RFP) process. On September 16, 2005 a detailed Bid Plan which consisted of the Full Requirements Service Agreement (“FSA”) and the RFP was filed with the Commission. On October 11, 2005 in Order No. 6746, the Delaware Public Service Commission approved the settlement agreement by which Delmarva will procure SOS to customers through the competitive selection of wholesale supply. The Bid Plan was approved on October 11, 2005 in Order No.6746 and the first wholesale competitive bid process was completed in February 2006.

On April 6, 2006, the Delaware Legislature enacted the “Electric Utility Retail Customer Supply Act of 2006”. On June 20, 2006 the Commission issued Order No. 6943 initiating a process to revisit the RFP procedures to explore and determine what changes, if any, should be made to the RFP procurement process previously accepted by the Commission in Order No. 6746. On October 3, 2006 the Commission approved consensus recommendations for improving the process and adopted certain additional recommendations related to contested issues. On September 18, 2007, the Commission issued Order No. 7284 approving consensus recommendations and the revised RFP and FSA for the 2008 process to be in place by October 1, 2007.

In mid-year 2008, Delmarva executed four long-term contracts for wind energy and Renewable Energy Credits (“RECs”) in amounts to meet its Delaware obligations under the Renewable Energy Portfolio Standards Act. On July 29, 2008, Delmarva filed an application with the Commission to

modify the process by which it procures electricity for SOS customers by removing the requirement that wholesale electricity suppliers provide RECs to Delmarva. On August 19, 2008, the Commission approved the application in Order No. 7432. On October 7, 2008, the Commission issued Order No. 7461, which provides that SOS supply be procured using the World Energy reverse auction process for contracts effective June 1, 2009 and beyond. On October 6, 2009, the Commission issued Order No. 7670 in Docket No 04-391 modifying the RFP and FSA for the 2010 process to be in place by October 7, 2009. On September 21, 2010, the Commission issued Order No. 7846 in Docket No. 04-391 modifying the RFP and FSA for the 2011 process to be in place by October 6, 2010. On September 20, 2011, the Commission issued Order No. 8038 in Docket No. 04-391 modifying the RFP and FSA for the 2012 process to be in place by October 5, 2011. On September 18, 2012, the Commission issued Order No. 8216 in Docket No. 04-391 modifying the RFP and FSA for the 2013 process to be in place by October 3, 2012. On September 26, 2013, the Commission issued Order No. 8460 in Docket No. 04-391 modifying the RFP and FSA for the 2014 process to be in place by October 2, 2013. On May 13, 2014, the Commission issued Order No. 8562, which closed Docket No. 04-391. On September 30, 2014 in Docket No. 14-144, the Commission issued Order No. 8642 modifying the RFP and FSA for the 2015 process to be in place by October 1, 2014. On April 1, 2015, Delmarva Power submitted its request for approval of the 2015 Standard Offer Service Rates, Procurement Cost Adjustment and RARM filing identified as Docket No. 15-0889. On May 5, 2015, pursuant to Order No. 8732 in Docket No. 15-0889, the Commission approved the revised tariff sheets and revised rates, on a temporary basis, with usage on and after June 1, 2015, subject to refund. On September 2, 2015, Delmarva filed proposed changes to the RFP and FSA for the 2016 process, which was amended by an amended filing on September 4, 2015. On September 22, 2015, Commission issued Order No. 8795 in Docket No. 15-0889 modifying the RFP and FSA for the 2016 process to be in place by September 30, 2015. On October 6, 2016, Commission issued Order No. 8946 in Docket No. 16-0909 modifying the RFP and FSA for the 2017 process to be in place by October 7, 2016.

On May 23, 2017, the Commission issued Order No. 9064 in Docket No. 14-0283, in which the Commission directed Delmarva to transition from three-year to two-year laddered, fixed price contracts for its Residential and Small Commercial & Industrial FP-SOS Service Type. The move to two-year contracts requires two transition years – for the 2018 and 2019 delivery years – during which time some of the contracts will have a term of only one year. The terms of the other Service Types included in this RFP are not affected by the requirements of Order 9064. On September 14, 2017, the Commission issued Order No. 9113 in Docket No. 17-1016 approving modifications to the RFP and FSA for the 2018 process to be in place by October 4, 2017. On September 25, 2018, the

Commission issued Order No. 9276 in Docket No. 18-1065 approving modifications to the RFP and FSA for the 2019 process to be in place by October 3, 2018.

This RFP reflects the improved wholesale bidding process set forth in Docket No.04-391 to solicit proposals from suppliers interested in providing Fixed Price SOS (“FP-SOS”) to Delmarva for the customer Service Types and terms indicated in Section 2.2 (Product Definition). The RFP is for full requirements wholesale supply service to meet the needs of Delmarva’s SOS retail load obligations in Delaware as described in the settlement and further described in the RFP. Fixed Price SOS bids will only be accepted through the Enel X web-based auction platform.