

## Exhibit SGF-2

### Participation and Levels of Competition In Full Requirements Supply Solicitations

#### New Jersey (New Jersey BGS-FP Auctions)

The most recent auctions for default service supply in New Jersey, held in February 2008, involved 22 registered bidders.<sup>41</sup> According to the New Jersey Board of Public Utilities, “[t]he Board deemed the auction to be competitive throughout the bidding process, due to the large number of bidders; the number of offerings per each block of power needed; and the competitive prices.”<sup>42</sup> Furthermore, in its order approving the results of the auctions, the Board stated that “...this year’s auction represented one of the most robust and competitive BGS-FP auction processes when compared to previous years, with an increase in the number of bidders that participated in the 2008 auction from the 2007 auction, and with the emergence of several new bidders. The conclusion that the BGS-FP Auction was a competitive process is also supported by the fact that the total number of tranches offered by bidders at the start of the auction was significantly greater than in the last several BGS-FP auctions.”<sup>43</sup> In addition, after reviewing confidential post-auction reports from two independent consulting firms and discussing the results and conduct of the auctions with its Staff and the consulting firms, the Board found that “...the auctions were carried out in an acceptably fair and transparent manner...there was no evidence of gaming on the part of bidders...there was no evidence of collusion among bidders...the Auctions appear to have generated a result that is consistent with competitive bidding, market-determined prices, and efficient allocation of the BGS-FP and BGS-CIEP loads.”<sup>44</sup>

Similarly, the auctions for default service supply in New Jersey held in February 2007 were also very competitive, as these auctions involved 20 competing bidders.<sup>45</sup> After reviewing confidential post-auction reports from two independent consulting firms and discussing the results and conduct of the auctions with its Staff and the consulting firms, the New Jersey Board of Public Utilities found that “...the auctions were carried out in an acceptably fair and transparent manner...there was no evidence of gaming on the part of bidders...there was no evidence of collusion among bidders...the Auctions appear to have generated a result that is consistent with competitive bidding, market-

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<sup>41</sup> New Jersey Board of Public Utilities Press Release, 2/8/2008.

<sup>42</sup> New Jersey Board of Public Utilities Press Release, 2/8/2008.

<sup>43</sup> New Jersey Board of Public Utilities, Decision and Order In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2008 – Auction Results, in Docket No. ER07060379, 2/8/2008, at 2.

<sup>44</sup> New Jersey Board of Public Utilities, Decision and Order In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2008 – Auction Results, in Docket No. ER07060379, 2/8/2008, at 4.

<sup>45</sup> 2007 BGS Auction Results, available at <http://www.bgs-auction.com/bgs.auction.prev.asp>.

determined prices, and efficient allocation of the BGS-FP and BGS-CIEP loads.”<sup>46</sup>

#### Delaware (Delmarva RFPs)

The most recent RFPs for default service supply in Delaware, held in November 2007 and January 2008, were very competitive. The Delaware Public Service Commission noted that “[t]here were 12 companies eligible to bid in this year’s RFP, and of those, eleven submitted bids, the same number that submitted bids last year.” Furthermore, “[t]he PSC’s Technical Consultant, Boston Pacific, found the solicitation was a robustly competitive process and the resulting prices were consistent with market conditions. Boston Pacific also determined the process was fair and transparent and was conducted in conformance with Commission Orders on the RFP.”<sup>47</sup> In its report about the RFPs, Boston Pacific stated, “As the Technical Consultant to the Commission Boston Pacific concludes that the 2007-2008 SOS RFP was a competitive process that resulted in fair results for the ratepayers of Delaware.”<sup>48</sup> Boston Pacific also noted that “[o]n average Delmarva received 8.6 MW bid for every MW solicited overall and almost 9 MW bid for every MW solicited in the Residential category,”<sup>49</sup> and that “...we found prices to be in line with market conditions.”<sup>50</sup>

The RFPs for default service supply in Delaware held in November 2006 and January 2007 involved 11 bidders. Boston Pacific, the Delaware Public Service Commission’s technical consultant, noted, “There were eleven different bidders including a wide range of power marketers and some of the most well-known electricity companies. On average, Delmarva received 7.2 MW bid for every MW solicited. Moreover, of the eleven bidders, eight won some portion of the load. Based on our experience, the competition was very robust.”<sup>51</sup> The technical

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<sup>46</sup> New Jersey Board of Public Utilities, Decision and Order In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2007 – Auction Results, in Docket No. EO06020119, 2/9/2007, at 4.

<sup>47</sup> Delaware Public Service Commission Press Release, 2/21/2008.

<sup>48</sup> Boston Pacific Company, Final Report of the Technical Consultant on Delmarva’s 2007-2008 Request for Proposals for Full Requirements Wholesale Supply to Delaware’s Standard Offer Service Customers, 3/11/2008, at 3.

<sup>49</sup> Boston Pacific Company, Final Report of the Technical Consultant on Delmarva’s 2007-2008 Request for Proposals for Full Requirements Wholesale Supply to Delaware’s Standard Offer Service Customers, 3/11/2008, at 4.

<sup>50</sup> Boston Pacific Company, Final Report of the Technical Consultant on Delmarva’s 2007-2008 Request for Proposals for Full Requirements Wholesale Supply to Delaware’s Standard Offer Service Customers, 3/11/2008, at 4.

<sup>51</sup> Boston Pacific Company, Final Report of the Technical Consultant on Delmarva’s 2006-2007 Request for Proposals for Full Requirements Wholesale Supply to Delaware’s Standard Offer Service Customers, 2/22/2007, at 1.

consultant also stated that, "...the RFP solicitation was a robustly competitive process with prices that are reflective of current market conditions..."<sup>52</sup>

### Illinois (Illinois Auction)

The auction for default service supply for residential customers and smaller non-residential customers in Illinois held in September 2006 involved many competing bidders. As the Illinois Commerce Commission Staff's report notes, "In the view of Staff and the Auction Monitor, the auction was competitive. There were 21 registered bidders in the Illinois Auction and 16 of them were winning bidders. More specifically, there were 14 winning bidders for the various ComEd fixed price products and all 14 have entered into wholesale supply contracts with ComEd. There were 9 winning bidders for the various Ameren fixed price products and all 9 have entered into wholesale supply contracts with the Ameren utilities."<sup>53</sup> The Auction Manager's report states, "Strong competition and the dynamic of the open auction could be seen repeatedly over the course of the Auction...Levels of final auction prices appear consistent with underlying markets...Prices for the B and FP products appear not only to be priced consistently with the market, but very favorably from the customer's perspective with respect to the market."<sup>54</sup> Furthermore, in the Illinois Commerce Commission's post-auction press release, Commission Chairman Charles Box declared that, "The auction was very competitive."<sup>55</sup>

### Pennsylvania (PPL RFPs)

The RFPs for residential and for small commercial and industrial default service supply in PPL's service area have involved many competing bidders. Seven competing bidders participated in the July 2007 RFP,<sup>56</sup> nine competing bidders participated in the October 2007 RFP,<sup>57</sup> and 14 competing bidders participated in the March 2008 RFP.<sup>58</sup>

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<sup>52</sup> Boston Pacific Company, Final Report of the Technical Consultant on Delmarva's 2006-2007 Request for Proposals for Full Requirements Wholesale Supply to Delaware's Standard Offer Service Customers, 2/22/2007, at 20.

<sup>53</sup> Staff of the Illinois Commerce Commission, The September 2006 Illinois Auction Post-Auction Public Report of the Staff, 12/6/2006, at iii.

<sup>54</sup> NERA Economic Consulting, Public Report Presented to the Illinois Commerce Commission, 12/6/2006 at 123-124.

<sup>55</sup> Illinois Commerce Commission Press Release, September 14, 2006.

<sup>56</sup> PPL Press Release, 7/26/2007.

<sup>57</sup> PPL Press Release, 10/4/2007.

<sup>58</sup> PPL Press Release, 3/27/2008.