Met-Ed/Penelec/Penn Power/West Penn Exhibit RBR-1

RESIDENTIAL & COMMERCIAL (classes procured separately)

Auction Month	Percent Load	Tranches	Months to Delivery	6/1/17 to 8/31/17	9/1/17 to 11/30/17	12/1/17 to 2/28/18	3/1/18 to 5/31/18	6/1/18 to 8/31/18	9/1/18 to 11/30/18	12/1/18 to 2/28/19	3/1/19 to 5/31/19
October 2016	13.93%	17	8	12-Months							
	13.93%	17	8	24-Months							
January 2017	18.03%	22	5	12-Months							
	18.03%	22	5	24-Months							
April 2017	18.03%	22	2	12-Months							
	18.03%	22	2	24-Months							
October 2017	13.93%	17	8					12-Months			
January 2018	18.03%	22	5					12-Months			
April 2018	18.03%	22	2					12-Months			

INDUSTRIAL

Auction Month	Percent Load	Tranches	Months to Delivery	6/1/17 to 8/31/17	9/1/17 to 11/30/17	12/1/17 to 2/28/18	3/1/18 to 5/31/18	6/1/18 to 8/31/18	9/1/18 to 11/30/18	12/1/18 to 2/28/19	3/1/19 to 5/31/19
January 2017	100.00%	33	5	12-Months							
January 2018	100.00%	33	5					12-Months			

Bidding Rules

For Fixed-Price and Hourly-Priced Auctions

To Procure Default Service Products

Under Default Service Program DSP-IV for

Metropolitan Edison Company (“Met-Ed”)

Pennsylvania Electric Company (“Penelec”)

Pennsylvania Power Company (“Penn Power”)

West Penn Power Company (“West Penn”)

Met-Ed/Penelec/Penn Power/West Penn
Exhibit RBR-2

Table of Contents

Page

1. INTRODUCTION 1
1.1 Independent Evaluator 2
2. THE PRODUCTS BEING PROCURED 2
2.1 Default Service Load 2
2.2 Full Requirements Service 2
2.3 Tranches 3
3. PRICES PAID TO DEFAULT SERVICE SUPPLIERS 4
3.1 Prices Paid to Winning Suppliers in the Fixed-Price Auction 4
3.2 Prices Paid to Winning Suppliers in the Hourly-Priced Auction 4
4. PRIOR TO THE START OF BIDDING 5
4.1 Information Provided to Bidders 5
4.1.1 Data 5
4.1.2 Minimum and Maximum Starting Prices 5
4.1.3 Tranche Size, Tranche Targets 5
4.2 Qualification Process 6
4.2.1 Part 1 Application: Certifications and Other Qualified Bidder Requirements 6
4.2.2 Part 2 Application: Certifications, Indicative Offer, and Pre-Bid Security 7
4.2.3 Sanctions for Failing to Comply with the Part 1 and Part 2 Applications 10
4.3 Starting Prices (Round 1 Prices) 10
4.4 Extraordinary Events 10
5. BIDDING FORMAT 11
5.1 Descending-Price Clock Format 11
5.1.1 Rounds 11
5.1.2 The Announced Prices and a Bid 12
5.1.3 Reservation Prices and Starting Prices 12
5.1.4 Restrictions on What a Bidder Can Bid 13
5.1.5 Multiple Bids by a Bidder 13
5.1.6 Default Bid 14
5.1.7 The EOR Procedure 15
5.1.8 Price Decrements 17
5.2 Determination of Winning Tranches, Winning Bidders, and Winning Prices 17
5.2.1 Bid Stack for a Product has All Tranches at the Same Price 17
5.2.2 Bid Stack for a Product has Tranches at Two Different Prices 17
5.3 Example of Round-by-Round Bidding 17
5.4 Reporting Round Results 18
5.5 Frequency of Rounds 18
5.6 Auction Pause Declared by Independent Evaluator 18
6. AFTER THE AUCTION CLOSES 19
6.1 Notification of Results 19
6.2 Execution of SMA 19
6.3 Sanctions for Failure to Execute the SMA 19
7. USE OF THE BIDDING WEBSITE 19
7.1 Importance of Confirmed Bids 20
7.2 Requirements for Using the Bidding Website 20

7.3 Messaging 20
8. BACKUP BIDDING PROCEDURE 21
9. WHO TO CONTACT IN CASE OF PROBLEMS DURING THE AUCTION 21
10. CONTINGENCY PLAN 22
10.1 If an Auction is Not Fully Subscribed 22
10.2 If a Winning Bidder Defaults 22
11. COMMUNICATIONS PROTOCOLS 23
11.1 The Companies and Affiliates 23
11.1.1 Internal Communications 23
11.1.2 Communications with Bidders 23
11.1.3 Part 1 Application Process 23
11.1.4 Part 2 Application Process 23
11.2 General Public and Media 23
11.2.1 The Information Website 24
11.2.2 Frequently Asked Questions 24
11.2.3 Registered Users 24
11.2.4 Press Releases 24
11.2.5 Answering Inquiries from the General Public or Media 24
11.3 Bidders 25
11.3.1 Communications Among Bidders 25
11.3.2 Communications between the Independent Evaluator and Bidders 25
11.3.3 Bidding Process 25
11.3.4 Limitations on Disclosures by Bidders 25
11.4 The Commission 26
11.4.1 Communications with the Independent Evaluator 26
11.4.2 Communications with the Companies 26
11.4.3 Communications with Bidders 26
11.4.4 Information on Auction Participation 26
11.4.5 Round-by-Round Bids 26
12. CONFIDENTIAL INFORMATION, CERTIFICATIONS, AND SANCTIONS 26
12.1 Confidential Information 26
12.2 Certifications and Disclosures to Be Made 27
12.3 Actions to Be Taken if Certifications Cannot Be Made 28
12.4 Sanctions for Failure to Comply 28
13. BIDDER ASSOCIATIONS 29
13.1 Procedure Followed by the Independent Evaluator 29
13.1.1 Following the Receipt of the Part 1 Applications 29
13.1.2 Following the Receipt of the Part 2 Applications 30
13.2 Remedies and Actions Related to Participation by Associated Bidders 31
13.3 Handling of Confidential Information 31
14. MISCELLANEOUS 31
14.1 Warranty on Information 31
14.2 Hold Harmless 32
14.3 Bid Submissions Become the Companies' Property 32
14.4 Bidder's Acceptance 32
14.5 Permits, Licenses, Compliance with the Law and Regulatory Approvals 32
14.6 Auction Intellectual Property 32
APPENDIX A — EXAMPLE OF ROUND-BY-ROUND BIDDING 34

1. INTRODUCTION

These Bidding Rules apply to the auctions to procure Default Service products for Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec"), Pennsylvania Power Company ("Penn Power") and West Penn Power Company ("West Penn") (each of which may be referred to as a "Company", and/or in combinations as "Companies") for all of their retail customers that take retail generation service from the Companies.

Default Service products for residential and commercial customers will be procured in a separate auction ("Residential/Commercial Auction" or "Fixed-Price Auction" or "FP Auction") from the auction for industrial customers ("Industrial Auction" or "Hourly-Priced Auction" or "HP Auction"). Unless otherwise noted, these Bidding Rules apply to each auction.

Bidders need to be familiar with the Supplier Master Agreement ("SMA"), the Bidding Rules, and all other documents for the auctions, including the Part 1 Application and the Part 2 Application which apply to both auctions. Bidders should visit the Information Website regularly for up-to-date information, including information specific to each auction. The Information Website contains relevant data, the schedule and key dates for participating in the auction process, frequently asked questions, and other information.

The following documents are appended to, and shall be considered integral parts of, these Bidding Rules:

Appendix 1	Part 1 Application for Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products
Appendix 2	Part 2 Application for Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products
Appendix 3	Sample Pre-Bid Letter of Credit

Unless noted otherwise, "days" refer to business days and times refer to prevailing Eastern Time. Capitalized terms in this document, which are not defined explicitly herein, are defined in the SMA. In accordance with the SMA, "Default Service" and "DS" are equivalent (e.g., "Default Service Load" in these Bidding Rules corresponds to "DS Load" in the SMA).

Examples in these Bidding Rules are illustrative only.

These Bidding Rules may be modified from time to time by the Independent Evaluator in order to: (i) facilitate a more competitive auction process, (ii) make any necessary corrections and/or clarifications, (iii) account for any change in auction products, (iv) conform to any change in state or federal law or rule, and (v) apply any change deemed necessary at the discretion of the Independent Evaluator. All modifications will be posted to the Information Website and carried out in consultation with the Companies.

1.1 Independent Evaluator

The Independent Evaluator is CRA International, Inc. d/b/a Charles River Associates ("CRA"). The Independent Evaluator (also referred to as the Auction Manager) can be contacted by sending an email to fepaauction@crai.com. The full contact information for the Independent Evaluator is as follows:

Independent Evaluator
c/o Brad Miller, Vice President
CRA International, Inc.
John Hancock Tower, T-9
200 Clarendon Street
Boston, MA 02116-5092
Phone: 617.425.3384
fepaauction@crai.com

2. THE PRODUCTS BEING PROCURED

This section summarizes the common elements of the products to be procured in the auctions. The Information Website provides details about the products to be procured in a specific auction, including the delivery periods, the number of tranches, and the nominal MW size of the tranches.

2.1 Default Service Load

Default Service Load is each Company's aggregate requirement to serve its Default Service customers. For purposes of these Bidding Rules, a "Default Service Customer" is a retail customer of a Company taking Default Service.

2.2 Full Requirements Service

The auctions are designed to procure full requirements, load-following energy and energy-related services for Default Service Customers of the Companies.

Obligations of Default Service Suppliers <u>include</u> the following:

- Assume all responsibilities of a PJM Load Serving Entity ("LSE"), including all PJM administrative expenses and any other services or fees as required by PJM of an LSE.
- Provide for energy.
- Provide for capacity.
- Provide for ancillary services.
- Provide for transmission service, including Network Integration Transmission Service ("NITS").

Obligations of Default Service Suppliers exclude the following:

- Regional Transmission Expansion Plan charges ("RTEP");
- PJM Expansion Cost Recovery charges ("ECRC");
- Reliability Must Run / Generation Deactivation charges ("RMR") associated with generating plants for which specific RMR charges begin after the approval of the Companies' current Default Service Plans ("DSP-IV") by the Pennsylvania Public Utility Commission ("Commission"). All Suppliers will continue to be responsible for RMR charges associated with generating plants that began before the approval of DSP-III by the Commission, as those charges may change over time;
- Unaccounted for Energy; and
- Historical out of market tie line, generation and retail customer meter adjustments.

Alternative Energy Portfolio Standards Act ("AEPS Act" or "AEPS") credits needed to meet the requirements of the Companies' Default Service Load

The obligations of Default Service Suppliers to provide Alternative Energy Credits ("AECs") under the SMA vary among the Companies.

- Default Service Suppliers in the Met-Ed, Penelec, and Penn Power service territories will be responsible for meeting 100 percent of the non-solar Tier I and Tier II AEPS Act requirements. Met-Ed, Penelec, and Penn Power will procure all necessary solar photovoltaic requirements on behalf of Default Service Suppliers and EGSs that serve load in their respective service areas.

- In the West Penn service territory, Default Service Suppliers will be responsible for all Tier I and Tier II AEPS Act requirements (including solar photovoltaic requirements) less any Tier I AECs or solar photovoltaic AECs ("SPAECs") that are allocated to the suppliers from existing long-term purchases made by West Penn.

The requirements of Default Service Suppliers are described more specifically in the SMA.

2.3 Tranches

Default Service Load will be divided into identical units called tranches, each representing a defined percentage of Default Service Load. For example, if there are 25 tranches for a given customer class, then each tranche equals one divided by twenty-five, or four percent of that class's load. This includes four percent (4%) of the actual hourly energy required for Default Service Load for the applicable delivery period as well as four percent (4%) of the PJM capacity requirement for the applicable delivery period.

The number of tranches intended to be procured in the auction for a product is referred to as the "tranche target" for that product. The Independent Evaluator may reduce the tranche targets if indications of interest in the auction are such that doing so is required to promote more competitive bidding.

3. PRICES PAID TO DEFAULT SERVICE SUPPLIERS

This section summarizes the components of the prices to be paid to Default Service Suppliers. The SMA takes precedent over the summary provided here.

3.1 Prices Paid to Winning Suppliers in the Fixed-Price Auction

In accordance with the SMA, the Default Service Suppliers from the Fixed-Price Auction for residential customer load and for commercial customer load will be paid a price comprising a fixed price component only.

- The residential and commercial fixed price component will be equal to 100 percent (100%) of the delivered supply each hour multiplied by the price established through the Companies' competitive procurement process.

3.2 Prices Paid to Winning Suppliers in the Hourly-Priced Auction

In accordance with the SMA, the Default Service Suppliers from the Hourly-Priced Auction will be paid a price comprising a fixed price component and a variable price component.

- The fixed price component will be equal to 100 percent (100%) of the delivered supply each hour multiplied by the price established through the Companies' competitive procurement process.

- The variable price component will be equal to 100 percent (100%) of the delivered supply each hour multiplied by a "spot price." The "spot price" will be equal to the sum of:

  (a) The real time hourly total LMP established by PJM for the PJM delivery point of the applicable Company, plus

  (b) An adder of $4/MWh. This adder is designed to capture an estimate of costs of other supply components associated with meeting the full-requirements obligation, including capacity, ancillary services, NITS, AEPS compliance, and other costs.

4. PRIOR TO THE START OF BIDDING

4.1 Information Provided to Bidders

The Companies will make available certain information to suppliers in advance of qualification. This information will be posted on the Information Website.

4.1.1 Data

Load and other data that are posted to the Information Website are described in a data description document on the Information Website.

4.1.2 Minimum and Maximum Starting Prices

The Independent Evaluator will announce a minimum starting price and a maximum starting price for each product in the auction. The minimum and maximum starting prices establish the range for the possible round 1 prices for the auction.

4.1.3 Tranche Size, Tranche Targets

No later than eight (8) days prior to the Part 1 Application Due Date, the Independent Evaluator will announce for each product in the auction:

- The tranche targets or the number of tranches being procured for each product.
- The size (%) and MW-measure of the tranches in the auction.

No later than four (4) days prior to the Part 2 Application Due Date, the Independent Evaluator will announce:

- Any update to the MW-measure of the tranches in the auction.

4.2 Qualification Process

There are two parts to the bidder application and qualification process. In Part 1, prospective bidders apply to become Qualified Bidders. In Part 2, each Qualified Bidder provides certifications and its indicative offer and pre-bid security in order to become a Registered Bidder.

A prospective bidder is required to submit a new Part 1 Application before the first auction in a calendar year in which it would like to participate.

If a prospective bidder submits a successful Part 1 Application for an upcoming auction, in general the Qualified Bidder will not need to submit a new Part 1 Application for any subsequent auction that is held in the same calendar year as the upcoming auction. For example, if the prospective bidder submits a successful Part 1 Application and becomes a Qualified Bidder for an auction held in January, the Qualified Bidder generally would not need to submit a Part 1 Application prior to any other auctions held in the same calendar year. However, the Qualified Bidder will need to submit a new Part 1 Application if the information in the prior successful Part 1 Application has changed. Also, the Qualified Bidder is required to submit its most recent (e.g., quarterly) financial statements before each auction.

A Qualified Bidder is required to submit a new Part 2 Application before each auction it would like to participate in.

4.2.1 Part 1 Application: Certifications and Other Qualified Bidder Requirements

In the Part 1 Application process, prospective bidders will be required to:

- Submit an application from a person with the power to bind the bidder.
- Agree to comply with all rules of the auction.
- Agree that if they become winning bidders, they will execute the applicable SMA with the Companies within 3 business days following the date of the Commission's approval of the auction results.
- Show either that they are a PJM Market Participant and Load Serving Entity in PJM, or that there exist no impediments to them becoming a PJM Market Participant and Load Serving Entity in PJM by the start of the applicable delivery period.
- Agree that if they become winning bidders, they will comply with the creditworthiness requirements set forth in the SMA.
- Certify that if they qualify to participate, they will not disclose information regarding the list of Qualified Bidders or confidential information that may be obtained during the bidding process about Qualified Bidders.
- Certify that if they qualify to participate, they will not substitute another entity in their place, transfer their rights to another entity, or otherwise assign their status as Qualified Bidders to another entity.

Part 1 Applications must be submitted to the Independent Evaluator no later than 12:00 p.m. noon prevailing Eastern Time on the Part 1 Application Due Date. Prospective bidders will be notified by the Independent Evaluator no later than three (3) days after the Part 1 Application Due Date whether they succeeded in becoming Qualified Bidders.

A prospective bidder that has qualified during the Part 1 Application process becomes a Qualified Bidder. The Independent Evaluator will send a list of all Qualified Bidders to relevant parties that have undertaken to maintain the confidentiality of the list of Qualified Bidders. The relevant parties that will receive this list of Qualified Bidders are as follows:

- Each Qualified Bidder.
- Other parties as necessary to oversee the proper conduct of the auction, including representatives from the Companies and Commission Staff.

All parties receiving a list of Qualified Bidders will be subject to the confidentiality requirements as specified below and in the section, “Communications Protocols,” in these Bidding Rules.

4.2.2 Part 2 Application: Certifications, Indicative Offer, and Pre-Bid Security

For each auction, a Qualified Bidder must successfully complete the Part 2 Application process in order to become a Registered Bidder that can bid in the auction. Only Qualified Bidders may submit a Part 2 Application.

Part 2 Applications must be submitted to the Independent Evaluator no later than 12:00 p.m. noon prevailing Eastern Time on the Part 2 Application Due Date. Qualified Bidders will be notified by the Independent Evaluator whether they succeeded in the Part 2 Application process no later than three (3) days after the Part 2 Application Due Date.

Certifications

In the Part 2 Application, each Qualified Bidder will make a number of certifications to ensure the confidentiality of information regarding the auction, and in regards to associations with other Qualified Bidders, to ensure that they are participating independently of other Qualified Bidders. More details on the certifications can be found in the section, “Confidential Information, Certifications, and Sanctions,” later in this document.

The competitiveness of the auction and the ability of the auction to produce competitive prices may be harmed by the coordinated or collusive behavior that associations among bidders may facilitate. As the Independent Evaluator relies on a number of factors to assess and promote competitive bidding, including the number of independent competitors, providing inaccurate information or insufficient disclosure of associations in the Part 2 Application is prohibited. More details on rules and protocols for participation by associated bidders can be found in the section, “Bidder Associations,” later in this document.

Indicative Offers

With its Part 2 Application, a Qualified Bidder will be required to submit indicative offers and to post pre-bid security sufficient for their indicative offers. A Qualified Bidder provides two indicative offers for each auction that the Qualified Bidder is applying to participate in: one indicative offer at the minimum starting prices for the products in the auction, and one indicative offer at the maximum starting prices for the products in the auction. An indicative offer specifies for each product in the auction the number of tranches that the Qualified Bidder is willing to serve for that product. Thus, the indicative offer at the minimum starting prices in the auction specifies the number of tranches that the Qualified Bidder is willing to serve for each product in the auction at the minimum starting price for the product. The indicative offer at the maximum starting prices in the auction specifies the number of tranches that the Qualified Bidder is willing to serve for each product in the auction at the maximum starting price for the product. For each product in the auction, the number of tranches specified in the indicative offer at the minimum starting price cannot exceed the number of tranches specified in the indicative offer at the maximum starting price.

Indicative offers are important in two respects. First, the Independent Evaluator may use the indicative offers to inform the setting of the starting price for each product (i.e., round 1 announced price). Second, the total number of tranches in the Qualified Bidder's indicative offer at the maximum starting prices is used to determine the Qualified Bidder's initial eligibility (i.e., the maximum total number of tranches the Qualified Bidder can bid across all products in round 1 of the auction): the Qualified Bidder's initial eligibility is set to the total number of tranches across all products in the Qualified Bidder's indicative offer at the maximum starting prices. During the auction, bidders are free to switch their tranches among products in response to changes in announced prices (subject to any bidding restrictions). However, a bidder will never be able to bid a total number of tranches across products that exceeds the bidder's initial eligibility. Thus, the number of tranches for each product in the Qualified Bidder's indicative offer at the maximum starting prices does not limit the number of tranches the Qualified Bidder can bid on a particular product, but the total number of tranches across all products in the indicative offer at the maximum starting prices must be equal to the Qualified Bidder's desired initial eligibility across all products in the auction.

Restrictions on the Indicative Offer

Each Qualified Bidder will be subject to a load cap that limits the number of tranches the bidder can bid on and win. Thus, the Qualified Bidder's indicative offer at the maximum starting prices across all products in the auction is not allowed to exceed the load cap. The load cap will be 75 percent on an aggregated load basis across all products in each auction such that no bidder may bid on and win more tranches than the load cap. The load cap will be implemented by ensuring that each bidder's initial eligibility does not exceed the load cap in an auction.

Pre-Bid Security

Each Qualified Bidder must post pre-bid security sufficient for its indicative offer at the maximum starting prices. Each Qualified Bidder must post pre-bid security in an amount specified in the Part 2 Application for all products included in the bidder's indicative offer at the maximum starting prices. Either cash or a pre-bid letter of credit will be accepted as pre-bid security. Interest will not be paid on cash posted as pre-bid security. The standard form of the pre-bid letter of credit that is acceptable to the Companies will be posted to the Information Website.

If a draft pre-bid letter of credit submitted by the prospective bidder with the Part 1 Application does not conform to the standard form, the prospective bidder shall indicate clearly any and all modifications in electronic, redlined format from the standard form. The Companies will assess, in their sole and exclusive discretion, whether such modifications are acceptable. Modifications that are accepted by the Companies will be posted on the Website. Subsequently in its Part 2 Application, a Qualified Bidder must provide the required executed pre-bid letter of credit that either is the standard form or is the version that incorporates only those modifications to the standard form accepted by the Companies upon review of the bidder's Part 1 Application.

The following is an example calculation of the pre-bid security.

Example 1. Pre-Bid Security

A Qualified Bidder submits an indicative offer of 5 tranches for the Met-Ed 24-month residential product at the minimum starting price and 10 tranches for the Met-Ed 24-month residential product at the maximum starting price, 3 tranches for the Penelec 12-month residential product at the minimum starting price and 6 tranches for the Penelec 12-month residential product at the maximum starting price, and 2 tranches for the Penn Power 6-month commercial product at the minimum starting price and 4 tranches for the Penn Power 6-month commercial product at the maximum starting price. The Qualified Bidder must submit with this indicative offer of 20 tranches at the maximum starting prices cash or a pre-bid letter of credit of $250,000 per tranche (as specified in the Part 2 Application). The Qualified Bidder thus posts cash or a pre-bid letter of credit of $5 million (20 tranches X $250,000 per tranche).

For a Part 2 Application to be accepted, it must be complete and include the Qualified Bidder's indicative offers and pre-bid security (either a pre-bid letter of credit or cash). After its Part 2 Application is accepted, a Qualified Bidder becomes a Registered Bidder. The Independent Evaluator will send each Registered Bidder a summary of its indicative offers, pre-bid security amount, and the Registered Bidder's initial eligibility.

The Independent Evaluator also will send simultaneously to each Registered Bidder, and to those other parties as necessary to oversee the proper conduct of the auction, a list of Registered Bidders, and the total initial eligibility aggregated across all Registered Bidders. The list of Registered Bidders and the total initial eligibility will not be released publicly. Qualified Bidders, in their Part 2 Applications, will have undertaken to maintain the confidentiality of the list of Registered Bidders and the total initial eligibility, and to destroy documents including electronic files with this information provided by the Independent

Evaluator within five (5) days following the conclusion of the auction, as explained further in the Part 2 Application.

Pre-bid security will remain in full force, at a minimum, until the fifth calendar day after the conclusion of the auction. Subsequently, a bidder's pre-bid security will be cancelled and returned:

- As soon as practicable if the bidder has won no tranches.
- After the bidder has signed the SMA and has complied with all creditworthiness requirements of the SMA for the tranches that it has won.

The Companies can collect on the pre-bid security of bidders that win tranches but that fail to sign the SMA or fail to comply with the creditworthiness requirements immediately following the close of the auction.

4.2.3 Sanctions for Failing to Comply with the Part 1 and Part 2 Applications

Sanctions can be imposed on a bidder for failing to disclose information relevant to determining associations, for coordinating with another bidder, or for failing to abide by any of the certifications that it will have made in its Part 1 and Part 2 Applications. Such sanctions can include, but are not limited to, termination of the SMA, loss of all rights to provide supply for the Companies to serve any load won by such bidder, forfeiture of financial guarantees and other fees posted or paid, prosecution under applicable state and federal laws, debarment from participation in future solicitations, and other sanctions that may be appropriate. For any failure to disclose information or for any violation of the certifications, the Independent Evaluator will make a recommendation on a possible sanction.

4.3 Starting Prices (Round 1 Prices)

No later than three (3) days before bidding starts for an auction, the Independent Evaluator will inform all Registered Bidders of the starting price for each product in the auction, which is the announced price that will be in effect for round 1. For each product, the starting price will be no higher than the maximum starting price and no lower than the minimum starting price for the product. The Independent Evaluator will set the starting prices.

4.4 Extraordinary Events

The Independent Evaluator, in consultation with the Companies, may determine that, due to extraordinary events, the minimum starting prices and the maximum starting prices require revision. In this event, the schedule for the auction process also may be revised. If the indicative offers have already been received, the Independent Evaluator will request that the Registered Bidders (or the Qualified Bidders if the Part 2 Application process had not been completed) revise their indicative offers on the basis of the revised minimum starting prices and the revised maximum starting prices.

For such a revision to be necessary, an extraordinary event must occur between the time at which the minimum starting prices and the maximum starting prices are announced and the day on which bidding starts. An extraordinary event must be agreed to by the Companies and the Independent Evaluator. Such events could include, but are not limited to, the advent of war, the disruption of a major supply source for potentially extended periods, or other events that could affect significantly the cost of supply.

If an extraordinary event occurs during that time, the Independent Evaluator in consultation with the Companies will determine revised minimum starting prices and revised maximum starting prices. New indicative offers based on these prices will be required from bidders. To the extent practicable, the determination of new minimum and maximum starting prices, the submission of new indicative offers, and if necessary the announcement of new starting prices, will be carried out so as to afford bidders sufficient time. If an extraordinary event occurs during that time that causes a possible change in the schedule, the Independent Evaluator in consultation with the Companies and Commission Staff, will determine a revised schedule.

5. BIDDING FORMAT

In order to participate in the auction, bidders must have been successful in the Part 1 Application process and the Part 2 Application process. Only Registered Bidders are permitted to participate in the auction. Registered Bidders will bid in the auction by accessing the Independent Evaluator's secure Bidding Website.

5.1 Descending-Price Clock Format

The auction format is a simultaneous, multiple-round, descending-price clock format for "N" rounds. The number of rounds "N" for the auction is not pre-determined. Instead, it is determined by the closing rule for the auction (described below). All products are available to bid on simultaneously in the auction. Bids are submitted during bidding rounds. Prices are announced for the products prior to each bidding round, and during a bidding round, a bidder submits for each product the number of tranches it would supply at the product's announced price. If the total number of tranches bid on a product exceeds the product's tranche target — i.e., the product is over-subscribed — the announced price for the product will be reduced for the next round. Announced prices will tend to decline round by round until the number of tranches bid falls sufficiently so that no product is over-subscribed and the auction closes.

An important rule is that a bidder cannot reduce the number of tranches it bids on a product if the product's announced price does not fall from one round to the next; in this case, the bidder can only maintain or increase the number of tranches it bids on the product (subject to other rules).

5.1.1 Rounds

Each bidding round has a specified start time and a specified end time. These start and end times are enforced by the Bidding Website. Prior to the start of the auction, the initial schedule of rounds will be available on the Bidding Website. As the auction progresses, the Independent Evaluator will keep bidders informed of the start and end times of subsequent rounds through the Bidding Website. The Independent Evaluator retains the option of pausing a round, delaying the start or end of a round, or otherwise adjusting the round times. The Independent Evaluator will inform bidders through the Bidding Website if it exercises this discretion to change the start time or end time of a round.

Bidders submit bids only during a round. When a round ends, the bids submitted during that round are processed and results of that round are reported to all bidders as explained in the section "Reporting Round Results" below. Each bidder then prepares to submit a bid for the next round if the auction remains open.

5.1.2 The Announced Prices and a Bid

Prior to the start of each round, the Independent Evaluator announces the price that will be in effect for each product for the round. The announced prices are specified in dollars per MWh or $/MWh. The price announced by the Independent Evaluator for a product applies to all of the product's tranches. Each bidder decides how many tranches it is willing and able to supply for each product at the product's announced price. A bid by a bidder is, for each product, the number of tranches that the bidder is willing to supply at that announced price for the product. All bids are irrevocable and binding upon the bidders.

At sufficiently high announced prices there will be excess supply for a product causing it to be over-subscribed; that is, the number of tranches bid on the product will exceed the product's tranche target. Excess supply for a product is measured as the total number of tranches bid across all bidders on the product in the round minus the product's tranche target.

5.1.3 Reservation Prices and Starting Prices

There are reservation prices for the auction. The reservation price for a product is the price above which tranches for the product will not be purchased. If, at the conclusion of the auction, the reservation price for a product has not been met, no tranches for that product will be awarded. At the conclusion of the auction, the Independent Evaluator will inform bidders through the Bidding Website if the reservation price for a product has not been met.

Starting prices for the auction are determined after reservation prices are determined. The starting price for a product will be no lower than the reservation price for the product. The starting price may be the same as or higher than the reservation price for the product. The Independent Evaluator will not announce the reservation prices to bidders in advance of an auction.

5.1.4 Restrictions on What a Bidder Can Bid

The total number of tranches a bidder bids across all products in a round cannot exceed the bidder's eligibility for that round. That is, a bidder's eligibility to bid in a round is the maximum number of tranches it is allowed to bid across all products in that round. A bidder's eligibility for a round simply is the number of tranches the bidder bid across all products in the preceding round. Thus, a bidder cannot increase its eligibility from round to round; its eligibility can only stay the same or decrease from round to round.

A bidder is not allowed to bid more tranches on a product in a round than the product's tranche target.

A bidder is not allowed to bid a number of tranches that would violate any applicable load cap.

If the announced price for a product has been reduced from one round to the next round, the bidder can reduce the number of tranches it bid on that product.

If the announced price for a product has not been reduced from one round to the next round, the bidder cannot reduce the number of tranches it bid on that product.

Subject to the rules above, in each round a bidder is free to bid its tranches of eligibility across products however it would like to. Thus, subject to the rules above, bidders are free to reduce the tranches they bid and/or to switch tranches across products from round to round in response to changes in the announced prices for the products.

As discussed above, a bidder's initial eligibility is its eligibility for round 1 of the auction and is determined by the total number of tranches across products at the maximum starting prices in the bidder's indicative offer. During the course of the auction, the bidder's eligibility will decline or remain unchanged depending on the total number of tranches bid by the bidder across all products in each round of the auction.

If a bidder's eligibility falls to zero tranches, it will not be allowed to bid in any more rounds of the auction.

5.1.5 Multiple Bids by a Bidder

Because a bidder may decide to change a bid it submitted previously within the current open round, a bidder is allowed to make multiple bid submissions in a round as long as the round remains open for bidding, with each new confirmed bid fully replacing any prior bids it submitted in the round. If a bidder submits multiple bids in a round, the only bid considered in the round for that bidder is the last confirmed bid it submitted in the round.

5.1.6 Default Bid

After the end of a round, a default bid is submitted automatically on behalf of a bidder if the bidder:

- Entered the round with positive eligibility, and
- Did not submit a confirmed bid in the round.

If the announced price for a product declined from the prior round, then zero tranches will be the default bid for that product.

If the announced priced for a product did not decline from the prior round, then the number of tranches that the bidder bid on the product in the prior round as determined by the end-of-round ("EOR") procedure following the prior round will be the default bid for the product.

Each bidder is solely responsible for ensuring it submits a confirmed bid prior to the end of the round in order to avoid a default bid of being submitted on the bidder's behalf.

5.1.7 The EOR Procedure

At the end of each round, the EOR procedure is used to process the confirmed bids submitted during the round. The EOR procedure includes the following steps.

(a) The supply for each product is measured by summing up — across the confirmed bids for all bidders — the number of tranches bid for each product.

(b) The subscription level for each product is measured by comparing the supply for the product to the tranche target for the product. A product is over-subscribed, subscribed, or under-subscribed if supply (i.e., the number of tranches bid) is greater than, equal to, or less than the product's tranche target, respectively.

(c) If a product has become under-subscribed in a round after being over-subscribed or subscribed in the preceding round, then tranches will be rolled back to the point that the product is subscribed. That is, at least some of the tranches that were bid on the product in the preceding round but that were not bid on the product this round will be deemed to still be bid on the product. The price at which a rolled-back tranche is deemed to have been bid simply is the announced price at which the bidder had bid the tranche. There is a priority for selecting tranches to roll back: tranches that otherwise would no longer be bid on any product in the auction and therefore would be reductions in bidders' eligibilities are rolled back first (referred to as "eligibility reduction tranches"), and then if needed, tranches that were switched from being bid on the product to being bid on another product are selected next for rollbacks (referred to as "switched tranches"). Eligibility reduction tranches are selected for rollback proportionally tranche by tranche, not bidder by bidder. Likewise, switched tranches are selected for rollback proportionally tranche by tranche, not bidder by bidder. More precisely, because integer tranches are needed, the actual selection mechanism uses a random number generator to select rollbacks tranche by tranche (first for eligibility reduction tranches and then for switched tranches), but on average the selection process results in proportional rollbacks (with priority given to rolling back eligibility reduction tranches first and then switched tranches second). All tranches that are rolled back maintain their eligibility for the bidder. Any bidder subjected to a rollback will be notified through the Bidding Website that a rollback has taken place and will be informed about the number of tranches deemed bid on each product and the price at which those tranches have been deemed bid.

> For example, suppose a bidder bids five tranches on a product and no tranches on other products in round 8, and the price for that product is reduced for round 9 and the bidder bids only 1 tranche on the product and no tranches on other products for round 9. Absent any EOR rollbacks following round 9, the bidder's eligibility would fall from 5 tranches to 1 tranche. But during the EOR procedure, suppose two of the bidder's 4 "eligibility reduction tranches" are rolled back on the product, so after the EOR procedure the bidder is deemed to have bid 3 tranches on the product — one at the announced price of the round just ended and two at the announced price of the preceding round — and therefore the bidder is deemed to have 3 tranches of eligibility for round 10.

(d) "Free eligibility tranches" are determined as follows. A product's "bid stack" is a list of the tranches currently deemed bid on the product and the price at which each tranche was bid for the product. Because of rollbacks, a product's bid stack could have tranches bid at two different prices: some tranches bid at the earlier, higher announced price and some tranches bid at the current, lower announced price. Any new tranche bid on such a product necessarily will be bid at the current, lower announced price. This new tranche will displace a tranche in the product's bid stack at the earlier, higher announced price. The displaced tranche becomes a "free eligibility tranche". The free eligibility tranche counts as eligibility for the bidder and the bidder can bid the tranche on any product next round, or the bidder can choose not to bid the tranche at all. But if the bidder does not bid the free eligibility tranche next round, the tranche will be withdrawn from the auction permanently and will reduce the bidder's eligibility by one tranche after the next round.

(e) In some cases, the Independent Evaluator may reduce the tranche targets. The criteria that could lead to such a reduction will be determined prior to the auction but will not be announced to bidders. Once certain pre-specified criteria related to excess supply and related to the reservation price have been met, the discretion to reduce a product's tranche target because of insufficient supply will be eliminated. Thus, any tranche target reduction would more likely occur in the earlier rounds of the auction. If the Independent Evaluator reduces the tranche target for a product, bidders will be informed of the revised tranche target. Any bidder that otherwise would have eligibility exceeding the new tranche targets will have its eligibility reduced so as not to exceed the new tranche targets.

(f) The closing rule determines whether the auction has concluded. The closing rules is that the auction concludes if either case (1) or case (2) holds as follows:

(1) If no product is over-subscribed and no bidder has free eligibility tranches, then the auction has concluded. Note that it is possible for the auction to continue with no reductions in announced prices: if no product is over-subscribed there will be no reductions in announced prices but if there are free eligibility tranches (which "expire" after one round), the auction will remain open for one more round (subject to case (2) described next), allowing bidders with free eligibility to bid those tranches.

(2) If this is the Nth consecutive round in which no product is over-subscribed, and the number of tranches of free eligibility across all bidders as a percentage of the sum of the tranche targets across all products is less than or equal to X percent, then the auction has concluded. The parameter values for N and X will be determined before the auction. The likelihood that this case (2) would occur in a particular auction is expected to be low.

(g) If the auction has concluded, the winning tranches, winning bidders, and winning prices are determined as described below.

(h) If the auction has not concluded, then each bidder's eligibility is determined for the next round and the price decrement (if any) is determined for each product for the next round.

5.1.8 Price Decrements

The announced prices will decrease round by round by a price decrement for over-subscribed products. Pre-specified price guidelines are used to determine the price decrements. Generally the price decrement for a product will be larger for the earlier rounds in the auction and when the excess supply for the product is greater. The price decrement is expected to be between 0.5 percent and 5 percent of the announced price for the most recently completed round.

The Independent Evaluator reserves the right to override the price decrement guidelines. The exercise of that right is expected to occur rarely and only if doing so is believed to facilitate timely progression of the bidding process.

5.2 Determination of Winning Tranches, Winning Bidders, and Winning Prices

At the close of the auction, the winning tranches, winning bidders, and winning prices will be determined as follows.

As a result of the EOR procedure as described above, there are two possible scenarios for a product at the close of the auction.

5.2.1 Bid Stack for a Product has All Tranches at the Same Price

In this scenario, there are no rolled-back tranches in the product's bid stack: all tranches in the bid stack were bid at the last announced price, including any tranches bid on the product in the last round of the auction as determined by the EOR procedure. That announced price is the product's clearing price, and all tranches in the product's bid stack are winning tranches if the clearing price satisfies the product's reservation price. Bidders who bid those tranches are winning bidders for those tranches, and all bidders with winning tranches on a product are paid the same price — i.e., the clearing price — for each winning tranche on the product. Note that this scenario includes the case in which a product was over-subscribed at some point in the auction and later became subscribed, as well as the case in which a product was always under-subscribed in the auction (i.e., it was never subscribed or over-subscribed in the auction).

5.2.2 Bid Stack for a Product has Tranches at Two Different Prices

In this scenario, there are rolled-back tranches in the product's bid stack: some tranches in the bid stack were bid at the last announced price (including any tranches bid on the product in the last round of the auction as determined by the EOR procedure), and some tranches in the bid stack were bid at the next most recent announced price. In this case, the product's clearing price is the next most recent announced price — which necessarily is higher than the last announced price for the product. All tranches in the product's bid stack are winning tranches if the clearing price satisfies the product's reservation price. Bidders who bid those tranches are winning bidders for those tranches, and all bidders with winning tranches on a product are paid the same price — i.e., the clearing price — for each winning tranche on the product.

5.3 Example of Round-by-Round Bidding

Appendix A provides an illustrative example of round-by-round bidding.

5.4 Reporting Round Results

During a round, a bidder can see the current status of the auction and the status of the current round including the announced price for each product as well as the bidder's own bidding status. A bidder will not see information about other bidders.

Between rounds the Bidding Website will report the results for the most recently completed round. Results for all prior rounds also will be accessible. The round results for each completed round in the auction will show:

- The announced price for each product and a range of total supply across all bidders and all products (that is, a range that includes the total number of tranches bid). The range of total supply will be defined by two different integers. Actual total supply will not be reported but will be at least as high as the lower of the two integers and no higher than the higher of the two integers. There is an exception to reporting total supply as a range of two integers: if and when total supply has declined below a pre-determined level, total supply will be reported simply as being below that level. The reporting ranges will be made available to bidders in advance of each auction.

- For each bidder, that bidder's bid for the round — i.e., the number of tranches bid on each product — and the bidder's eligibility for the next round. (Each bidder does not see information about other bidders.)

- The announced price for each product for the next round if the auction will continue with the next round.

5.5 Frequency of Rounds

The early rounds of bidding may be longer in duration than later rounds. The duration of a bidding round will be at least five (5) minutes.

The time between early rounds of bidding may be longer in duration than for later rounds. The time between bidding rounds will be at least five (5) minutes.

The schedule of rounds and any changes to the schedule will be made available to bidders through the Bidding Website.

5.6 Auction Pause Declared by Independent Evaluator

At any time during the auction, the Independent Evaluator may decide to pause the auction. This is not expected to happen often if at all. If the Independent Evaluator pauses the auction or changes the round schedule in any way, bidders will be notified.

6. AFTER THE AUCTION CLOSES

6.1 Notification of Results

At the close of the auction, the Independent Evaluator will notify the Companies, the Commission, and the bidders as follows.

- The Independent Evaluator will notify the Companies and the Commission of the identities of the winning bidders, the number of tranches won by each winning bidder, the prices for the tranches won, and other aggregated information on the bidding process.

- The Independent Evaluator will notify each winning bidder of how many tranches the bidder has won and at what prices. The Independent Evaluator also will notify the unsuccessful bidders that they have not won any tranches.

The names of the winning bidders, the number of tranches won by each bidder, and the winning prices will remain confidential until released publicly by the Commission or as required by law.

The auction results are tentative subject to Commission approval.

After the conclusion of the auction and provision of the auction results to the Commission by the Independent Evaluator, the Commission will have one business day to approve or reject the auction results.

6.2 Execution of SMA

The winning bidders and the Companies will execute the SMA within three (3) business days following the Commission's approval of the auction results. Each winning bidder must demonstrate compliance with the creditworthiness requirements set forth in the SMA.

6.3 Sanctions for Failure to Execute the SMA

A winning bidder's pre-bid security posted with its Part 2 Application may be forfeited if the winning bidder does not execute the SMA within three (3) business days following the Commission's approval of the auction result, if it fails to demonstrate compliance with the creditworthiness requirements set forth in the SMA, or if it fails to agree to any of the terms of the SMA. In addition, the winning bidder will be liable for damages incurred by the Companies, which will be determined in accordance with the terms of the SMA as though the winning bidder were a defaulting party to the SMA.

7. USE OF THE BIDDING WEBSITE

Bidders will bid in the auction by accessing the Independent Evaluator's secure Bidding Website. A bidder will access the Bidding Website using their own Web browser. The URL address for the Bidding Website, as well as usernames and passwords, will be provided to Registered Bidders prior to the start of the auction.

The Bidding Website allows a Registered Bidder to submit and confirm bids, to verify its status, to view results from prior rounds, to view the schedule of rounds, and to view messages from the Independent Evaluator.

7.1 Importance of Confirmed Bids

Submitting a bid on the Bidding Website involves three steps:

(1) Web page for entry and submission of the bid quantities. The bidder enters its desired bid and then submits the bid in order to proceed to the next step.

(2) Web page for validation of the bid. The bidder is asked to review the bid it submitted in the first step before proceeding to the confirmation step.

(3) Web page showing confirmation of the bid. The bidder receives a unique confirmation ID for the bid and the time-stamp at which the bid was recorded by the Bidding Website server.

It is important to note that a bid is not accepted and recorded as an accepted bid until and unless the bidder reaches the third step in which the bid confirmation Web page displays the unique confirmation ID and time-stamp for the bid.

7.2 Requirements for Using the Bidding Website

Access to the Bidding Website requires all of the following:

- Username and password provided by the Independent Evaluator.
- Access to the Internet.
- Use of one of the more recent versions of a standard Web browser.
- Status as a Registered Bidder.

A bidder loses access to the Bidding Website after it no longer is possible for the bidder to win tranches in the auction.

7.3 Messaging

The Bidding Website displays messages from the Independent Evaluator. These messages from the Independent Evaluator are displayed for all bidders with access to the Bidding Website.

8. BACKUP BIDDING PROCEDURE

In case a bidder has technical difficulties, and as a result is not able to submit a bid via the Bidding Website in a round, a backup bidding procedure will be provided as follows. The bidder uses the Backup Bidding Fax Number to submit its bid via facsimile. It is recommended that the bidder call the Help Desk and inform the operator that it has submitted a bid using the backup bidding procedure. Reasonable efforts will be made to contact the bidder if the backup bid is not received via facsimile in the time expected. Once the backup bid is received via facsimile, a member of the Independent Evaluator team will attempt to enter the bid on the Bidding Website on behalf of the bidder.

Prior to the auction, bidders will be provided with the Backup Bidding Fax Number and with forms to use for faxing a bid using the backup bidding procedure.

Bidders must be aware and understand that there is no guarantee or other assurance that if it submits a bid using the backup bidding procedure that its bid will be submitted and confirmed on its behalf by the Independent Evaluator team consistent with the intentions of the bidder and in time before the round ends.

If a backup bid submitted by a bidder is not accepted and confirmed by the Bidding Website because the round has ended, a default bid will be entered for the bidder as described above in the sections on default bids.

If a backup bid submitted by a bidder is not accepted and confirmed by the Bidding Website for other reasons (e.g., the number of tranches bid is greater than a bidder's eligibility or violates the bidder's credit-based tranche limit or applicable load cap), the Independent Evaluator team will use reasonable efforts to inform the bidder that a new bid must be submitted.

If a backup bid submitted by a bidder is confirmed by the Bidding Website, the Independent Evaluator team will contact the bidder by faxing confirmation of the accepted bid to the bidder.

Bidders use the backup bidding procedure at their own risk. In all cases involving backup bids, the Independent Evaluator team does not accept any responsibility, obligation, or liability for errors, omissions, timeliness, or otherwise, related to whether a backup bid is entered into and confirmed by the Bidding Website on behalf of the bidder or as intended by the bidder.

9. WHO TO CONTACT IN CASE OF PROBLEMS DURING THE AUCTION

A bidder should contact the Help Desk if it has questions or problems. The phone number for the Help Desk will be provided to bidders prior to the start of the auction.

10. CONTINGENCY PLAN

There is a contingency plan to cover two scenarios:

- At least one of the products in an auction is not fully subscribed.
- At least one of the winning suppliers defaults prior to the start of the delivery period or at any time during the delivery period.

10.1 If an Auction is Not Fully Subscribed

In the event that an auction is not fully subscribed, the Companies will re-bid the unfilled tranches from that auction provided the start of the delivery period for the tranches is more than 30 calendar days away. If the delivery period is more than 30 calendar days away:

- The unfilled tranches will be re-bid in the next scheduled auction — if there is sufficient calendar time to include the unfilled tranches — where supply is sought with the same delivery start date as the unfilled tranches.
- If there is no such scheduled auction, then the unfilled tranches will be re-bid in a separate solicitation no later than 30 calendar days before the original delivery start date.

For any remaining unfilled tranches, the Companies will purchase the necessary physical supply through PJM administered markets and meet any AEPS compliance requirements through purchases at market prices.

10.2 If a Winning Bidder Defaults

If a winning bidder defaults prior to the start of or during the delivery period, the Companies will offer the unfilled tranches to the other Registered Bidders who participated in the most recent solicitation. The Companies will enter into an agreement with the Registered Bidder or Bidders offering the best terms for the unfilled tranches resulting from the default, provided the prices offered by such bidder or bidders are consistent with the original prices under which the unfilled tranches were procured and changes in market conditions from the time when the original tranches were procured. If the Companies are not able to enter into such agreement and a minimum of 30 calendar days exists prior to the start of the delivery period, the Companies will seek to bid the defaulted tranches in the next scheduled solicitation for supply with the same start date as the unfilled tranches or in a separate supplemental competitive solicitation. As with other unfilled tranches described above, if insufficient time exists to conduct an additional competitive solicitation, or if the supplemental solicitation is unsuccessful, the Companies will supply the tranches using PJM-administered markets. In addition to damages to which the Companies may be entitled, costs incurred by the Companies in implementing this contingency plan for supply and AEPS requirements will be assessed against the defaulting supplier's credit security, to the extent available.

11. COMMUNICATIONS PROTOCOLS

The communications protocols described here are intended to promote a fair, open, transparent, objective, and non-discriminatory auction. These protocols also are intended to protect proprietary information of participants and information that, should it be released, would be detrimental to the outcome of the auction process or future solicitations.

11.1 The Companies and Affiliates

11.1.1 Internal Communications

The Companies will designate individuals to work on the auction process. These individuals directly or indirectly will not have communication with, or exchange information with, any individuals of an affiliate of the Companies that may bid in the auction process where such communication or information is related directly or indirectly to this auction process.

11.1.2 Communications with Bidders

The Companies will not communicate with bidders prior to the selection of winning bids. When the Independent Evaluator informs the Companies about the prices and tranches of the winning bids and the identity of winning bidders in accordance with Section 6.1 of the Bidding Rules, representatives from the Companies then will communicate with the winning bidders in order to execute the necessary documents.

If a bidder attempts to contact the Companies regarding the auction process by phone call, email, fax, or other means, the Companies will direct the bidder to the Information Website and/or to the Independent Evaluator.

11.1.3 Part 1 Application Process

For the Part 1 Application process, the Independent Evaluator will need to provide the names of applicants to the Companies' credit department for purposes of confirming the applicants' credit requirements.

11.1.4 Part 2 Application Process

For the Part 2 Application process, the Independent Evaluator will need to provide the aggregate eligibility and other information from the Part 2 Applications to the Companies with the names of applicants redacted.

11.2 General Public and Media

While bidding is in progress, there is to be no communication with the media or the public. After the auction process is completed, results are determined, and bidders have been notified, all media inquiries will be forwarded to the Companies.

11.2.1 The Information Website

The central source of information made available publicly and to bidders is the Information Website. The Independent Evaluator will manage the information flow on the Information Website and will be designated on the Website as the contact for any questions or inquiries from parties. Any party will have access to the public sections of the Information Website.

11.2.2 Frequently Asked Questions

Among other information and resources on the Information Website, there will be an FAQ (frequently asked questions) section with posted questions and answers. As inquiries are received, they will be converted into an FAQ and posted on the Information Website without revealing the identity of the party posing the inquiry.

Inquiries to be answered by the Companies will be forwarded by the Independent Evaluator to the Companies. Inquiries to be answered by the Independent Evaluator will be forwarded to the Companies with a draft response. Any inquiry or draft response forwarded by the Independent Evaluator to the Companies will not identify the party posing the inquiry. Both the Companies and the Independent Evaluator will review any inquiry and response before the FAQ is posted to the Information Website.

11.2.3 Registered Users

If a party wishes to receive notices and updates regarding public information and new postings to the Information Website, then the party can register through the Information Website to become a Registered User.

Any information the Independent Evaluator has concerning the auction process that is relevant and that can be disclosed publicly will be made available equally to all Registered Users in a timely manner. The method of such communication likely will be via the Information Website and/or emails to Registered Users using the BCC email field so identification of Registered Users is not disclosed to other Registered Users.

11.2.4 Press Releases

The Companies and/or the Independent Evaluator may issue one or more press releases or may place news items in the trade press with the intent to disseminate information about the auction process in an efficient, fair, and timely manner.

11.2.5 Answering Inquiries from the General Public or Media

Inquiries from the general public or the media to the Independent Evaluator will be directed to the Information Website.

11.3 Bidders

11.3.1 Communications Among Bidders

Bidders are prohibited from communicating with each other in ways that would compromise the integrity and competitiveness of the auction process. Sanctions will be applied if these rules are violated.

11.3.2 Communications between the Independent Evaluator and Bidders

The central source of information made available to bidders is the Information Website. The Website facilitates making information available equally to bidders in a timely manner.

Bidders are encouraged to become Registered Users of the Information Website to receive ongoing information about the auction process. As discussed above, once registered through the Information Website, Registered Users will receive notifications from the Independent Evaluator about updates to the auction process and to the Information Website.

If the Independent Evaluator receives an inquiry from a party and prepares a response that would be relevant for other parties, the Independent Evaluator will ensure the information will be made available equally to all Registered Users in a timely manner and will post the information on the Information Website and/or will email the Registered Users without revealing the identity of parties.

In addition to posting information to the Information Website, the Independent Evaluator may contact bidders directly in order to seek or provide information about the auction process in a way that does not advantage any bidder.

Any communications from the Independent Evaluator to a bidder will not reveal the identity of other bidders.

11.3.3 Bidding Process

During the auction, the Independent Evaluator, the Commission, and Companies' personnel may monitor the bidding process.

The Independent Evaluator will ensure the bids submitted by bidders conform to the rules of the auction process.

The Bidding Rules and pre-determined bid selection criteria will be applied to determine which bids, if any, are winning bids.

11.3.4 Limitations on Disclosures by Bidders

Bidders are not allowed to disclose they are participating in the Fixed-Price Auction or the Hourly-Priced Auction, and winning bidders are not allowed to disclose that they have won any tranches in the Fixed-Price Auction or the Hourly-Priced Auction until the Commission publicly reports the results of the auction. Such limitation on public disclosure by bidders is waived if disclosure is required by law.

11.4 The Commission

11.4.1 Communications with the Independent Evaluator

During the bidding process, the identity of bidders, prices, and the number of tranches bid will be kept confidential. This information may be released to the Commission after the auction results are finalized.

11.4.2 Communications with the Companies

The Commission may communicate with the Companies regarding the auction process. However, the Companies will not disclose any proprietary information until after the final round of the auction is completed and bidders are informed of the results of the auction.

11.4.3 Communications with Bidders

The Commission will not communicate with bidders about the auction process prior to the determination of winning bids. If a bidder attempts to contact the Commission by phone call, email, fax, or other means, the Commission will direct the bidder to the Information Website and/or to the Independent Evaluator.

11.4.4 Information on Auction Participation

In order to maintain confidential and proprietary information provided by bidders as part of the auction process, the identity of all bidders that submitted Part 1 and/or Part 2 Applications in the auction and the indicative offers will be kept confidential until released publicly by the Commission. The Commission may elect to keep these data confidential at its sole discretion.

11.4.5 Round-by-Round Bids

Round-by-round bids by bidders will be kept confidential pursuant to the confidentiality provisions of the Bidding Rules and the SMA for as long as the Companies continue to procure Default Service.

12. CONFIDENTIAL INFORMATION, CERTIFICATIONS, AND SANCTIONS

12.1 Confidential Information

Confidential Information relative to bidding strategy means information relating to a bidder's bid(s) in the auction, whether transmitted in writing or verbally, which if it were to be made public likely would have an effect on any of the bids that another bidder would be willing to submit. Confidential Information relative to bidding strategy includes (but is not limited to): a bidder's strategy; a bidder's indicative offer; the quantities that a bidder wishes to supply; the bidder's estimation of the value of a tranche; the bidder's estimation of the risks associated with serving the load for the auction; and a bidder's contractual arrangements for purchasing power to serve such load were the bidder to win tranches in the auction.

Confidential Information regarding the auction means information that is not released publicly by the Commission, the Companies or the Independent Evaluator and that a bidder acquires as a result of participating in the auction, whether transmitted in writing or verbally, which if it were to be made public could impair the integrity of current or future solicitations, impair the ability of the Companies to hold future solicitations, or harm consumers, bidders or applicants. Confidential Information regarding the auction includes (but is not limited to): the list of Qualified Bidders, the list of Registered Bidders, the initial eligibility, the status of a bidder's participation, and all non-public reports of results and announcements made by the Independent Evaluator to any or all bidders in this auction.

Confidential Information may not receive continued confidential or protected treatment should: (a) a bidder publicly disclose Confidential Information relating solely to that bidder; or (b) public disclosure is required or compelled by the Commission, a court or otherwise by law. The Independent Evaluator, the Commission, and the Companies shall not be liable for such public disclosures or, so long as reasonable measures have been taken to keep such information confidential, any other public disclosure of Confidential Information. By participating in this auction process, each bidder acknowledges and agrees to the confidentiality provisions set forth herein, as well as any limitations thereto.

In addition, the bidder agrees the bidder's data and information submitted in this auction process will be disclosed if required by any federal, state or local agency (including, without limitation, the Commission) or by a court of competent jurisdiction. However, the Companies will endeavor to notify the bidder in advance of such disclosure. In any event, neither the Companies nor the Independent Evaluator, nor any of their employees or agents, will be responsible to the bidders or any other party, or liable for any disclosure of such designated materials before, during or subsequent to this auction. Notwithstanding the above, the Companies and the Independent Evaluator reserve the right to use and communicate publicly and/or to third parties any and all information/data submitted as part of this auction process in any proceedings before FERC, the Commission, and any other regulatory body and the courts, if necessary, without the prior consent/approval of, or notice to, any such bidder. The bidder expressly agrees that the Companies may provide bidder information on a confidential basis to the Commission, the Pennsylvania Office of the Consumer Advocate, and the Office of Small Business Advocate as necessary for compliance with any default service procurement reporting obligations.

12.2 Certifications and Disclosures to Be Made

A prospective bidder will be required in its Part 1 Application to disclose any bidding agreement or any other arrangement in which the prospective bidder may have entered and that is related to its participation in the auction. A prospective bidder that has entered into such an agreement or arrangement must name the entities with which the prospective bidder has entered into a bidding agreement, or a joint venture for the purpose of participating in the auction, or a bidding consortium, or any other arrangement pertaining to participating in the auction. A bidding consortium is a group of separate businesses or business people joining together to submit joint bids in the auction.

In addition, a prospective bidder will be required to make the certifications listed in the Part 1 and Part 2 Applications.

The Commission may publicly release the winning prices and the names of the winning bidders from the auction. The Commission may choose to release additional information. After the auction, a winning bidder itself may release information regarding the number of tranches it has won, and a non-winning bidder itself may release information only regarding the fact that it participated in the auction. The winning bidders and the non-winning bidders otherwise continue to be bound by their certifications as described previously. In particular, no winning bidder and no non-winning bidder itself can reveal the winning prices of the auction prior to these being publicly released by the Commission.

12.3 Actions to Be Taken if Certifications Cannot Be Made

If a bidder cannot make all the certifications above, the Independent Evaluator will decide within five (5) days following the deadline to submit the Part 2 Application on a course of action on a case-by-case basis. To decide on this course of action, the Independent Evaluator may make additional inquiries and information requests to understand the reason for the inability of the bidder to make the certification.

If Qualified Bidders do not comply with additional information requests by the Independent Evaluator regarding certifications required in the Part 2 Application, the Independent Evaluator may reject the application.

12.4 Sanctions for Failure to Comply

Sanctions may be imposed on a bidder for failing to properly disclose information relevant to determining associations, for coordinating with another bidder, for failure to abide by any of the certifications made in its Part 1 Application or Part 2 Application, for releasing Confidential Information or disclosing information during the auction (aside from only specific exceptions provided with respect to entities explicitly named in the Part 1 Application as entities that are part of a bidding agreement or other arrangement), and in general for failing to abide by any of the communications protocols in the section, “Communications Protocols,” of these Bidding Rules. Such sanctions can include, but are not limited to, any one or more of the following:

- Termination of the SMA.
- The loss of all rights to provide tranches won by such bidder.
- The forfeiture of letters of credit and other fees posted or paid.
- Action (including prosecution) under applicable state and/or federal laws.
- Attorneys’ fees and court costs incurred in any litigation that arises out of the bidder’s improper disclosure.
- Debarment from participation in future solicitations.
- And/or other sanctions that may be appropriate.

Should such an event occur, the Independent Evaluator will make a recommendation to the Companies regarding sanctions. The imposition of such sanctions will be at the discretion of the Companies.

13. BIDDER ASSOCIATIONS

A Qualified Bidder is associated with another Qualified Bidder if the two bidders have ties that could allow them to act in concert or that could prevent them from competing actively against each other.

The competitiveness of the auction and the ability of the auction to produce competitive prices may be harmed by the coordinated or collusive behavior that associations among bidders may facilitate. As a result, the Independent Evaluator has developed standards that apply when associated parties apply to participate in FP and/or HP auctions. The following sections outline the specific protocols that will be followed when associated entities submit Part 1 and/or Part 2 Applications to participate in an auction for the Companies.

13.1 Procedure Followed by the Independent Evaluator

Potential associations among participants may come to the attention of the Independent Evaluator at different points in the bidder qualification application process. In order to improve the process efficiency and minimize the risk of disclosure of potentially confidential information, the Independent Evaluator will approach each case as described below.

13.1.1 Following the Receipt of the Part 1 Applications

Potential associations among applicants may become apparent after the Part 1 Applications are submitted but before Qualified Bidders are required to disclose such associations as part of their Part 2 Applications. The Independent Evaluator will take no action related to potential associations until each party submits their completed Part 1 Application. In cases where there is an apparent relationship among applicants, the Independent Evaluator will initiate a request for additional information regarding the relationship among the potentially associated parties, the structure of their organization, and the independence of the respective bidding teams.

In such cases, the Independent Evaluator will notify representatives of the Companies and Commission Staff that there is a potential association among applicants.

In addition, as outlined in the Part 2 Application, the Independent Evaluator reserves the right to request additional information from each party including, but not necessarily limited to:

(a) Information on how the entity maintains its independence from the associated party including any available supporting documentation such as a Corporate Separation Agreements, Codes of Conduct, and/or organization charts.

(b) A list of individuals within the organization who have played or will play a material role in the auction(s).

(c) Information regarding the nature of any work done in conjunction with or on behalf of the associated party.

(d) Information describing the organizational structure of the associate(s), identifying common management and oversight among the associated entities as well as the management involved in or responsible for bid approval.

(e) The internal process or protocol related to determining indicative offers submitted as part of the Part 2 Application.

(f) Disclosure of whether the entity is bidding on behalf of itself or acting as an agent for other entities.

Any responses to the above will be treated as confidential if labeled as such.

13.1.2 Following the Receipt of the Part 2 Applications

In some cases, the potential relationship among Qualified Bidders will not be known to the Independent Evaluator until the Qualified Bidders submit final certifications along with their Part 2 Applications. In such cases, the Independent Evaluator will initiate the steps outlined above, upon receipt of the completed Part 2 Applications.

After the Independent Evaluator has requested and received additional information from each associated bidder, the Independent Evaluator will work with representatives of the Companies and Commission Staff to determine:

(a) Whether each of the associated bidders will be allowed to participate independently in the auction(s); and

(b) Any restrictions that may be applied as a result of the participation by associated bidders.

Any restrictions will be based on the information provided by the associated bidders as part of the Part 1 Application, the Part 2 Application, and the additional information that was provided at the request of the Independent Evaluator.

13.2 Remedies and Actions Related to Participation by Associated Bidders

This section summarizes the potential restrictions that will be considered by the Independent Evaluator, the Companies, and Commission Staff in relationship to associated participation. Restrictions on participation may include, but may not be limited to, the following:

(a) Indicative offers may be restricted such that any applicable load cap may apply across the associated bidders;

(b) Pre-bid security or collateral requirements may be altered for the associated bidders to ensure that associated bidders do not gain a competitive advantage over other bidders; and,

(c) In some cases, one or more associated bidders may not be allowed to participate in the auction(s).

13.3 Handling of Confidential Information

In order to execute the process of gathering information on associated entities and executing the remedies outlined above, there may be situations that require the Independent Evaluator to share, directly, certain confidential information among the associated parties, the Companies, and the Commission and its Staff.

In addition, as part of the remedies outlined in above, an associated party may gain access to or be able to ascertain certain confidential information of the other associated entities. While access to such information otherwise may be counter to certifications in the Part 2 Application, access to such information acquired through the data gathering and remedies related to associated bidders will not be considered a violation of the auction rules.

Confidential information includes but may not be limited to the initial eligibility for each associated bidder based on indicative bids submitted with the Part 2 Application. The Independent Evaluator will make reasonable efforts to minimize the disclosure of any such confidential information.

14. MISCELLANEOUS

14.1 Warranty on Information

The information provided for the auction, including but not limited to information provided on the Information Website, has been prepared to assist bidders in evaluating the auction process. It does not purport to contain all the information that may be relevant to a bidder in satisfying its due diligence efforts. Neither the Companies nor the Independent Evaluator make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information, and shall not, either individually or as a corporation, be liable for any representation expressed or implied in the auction process or any omissions from the auction process, or any information provided to a bidder by any other source. A bidder should check the Information Website frequently to ensure it has the latest documentation and information. Neither the Companies, nor the Independent Evaluator, nor any of their representatives, shall be liable to a bidder or any of its representatives for any consequences relating to or arising from the bidder's use of information.

14.2 Hold Harmless

Bidder shall hold the Companies and the Independent Evaluator harmless of and from all damages and costs, including but not limited to legal costs, in connection with all claims, expenses, losses, proceedings or investigations that arise in connection with the auction process or the award of a bid pursuant to the auction process.

14.3 Bid Submissions Become the Companies' Property

All bids submitted by bidders participating in the auction will become the exclusive property of the Companies upon conclusion of the auction process.

14.4 Bidder's Acceptance

Through its participation in the auction process, a bidder acknowledges and accepts all the terms, conditions and requirements of the auction process and the SMA.

14.5 Permits, Licenses, Compliance with the Law and Regulatory Approvals

Bidders shall obtain all licenses, permits and status that may be required by any governmental body, agency or organization necessary to conduct business or to perform hereunder. Bidders' subcontractors, employees, agents and representatives of each in performance hereunder shall comply with all applicable governmental laws, ordinances, rules, regulations, orders and all other governmental requirements.

14.6 Auction Intellectual Property

All title, interests and other intellectual property rights in and to the auction design, the auction format and methodology, the auction software, the source code (including all modifications, enhancements, customization, adaptations and derivative works made by the Independent Evaluator) and associated documentation, including but not limited to these Bidding Rules, and the screen formats and forms designed by the Independent Evaluator (the "Auction Software"), are proprietary to the Independent Evaluator and all rights, title, and interest to the Auction Software remain with the Independent Evaluator. The Independent Evaluator grants Qualified Bidders a non-exclusive, non-transferable, limited license to use the Auction Software, solely for use in connection with the auction, subject to the terms and conditions set forth herein, and not for copying, relicensing, sublicensing, distribution or marketing by the Qualified Bidder. No other interest is conveyed to the Qualified Bidder other than the license expressly granted herein. The foregoing use license shall immediately terminate upon disqualification of the Qualified Bidder or upon termination or completion of the auction process. If at any time it is determined in the Independent Evaluator's sole discretion that the Qualified Bidder is in breach of this Section 13.6, the Independent Evaluator shall be entitled to terminate the Qualified Bidder's access rights to the Auction Software.

Notwithstanding anything herein to the contrary, and without limiting the Qualified Bidder's other obligations herein, the Qualified Bidder shall not, nor shall it permit any third party to: (i) modify, translate or otherwise create derivative works of the Auction Software; (ii) reverse engineer, decompile, decode, disassemble or translate any Auction Software, or output thereof, or otherwise attempt to reduce to human readable form or derive the source code, protocols or architecture of any Auction Software; (iii) use or study any Auction Software, or output thereof, for the purpose of developing any software that is intended to replace, or that has functions, structure or architecture similar to, such Auction Software, or any part thereof; (iv) publish, or otherwise make available to any third party, any benchmark or other testing information or results concerning the Auction Software; (v) permit any other person who is not authorized to access or use all or any part of the Auction Software or (vi) copy the Auction Software, distribute the Auction Software, remove or obscure any proprietary labeling on or in the Auction Software, create any derivative works based on the Auction Software, or modify the Auction Software, in each case, except to the extent expressly permitted by the Independent Evaluator in writing.

In using the Auction Software, a Qualified Bidder shall take steps to prevent any virus, worm, built-in or use-driven destruction mechanism, algorithm, or any other similar disabling code, mechanism, software, equipment, or component designated to disable, destroy or adversely affect the Auction Software from being introduced into the systems.

APPENDIX A — EXAMPLE OF ROUND-BY-ROUND BIDDING

The illustrative example below shows for two bidders (BidderA and BidderB) and two products (Product-1 and Product-2) the confirmed bids (pre-EOR) and the post-EOR results for each round. In the example, the auction closes after round 4.

Round 1

For round 1, the announced prices are $75.00 and $82.00 for Product-1 and Product-2, respectively. At those announced prices, BidderA bids 55 tranches and 85 tranches on Product-1 and Product-2, respectively. BidderB bids 80 tranches and 27 tranches on Product-1 and Product-2, respectively.

When the round closes the EOR procedure is executed. Each product is over-subscribed: 135 tranches were bid on Product-1 which has a tranche target of 100, and 112 tranches were bid on Product-2 which has a tranche target of 100.

The announced price for Product-1 will be reduced from $75.00 to $72.50 for round 2. The announced price for Product-2 will be reduced from $82.00 to $78.60 for round 2.

BidderA will have eligibility of 55+85 = 140 tranches for round 2, and BidderB will have eligibility of 80+27 = 107 tranches for round 2.

Round 2

At the announced prices for round 2, BidderA bids 40 tranches and 85 tranches on Product-1 and Product-2, respectively. Thus, BidderA reduced its tranches bid on Product-1 from 55 to 40 tranches. BidderB bids 50 tranches and 57 tranches on Product-1 and Product-2, respectively. Thus, BidderB switched 30 tranches from Product-1 to Product-2.

When the round closes the EOR procedure is executed. Product-1 is under-subscribed by 10 tranches: only 90 tranches bid against the tranche target of 100 tranches: BidderA's bid represents a reduction in its eligibility by 15 tranches, while BidderB's bid maintained its eligibility. Thus, 10 of the 15 eligibility reduction tranches of BidderA are rolled back on Product-1. Those 10 tranches are priced at the announced price for Product-1 at which they were bid in round 1: $75.00. The announced price for Product-1 will remain at $72.50 for round 3.

Product-2 is over-subscribed by 42 tranches. The announced price for Product-2 will be reduced from $78.60 to $76.10 for round 3.

BidderA will have eligibility of 50+85 = 135 tranches for round 3 (including the 10 tranches rolled back on Product-1), and BidderB will have eligibility of 50+57 = 107 tranches for round 3.

Round 3

At the announced prices for round 3, BidderA bids 99 tranches and 36 tranches on Product-1 and Product-2, respectively. Thus, BidderA is switching 49 of the tranches bid from Product-2 to Product-1. BidderB bids 50 tranches and 35 tranches on Product-1 and Product-2, respectively. Thus, BidderB is reducing its tranches bid on Product-2 from 57 to 35 tranches.

When the round closes the EOR procedure is executed. Product-1 is over-subscribed by 49 tranches. Product-2 is under-subscribed by 29 tranches: only 71 tranches bid against the tranche target of 100 tranches: BidderA's bid maintained its eligibility while BidderB's bid represents a reduction in its eligibility by 22 tranches. Thus, all 22 of the eligibility reduction tranches of BidderB are rolled back on Product-2. Those 22 tranches are priced at the announced price for Product-2 at which they were bid in round 2: $78.60. Even after rolling back those 22 eligibility reduction tranches of BidderB, Product-2 still is under-subscribed — by 7 tranches. So 7 tranches that BidderA had switched from Product-2 to Product-1 are rolled back to Product-2. Those 7 tranches are priced at the announced price for Product-2 at which they were bid in round 2: $78.60.

After rolling back 7 tranches from Product-1 to Product-2 for BidderA, BidderA still has increased the number of tranches it is bidding on Product-1: from 50 tranches bid in round 2 (10 tranches at $75.00 and 40 tranches at $72.50) to 92 tranches bid in round 3 (10 tranches at $75.00 and 82 tranches at $72.50). Product-1 is over-subscribed as a result, so higher-priced tranches in Product-1's bid stack can be removed. All 10 of BidderA's higher-priced tranches are removed from Product-1's bid stack, and these 10 tranches become BidderA's free eligibility for round 4. In round 4, BidderA can bid any of the 10 tranches on any product, but to the extent those 10 tranches are not bid on a product in round 4, those free eligibility tranches and their associated eligibility for BidderA will be permanently removed from the auction after round 4.

Because Product-1 is over-subscribed, the announced price for Product-1 will be reduced from $72.50 to $70.15 for round 4. Because Product-2 is not over-subscribed, the announced price for Product-2 will remain at $76.10 for round 4.

BidderA will have eligibility of 82+43+10 = 135 tranches for round 4, and BidderB will have eligibility of 50+57 = 107 tranches for round 4 (including the 22 tranches rolled back on Product-2).

Round 4

At the announced prices for round 4, BidderA bids 46 tranches and 43 tranches on Product-1 and Product-2, respectively. Thus, BidderA reduced its tranches bid on Product-1 from 82 to 46 tranches. BidderB bids 32 tranches and 57 tranches on Product-1 and Product-2, respectively. Thus, BidderB reduced its tranches bid on Product-1 from 50 to 32 tranches.

When the round closes the EOR procedure is executed. Product-1 is under-subscribed by 22 tranches: only 78 tranches bid against the tranche target of 100 tranches: BidderA's bid represents a reduction in its eligibility by 36 tranches, while BidderB's bid represents a reduction in its eligibility by 18 tranches. Of the 54 fewer tranches bid on Product-1, 36 were eligibility reductions from BidderA and 18 were eligibility reductions from BidderB. Of those 54 fewer tranches bid, 100-78 = 22 tranches need to be rolled back on Product-1. The selection of which tranches are rolled back is done by assigning random numbers tranche by tranche (not bidder by bidder) to each of the 54 fewer tranches bid on Product-1. On average, the selection of the rolled back tranches will be proportional based on the number of tranches by which each bidder reduced its bid on the product. Thus, if the assignment of random numbers and selection of rolled back tranches were repeated many times, the number of rolled back tranches for BidderA on Product-1 would be expected to be 15 on average or (82-46)/(132-78)*(100-78) = 36/54*22, rounded, and the number of rolled back tranches for BidderB on Product-1 would be expected to be 7 on average: (50-32)/(132-78)*(100-78) = 18/54*22, rounded.

Auction Close

After the rollback is done for Product-1, it is determined that no product is over-subscribed and no bidder has free eligibility tranches. Thus, the criteria are met for closing the auction.

Product-1's bid stack has tranches bid at $72.50 and tranches bid at $70.15. So Product-1's clearing price is the higher of the two, or $72.50. BidderA wins 61 tranches and BidderB wins 39 tranches for Product-1. All 100 tranches procured for Product-1 are paid the price of $72.50.

Product-2's bid stack has tranches bid at $78.60 and tranches bid at $76.10. So Product-2's clearing price is the higher of the two, or $78.60. BidderA wins 43 tranches and BidderB wins 57 tranches for Product-2. All 100 tranches procured for Product-2 are paid the price of $78.60.

Example 2. Round-by-Round Bidding with Pre-EOR and Post-EOR Results

	Product-1					Product-2					Next-Round Eligibility	
Round	**Announced Price**	**Tranche Target**	**Tranches Bid**	**@ Price**	**Excess Supply**	**Announced Price**	**Tranche Target**	**Tranches Bid**	**@ Price**	**Excess Supply**	**Free**	**Total**
1	$75.00					$82.00						
Pre-EOR		100	135		35		100	112		12		
BidderA			55	@ $75.00				85	@ $82.00		—	140
BidderB			80	@ $75.00				27	@ $82.00		—	107
Post-EOR		100	135		35		100	112		12		
BidderA			55	@ $75.00				85	@ $82.00		—	140
BidderB			80	@ $75.00				27	@ $82.00		—	107
2	$72.50					$78.60						
Pre-EOR		100	90		(10)		100	142		42		
BidderA			40	@ $72.50				85	@ $78.60		—	125
BidderB			50	@ $72.50				57	@ $78.60		—	107
Post-EOR		100	100		0		100	142		42		
BidderA			50	10 @ $75.00 40 @ $72.50				85	@ $78.60		—	135
BidderB			50	@ $72.50				57	@ $78.60		—	107

	Product-1					Product-2					Next-Round Eligibility	
Round	**Announced Price**	**Tranche Target**	**Tranches Bid**	**@ Price**	**Excess Supply**	**Announced Price**	**Tranche Target**	**Tranches Bid**	**@ Price**	**Excess Supply**	**Free**	**Total**
3	$72.50					$76.10						
Pre-EOR		100	149		49		100	71		(29)		
BidderA			99	10 @ $75.00 89 @ $72.50				36	@ $76.10		—	135
BidderB			50	50 @ $72.50				35	@ $76.10		—	85
Post-EOR		100	132		32		100	100		0		
BidderA			82	@ $72.50				43	7 @ $78.60 36 @ $76.10		10	135
BidderB			50	@ $72.50				57	22 @ $78.60 35 @ $76.10		—	107
4	$70.15					$76.10						
Pre-EOR		100	78		(22)		100	100		0		
BidderA			46	@ $70.15				43	7 @ $78.60 36 @ $76.10		—	89
BidderB			32	@ $70.15				57	22 @ $78.60 35 @ $76.10		—	89
Post-EOR		100	100		0		100	100		0		
BidderA			61	15 @ $72.50 46 @ $70.15				43	7 @ $78.60 36 @ $76.10		—	104
BidderB			39	7 @ $72.50 32 @ $70.15				57	22 @ $78.60 35 @ $76.10		—	96

	Product-1				Product-2				
	Clearing Price	Tranche Target	Tranches Won		Clearing Price	Tranche Target	Tranches Won		Tranches Won
Results	$72.50	100	100		$78.60	100	100		100
BidderA			61				43		104
BidderB			39				57		96

Part 1 Application

For Fixed-Price and Hourly-Priced Auctions

To Procure Default Service Products

Under Default Service Program DSP-VI for

Metropolitan Edison Company (“Met-Ed”)

Pennsylvania Electric Company (“Penelec”)

Pennsylvania Power Company (“Penn Power”)

West Penn Power Company (“West Penn”)

Appendix 1 to Bidding Rules

_____

Name of Applicant

PART 1 APPLICATION
AUCTIONS TO PROCURE DEFAULT SERVICE PRODUCTS FOR MET-ED / PENELEC / PENN POWER / WEST PENN

INSTRUCTIONS

There are two parts to the application process.

- **Part 1 Application:** Applicants submit the Part 1 Application and all documents required therein to become Qualified Bidders for the fixed-price auction ("FP Auction") and/or the hourly-priced auction ("HP Auction") used to procure default service products for Met-Ed, Penelec, Penn Power, and West Penn ("Companies"). A Qualified Bidder for an auction need not submit a new Part 1 Application for subsequent auctions in the same calendar year unless the information in the Qualified Bidder's Part 1 Application has changed. In any case, a Qualified Bidder must submit its most recent financial statements during the Part 1 Application process before each auction.

- **Part 2 Application:** Qualified Bidders for the FP Auction and/or the HP Auction submit the Part 2 Application in which they will: (a) agree to comply with the Bidding Rules, (b) agree to accept the terms of the Supplier Master Agreement ("SMA") should they become a winning supplier, (c) make certifications regarding associations and handling of Confidential Information, (d) submit Indicative Offers, and (e) post Pre-Bid Security to become Registered Bidders.

This document is the Part 1 Application.

For further information, consult the Information Website.

Unless otherwise defined, capitalized terms in this document have the definitions provided in the SMA. "Communications Protocols" refers to the section "Communications Protocols" and related sections in the Bidding Rules.

_____

Name of Applicant

PART 1 APPLICATION SUBMISSION

To become a Qualified Bidder for the FP Auction and/or the HP Auction, Applicants must submit the following to the Independent Evaluator electronically through the Secure Online Application Process or in hardcopy format to the address below by the Part 1 Application Due Date:

- **Electronic Application Form:** Completed Part 1 Application submitted online;
- **Hardcopy Application Form:** One (1) printed Part 1 Application document with original signatures, notarized signatures where applicable, and the name of the Applicant on every page of the Application;
- **Supporting Documentation:** One (1) copy of required financial statements and other requested documents supporting the Application as specified in Appendix A; and
- **Changes to Pre-Bid Letter of Credit (Optional):** Any suggested modifications to the template for the Pre-Bid Letter of Credit must be provided to the Independent Evaluator in an electronic, red-lined version.

Proposed modifications to the Pre-Bid Letter of Credit and any other inquiries may be directed to the Independent Evaluator by email at fepaauction@crai.com. Inquiries can also be made through the Information Website.

Photocopies and facsimiles of completed documents will not be accepted under any circumstances.

It is in your interest to seek independent legal and financial advice before deciding to participate in the FP Auction and/or the HP Auction.

Part 1 Application: FE-PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

_____

Name of Applicant

The completed Part 1 Application and any modifications to the Pre-Bid Letter of Credit MUST be received by the Independent Evaluator no later than 12:00 p.m. noon prevailing Eastern Time on the Part 1 Application Due Date as posted in the timeline on the Information Website.

Hardcopies must be addressed to:

Independent Evaluator
c/o Brad Miller, Vice President
CRA International, Inc.
John Hancock Tower, T-9
200 Clarendon Street
Boston, MA 02116-5092
Phone: 617.425.3384

_____

Name of Applicant

CONFIDENTIALITY OF PART 1 APPLICATION SUBMISSIONS

Confidentiality requirements specific to the Part 1 Application are provided below.

CONFIDENTIALITY OF CREDIT INFORMATION

Any information and materials that you submit in this Part 1 Application may be provided on a confidential basis to the Independent Evaluator Team and the Pennsylvania Public Utility Commission ("Commission") and their representatives. Information that you provide in this Part 1 Application, except for information regarding bidding agreements provided in Section 1.11, may be provided on a confidential basis to representatives of the Companies for a creditworthiness assessment.

CONFIDENTIALITY OF QUALIFIED BIDDERS

Upon completion of the Part 1 Application process, the names of Qualified Bidders will be provided to all Qualified Bidders on a confidential basis. As part of this Part 1 Application, you are required to certify that you agree to release your name to other Qualified Bidders and that you will keep confidential the list of Qualified Bidders that is provided to you.

_____
Name of Applicant

PART 1 APPLICATION
Fixed-Price Auction and Hourly-Priced Auction
To Procure Default Service Products

This Part 1 Application is the application form to become a Qualified Bidder in the FP Auction and/or the HP Auction.

Background Information

Before completing this form, please review the Bidding Rules document, the SMA, and other documents posted on the Information Website so that you understand the conditions under which the FP Auction and HP Auction will be conducted.

Confirmation of Receipt

Online Delivery: If your Part 1 Application is submitted online through the Secure Online Application Process, an email will be sent to the Authorized Representative and Delegate of the Applicant to confirm receipt. You will not be required to submit a hardcopy of the Part 1 Application.

Delivery by Post or Hand Delivery: If your Part 1 Application is received by post or hand delivery, an email will be sent to the Authorized Representative and Delegate to confirm receipt.

Incomplete Applications

If your Part 1 Application is incomplete or requires clarification, the Independent Evaluator will send a deficiency notice to your Authorized Representative by email. You will have until 12:00 p.m. noon prevailing Eastern Time on the Part 1 Application Due Date, or until 5:00 p.m. prevailing Eastern Time on the Business Day following the Business Day during which a deficiency notice is sent to you, whichever comes later, to respond. If you do not correct or adequately explain the deficiency within the time allowed, your Part 1 Application may be rejected and you may be unable to participate in the FP Auction or the HP Auction. All corrections to remedy deficiencies within an Applicant's Part 1 Application must be submitted online. The Authorized Representative needs to sign and date next to the correction(s) to the Part 1 Application and send a copy as an email attachment to the Independent Evaluator at fepaauction@crai.com.

_____

Name of Applicant

Late Applications

Part 1 Applications received after the Part 1 Application Due Date will NOT be accepted under any circumstances.

Notification to Qualified Bidders

If you become a Qualified Bidder for the FP Auction and/or the HP Auction, the Independent Evaluator will send a Notification of Qualification to your Authorized Representative by email after the Part 1 Application Due Date. The Notification of Qualification also will be sent to your Authorized Representative via courier.

Part 1 Application: FE-PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

_____
Name of Applicant

PART 1 APPLICATION FORMS

1.1. Applicant Basic Information

Name of Applicant (Company Name)

Legal Name of Applicant (if different from above)

Place of Incorporation, if applicable	Federal Tax I.D.	D&B DUNS #

Please state whether the Applicant is a corporation, partnership, etc.	Years in Business	URL for Applicant's Website

Has the Applicant participated in a prior Met-Ed, Penelec, Penn Power, or West Penn Power Default Service solicitations?	If yes, indicate the most recent auction date (month, year):

_____
Name of Applicant

1.2. Authorized Representative

The Authorized Representative is authorized to represent the Applicant in the FP Auction and/or the HP Auction. The Authorized Representative will receive all documentation related to the relevant auction(s) if and when the Applicant becomes a Qualified Bidder and subsequently a Registered Bidder, including any auction procedures and Confidential Information required for the submission of bids in any trial auction(s) and in the actual auction(s). The Authorized Representative must ensure that only authorized persons act on behalf of the Applicant in the FP Auction and/or the HP Auction. The Authorized Representative is the only person authorized to distribute auction procedures and Confidential Information and should do so in accordance with the Communications Protocols. The integrity of the FP Auction and the HP Auction depends upon each Authorized Representative safeguarding Confidential Information and passwords used in the auctions. The Independent Evaluator will communicate exclusively with the Authorized Representative or, if instructed by the Authorized Representative, with a Delegate, as designated in this Part 1 Application.

The person designated below is the Applicant's Authorized Representative.

Last Name | Given Name(s) | Mr/Mrs/Ms/Dr/(other)

Title

Street Address 1

Street Address 2

City | State | Zip Code

Telephone No. | Cell Phone No. | Fax No. | Email Address

_____

Name of Applicant

Communications with the Authorized Representative for purposes of the Part 1 Application are typically done via email and courier.

The Applicant hereby acknowledges that any notification or other communication given by the Independent Evaluator to the Applicant with respect to the Part 1 Application shall be delivered by courier to the address provided above or emailed to the email address above and shall be deemed received by the Applicant at the time of delivery, provided that where delivery occurs after 5:00 p.m. prevailing Eastern Time on a Business Day or on a day which is not a Business Day, receipt shall be deemed to occur at 8:00 a.m. prevailing Eastern Time on the following Business Day.

This certification must be signed by the Authorized Representative and the signature must be notarized.

I hereby certify that I am authorized by the Applicant to serve as Authorized Representative, to represent the Applicant both (i) in the FP Auction and/or the HP Auction, and (ii) for purposes of this Part 1 Application. I further certify that I will be responsible for all Confidential Information regarding the FP Auction and/or the HP Auction and I will distribute Confidential Information only to other individuals who are authorized to act on behalf of the Applicant according to the Communications Protocols.

_____ _____

Signature of Authorized Representative Date

_____ _____

Signature and Seal from Notary Public Date

Part 1 Application: FE-PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

_____
Name of Applicant

The person designated in this section by the Applicant is the Delegate.

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Company Name

Title

Street Address 1

Street Address 2

City

State

Zip Code

Telephone No.

Cell Phone No.

Fax No.

Email Address

_____
Name of Applicant

1.3. Designation of the Applicant's Authorized Representative and Delegate for the FP Auction and/or the HP Auction

This certification should be signed by an officer or director of the Applicant and should either be notarized or attested with the corporate seal. The person making this certification cannot be either the Authorized Representative or the Delegate.

I certify that I am an officer or director of the Applicant, empowered to undertake contracts and bind the Applicant. I have read and accept the Bidding Rules, the provisions contained in the SMA, and the provisions of the Communications Protocols pertaining to bidders in the FP Auction and/or the HP Auction.

All the information contained in this Application is true and correct to the best of my knowledge. If there are material changes to the Applicant's information provided in this Part 1 Application, I agree to notify the Independent Evaluator. I designate _____ to act as the Authorized Representative of the Applicant in the FP Auction and/or the HP Auction and _____ to act as Delegate for the Authorized Representative. I am not designating myself as Authorized Representative or Delegate.

_____ _____

Signature of Officer or Director of the Applicant Date

Printed Name

Title

_____ _____

Signature and Seal from Notary Public Date

_____
Name of Applicant

1.4. Applicant's Legal Representative in Pennsylvania

Please check here ☐ if the Applicant's Authorized Representative is also the Applicant's Legal Representative.

The Applicant's Legal Representative in Pennsylvania must:

- be a legal counsel or a representative agent;
- have an address in Pennsylvania; and
- be authorized and agree to accept service of process on the Applicant's behalf.

The person designated below is the Applicant's Legal Representative or Representative Agent.

Last Name	Given Name(s)	Mr/Mrs/Ms/Dr/(other)

Company Name	Title

Street Address 1

Street Address 2

City	State	Zip Code

Telephone No.	Cell Phone No.	Fax No.	Email Address

This certification must be signed by the Legal Representative and the signature must be notarized.

I agree to serve as Legal Representative of the Applicant. I am authorized and I agree to receive service of process on the Applicant's behalf.

_____ _____

Signature of Legal Representative Date

_____ _____

Signature and Seal from Notary Public Date

Part 1 Application: FE-PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

_____
Name of Applicant

1.5. Applicant's Credit Representative

The Applicant's Credit Representative is the Applicant's in-house Credit Representative who can answer questions or provide information about the Applicant's credit with respect to the requirements for the FP Auction and/or the HP Auction.

The person designated below is the Applicant's Credit Representative.

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Title

Street Address 1

Street Address 2

City

State

Zip Code

Telephone No.

Cell Phone No.

Fax No.

Email Address

_____

Name of Applicant

1.6. General Requirements to Participate in the Auctions to Procure Default Service Products

1. If the Applicant already is a Transmission Customer of PJM who has executed the applicable PJM Agreements as that term is defined in the SMA, please check ☐ and please provide a copy of the signature page of the PJM Agreements.

   Otherwise, please certify that there exist no known impediments for the Applicant to execute the applicable PJM Agreements prior to the start of the supply period.

   _____ _____

   Signature of Authorized Representative Date

2. If the Applicant already has PJM E-Accounts necessary to provide Default Service supply, please check ☐ and please provide documentation from PJM that the Applicant has a PJM E-Account.

   Otherwise, please certify that there exist no known impediments for the Applicant to establish the PJM E-Accounts necessary to provide Default Service Supply and execute the PJM E-Account contract(s) for the supply period prior to the beginning of the supply period.

   _____ _____

   Signature of Authorized Representative Date

3. If the Applicant already is a PJM Market Participant and a Load Serving Entity in PJM, please check ☐ and please provide documentation from PJM that the Applicant is a Market Participant.

   Otherwise, please certify that there exist no known impediments for the Applicant to become a PJM Market Participant and a Load Serving Entity in PJM by the start of the supply period.

   _____ _____

   Signature of Authorized Representative Date

_____
Name of Applicant

4. Further, please certify that:

   (a) The Applicant and its corporate officers have no indictments or pending criminal litigation in any federal, state or local jurisdiction relating to the Applicant;

   (b) The Applicant and its corporate officers have no criminal convictions;

   (c) The Applicant has no civil penalties, judgments, sanctions or consent decrees arising out of the violation of any law, rule, regulation or ordinance in connection with its business activities;

   (d) The Applicant has not had any permit or authority to do business in any jurisdiction revoked or suspended; and

   (e) The Applicant has never been barred from public bidding or sanctioned for unauthorized disclosure of Confidential Information.

_____ _____

Signature of Authorized Representative Date

If you are unable to make these certifications in Section 1.6, subsections (1) to (4), please state which certifications you are unable to make and explain all reasons in the space given below.

_____

Name of Applicant

1.7. Financial and Credit Information for the Applicant

Please provide the following information for the Applicant:

(a) If the Applicant is not an SEC registrant, provide the most recent Annual Report;

(b) If the Applicant is an SEC registrant, provide the Form 10-K most recently filed with the SEC. If unavailable, please provide the most recent audited annual financial information (including a balance sheet, income statement, and cash flow statement);

(c) If the Applicant is an SEC registrant, provide the Form 10-Q most recently filed with the SEC. If unavailable, please provide the most recent audited quarterly financial information (including a balance sheet, income statement, and cash flow statement);

(d) If the Applicant is an SEC registrant and if both the Form 10-K and Form 10-Q most recently filed with the SEC are not available, please provide the most recent annual or quarterly financial data accompanied by an attestation by the Applicant's Chief Financial Officer that the information submitted is true, correct and a fair representation of the Applicant's financial condition;

(e) The following financial information along with page references to the relevant financial filings submitted:

	Amount ($)	Financial Document Page Number	Financial Document Source	Date of Financial Document Source
Goodwill				
Shareholders' Equity				
Net Intangible Assets				

_____
Name of Applicant

(f) Applicant's senior unsecured debt ratings from the following three rating agencies if available, and the date of the rating, along with documentation showing the name of the rating agency, the type of rating, and the rating of the Applicant:

	Rating	Date of the Rating
Moody's		
Standard & Poor's		
Fitch		

If senior unsecured debt ratings are unavailable, but corporate issuer ratings are available, please provide the corporate issuer ratings, and the date of the rating, along with documentation showing the name of the rating agency, the type of rating, and the rating of the Applicant:

	Rating	Date of the Rating
Moody's		
Standard & Poor's		
Fitch		

(g) If the Applicant has not been incorporated or otherwise formed under the laws of the United States, the Applicant is asked to provide in addition to (a)-(f) above:

i. A legal opinion acceptable to the Companies of counsel qualified to practice in the foreign jurisdiction in which the Applicant is incorporated or otherwise formed that the SMA will become the binding obligation of the Applicant in the jurisdiction in which it has been incorporated or otherwise formed.

ii. Any additional information that the Applicant wishes to include that could provide comparable credit assurances to those that are provided by other Applicants that have been incorporated or otherwise formed under the laws of the United States.

An Applicant that has not been incorporated or otherwise formed under the laws of the United States and that does not provide this information or any information that could provide comparable assurances of creditworthiness will be required to post the Pre-Bid Security with its Part 2 Application.

_____
Name of Applicant

Further, if such Applicants become Default Service Suppliers, they will be required to submit additional documents as detailed in Article 6 of the SMA, including:

- A legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Default Service Supplier is incorporated or otherwise formed that this Agreement is, or upon the completion of execution formalities will become, the binding obligation of the Default Service Supplier in the jurisdiction in which it has been incorporated or otherwise formed;
- The sworn certificate of the corporate secretary (or similar officer) of such Default Service Supplier that the person executing the Agreement on behalf of the Default Service Supplier has the authority to execute the Agreement and that the governing board of such Default Service Supplier has approved the execution of the Agreement; and
- The sworn certificate of the corporate secretary (or similar officer) of such Default Service Supplier that the Default Service Supplier has been authorized by its governing board to enter into agreements of the same type as the SMA.

Is the Applicant and/or its parent:

	Applicant		Parent	
	Yes	No	Yes	No
Operating under federal bankruptcy laws or bankruptcy laws in any jurisdiction?	☐	☐	☐	☐
Subject to pending litigation or regulatory proceedings (in state court, or in federal court, or from regulatory agencies, or in any other jurisdiction) which could materially impact the Applicant's and/or parent's financial condition?	☐	☐	☐	☐
Subject to collection lawsuits or outstanding judgments that could impact solvency?	☐	☐	☐	☐

Part 1 Application: FE-PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

_____

Name of Applicant

Please provide a statement disclosing any existing, pending or past adverse rulings, judgments, litigation, contingent liabilities, revocations of authority, administrative, regulatory (state, FERC, SEC or DOJ) investigations and any other matters relating to financial or operational status for the past three years that arise from the sale of electricity or natural gas, or that materially affect current financial or operational status.

_____
Name of Applicant

1.8. Guarantor Information

The Guarantor information is required only if the Applicant expects to have a third party act as a Guarantor should the Applicant become a Default Service Supplier.

Please check here ☐ and proceed to the next section if this section does not apply to you because you will not have a third party act as a Guarantor.

Basic Information for the Guarantor

Name of Guarantor

Legal Name of Guarantor (if different from above)

Place of Incorporation, if applicable

Federal Tax I.D.

D&B DUNS #

Please state whether the Guarantor is a corporation, partnership, etc.

Years in Business

Guarantor's Contact Information

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Title

Street Address 1

Street Address 2

City

State

Zip Code

Telephone No.

Cell Phone No.

Fax No.

Email Address

Part 1 Application: FE-PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

_____
Name of Applicant

The Guarantor's Credit Representative

The Guarantor's in-house Credit Representative is the individual who can answer questions or provide information about the Guarantor's credit with respect to the requirements for the FP Auction and/or the HP Auction.

The person designated below is the Guarantor's Credit Representative.

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Title

Street Address 1

Street Address 2

City

State

Zip Code

Telephone No.

Cell Phone No.

Fax No.

Email Address

_____

Name of Applicant

Please provide the following information for the Guarantor:

(a) If the Guarantor is not an SEC registrant, provide the most recent Annual Report;

(b) If the Guarantor is an SEC registrant, provide the Form 10-K most recently filed with the SEC. If unavailable, please provide the most recent audited annual financial information (including a balance sheet, income statement, and cash flow statement);

(c) If the Guarantor is an SEC registrant, provide the Form 10-Q most recently filed with the SEC. If unavailable, please provide the most recent audited quarterly financial information (including a balance sheet, income statement, and cash flow statement);

(d) If the Guarantor is an SEC registrant and if both the Form 10-K and Form 10-Q most recently filed with the SEC are not available, please provide the most recent annual or quarterly financial data accompanied by an attestation by the Guarantor's Chief Financial Officer that the information submitted is true, correct and a fair representation of the Applicant's financial condition;

(e) The following financial information along with page references to the relevant financial filings submitted:

	Amount ($)	Financial Document Page Number	Financial Document Source	Date of Financial Document Source
Goodwill				
Shareholders' Equity				
Net Intangible Assets				

_____
Name of Applicant

(f) Guarantor's senior unsecured debt ratings from the following three rating agencies if available, and the date of the rating, along with documentation showing the name of the rating agency, the type of rating, and the rating of the Guarantor:

	Rating	Date of the Rating
Moody's		
Standard & Poor's		
Fitch		

If senior unsecured debt ratings are unavailable, but corporate issuer ratings are available, please provide the corporate issuer ratings, and the date of the rating, along with documentation showing the name of the rating agency, the type of rating, and the rating of the Guarantor:

	Rating	Date of the Rating
Moody's		
Standard & Poor's		
Fitch		

(g) If the Guarantor has not been incorporated or otherwise formed under the laws of the United States, the Guarantor is asked to provide in addition to a)-f) above:

i. A legal opinion acceptable to the Companies of counsel qualified to practice in the foreign jurisdiction in which the Guarantor is incorporated or otherwise formed that the Guaranty will become the binding obligation of the Guarantor in the jurisdiction in which it has been incorporated or otherwise formed.

ii. Any additional information that the Guarantor wishes to include that could provide comparable credit assurances to those that are provided by other Guarantors that have been incorporated or otherwise formed under the laws of the United States.

An Applicant whose Guarantor has not been incorporated or otherwise formed under the laws of the United States and that does not provide this information or any information that could provide comparable assurances of creditworthiness will be required to post the Pre-Bid Security with its Part 2 Application.

_____
Name of Applicant

Further, if an Applicant with such a Guarantor becomes a Default Service Supplier, the Guarantor will be required to submit additional documents as detailed in Article 6 of the SMA, including:

- A legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Guarantor is incorporated or otherwise formed that this Guaranty is, or upon the completion of execution formalities will become, the binding obligation of the Guarantor in the jurisdiction in which it has been incorporated or otherwise formed;
- The sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the person executing the Guaranty on behalf of the Guarantor has the authority to execute the Guaranty and that the governing board of such Guarantor has approved the execution of the Guaranty; and
- The sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the Guarantor has been authorized by its governing board to enter into agreements of the same type as the Guaranty.

Is the Guarantor and/or its parent (if applicable):

	Guarantor		Parent	
	Yes	No	Yes	No
Operating under federal bankruptcy laws or bankruptcy laws in any jurisdiction?	☐	☐	☐	☐
Subject to pending litigation or regulatory proceedings (in state court, or in federal court, or from regulatory agencies, or in any other jurisdiction) which could materially impact the Guarantor's and/or parent's financial condition?	☐	☐	☐	☐
Subject to collection lawsuits or outstanding judgments that could impact solvency?	☐	☐	☐	☐

_____

Name of Applicant

Please provide a statement disclosing any existing, pending or past adverse rulings, judgments, litigation, contingent liabilities, revocations of authority, administrative, regulatory (State, FERC, SEC or DOJ) investigations and any other matters relating to financial or operational status for the past three years that arise from the sale of electricity or natural gas, or that materially affect current financial or operational status of the Guarantor.

_____
Name of Applicant

1.9. Additional Certifications

The Bidding Rules, the SMA, and the Information Website include important information that an Applicant should understand prior to participating in the FP Auction and/or the HP Auction.

(a) Please certify that you have read the Bidding Rules for the Auction(s) in which you intend to participate (the FP Auction and/or the HP Auction) and that you will comply with these rules.

_____ _____

Signature of Authorized Representative Date

(b) Please certify that you have read the SMA and that you accept its terms. Please also certify that if you become a winning bidder, you will execute the SMA within three (3) Business Days following the date of the Commission's approval of the auction results:

_____ _____

Signature of Authorized Representative Date

_____
Name of Applicant

(c) Please certify that if you qualify to participate in the FP Auction and/or the HP Auction, you will not disclose at any time information regarding the list of Qualified Bidders in the FP Auction and/or the HP Auction, including but not limited to the number of Qualified Bidders, the identity of any one of the Qualified Bidders (including yourself), or the fact that an entity has not qualified for participation in the FP Auction and/or the HP Auction. Further, please certify that you will destroy any document distributed by the Independent Evaluator that lists the Qualified Bidders within five (5) days of the close of the bidding, or earlier if so instructed by the Independent Evaluator.

_____ _____

Signature of Authorized Representative Date

(d) No Qualified Bidder in the FP Auction and/or the HP Auction shall substitute another party, transfer its rights to another party, or otherwise assign its status as a Qualified Bidder to another party. Any such substitutions, transfers, or assignments shall be null and void and will result in the exclusion of the Qualified Bidder from the FP Auction and/or the HP Auction. Please certify that you agree to the limitation set forth in this paragraph.

_____ _____

Signature of Authorized Representative Date

The Bidding Rules and Communications Protocols include restrictions on the disclosure of Confidential Information. For purposes of the following certifications, the definition of Confidential Information relative to bidding strategy is defined according to Section 12.2 of the Bidding Rules.

(e) Please certify that you agree not to disclose any Confidential Information relative to bidding strategy to any party that may have an effect on the participation of another bidder, prospective bidder, or on any of the bids that another bidder would be willing to submit.

_____ _____

Signature of Authorized Representative Date

_____
Name of Applicant

(f) Please certify that, to the extent Confidential Information relative to bidding strategy is disclosed within your organization or to a third party, you will ensure that sufficient precautions are taken to ensure that such Confidential Information is not made public or made available to another bidder. Such precautions include, but are not limited to confidentiality agreements, non-disclosure agreements, firewalls, and other contractual or structural protections that would maintain the confidential nature of a bidder's bidding strategy.

_____ _____

Signature of Authorized Representative Date

If unable to make the certifications requested above please identify the nature of your need to disclose Confidential Information without sufficient precautions to ensure that such Confidential Information is not made public or made available to another bidder.

_____
Name of Applicant

1.10. Alternate Guaranty Form

A prospective Default Service Supplier that wishes to rely on a Guarantor upon becoming a Default Service Supplier can use the standard form of guaranty (Appendix G to the SMA) and be assured that the standard form of guaranty is acceptable to the Companies. Alternatively, the Companies will consider alternate forms of guaranty if they are submitted with this Part 1 Application. Also, you may submit an alternate form of guaranty that was previously approved by the Companies in a prior solicitation.

The Alternate Guaranty Form must be a financial guaranty for unlimited liability. Additional requirements are specified in Appendix B of this Part 1 Application.

Please check here ☐ and proceed to the next section if this section does not apply to you because you are not submitting an alternate form of guaranty. Otherwise please read Appendix B and complete this section.

The Authorized Representative acknowledges by signing below that he/she has read the requirements of Appendix B and that he/she believes that the proposed Alternate Guaranty Form complies with these requirements:

_____ _____
Signature of Authorized Representative Date

Please check below to show that you are including all required documents.

- ☐ The proposed form of alternate guaranty;
- ☐ Certification that the alternate guaranty has been in general use by the Applicant in its ordinary course of business over the past twelve months;
- ☐ An enforceability opinion with respect to the alternate form of guaranty from counsel; and
- ☐ Previously approved alternate form of guaranty.

_____
Name of Applicant

1.11. Bidding Agreements

Please note that the Companies will not review information provided in this section.

Please check here ☐ and proceed to the next section if you will be bidding independently and not as a party to any bidding agreement with another party or through any other arrangement involving joint or coordinated bidding with any other party.

Otherwise, please indicate below whether you are a party to or a part of a bidding agreement, a joint venture, a bidding consortium, or other arrangements for purposes of participating in the FP Auction and/or the HP Auction or pertaining to bidding in the FP Auction and/or the HP Auction. On the next page, please also provide the names of the other parties to the bidding agreement or other arrangement.

_____
Name of Applicant

Other parties to the arrangement:

_____

_____

_____

_____

☐ Bidding Agreement ☐ Bidding Consortium

☐ Joint Venture ☐ Other (define)

If you are part of a bidding agreement, bidding consortium or joint venture, you must nominate a single party to the bidding agreement, bidding consortium or joint venture to fulfill the creditworthiness requirements. This party may have a Guarantor. Please indicate below which party from the bidding agreement, bidding consortium, or joint venture will be fulfilling the creditworthiness requirements:

Name of the single party fulfilling the creditworthiness requirements:

The Authorized Representative of the party named above must sign here to acknowledge the fact that this party has agreed to fulfill the creditworthiness requirements:

_____ _____

Signature of Authorized Representative Date

_____
Name of Applicant

1.12. Justification of Omissions

If you are unable to provide all documents or all information requested in this Part 1 Application, please justify fully any omissions in the space provided below.

_____
Name of Applicant

Appendix A – Enclosures to the Part 1 Application

This is a checklist of documents to be enclosed with this Part 1 Application. Please submit only one copy of required supporting documents to the application unless noted otherwise.

☐ A copy of the completed Part 1 Application with original signatures and original notarized signatures of Sections 1.2, 1.3 and 1.4 [Instructions Part 1]

For the Applicant:

- ☐ A copy of the signature page of the applicable PJM Agreements as that term is defined in the SMA [Section 1.6]
- ☐ If the Applicant is not an SEC registrant, provide the most recent Annual Report [Section 1.7]
- ☐ If the Applicant is an SEC registrant, provide the Form 10-K most recently filed with the SEC. If unavailable, please provide the most recent audited annual financial information (including a balance sheet, income statement, and cash flow statement) [Section 1.7]
- ☐ If the Applicant is an SEC registrant, provide the Form 10-Q most recently filed with the SEC. If unavailable, please provide the most recent audited quarterly financial information (including a balance sheet, income statement, and cash flow statement) [Section 1.7]
- ☐ If the Applicant is an SEC registrant and if both the Form 10-K and Form 10-Q most recently filed with the SEC are not available, please provide the most recent annual or quarterly financial data accompanied by an attestation by the Applicant's Chief Financial Officer that the information submitted is true, correct and a fair representation of the Applicant's financial condition [Section 1.7]
- ☐ Senior unsecured debt ratings or, if unavailable, corporate issuer ratings [Section 1.7]
- ☐ If the Applicant has not been incorporated or otherwise formed under the laws of the United States, (i) a legal opinion acceptable to Companies of counsel qualified to practice in the foreign jurisdiction in which the Applicant is incorporated or otherwise formed that the SMA will become the binding obligation of the Applicant in the jurisdiction in which it has been incorporated or otherwise formed, and (ii) any additional information that the Applicant wishes to give that could provide comparable credit assurances to those that are provided by other Applicants that have at least two credit ratings from accepted credit ratings agencies. [Section 1.7]

_____

Name of Applicant

For the Guarantor:

- ☐ If the Guarantor is not an SEC registrant, provide the most recent Annual Report [Section 1.8]
- ☐ If the Guarantor is an SEC registrant, provide the Form 10-K most recently filed with the SEC. If unavailable, please provide most recent audited annual financial information (including a balance sheet, income statement, and cash flow statement) [Section 1.8]
- ☐ If the Guarantor is an SEC registrant, provide the Form 10-Q most recently filed with the SEC. If unavailable, please provide most recent audited quarterly financial information (including a balance sheet, income statement, and cash flow statement) [Section 1.8]
- ☐ If the Guarantor is an SEC registrant and if both the Form 10-K and Form 10-Q most recently filed with the SEC are not available, please provide most recent annual or quarterly financial data accompanied by an attestation by the Guarantor's Chief Financial Officer that the information submitted is true, correct and a fair representation of the Applicant's financial condition [Section 1.8]
- ☐ Senior unsecured debt ratings or, if unavailable, corporate issuer ratings [Section 1.8]
- ☐ If the Guarantor has not been incorporated or otherwise formed under the laws of the United States, (i) a legal opinion acceptable to the Companies of counsel qualified to practice in the foreign jurisdiction in which the Guarantor is incorporated or otherwise formed that the Guaranty will become the binding obligation of the Guarantor in the jurisdiction in which it has been incorporated or otherwise formed, and (ii) any additional information that the Guarantor wishes to give about the Guarantor's financial standing that could provide comparable credit assurances to those that are provided by other Guarantors that have at least two credit ratings from accepted credit rating agencies. [Section 1.8]

If the Applicant is proposing an Alternate Guaranty Form:

- ☐ Proposed form of alternate guaranty [Section 1.10]
- ☐ Certification that the alternate guaranty has been in general use by the Applicant in its ordinary course of business over the past twelve months [Section 1.10]
- ☐ An enforceability opinion with respect to the alternate form of guaranty from counsel [Section 1.10]
- ☐ Proposed form of alternate guaranty [Section 1.10]

_____

Name of Applicant

Appendix B – Alternate Guaranty Form (Optional)

The criteria used to review the alternate form of guaranty are as follows:

1. The alternate guaranty must be a financial guaranty; performance guarantees are not acceptable.
2. The Companies will consider alternate forms of guaranty only if the guaranty is for unlimited liability.
3. The alternate guaranty must be an unconditional guaranty of payment of all amounts due by the Default Service Supplier to the Companies under the SMA. The SMA must be expressly identified and the satisfaction of obligations through performance may not be authorized.
4. The alternate guaranty may be terminated upon not less than thirty (30) days advance written notice to the Companies and termination shall not discharge liabilities and obligations of the Guarantor that have been incurred before the effective date of the termination.
5. The alternate guaranty must not be subject to any monetary limit.
6. The alternate guaranty must be accompanied by a certification that this form of guaranty, subject to changes needed to conform to the specific requirements of the Companies, has been in general use by the submitting party in its ordinary course of business over the past twelve months.
7. The alternate guaranty must be a guaranty of payment and not of collection.
8. Assignment of the alternate guaranty shall not be permitted except with the prior written consent of the Companies.
9. The Applicant must provide an enforceability opinion with respect to the alternate form of guaranty from its counsel. The accompanying enforceability opinion must be from a law firm of national (i.e., United States) standing, must not be weaker than would be industry norm and must contain only those qualifications that would be typical. The opinion shall name the Companies and explicitly state that the Companies are entitled to rely on the opinion.

The alternate forms of guaranty will be reviewed in accordance with the following process:

- Upon receipt of the Part 1 Application, the Independent Evaluator will redact the proposed alternate form of guaranty to remove any information identifying the Applicant. The Independent Evaluator will then forward the redacted version to a credit and legal representative of the Companies.

_____
Name of Applicant

- The credit and legal representative will determine whether the alternate form of guaranty provides sufficient assurances of payment, taking into account the following considerations:

  (i) whether the alternate form of guaranty conforms with the specific requirements identified by the Companies (listed above);

  (ii) whether the alternate form of guaranty provides substantially similar credit protections to the credit protections provided to Companies by the standard form of guaranty; and

  (iii) whether the alternate form of guaranty includes defenses in favor of the Guarantor not found in the standard form of guaranty. The Companies representative may also identify specific changes that would permit the alternate form of guaranty to be acceptable, if such changes are of a limited nature.

- The credit and legal representative shall inform the Independent Evaluator of its decision no later than seven (7) Business Days following the Part 1 Application Due Date.

- Upon receipt of the Companies' decision, the Independent Evaluator will notify the Applicant of the Companies' decision. The Companies' decision will state one of the following:

  (i) The proposed alternate guaranty is acceptable to the Companies in the form in which it was submitted.

  (ii) The proposed alternate guaranty is not acceptable to the Companies in the form in which it was submitted, but would be acceptable subject to specific changes of a minor nature. The correspondence from the Independent Evaluator will set forth the required changes.

  (iii) The proposed alternate guaranty is not acceptable to the Companies.

- If specific changes are required to the proposed alternate guaranty, the Applicant will be required to resubmit the alternate guaranty form with changes identified by the Companies on the Business Day following the Business Day during which the Independent Evaluator notified the Applicant of the Companies' decision. No later than three (3) Business Days after the Applicant's resubmission, the Independent Evaluator will notify the Applicant of the Companies' final decision.

  A potential bidder that had secured approval for an alternate form of guaranty from any previous Default Service procurement auction held by one or more of the Companies and wishes to use the same alternate form of guaranty can renew this by submitting the following:

_____
Name of Applicant

1. The alternate form of guaranty from any previous Default Service procurement auction by the Companies;
2. The enforceability opinion from any previous Default Service procurement auction by the Companies;
3. A certification that the text of the alternate form of guaranty is exactly the same as the alternate form of guaranty that had been previously approved from any previous Default Service procurement auction by the Companies;
4. A certification that the text of the enforceability opinion is exactly the same as the enforceability opinion that had been previously approved from any previous Default Service procurement auction by the Companies.

If a potential bidder submits the materials as specified above, the alternate form of guaranty will be approved for the FP Auction and/or the HP Auction without further re-evaluation. If a potential bidder had secured approval for an alternate form of guaranty from any previous Default Service procurement auction by the Companies but is unable to provide the materials as specified above, the potential bidder must resubmit the alternate form of guaranty and all supporting documentation as specified in the Alternate Form of Guaranty section above and these materials will be re-evaluated according to the criteria set forth in this document.

All proposing parties that become Qualified Bidders under the Part 1 Application process, but whose alternate guaranty is rejected by the Companies, are required to submit with their Part 2 Application a supplemental certification that the Applicant unconditionally accepts all terms and conditions of the SMA.

_____
Name of Applicant

Appendix C – Draft Pre-Bid Letter of Credit for the Pre-Bid Security (Optional)

The standard form of the Pre-Bid Letter of Credit is in a form acceptable to the Companies and will be posted to the Information Website. However, an Applicant has the option to submit a draft Pre-Bid Letter of Credit clearly identifying proposed changes in an electronic, redlined version by email with their Part 1 Application to fepaauction@crai.com.

The Companies will assess, in their sole and exclusive discretion, whether such modifications are acceptable. The Qualified Bidder, in its Part 2 Application, must provide the required executed Pre-Bid Letter of Credit that either uses the standard form or incorporates only those modifications to the standard form accepted by the Companies upon review of the Part 1 Application. The draft Pre-Bid Letter of Credit will be reviewed in accordance with the following process:

- Upon receipt of the Part 1 Application, the Independent Evaluator will redact the draft Pre-Bid Letter of Credit to remove any information identifying the Applicant. The Independent Evaluator will then forward the redacted version to a credit and legal representative of the Companies.

- The credit and legal representative will determine whether such modifications are acceptable. The credit and legal representative shall inform the Independent Evaluator of its decision no later than seven (7) Business Days following the Part 1 Application Due Date.

- Upon receipt of the Companies' decision, the Independent Evaluator will notify the Applicant of the Companies' decision. The Companies' decision will either state:

  (i) The draft Pre-Bid Letter of Credit is acceptable to the Companies in the form in which it was submitted.

  (ii) The draft of Pre-Bid Letter of Credit is not acceptable to the Companies in the form in which it was submitted, but would be acceptable subject to specific changes of a minor nature. The correspondence from the Independent Evaluator will set forth the required changes.

  (iii) The draft Pre-Bid Letter of Credit is not acceptable to the Companies.

- If specific changes are required to the draft Pre-Bid Letter of Credit, the Applicant will be required to resubmit the draft Pre-Bid Letter of Credit with changes identified by the Companies on the Business Day following the Business Day during which the Independent Evaluator notified the Applicant of the Companies' decision. No later than three (3) Business Days after the Applicant's resubmission, the Independent Evaluator will notify the Applicant of the final decision.

Part 1 Application: FE-PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

_____

Name of Applicant

End of Part 1 Application

Part 2 Application

For Fixed-Price and Hourly-Priced Auctions

To Procure Default Service Products

Under Default Service Program DSP-IV for

Metropolitan Edison Company (“Met-Ed”)

Pennsylvania Electric Company (“Penelec”)

Pennsylvania Power Company (“Penn Power”)

West Penn Power Company (“West Penn”)

Appendix 2 to Bidding Rules

Part 2 Application: FE-PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

_____
Name of Applicant

PART 2 APPLICATION
AUCTIONS TO PROCURE DEFAULT SERVICE PRODUCTS FOR MET-ED / PENELEC / PENN POWER / WEST PENN

INSTRUCTIONS

There are two parts to the application process.

- **Part 1 Application:** Applicants submit the Part 1 Application and all documents required therein to become Qualified Bidders for the fixed-price auction ("FP Auction") and/or the hourly-priced auction ("HP Auction") used to procure default service products for Met-Ed, Penelec, Penn Power, and West Penn ("Companies"). A Qualified Bidder for an auction need not submit a new Part 1 Application for subsequent auctions in the same calendar year unless the information in the Qualified Bidder's Part 1 Application has changed. In any case, a Qualified Bidder must submit its most recent financial statements during the Part 1 Application process before each auction.

- **Part 2 Application:** Qualified Bidders for the FP Auction and/or the HP Auction submit the Part 2 Application in which they will: (a) agree to comply with the Bidding Rules, (b) agree to accept the terms of the Supplier Master Agreement ("SMA") should they become a winning supplier, (c) make certifications regarding associations and handling of Confidential Information, (d) submit Indicative Offers, and (e) post Pre-Bid Security to become Registered Bidders.

This document is the Part 2 Application.

For further information, consult the Information Website.

Unless otherwise defined, capitalized terms in this document have the definitions provided in the SMA. "Communications Protocols" refers to the section "Communications Protocols" and related sections in the Bidding Rules.

_____

Name of Applicant

PART 2 APPLICATION SUBMISSION

To become a Registered Bidder for the FP Auction and/or the HP Auction, Applicants must submit the following to the Independent Evaluator electronically through the Secure Online Application Process or in hardcopy format to the address below by the Part 2 Application Due Date:

- **Electronic Application Form:** Completed Part 2 Application submitted online;
- **Hardcopy Application Form:** One (1) printed Part 2 Application document with original signatures, notarized signatures where applicable, and the name of the Applicant on every page of the Application;

In addition to the completed Part 2 Application Forms, each Qualified Bidder must:

- Submit Indicative Offers for each auction that it is applying for — either the FP Auction, the HP Auction, or both auctions;
- Submit a Pre-Bid Letter of Credit and/or cash to support the Indicative Offers; and
- Make required certifications on Applicant Associations and Confidential Information and, if unable to do so, make required information disclosures.

Please note that interest will not be paid by the Companies for cash posted as Pre-Bid Security.

Photocopies and facsimiles of completed documents will not be accepted under any circumstances.

It is in your interest to seek independent legal and financial advice before deciding to participate in the FP Auction and/or the HP Auction.

Part 2 Application: FE-PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

_____

Name of Applicant

No later than 12:00 p.m. noon prevailing Eastern Time on the Part 2 Application Due Date as posted in the timeline on the Information Website: the completed Part 2 Application MUST be received by the Independent Evaluator and the Pre-Bid Security MUST be submitted.

Hardcopies must be addressed to:

Independent Evaluator
c/o Brad Miller, Vice President
CRA International, Inc.
John Hancock Tower, T-9
200 Clarendon Street
Boston, MA 02116-5092
Phone: 617.425.3384

Part 2 Application: FE-PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

_____

Name of Applicant

CONFIDENTIALITY OF PART 2 APPLICATION SUBMISSIONS

Confidentiality requirements specific to the Part 2 Application are reiterated below.

CONFIDENTIALITY OF CREDIT INFORMATION

Any information and materials that you submit in this Part 2 Application may be provided on a confidential basis to the Independent Evaluator Team and the Pennsylvania Public Utility Commission (the "Commission") and their representatives. Representatives from the Companies will decide whether the form of Pre-Bid Security submitted is acceptable; Pre-Bid Security documents will be redacted prior to the closing of the bidding process so as not to reveal an Applicant's identity or the amount of the Applicant's Indicative Offer.

CONFIDENTIALITY OF REGISTERED BIDDERS AND INITIAL ELIGIBILITY

Upon completion of the Part 2 Application process, the names of Registered Bidders will be provided to other Registered Bidders on a confidential basis for each auction independently, as well as the total Initial Eligibility aggregated across all Registered Bidders for each auction. As part of this Part 2 Application, you are required to certify that you agree to release your name to other Registered Bidders and that you will keep confidential the list of Registered Bidders and total Initial Eligibility that is provided to you.

_____
Name of Applicant

PART 2 APPLICATION
Fixed-Price Auction and Hourly-Priced Auction
To Procure Default Service Products

This Part 2 Application is the application form to become a Registered Bidder in the FP Auction and/or the HP Auction.

Background Information

Before completing this form, please review the Bidding Rules document, the SMA, and other documents posted on the Information Website so that you understand the conditions under which the FP Auction and HP Auction will be conducted.

Confirmation of Receipt

Online Delivery: If your Part 2 Application is submitted online through the Secure Online Application Process, an email will be sent to the Authorized Representative and Delegate of the Applicant to confirm receipt. You will not be required to submit a hardcopy of the Part 2 Application.

Delivery by Post or Hand Delivery: If your Part 2 Application is received by post or hand delivery, an email will be sent to the Authorized Representative and Delegate to confirm receipt.

Incomplete Applications

If your Part 2 Application is incomplete or requires clarification, the Independent Evaluator will send a deficiency notice to your Authorized Representative by email. You will have until 12:00 p.m. noon prevailing Eastern Time on the Part 2 Application Due Date, or until 5:00 p.m. prevailing Eastern Time on the Business Day following the Business Day during which a deficiency notice is sent to you, whichever comes later, to respond. If you do not correct or adequately explain the deficiency within the time allowed, your Part 2 Application may be rejected and you may be unable to participate in the FP Auction or the HP Auction. All corrections to remedy deficiencies within an Applicant's Part 2 Application must be submitted online. The Authorized Representative needs to sign and date next to the correction(s) to the Part 2 Application and send a copy as an email attachment to the Independent Evaluator at fepaauction@crai.com.

_____

Name of Applicant

Late Applications

Part 2 Applications received after the Part 2 Application Due Date will NOT be accepted under any circumstances.

Changes to Part 1 Application

If changes to the Part 1 Application are warranted in order to fulfill the requirements of the Part 2 Application, those changes to the Part 1 Application must be received by the Independent Evaluator no later than 12:00 p.m. noon prevailing Eastern Time seven (7) Business Days prior to the Part 2 Application Due Date. All changes to an Applicant's Part 1 Application must be signed and dated by the Authorized Representative and sent as an email attachment to the Independent Evaluator at fepaauction@crai.com.

Deficient Pre-Bid Security

If your Pre-Bid Letter of Credit is not in a form acceptable to the Companies, your Authorized Representative will be emailed a deficiency notice. You will have until 12:00 p.m. noon prevailing Eastern Time on the Part 2 Application Due Date or 5:00 p.m. prevailing Eastern Time of the second Business Day following the Business Day during which you are notified, whichever comes later, to submit a revised Pre-Bid Letter of Credit. If you fail to meet this deadline, your Part 2 Application will be rejected.

If your Pre-Bid Security amount is insufficient for your Indicative Offer, your Authorized Representative will be emailed a deficiency notice. You will have until 12:00 p.m. noon prevailing Eastern Time on the Part 2 Application Due Date or 5:00 p.m. prevailing Eastern Time of the second Business Day following the Business Day during which you are notified, whichever comes later, to submit acceptable Pre-Bid Security. If you cannot correct the deficiency, your Part 2 Application may be rejected or your Initial Eligibility may be reduced by the Independent Evaluator so that your Pre-Bid Security is sufficient to cover your Indicative Offer.

Certifications Regarding Associations

You may be required to provide additional information to the Independent Evaluator and to the Commission and its representatives if you are unable to make the certifications in this Part 2 Application.

_____

Name of Applicant

Notification to Registered Bidders

If you become a Registered Bidder for the FP Auction and/or the HP Auction, the Independent Evaluator will send your Authorized Representative a Notice of Registration by email after the Part 2 Application Due Date. The Notice of Registration also will be sent to your Authorized Representative by courier. If there are material changes to the Applicant's information provided in this Part 2 Application, you are obligated to notify the Independent Evaluator.

Prior to the auction date, Registered Bidders will receive information on how to participate in the auction(s) using the Independent Evaluator's secure Bidding Website.

Part 2 Application: FE-PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

_____

Name of Applicant

Please select one of the following. This application is for:

The Fixed-Price Auction	☐
The Hourly-Priced Auction	☐
Both Auctions	☐

Part 2 Application: FE-PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

_____
Name of Applicant

PART 2 APPLICATION FORMS

Applicant Information

Name of Applicant (Company Name)

Authorized Representative's Contact Information

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Title

Street Address 1

Street Address 2

City

State

Zip Code

Telephone No.

Cell Phone No.

Fax No.

Email Address

Part 2 Application: FE-PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

_____
Name of Applicant

Delegate's Contact Information

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Company Name

Title

Street Address 1

Street Address 2

City

State

Zip Code

Telephone No.

Cell Phone No.

Fax No.

Email Address

NOTE: The contact information for the Authorized Representative and Delegate in the Part 2 Application should be the same contact information that was provided in the Part 1 Application. Please email fepaauction@crai.com if there are any changes to this information prior to the deadline for making changes as outlined in the section above, "Changes to Part 1 Application."

Part 2 Application: FE-PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

_____

Name of Applicant

Indicative Offers and Pre-Bid Security

Provide your Indicative Offers in Table 1 and Table 2 below. For each auction that you are applying for, you will provide an Indicative Offer at the Minimum Starting Prices and you will provide an Indicative Offer at the Maximum Starting Prices for the products in the auction. For each auction, your Indicative Offer should be the maximum number of tranches that you would be willing to supply at the applicable starting prices subject to the limitations of any applicable load cap for the auction. In each auction itself, you are not required to bid the number of tranches in your Indicative Offer. However, as an outcome of this Part 2 Application process, your Initial Eligibility to bid in each auction will be determined by the total number of tranches across the products in your Indicative Offer at the Maximum Starting Prices for that auction.

For the FP Auction, you are required to submit Pre-Bid Security in the form of cash or a Pre-Bid Letter of Credit for an amount equal to $250,000 multiplied by the total number of tranches in your Indicative Offer at the Maximum Starting Prices for the FP Auction.

For the HP Auction, you are required to submit Pre-Bid Security in the form of cash or a Pre-Bid Letter of Credit for an amount equal to $250,000 multiplied by the total number of tranches in your Indicative Offer at the Maximum Starting Prices for the HP Auction.

If using a Pre-Bid Letter of Credit for your Pre-Bid Security, it should be in the form provided on the Information Website or as approved in modified form during the Part 1 Application process.

After completing Tables 1 and 2, complete Table 3 to include the amount of the cash deposit or Pre-Bid Letter of Credit that you are providing in support of this Part 2 Application.

Part 2 Application: FE-PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

_____
Name of Applicant

Table 1. Indicative Offer at Minimum Starting Prices (prices in $/MWh)

FP Auction	Met-Ed		Penelec		Penn Power		West Penn	
Product	Min Starting Price	Possible Interest (# tranches)	Min Starting Price	Possible Interest (# tranches)	Min Starting Price	Possible Interest (# tranches)	Min Starting Price	Possible Interest (# tranches)
Residential X-months								
Commercial X-months								

Enter Your Indicative Offer for the FP Auction at the Minimum Starting Prices:

<-- Does not need to be the sum of the tranches above at the Minimum Starting Prices. This can be less than the sum of the tranches at the Minimum Starting Prices across the products.

HP Auction	Met-Ed		Penelec		Penn Power		West Penn	
Product	Min Starting Price	Possible Interest (# tranches)	Min Starting Price	Possible Interest (# tranches)	Min Starting Price	Possible Interest (# tranches)	Min Starting Price	Possible Interest (# tranches)
Industrial X-months								

Enter Your Indicative Offer for the HP Auction at the Minimum Starting Prices:

<-- Does not need to be the sum of the tranches above at the Minimum Starting Prices. This can be less than the sum of the tranches at the Minimum Starting Prices across the products.

Part 2 Application: FE-PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

_____
Name of Applicant

Table 2. Indicative Offer at Maximum Starting Prices (prices in $/MWh)

FP Auction	Met-Ed		Penelec		Penn Power		West Penn	
Product	Max Starting Price	Possible Interest (# tranches)	Max Starting Price	Possible Interest (# tranches)	Max Starting Price	Possible Interest (# tranches)	Max Starting Price	Possible Interest (# tranches)
Residential X-months								
Commercial X-months								

In Box [A] Enter Your Indicative Offer for the FP Auction at the Maximum Starting Prices:

[A] <-- Does not need to be the sum of the tranches above at the Maximum Starting Prices. This can be less than the sum of the tranches at the Maximum Starting Prices across the products.

HP Auction	Met-Ed		Penelec		Penn Power		West Penn	
Product	Max Starting Price	Possible Interest (# tranches)	Max Starting Price	Possible Interest (# tranches)	Max Starting Price	Possible Interest (# tranches)	Max Starting Price	Possible Interest (# tranches)
Industrial X-months								

In Box [B] Enter Your Indicative Offer for the HP Auction at the Maximum Starting Prices:

[B] <-- Does not need to be the sum of the tranches above at the Maximum Starting Prices. This can be less than the sum of the tranches at the Maximum Starting Prices across the products.

Part 2 Application: FE-PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

_____

Name of Applicant

In the following table, indicate the amount of cash deposit or the amount of the Pre-Bid Letter of Credit that you are using as your Pre-Bid Security. This amount must be equal to $250,000 multiplied by your Indicative Offer in box [A], plus $250,000 multiplied by your Indicative Offer in box [B] in Table 2 above.

Table 3. Pre-Bid Security Amount

$ _____	Cash
$ _____	Pre-Bid Letter of Credit

Part 2 Application: FE-PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

_____

Name of Applicant

If you are submitting a Pre-Bid Letter of Credit, in the space below please provide instructions for returning the Pre-Bid Letter of Credit once it can be cancelled.

If you are submitting a cash deposit, you must attach a copy of your W9 (for tax ID) and a copy of your banking information on your company's letterhead, signed and dated. Furthermore, in the space below, please provide wiring instructions for returning your cash deposit.

_____

Name of Applicant

Certifications by Authorized Representative

Please consult the list of Qualified Bidders for the FP Auction and/or the list of Qualified Bidders for the HP Auction provided to you upon qualification. The following certifications are those contained in the "Association and Confidential Information Rules" of the Bidding Rules. Please consult the criteria for associations and the definition of Confidential Information in the Bidding Rules.

Please make the following certifications. All Qualified Bidders, including each party to a Bidding Consortium, Bidding Agreement or Joint Venture for the purpose of bidding in the FP Auction and/or the HP Auction, must make these certifications. The following certifications (1) to (8) will apply from the time of qualification until the results of the Default Service Auctions, are finalized. Completion of the following certifications also signifies your acknowledgement that you do not know of or cannot reasonably anticipate, at the time of this Part 2 Application, any events that might cause these certifications to become untrue during the period to which each certification applies. If you cannot make one or more of these certifications, please disclose the necessary information to explain why you cannot make these certifications.

(1) Please certify that you are not associated with another Qualified Bidder according to the criteria as defined in the Bidding Rules.

_____ _____

Signature of Authorized Representative Date

If unable to make certification (1) requested above, please identify the Qualified Bidder(s) in the FP Auction and/or the HP Auction, with whom you are associated along with the nature of the association.

_____
Name of Applicant

(2) Please certify that, other than parties explicitly named in Section 1.11 of your Part 1 Application as parties with whom you have entered into a Bidding Agreement, Joint Venture, Bidding Consortium, or other arrangement pertaining to bidding in the FP Auction and/or the HP Auction, you have not entered into any agreement with another Qualified Bidder, directly or indirectly, regarding bids in the FP Auction and/or the HP Auction, including, but not limited to, the amount to bid at certain prices, and when or at what prices bids are to be withdrawn.

_____ _____

Signature of Authorized Representative Date

(3) Please certify that any person who will be advising or assisting you with bidding strategy in the FP Auction and/or the HP Auction, with estimation of the value of tranches, or with the estimation of the risks associated with serving Default Service Load (an **advisor**), will either (i) not provide any similar advice or assistance to any other Qualified Bidder; or (ii) if such person will provide similar advice or assistance to another Qualified Bidder, or if such person will be privy to Confidential Information relative to any other Qualified Bidder's bidding strategy, that appropriate protections have been put into place to ensure that the advisor does not serve as a conduit of information among, or as a coordinator of the bidding strategies of, multiple bidders, and please describe such appropriate protections in the space below.

_____ _____

Signature of Authorized Representative Date

If unable to make certification (3) requested above, please name the advisor(s) and the Qualified Bidder(s) concerned.

_____
Name of Applicant

(4) Please certify that you are not a party to any contract for the purchase of power that might be used as a source of supply for Default Service, and that (i) would require the disclosure of any Confidential Information (Confidential Information relative to the bidding strategy or Confidential Information regarding the FP Auction and/or the HP Auction) to the counterparty under such a contract; or (ii) that would require the disclosure of any Confidential Information (Confidential Information relative to the bidding strategy or Confidential Information regarding the FP Auction and/or the HP Auction) to any other party; or (iii) that would provide instructions, direct financial incentives, or other inducements for the Bidder to act in a way determined by the counterparty in the agreement and/or in concert with any other Bidder in the FP Auction and/or the HP Auction. Notwithstanding the above, you may, during negotiations prior to the FP Auction and/or the HP Auction for contractual arrangements for power to serve Default Service Load were you to be a winner at the FP Auction and/or the HP Auction, discuss with the counterparty to such arrangements the nature of the standard products to be purchased, the volume, and the price at which you are willing to buy these products, so long as such arrangements do not result in violation of (i), (ii) or (iii) above.

_____ _____

Signature of Authorized Representative Date

If unable to make certification (4) requested above please disclose the contractual terms that prevent you from making the certification. Please identify the counterparty and if applicable, the party to whom information disclosure must be made under the terms of the contract.

_____
Name of Applicant

(5) Please certify that you do not have any knowledge of Confidential Information that is relevant to the bidding strategy of any other Qualified Bidder.

_____ _____

Signature of Authorized Representative Date

If unable to make certification (5) requested above please name the other Qualified Bidder(s) and the nature of the Confidential Information

(6) Please certify that you will not disclose Confidential Information relative to your bidding strategy except to bidders that were explicitly named in your Part 1 Application as parties with whom you have entered into a Bidding Agreement, Joint Venture, or Bidding Consortium, or other arrangement pertaining to bidding in the FP Auction and/or the HP Auction, Bidders with which you are associated as disclosed through certification (1), to your advisors, and to your financial institution.

_____ _____

Signature of Authorized Representative Date

If unable to make certification (6) requested above, please explain.

_____
Name of Applicant

(7) Please certify that, other than entities with which you are affiliated and other than bidders with which you have entered a Bidding Agreement, or Joint Venture, or Bidding Consortium, or other arrangement pertaining to the FP Auction and/or the HP Auction, no party has agreed to defray any of the costs of participating in the FP Auction and/or the HP Auction, including the cost of preparing the bid, the cost of any financial guarantees, the cost to be paid upon winning a tranche, and any other participation cost.

_____ _____

Signature of Authorized Representative Date

If unable to make certification (7) requested above, please explain.

(8) Please certify your agreement that the submission of any bid in the FP Auction and/or the HP Auction creates a binding and irrevocable offer to provide service under the terms set forth in the SMA and that a binding and enforceable contract to provide service with respect to the number of tranches for which you were a winner in the FP Auction and/or the HP Auction shall arise under the SMA. Please note that failure to execute the SMA within three (3) Business Days following the date of the Commission's approval of the auction results may result in the forfeiture of the Pre-Bid Letter of Credit.

_____ _____

Signature of Authorized Representative Date

If unable to make certification (8) requested above, please explain.

_____
Name of Applicant

The following certifications (9), (10) and (11) will apply from the date on which you make the certifications.

(9) Please certify that if you are registered to participate in the FP Auction and/or the HP Auction, you will not disclose at any time information regarding the Initial Eligibility in the FP Auction and/or the HP Auction or the list of Registered Bidders, including the number of Registered Bidders, the identity of any one or all entities that have been registered, or the fact that an entity has not been registered for participation in the FP Auction and/or the HP Auction.

_____ _____

Signature of Authorized Representative Date

(10) Please certify that you will not disclose any Confidential Information regarding the FP Auction and/or the HP Auction to any party except your advisors and Bidders with which you are associated as disclosed in certification (1).

_____ _____

Signature of Authorized Representative Date

If unable to make certification (10) requested above, please explain.

_____
Name of Applicant

(11) Please certify that you will continue to abide by your prior confidentiality certifications. You will not disclose any Confidential Information regarding the FP Auction and/or the HP Auction to any party except to your advisor and Bidders with which you are associated. Please certify that you will destroy all documents, written or electronic, provided by the Independent Evaluator that contain Confidential Information regarding the FP Auction and/or the HP Auction within five (5) days of the close of the bidding, or earlier if so instructed by the Independent Evaluator

_____ _____

Signature of Authorized Representative Date

If unable to make certification (11) requested above, please explain.

Ongoing Obligations

Please note that all obligations, terms and conditions set forth in the Bidding Rules and SMA remain in effect and apply to the certifications made herein, including but not limited to the following:

- Section 4.2.3 of the Bidding Rules - Sanctions may be imposed on a Bidder for failing to abide by any of the certifications that it will have made in its Part 1 and Part 2 Applications. Such sanctions can include, but are not limited to, termination of the SMA, loss of all rights to provide supply for the Companies to serve any load won by such bidder, forfeiture of financial guarantees and other fees posted or paid, prosecution under applicable state and federal laws, debarment from participation in future solicitations, and other sanctions that may be appropriate.

Part 2 Application: FE-PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

_____

Name of Applicant

Justification of Omissions

If you are unable to provide all documents or all information requested in this Part 2 Application, please justify fully any omissions in the space provided below.

_____

Name of Applicant

Appendix A – Enclosures to the Part 2 Application

This is a checklist of documents to be enclosed with this Part 2 Application.

- ☐ One copy of completed Part 2 Application forms (with original signatures)
- ☐ One copy of W9 Form (for Tax ID) and one copy of banking information on your company's letterhead (signed and dated) (if submitting cash deposit as Pre-Bid Security) [Section 2.2]
- ☐ Pre-Bid Letter of Credit (if applicable) [Section 2.2]

End of Part 2 Application

METROPOLITAN EDISON COMPANY

PENNSYLVANIA ELECTRIC COMPANY,

PENNSYLVANIA POWER COMPANY,

AND

WEST PENN POWER COMPANY

DEFAULT SERVICE

SUPPLIER MASTER AGREEMENT

TABLE OF CONTENTS

PENNSYLVANIA DEFAULT SERVICE SUPPLIER MASTER AGREEMENT 1
ARTICLE 1: DEFINITIONS 2
ARTICLE 2: GENERAL TERMS AND CONDITIONS 12
2.1 Capacity In Which Company Is Entering Into This Agreement 12
2.2 Parties' Obligations 12
2.3 Congestion and Congestion Management 15
2.4 PJM Services 15
2.5 PJM Agreement Modifications 16
2.6 PJM Member Default Cost Allocation 17
2.7 Other Fines and Penalties 17
2.8 Communications and Data Exchange 17
2.9 Record Retention 18
2.10 Verification 18
2.11 Forward Contract Merchant 18
ARTICLE 3: REPRESENTATIONS AND WARRANTIES 19
3.1 DS Supplier's Representations and Warranties 19
3.2 Company's Representations and Warranties 22
3.3 Survival of Obligations 23
ARTICLE 4: COMMENCEMENT AND TERMINATION OF AGREEMENT ... 24
4.1 Commencement and Termination 24
4.2 Termination of Right to Supply 24
4.3 Survival of Obligations 24
4.4 Mutual Termination 24
ARTICLE 5: BREACH AND DEFAULT 26
5.1 Events of Default 26
5.2 Rights upon Default 29
5.3 Damages Resulting From an Event of Default 30
5.4 Declaration of an Early Termination Date and Calculation of Settlement Amount and Termination Payment 33
5.5 Step-up Provision 36
5.6 Setoff of Payment Obligations of the Non-Defaulting Party 37
5.7 Preservation of Rights of Non-Defaulting Party 37
ARTICLE 6: CREDITWORTHINESS 38
6.1 Applicability 38
6.2 Creditworthiness Determination 38
6.3 Credit Exposure Methodology 39
6.4 Credit Limit 40
6.5 Posting Margin and Return of Surplus Margin 42
6.6 Grant of Security Interest/Remedies 44
6.7 Security Instruments 46
6.8 Maintenance of Creditworthiness 47
6. 9 Calling on Security 48
6.10 Interest on Cash Held by Company 49
6.11 No Endorsement of DS Supplier 49

6.12 Multiple DS Supply Agreements 49
ARTICLE 7: PROCEDURES FOR ENERGY SCHEDULING, CAPACITY RESOURCE SUBMISSION AND TRANSMISSION PROCUREMENT 50
7.1 Load Obligations 50
7.2 Data Transmission 50
7.3 Energy Scheduling 50
ARTICLE 8: THE ENERGY SETTLEMENT/RECONCILIATION PROCESS 50
8.1 Energy Settlement By PJM 50
8.2 Energy Settlement by the Company 51
ARTICLE 9: BILLING AND PAYMENT 51
9.1 The Company Payment of Obligations to the DS Supplier 51
9.2 Billing for DS Supplier's Obligations to Other Parties 53
9.3 The DS Supplier Payment of Obligations to the Company 53
ARTICLE 10: SYSTEM OPERATION 55
10.1 Disconnection and Curtailment By the Company 55
10.2 Inadvertent Loss of Service to DS Customers 56
10.3 Good Faith Efforts 56
10.4 PJM Requirements 56
10.5 Compliance with Governmental Directives 57
ARTICLE 11: DISPUTE RESOLUTION 57
11.1 Informal Resolution of Disputes 57
11.2 Recourse to Agencies or Courts of Competent Jurisdiction 57
ARTICLE 12: REGULATORY AUTHORIZATIONS AND JURISDICTION .. 59
12.1 Compliance with Applicable Legal Authorities 59
12.2 FERC Jurisdictional Matters 59
12.3 Energy Efficiency, Conservation, and Retail Market Programs 60
ARTICLE 13: LIMITATION OF REMEDIES, LIABILITY AND DAMAGES 60
13.1 Limitations on Liability 60
13.2 Risk of Loss 61
ARTICLE 14: INDEMNIFICATION 62
14.1 Indemnification 62
14.2 Survives Agreement 63
ARTICLE 15: FORCE MAJEURE 64
15.1 Force Majeure 64
15.2 Notification 64
ARTICLE 16: MISCELLANEOUS PROVISIONS 64
16.1 Notices 64
16.2 No Prejudice of Rights 65
16.3 Assignment 65
16.4 Governing Law and Venue 66
16.5 Regulatory Approvals 67
16.6 Headings 67
16.7 Third Party Beneficiaries 67
16.8 General Miscellaneous Provisions 67

16.9 Taxes 68
16.10 Audit 69
16.11 Rules of Interpretation 69
16.12 Confidentiality 70
16.13 Federal Acquisition Regulation 72
16.14 Binding Terms 72
16.15 Amendment 73
16.16 Counterparts 73
16.17 Successors 73
APPENDIX A- MAXIMUM UNSECURED CREDIT 76
APPENDIX B – MTM EXPOSURE AMOUNT CALCULATION INFORMATION 77
APPENDIX C - DS SUPPLY SPECIFICATIONS 80
APPENDIX D – RESPONSIBILITIES FOR PJM BILLING LINE ITEMS AS DEFINED IN APPLICABLE PJM AGREEMENT OR MANUAL 81
APPENDIX E – DS SUPPLIER'S OBLIGATIONS FOR AEPS COMPLIANCE .. 93
APPENDIX F - LETTER OF CREDIT DOCUMENTATION 100
APPENDIX G - GUARANTY 113

PENNSYLVANIA DEFAULT SERVICE SUPPLIER MASTER AGREEMENT

THIS DEFAULT SERVICE SUPPLIER MASTER AGREEMENT, made and entered into this _____ day of _____ ("Effective Date"), by and between **[Applicable EDC listed here - Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company or West Penn Power Company]** (the "Company" and "Buyer"), a corporation and a public utility organized and existing under the laws of the Commonwealth of Pennsylvania **[INSERT NAME OF SUPPLIER]** ("DS Supplier"), the Company and the DS Supplier hereinafter sometimes referred to collectively as the "Parties", or individually as a "Party",

WITNESSETH:

WHEREAS, the Company is an electric public utility engaged, inter alia, in providing retail electric service within its service territory located in the Commonwealth of Pennsylvania; and

WHEREAS, the Pennsylvania Public Utility Commission ("PaPUC" or "Commission") Orders issued pursuant to the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2801-2812, direct Buyer to supply electric service to Default Service Load within Buyer's Pennsylvania franchise service territory; and

WHEREAS, the PaPUC has found that, for periods further identified in Appendix C it would serve the public interest for the Company to secure Default Service Supply ("DS Supply") through a competitive procurement process ("DS Solicitation") and the PaPUC has approved such a process; and

WHEREAS, the Company has conducted and completed a successful DS Solicitation for the provision of DS Supply, and the DS Supplier was one of the winning bidders in the DS Solicitation; and

WHEREAS, pursuant to the competitive bidding procedures of the DS Solicitation, the Company and the DS Supplier desire to enter into this Agreement setting forth their respective rights and obligations concerning the provision of DS Supply.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby covenant, promise and agree as follows:

ARTICLE 1: DEFINITIONS

Any capitalized or abbreviated term not elsewhere defined in this Agreement shall have the definition set forth in this Article.

AEPS Act – The Pennsylvania Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8.

Affiliate - means, with respect to any entity, any other entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such entity. For this purpose, "control" means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

Allocated AECs – Shall mean the types and amounts of AECs specified on Appendix E.

Alternative Energy Credit or "AEC" – Shall have the meaning ascribed thereto in the AEPS Act.

Alternative Energy Portfolio Standards or "AEPS" – Standards requiring that a certain amount of electric energy sold to retail electric customers in the Commonwealth of Pennsylvania be comprised of electricity generated from alternative energy sources, as measured by AECs, in accordance with the requirements of the AEPS Act and provisions

of the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2812-14, in effect on the Effective Date including, without limitation, any subsequent increases in Tier I requirements under 66 Pa.C.S. § 2814.

Ancillary Services – Shall have the meaning ascribed thereto in the PJM Agreements.

Applicable Legal Authorities – Those federal and Pennsylvania statutes and administrative rules and regulations that govern the electric utility industry in Pennsylvania, as they may be amended from time to time.

Auction Revenue Rights or "ARR" – The current or any successor congestion management mechanisms as may be employed by PJM (whether set forth in the PJM Agreements or elsewhere) for the purpose of allocating financial congestion hedges or financial transmission auction revenue rights. As currently defined by PJM, ARRs are entitlements allocated annually by PJM which entitle the holder to receive an allocation of the revenues from the annual auction of financial transmission rights conducted by PJM pursuant to the PJM Agreements.

Bankruptcy Code – Those laws of the United States of America related to bankruptcy, codified and enacted as Title 11 of the United States Code, entitled "Bankruptcy" and found at 11 U.S.C. § 101 et seq., as such laws may be amended, modified, replaced or superseded from time to time.

Billing Line Item Transfers - "Billing Line Item Transfers" shall have the meaning ascribed to it in Section 2.4 (PJM Services).

Billing Month – Each calendar month during the term of this Agreement.

Business Day – Any day on which the Company's and PJM's corporate offices are open for business and commercial banks are not authorized or required to close in New York, New York.

Capacity – "Unforced Capacity" as set forth in the PJM Agreements, or any successor, measurement of the capacity obligation of a Load Serving Entity as may be employed in PJM (whether set forth in the PJM Agreements or elsewhere).

Charge – Any fee, charge or other amount that is billable by the Company to the DS Supplier under this Agreement.

Commercial Class – Group of Rate Schedules that comprise the Commercial Class for DS Supply and itemized in Appendix C.

Costs – With respect to the Non-Defaulting Party, brokerage fees, commissions and other similar transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace this Agreement; and all reasonable attorneys' fees

and expenses incurred by the Non-Defaulting Party in connection with the termination of this Agreement.

Customer – Any person or entity who enters a contractual agreement with the Company to receive retail electric service including, without limitation, all persons or entities taking service under a retail tariff, eligible to receive competitive electricity supply from an EGS or DS, respectively, in accordance with the Applicable Legal Authorities.

Damages – Financial compensation from the Defaulting Party to the Non-Defaulting Party associated with the occurrence of an Event of Default or an Early Termination of this Agreement. This compensation shall be assessed pursuant to Article 5 of this Agreement.

Default Allocation Assessment – shall have the meaning ascribed to it under the PJM Agreements.

Defaulting Party – A Party to this Agreement that has caused or precipitated an Event of Default or an Early Termination of this Agreement.

Default Service or "DS" – Electric generation service that is provided at retail pursuant to the Applicable Legal Authorities under the Company's retail electric tariffs and under any other agreements or arrangements between the Company and Customers, to any Customer that is not being served by an EGS.

Default Service Supply or "DS Supply" – All necessary Energy, Capacity, AECs for AEPS Act compliance, Ancillary Services, and transmission services including Network Integration Transmission Service, all transmission and distribution losses and congestion and imbalance costs associated with the provision of such services, and such other services or products that the DS Supplier may be required, by PJM or any governmental body having jurisdiction, to provide in order to meet the DS Supplier Responsibility Share for serving DS Load under this Agreement and as detailed in Appendix C. For the avoidance of doubt, any reference in this Agreement to any other agreement for DS Supply shall include any agreement between the Parties for the provision of Energy to serve DS Load, even if such other agreement does not require delivery of additional products (e.g., Capacity).

Delivery Period – The delivery period specified in Appendix C.

Delivery Point – Means the applicable zone of the Company as designated by PJM.

DS Customer(s) – Retail customers who are provided Default Service pursuant to the terms of this Agreement, the Applicable Legal Authorities and the Company's retail tariffs.

DS Fixed Percentage – The percentage of DS Supply provided at a fixed price, as set forth in Exhibit 1.

DS Fixed Price – The price in dollars per MWh, as set forth in Exhibit 1 hereto, as determined pursuant to the DS Solicitation.

DS Load – The aggregate load of DS Customers being provided DS Supply.

DS Solicitation – The competitive bidding processes, procedures and rules employed by the Company to competitively procure DS Supply for purposes of this Agreement.

DS Supplier – An entity that (i) has been selected through the DS Solicitation and has accepted the obligations and associated rights to provide DS Supply to the Company for retail customers in accordance with the Applicable Legal Authorities, (ii) has entered into this Agreement with the Company as a Party, and (iii) is a PJM Member and registered with PJM as a LSE.

DS Supplier Representative – Any officer, director, employee, consultant, contractor, or other agent or representative of the DS Supplier in connection with the DS Supplier's activity under this Agreement. To the extent the DS Supplier is a division or group of a company, the term DS Supplier Representative does not include any person in that company who is not part of the DS Supplier division or group.

DS Supplier Responsibility Share – The fixed percentage share of the Company's DS Load for which the DS Supplier is responsible as set forth in Appendix C.

DS Tariff – The Company's existing schedules of rates and services provided to retail customers as currently on file with the Commission and on the Company's website at https://www.firstenergycorp.com/content/customer/customer_choice/pennsylvania/pennsylvania_tariffs.html, as they may be amended from time to time.

DS Variable Percentage – The percentage of DS Supply provided at a variable price, as set forth in Exhibit 1 hereto**.**

DS Variable Price – The price in dollars per MWh, as set forth in Exhibit 1 hereto.

Early Termination – Termination of this Agreement prior to the end of the term due to the occurrence of an Event of Default as specified in Article 5.2 of this Agreement and the declaration of Early Termination.

Early Termination Date – The date upon which an Early Termination becomes effective as specified in Article 5.2 of this Agreement.

Electric Distribution Company or "EDC" – A public utility providing facilities for the transmission and distribution of electricity to retail customers in Pennsylvania.

Electric Generation Supplier or "EGS" – A person or entity that is duly certified by the Commission to offer and provide competitive electric supply to retail customers located in the Commonwealth of Pennsylvania.

Emergency – (i) an abnormal system condition requiring manual or automatic action to maintain system frequency, or to prevent loss of firm load, equipment damage, or tripping of system elements that could adversely affect the reliability of an electric system or the safety of persons or property; or (ii) a condition that requires implementation of Emergency Operations Procedures as defined in the PJM Agreements or PJM manuals; or (iv) any other condition or situation that the Company or PJM deems imminently likely to endanger life or property or to affect or impair the Company's electrical system or the electrical system(s) of other(s) to which the Company's electrical system is directly or indirectly connected (a "Connected Entity"). Such a condition or situation may include, but shall not be limited to, potential overloading of the Company's transmission and/or distribution circuits, PJM minimum generation ("light load") conditions, or unusual operating conditions on either the Company's or a Connected Entity's electrical system, or conditions such that the Company is unable to accept Energy from the DS Supplier without jeopardizing the Company's electrical system or a Connected Entity's electrical system. Other additional emergencies can only be declared by PJM, FERC, or the PaPUC.

Energy – Three-phase, 60-cycle alternating current electric energy, expressed in units of kilowatt-hours or megawatt-hours.

Event of Default – A Party's breach of obligations under this Agreement as set forth in Article 5 of this Agreement.

FERC – The Federal Energy Regulatory Commission.

Final Monthly Energy Allocation or "FMEA" – A quantity of Energy which, for any Billing Month, is the PMEA adjusted for any billing or metering data received subsequent to the calculation of PMEA of which PJM is notified within 60 days.

Force Majeure - Means an event or circumstance which prevents one Party from performing its obligations under one or more transactions, such as riots or revolutions, demands or embargoes of the United States Government, fire, flood, drought, insurrection, acts of God which are not within the reasonable control of, or the results of the negligence of the affected Party and which, by the exercise of due diligence, the Party is unable to mitigate or avoid or cause to be avoided. Notwithstanding the foregoing, under no circumstance shall an event of Force Majeure be based on: (i) the loss or failure of DS Supplier's supply; (ii) DS Supplier's ability to sell the DS Supply at a price greater than that received under any Transaction; (iii) curtailment by a utility transmitting DS Supply; (iv) the Company's ability to purchase the DS Supply at a price lower than paid under any Transaction; (v) any change in requirements of any governmental authority; or (vi) labor stoppage or lockout.

Forward Market Price – The price for On-peak Energy Forward Price and Off-peak Energy Forward Price as determined by averaging concurrent broker quotes obtained by the Company for the Market Price Hub as available.

Gains – With respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from an Early Termination of this Agreement, determined in a commercially reasonable manner.

Generator Attribute Tracking System or "GATS" - the system owned and operated by PJM Environmental Services, Inc. to provide reporting and tracking services to its subscribers in support of the AEPS Act, or any successor credit registry selected by the PaPUC. (As specified in Appendix E)

Guarantor – Any party having the authority and agreeing to guarantee the DS Supplier's financial obligations under this Agreement, recognizing that such party shall be obligated to meet the Company's creditworthiness requirements specified in this Agreement for such DS Supplier.

Guaranty – A guaranty, suretyship, hypothecation agreement, margins or security agreement or any other document in the form attached to this DS Supplier Master Agreement or other form approved by the Company.

Industrial Class - Group of Rate Schedules that comprise the Industrial Class for the DS Supply and itemized in Appendix C.

Interest Index – The average Federal Funds Effective Rate for the period of time the funds are on deposit. The Federal Funds Effective Rate is published daily on the Federal Reserve website (http://www.federalreserve.gov/releases/h15/update/).

Kilowatt or "kW" – Unit of measurement of useful power equivalent to 1000 watts.

Kilowatt-hour or "kWh" – One kilowatt of electric power used over a period of one hour.

Load Serving Entity or "LSE" – An entity that has been granted the authority or has an obligation pursuant to state or local law, regulation or franchise to sell electricity to retail customers located within the PJM Control Area as that term is defined in the PJM Agreements or in successor, superseding or amended versions of the PJM Agreements that may take effect from time to time over the term of this Agreement.

Losses – With respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from an Early Termination of this Agreement, determined in a commercially reasonable manner.

Margin – The amount by which the Total Exposure Amount exceeds the DS Supplier's, or Guarantor's, credit limit as defined in Section 6.4.

Mark-to-Market ("MtM") Exposure Amount – An amount calculated daily for each DS Supplier reflecting the total MtM credit exposure to the Company due to fluctuations in market prices for Energy minus amounts due pursuant to this Agreement to such DS Supplier for the delivery of DS Supply. The methodology for calculation of the MtM credit

exposure is illustrated in Appendix B.

Market Price Hub - A liquid pricing point located within PJM's geographic footprint, as specified in Appendix B.

Maximum Credit Limit – The lesser of the applicable percentage of TNW or the applicable credit limit cap as specified in Section 6.4 of this Agreement.

Megawatt or MW – One thousand kilowatts.

Megawatt-hour or MWh – One megawatt of electric power used over a period of one hour.

Merger Event – When a DS Supplier consolidates or amalgamates with, or merges into or with, or transfers all or substantially all of its assets to another entity and either (i) the resulting entity fails to assume all of the obligations of such DS Supplier hereunder in the sole discretion of the Company or (ii) the benefits of any credit support provided pursuant to Article 6 of this Agreement fail to extend to the performance by such resulting, surviving or transferee entity of the DS Supplier's obligations hereunder, and the resulting entity or its guarantor fails to meet the creditworthiness requirements of this Agreement in the sole discretion of the Company.

Minimum Rating – A minimum senior unsecured debt rating as defined in Appendix A of this Agreement.

Minimum Transfer Amount - $100,000.

NERC – The North American Electric Reliability Council or its successor.

Network Integration Transmission Service or "NITS" – "Network Integration Transmission Service" under the PJM Agreements in effect as of the date of this Agreement, or its successor, superseding or amended versions of the PJM Agreements that may take effect from time to time over the term of this Agreement. In the event the PJM Agreements are modified such that "Network Integration Transmission Service" is no longer offered, Network Integration Transmission Service shall mean the type of transmission service offered under the PJM Agreements that is accorded the highest level of priority for scheduling and curtailment purposes.

Non-Defaulting Party - A Party to this Agreement who, at the time an Event of Default occurs, is not itself in default of this Agreement and has not otherwise caused or precipitated an Event of Default or Early Termination of this Agreement.

Off-Peak Energy Forward Price - Means the price for Off-Peak Hours for each billing month of the delivery period stated in terms of $/MWh as based on the most recent publicly available information and/or quotes from reference market makers on forward energy transactions occurring at the Market Price Hub. In the event that the Market Price Hub is

no longer available or no longer representative of a transparent trading hub, the Parties will negotiate in good faith to agree upon an alternate liquid price.

On-Peak Energy Forward Price – Means the price for On-Peak Hours for each billing month of the delivery period stated in terms of $/MWh as based on the most recent publicly available information and/or quotes from reference market makers on forward energy transactions occurring at the Market Price Hub. In the event that the Market Price Hub is no longer representative of a transparent trading hub, the Parties will negotiate in good faith to agree upon an alternate liquid price.

PaPUC or Commission – The Pennsylvania Public Utility Commission or its successor.

PJM – PJM Interconnection L.L.C. or its successor.

PJM Agreements – The PJM OATT, PJM RAA, PJM OA and all other PJM agreements, procedures, manuals and documents applicable to the Transactions covered by or relating to this Agreement.

PJM Control Area – That certain Control Area encompassing electric systems in parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and the District of Columbia, as may be modified from time to time, and which is recognized by the North American Electric Reliability Council as the "PJM Control Area".

PJM Member – A member in good standing of PJM that satisfies the requirements to conduct business with PJM.

PJM OA – The PJM Operating Agreement or the successor, superseding or amended version of the PJM Operating Agreement that may take effect from time to time.

PJM OATT – The PJM Open Access Transmission Tariff or the successor, superseding or amended version of the PJM Open Access Transmission Tariff that may take effect from time to time.

PJM OI – The PJM Office of Interconnection, the system operator for the PJM Control Area.

PJM RAA – The PJM Reliability Assurance Agreement or the successor, superseding or amended version of the PJM Reliability Assurance Agreement that may take effect from time to time.

PMEA/FMEA Adjustment Amount – For any Billing Month, the monetary amount due to the DS Supplier or the Company, as the case may be, in order to reconcile any difference between the PMEA used for the purpose of calculating estimated payments made to DS Supplier for a given month and the FMEA used for calculating the final payments due to the DS Supplier for such month as more fully described in Article 9 hereof.

Preliminary Monthly Energy Allocation or "PMEA" – A quantity of Energy which, for any Billing Month, is the preliminary calculation of the DS Supplier's DS Supplier Responsibility Share.

Rate Schedule(s) – Shall mean the specified existing, and modified or successor customer rate schedule(s) in the electric service tariff of the Company filed with the Commission.

Reliability First Corporation or "RFC" – The approved regional NERC entity with responsibility for the Commonwealth of Pennsylvania.

Residential Class – Group of Rate Schedules that comprise the Residential Class for the DS Supply and itemized in Appendix C

Rounding Amount - $100,000

Settlement Amount – With respect to a Non-Defaulting Party, the net amount of the Losses or Gains, and Costs, expressed in U.S. Dollars, which such Party incurs as a result of Early Termination, as set forth in Section 5.4(a) of this Agreement. For the purposes of calculating the Termination Payment, the Settlement Amount shall be considered an amount due to the Non-Defaulting Party under this Agreement if the total of the Losses and Costs exceeds the Gains and shall be considered an amount due to the Defaulting Party under this Agreement if the Gains exceed the total of the Losses and Costs.

Statement – A monthly report prepared by the Company for the DS Supplier indicating the amount due to the DS Supplier by the Company as compensation for DS Supply supplied to DS Customers by the DS Supplier during the current Billing Month, in accordance with DS Supplier's obligations under this Agreement.

Supply Day – Any calendar day during the term of this Agreement on which the DS Supplier is providing, or is obligated by this Agreement to provide, DS Supply to the Company's DS Customers.

Tangible Net Worth or "TNW" – Total assets less intangible assets and total liabilities. Intangible assets include benefits such as goodwill, patents, copyrights and trademarks.

Termination Payment – An amount paid by the Defaulting Party due to Early Termination.

Tier I AEC – Shall mean an AEC generated by a non-solar photovoltaic energy source that will satisfy the non-solar Tier I requirements of the AEPS Act applicable to the Company. (As specified in Appendix E)

Tier I (Solar) AEC – Shall mean an AEC generated by a solar photovoltaic energy source that will satisfy the Tier I solar photovoltaic requirements of the AEPS Act applicable to the Company. (As specified in Appendix E)

Tier II AEC - Shall mean an AEC generated by a non-solar photovoltaic energy source that will satisfy the non-solar Tier II requirements of the AEPS Act applicable to the Company. (As specified in Appendix E)

Total Exposure Amount – An amount calculated daily for the DS Supplier reflecting the total credit exposure to the Company and consisting of the sum of (i) the Mark-to-Market Exposure Amount arising under this Agreement; (ii) any amount(s) designated as the "Mark-to-Market Exposure Amount" arising under any other DS Supply agreements providing for "DS Supply" or similar default service; and (iii) the amount designated as the "credit exposure" under any other DS Supply agreements providing for DS Supply or similar default service; provided that in the event the amount calculated for any day is a negative number, it shall be deemed to be zero for such day.

Tranche – A fixed percentage share of the Company's DS Load, as specified in Appendix C.

Transaction – Means a particulate agreement by which the Company purchases and the DS Supplier sells DS Supply pursuant to this Agreement, the details of which are more fully set forth in Exhibit 1 – Transaction Confirmation.

Transaction Confirmation – Shall have the meaning ascribed to it in Appendix C and Exhibit 1 of this Agreement.

ARTICLE 2: GENERAL TERMS AND CONDITIONS

2.1 Capacity In Which Company Is Entering Into This Agreement

The DS Supplier agrees and acknowledges that the Company is contracting for the provision of DS Supply from such DS Supplier for Customers receiving Default Service on the Company's electric system pursuant to the authorizations provided to the Company. The DS Supplier further agrees and acknowledges that the Company will administer and monitor the DS Supplier's performance in providing DS Supply under this Agreement and that the Company shall be entitled to enforce the DS Supplier's obligations related to the provision of DS Supply. The DS Supplier hereby permanently, expressly and irrevocably waives any claim that Company is not entitled to seek enforcement of this Agreement on behalf of Customers. It is the specific intention of the Parties hereto that Customers and Customer groups are not third party beneficiaries of this Agreement and that no Customer or Customer group shall seek enforcement of this Agreement against the DS Supplier on their own behalf, either independently or by joining in any legal proceeding brought by the Company.

The Parties acknowledge that the Agreement is a forward contract and, accordingly, the Parties hereto are entitled to the protections of Section 556 of the Bankruptcy Code. The Parties therefore agree that the Agreement may be terminated by either Party upon the commencement of a proceeding by the other Party under any chapter of the Bankruptcy Code in accordance with Article 5.2 of this Agreement.

2.2 Parties' Obligations

(a) Obligations of DS Supplier

The DS Supplier hereby agrees as follows:

(i) DS Supplier shall provide service on a firm and continuous basis such that the supply delivered for the term of the Agreement meets the terms and conditions set forth in Appendix C;

(ii) To provide sufficient quantities of DS Supply on an instantaneous basis at all times and supplied to the Delivery Point to meet the DS Supplier Responsibility Share;

(iii) To procure those services provided by the PJM OI and to perform such functions as may be required by the PJM OI that are necessary for the delivery of DS Supply required hereunder;

(iv) To cooperate with the Company in any regulatory compliance efforts that may be required to maintain the ongoing legitimacy and enforceability of the terms of this Agreement and to fulfill any regulatory reporting requirement associated with the provision of DS Supply, before the PaPUC, FERC or any other regulatory body asserting jurisdiction;

(v) To become the Load Serving Entity ("LSE") with respect to the provision of DS Supply for the DS Supplier Responsibility Share and to comply with all requirements of a LSE with respect to such DS Supplier Responsibility Share;

(vi) To pay to the Company the PMEA/FMEA Adjustment Amount for any Billing Month in which the PMEA exceeds the FMEA, as more fully described in Article 9 of this Agreement;

(vii) To accept assignment of and to fulfill all obligations of a LSE that are assigned to it by this Agreement;

(viii) To comply in a timely manner with all obligations under this Agreement imposed upon the DS Supplier; and

(ix) To comply with the AEPS requirements of the Company's Default Service Plan, as detailed in Appendix E.

(b) Obligations of the Company

The Company hereby agrees as follows:

(i) To pay to each DS Supplier every month an amount due, resulting from the calculations, as detailed in Article 9 of this Agreement, subject to the adjustments as expressed therein;

(ii) Pay to the DS Supplier the PMEA/FMEA Adjustment Amount for any Billing Month in which the FMEA exceeds the PMEA, as more fully described in Article 9 of this Agreement;

(iii) To provide to the DS Supplier its estimated aggregate load obligation (capacity MW value) for each Supply Day no less than five (5) calendar days prior to the day of delivery. Further, this information will be posted in the DS Supplier's specific PJM eMTR account, or successor system or process;

(iv) To comply in a timely manner with all obligations under this Agreement imposed upon the Company;

(v) Accept the delivery of DS Supply necessary to meet the DS Load; and

(vi) Be responsible (as between the Company and the DS Supplier) for the provision of the Allocated AECs to satisfy AEPS requirements.

2.3 Congestion and Congestion Management

The DS Supplier is responsible for any congestion costs incurred to meet the DS Supplier Responsibility Share. The Company shall transfer or assign to the DS Supplier the Company's rights to Auction Revenue Rights (ARRs) to which the Company is entitled as an LSE pursuant to the PJM Agreements, including the rights to ARRs, provided that such rights are related to the service being provided to meet the DS Supplier Responsibility Share and such rights are for the Delivery Period. All rights, liabilities and obligations associated with such ARRs will accrue and be assumed by the DS Supplier through the transfer or assignment from the Company to the DS Supplier including the responsibility and ability of the DS Supplier to request or nominate such ARRs when applicable and feasible. Should the conditions above not be met, the entity recognized by PJM as having the right to make the nominations will nominate such ARRs for the upcoming PJM planning period and such ARRs will be allocated to the DS Supplier in accordance with the PJM Agreements based upon its DS Supplier Responsibility Share.

2.4 PJM Services

The DS Supplier shall make all necessary arrangements for the delivery of DS Supply through the PJM OI. The Company will advise the PJM OI of the magnitude and location of each DS Supplier's actual DS Supplier Responsibility Share, as required by the PJM OI, for the purpose of calculating such DS Supplier's appropriate DS Supply requirements related to the provision of service under this Agreement by DS Supplier arising under the PJM Agreements. The DS Supplier shall remain responsible to PJM for the performance of its LSE obligations associated with the provision of DS Supply under this Agreement until the effective date of the transfer of such LSE obligations.

The Company shall generate and provide to DS Supplier PJM shortname(s) associated with supplier's unique contract type(s), as necessary. Unique shortname(s) may be generated for each differing contract type. DS Supplier shall complete all required forms and processing to PJM to create shortname(s) within the PJM system.

For the period of time that this Agreement is in effect, both Buyer and DS Supplier agree that PJM Settlement, Inc, shall transfer the applicable billing line item charges and/or credits as designated between the Buyer and DS Supplier in EXHIBIT D. Buyer will be responsible for initiating and/or maintaining Billing Line Item Transfers utilizing the PJM Billing Line Item Tool. DS Supplier agrees to confirm/approve Billing Line Item Transfers by the last business day of the month prior to the Delivery Period of the first Transaction under the Agreement.

2.5 PJM Agreement Modifications

(a) If the PJM Agreements are amended or modified so that any schedule or section references herein to such agreements is changed, such schedule or section references herein shall be deemed to automatically (and without any further action by the Parties) refer to the new or successive schedule or section in the PJM Agreements which replaces that originally referred to in this Agreement.

(b) If the applicable provisions of the PJM Agreements referenced herein, or any other PJM rules relating to the implementation of this Agreement, are changed materially from those in effect on the Effective Date, both Parties shall cooperate to make conforming changes to this Agreement to fulfill the purposes of this Agreement, including the DS Supplier's responsibility for changes in PJM products and pricing during the Term.

2.6 PJM Member Default Cost Allocation

In the event PJM imposes a Default Allocation Assessment upon the Company relating to a default during the Term, the Company shall invoice DS Supplier and DS Supplier shall pay an amount equal to the product of (i) DS Supplier Responsibility Share, and (ii) the Default Allocation Assessment, less the amounts of any types of charges allocated to the Company under this Agreement that are used by PJM in calculating such Default Allocation Assessment.

2.7 Other Fines and Penalties

If fees, fines, penalties, or costs are claimed or assessed against the Company by any Applicable Legal Authority or PJM due to noncompliance by the DS Supplier with this Agreement, any other requirements of law, or the PJM Agreements, the DS Supplier shall indemnify and hold the Company harmless against any and all losses, liabilities, damages, and claims suffered or incurred by the Company, including claims for indemnity or contribution made by third parties against the Company, except to the extent the Company recovers any such losses, liabilities or damages through other provisions of this Agreement.

2.8 Communications and Data Exchange

The DS Supplier and the Company shall supply to each other in a thorough and timely manner all data, materials or other information that is specified in this Agreement, or that may otherwise reasonably be required by DS Supplier or by the Company in connection with the provision of DS Supply by the DS Supplier to DS Customers, if required.

The DS Supplier shall be equipped with the communications capabilities necessary

to comply with the communications and data exchange standards that are set by and as may, from time to time, be modified by PJM, and shall exclusively bear the costs of installing, maintaining, testing, and operating all required information technology systems that will enable it to send to and receive data from the Company and PJM and to satisfy its obligations under this Agreement, the PJM Agreements and all other relevant agreements.

2.9 Record Retention

The Company shall retain necessary records for the longer of two years or as required under applicable PaPUC requirements so as to permit DS Supplier to confirm the validity of payments due to DS Supplier hereunder; provided that if a DS Supplier has provided notice pursuant to this Agreement that it disputes the validity of any payments, the Company agrees that it shall retain all records related to such dispute until the dispute is finally resolved.

2.10 Verification

In the event of a good faith dispute regarding any invoice issued or payment due under this Agreement, and provided that a mutually acceptable confidentiality agreement is executed by the Parties, each Party will have the right to verify, at its sole expense, the accuracy of the invoice or the calculation of the payment due by obtaining copies of relevant portions of the books and records of the other Party.

2.11 Forward Contract Merchant

The Parties agree that the Agreement is a “forward contract merchant” within the meaning of the United States Bankruptcy Code, all setoffs, netting and liquidations contemplated hereunder constitute “settlement payments” as set forth in Sections 101 and

741 of the United States Bankruptcy Code and each payment or transfer of Performance Assurance is a "margin payment", "settlement payment" or transfer within the meaning of Section 101 of the United States Bankruptcy Code for the purposes of and as used in such Code.

ARTICLE 3: REPRESENTATIONS AND WARRANTIES

3.1 DS Supplier's Representations and Warranties

The DS Supplier hereby represents, warrants and covenants to the Company on the Effective Date and throughout the term of this Agreement as follows:

a) It is a corporation, partnership, limited liability company or other legal entity, duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania or, if another jurisdiction, under the laws of such jurisdiction and, in such case, is duly registered and authorized to do business in such other jurisdiction;

b) It has all requisite power and authority to execute and deliver this Agreement and to carry on the business to be conducted by it under this Agreement and to enter into and perform its obligations hereunder, including satisfaction of all applicable FERC requirements;

c) The execution and delivery of this Agreement and the performance of such DS Supplier's obligations hereunder have been duly authorized by all necessary action on the part of the DS Supplier and do not and will not conflict with, or constitute a breach of or default under, any of the terms, conditions, or provisions of the DS Supplier's certificate of incorporation or bylaws or other constituent instruments or any indenture, mortgage, other evidence of indebtedness, or other agreement or instrument or any statute or rule,

regulation, order, judgment, or decree of any judicial or administrative body to which the DS Supplier is a party or by which the DS Supplier or any of its properties is bound or subject;

d) All necessary and appropriate action that is required on the DS Supplier's part to execute this Agreement has been completed;

e) This Agreement is the legal, valid and binding obligation of the DS Supplier, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect that affect creditors' rights in general or by general principles of equity;

f) There are no actions at law, suits in equity, proceedings or claims pending or, to the DS Supplier's knowledge, threatened against the DS Supplier before any federal, state, foreign or local court, tribunal or governmental agency or authority that might materially delay, prevent or hinder the DS Supplier's performance of its obligations hereunder;

g) It has entered into this Agreement with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;

h) It is in good standing as an LSE in PJM, is a signatory to all applicable PJM Agreements, and is in compliance with, and will continue to comply with, all obligations, rules and regulations, as established and interpreted by the PJM OI, that are applicable to LSEs as defined by the PJM Agreements; provided that the DS Supplier shall not be obligated to become an LSE in PJM until the date it begins providing DS Supply;

i) It has made its trading and investment decisions (including regarding the suitability thereof) based upon its own judgment and any advice from such advisors as it

has deemed necessary and not in reliance upon any view expressed by the Company;

j) It will comply with any and all information and data transfer protocols that may be adopted by the Company or that are set by, and from time to time modified by, the PaPUC; provided that DS Supplier shall be entitled to exercise its reserved right to challenge any such protocols in the appropriate forum.

k) It is not Bankrupt or insolvent and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming Bankrupt or insolvent;

l) There are no pending, or to its knowledge threatened, actions, suits or proceedings against it or any of its Affiliates, or any legal proceedings before any Governmental Authority, that could materially adversely affect its ability to perform its obligations under this Agreement;

m) No Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;

n) It is not relying upon the advice or recommendations of the other Party in entering into this Agreement, it is capable of understanding, understands and accepts the terms, conditions and risks of this Agreement, and the other Party is not acting as a fiduciary for or advisor to it in respect of this Agreement;

o) It has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to provide or take delivery of DS Supply as required by this Agreement; and it is an “eligible contract participant” as defined in Section 1a(12) of the Commodity Exchange Act.

3.2 Company's Representations and Warranties

The Company hereby represents, warrants and covenants to the DS Supplier as follows:

a) The Company is an electric utility corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania;

b) The Company has all requisite power and authority to carry on the business to be conducted by it under this Agreement and to enter into and perform its obligations hereunder;

c) The execution and delivery of this Agreement and the performance of the Company's obligations hereunder have been duly authorized by all necessary action on the part of the Company and do not and will not conflict with, constitute a breach of or default under, any of the terms, conditions, or provisions of the Company's certificate of incorporation or bylaws or any indenture, mortgage, other evidence of indebtedness, or other agreement or instrument or any statute or rule, regulation, order, judgment, or decree of any judicial or administrative body to which the Company is a party or by which the Company or any of its properties is bound or subject;

d) All necessary and appropriate action that is required on the Company's part to execute this Agreement has been completed;

e) This Agreement is the legal, valid and binding obligation of the Company, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect that affect creditors' rights in general or by general principles of equity and the Commission's power under section 508 of the Public Utility Code, 66 Pa.C.S. § 508, to amend or modify the

contracts of public utilities;

f) The ability of the Company to pay any and all amounts due and payable under this Agreement, or upon any potential breach thereof, is not conditioned upon any governmental or administrative appropriation by the Commission, the Commonwealth of Pennsylvania or any other governmental authority;

g) There are no actions at law, suits in equity, proceedings or claims pending or, to the Company's knowledge, threatened against the Company before any federal, state, foreign or local court, tribunal or governmental agency or authority that might materially delay, prevent or hinder the Company's performance of its obligations under this Agreement;

h) It has entered into this Agreement with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;

i) The Company's performance under this Agreement is not contingent upon the performance of Customers or the ability of Customers to pay rates;

j) The Company shall have sole responsibility for metering and billing with respect to Customers; and

k) The Company shall be responsible for electric distribution services and the DS Supplier shall not be responsible for distribution charges.

3.3 Survival of Obligations

All representations and warranties contained in this Article are of a continuing nature and shall be maintained during the term of this Agreement or until all amounts due hereunder, including all obligations, have been paid or performed in full. If a Party learns that any of the representations, warranties or covenants in this Agreement are no longer

true during the term of this Agreement, the Party shall immediately notify the other Party via facsimile, with a hard copy of the notice delivered by overnight mail.

ARTICLE 4: COMMENCEMENT AND TERMINATION OF AGREEMENT

4.1 Commencement and Termination

The term of this Agreement shall commence upon the Effective Date. Unless otherwise agreed upon by the Company and the DS Supplier, this Agreement shall continue in full force and effect from the Effective Date until the end of all Transaction(s) executed under this Agreement, unless the Agreement is terminated prematurely pursuant to the provisions of this Agreement.

4.2 Termination of Right to Supply

The DS Supplier agrees that termination of this Agreement for reason of an Event of Default shall terminate any right of the DS Supplier to provide DS Supply to the DS Customers and nullify any of the entitlements to which the DS Supplier became entitled as a result of being selected as a winning bidder in the DS Solicitation.

4.3 Survival of Obligations

Termination of this Agreement for any reason shall not relieve the Company or the DS Supplier of any obligation accrued or accruing prior to such termination. Applicable provisions of this Agreement shall continue in effect after termination to the extent necessary to provide for final billings.

4.4 Mutual Termination

The Company and the DS Supplier may agree at any time during the term of this Agreement to terminate their respective rights and obligations hereunder on such terms and

under such conditions that they mutually deem to be appropriate as set forth in a mutual termination agreement acceptable in form and substance to the Company and the DS Supplier ("Mutual Termination Agreement"); provided that Company agrees that it shall enter into such a Mutual Termination Agreement, which will discharge the terminating DS Supplier (the "Terminating DS Supplier") with respect to liabilities arising after the effective date of the Mutual Termination Agreement if the following conditions precedent are met: (i) the Terminating DS Supplier identifies a replacement DS Supplier willing to assume all obligations of the Terminating DS Supplier hereunder for the remaining term of this Agreement (the "Replacement DS Supplier"); (ii) the Replacement DS Supplier demonstrates its compliance with Article 6 of this Agreement, "Creditworthiness", as of the effective date of the Mutual Termination Agreement, that determination to be made in the sole discretion of Company; (iii) the Replacement DS Supplier executes a counterpart signature page to this Agreement and thereby becomes a Party under this Agreement, effective immediately following the effective date of the Mutual Termination Agreement; and (iv) the Terminating DS Supplier is not, to the belief or knowledge of the Company, subject to an Event of Default as of the effective date of the Mutual Termination Agreement or, if the Company believes that the Terminating DS Supplier may be subject to an Event of Default, either (a) the Company has determined that, as of the effective date of the Mutual Termination Agreement, it has not incurred any Damages as a result of the Event of Default or (b) if the Company has determined, as of the effective date of the Mutual Termination Agreement, that it may have incurred Damages as a result of the Event of Default, that the Replacement DS Supplier has agreed in writing to be responsible for the

payment of such Damages or to otherwise cure the Event of Default, in either case to the satisfaction of the Company in its sole discretion.

ARTICLE 5: BREACH AND DEFAULT

5.1 Events of Default

An Event of Default under this Agreement shall occur if a Party (the "Defaulting Party"):

(i) Is the subject of a voluntary bankruptcy, insolvency or similar proceeding;

(ii) Makes an assignment for the benefit of its creditors;

(iii) Applies for, seeks consent to, or acquiesces in the appointment of a receiver, custodian, trustee, liquidator or similar official to manage all or a substantial portion of its assets;

(iv) Is dissolved (other than pursuant to a consolidation, amalgamation or merger) or is the subject of a Merger Event;

(v) Has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets;

(vi) Has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(vii) In the case of a DS Supplier, PJM terminates the DS Supplier's ability to make purchases from PJM markets or PJM holds the Company responsible for the provision of DS Supply under this Agreement and PJM does not rescind such termination or assignment of responsibility within seven (7) Business Days;

(viii) Fails to comply with the creditworthiness requirements as set forth in

Article 6 of this Agreement, including, without limitation, compliance with the creditworthiness requirements to cover the Margin calculated under Section 6.5 or post any Margin due under Section 6.5 of this Agreement, within the time frames set forth in this Agreement;

(ix) Is declared by PJM to be in default of any provision of any PJM Agreement, which default prevents a Party's performance hereunder if such failure is not remedied within three (3) Business Days after written notice;

(x) Failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within two (2) Business Days after written notice;

(xi) Violates any federal, state or local code, regulation or statute applicable to the supply of Energy and/or AECs in a manner that materially, and adversely, affects the Party's performance under this Agreement, including by way of failure to continually satisfy all applicable FERC requirements, or, in the case of the DS Supplier, by way of failure to maintain any other governmental approvals required for participation in the Pennsylvania retail Energy market, or defaults on any obligation or other failure to comply with PJM requirements under the PJM Agreements;

(xii) Is the subject of an involuntary bankruptcy or similar proceeding;

(xiii) Subject to Section 5.3 (b) of this Agreement, in the case of the Company, fails to accept DS Supply properly tendered by the DS Supplier under this Agreement;

(xiv) Failure to perform any material covenant or obligation set forth in this Agreement, if such failure is not remedied within three (3) Business Days after written notice;

(xv) Makes a materially incorrect or misleading representation or warranty under this Agreement or under any response to the DS Solicitation; or

(xvi) Commits an act or makes an omission that constitutes an "Event of Default" under any other agreement(s) for the provision of DS Supply between the Company and the DS Supplier; and fails to remedy such condition, event or delinquency herein above described such that the other Party (the "Non-Defaulting Party") is completely made whole with respect to such condition, event or delinquency, within three (3) Business Days of receipt of written notice thereof from such Non-Defaulting Party; provided, however, that an Event of Default shall be deemed to have occurred immediately, without any need for the provision of notice thereof by the Non-Defaulting Party and without any right of cure on the part of the Defaulting Party, in the event of the occurrence of a condition, event or delinquency described in subsections "i", "ii", "iii", "iv", "v", "vi", "vii" or "viii" above. Termination of this Agreement by the PaPUC, other regulatory authority or court of law does not constitute an Event of Default under this Agreement.

(xvii) With respect to the DS Supplier's Guarantor, if any:

1. any representation or warranty made by the Guarantor in connection with this Agreement is false or misleading in any material respect when made or when deemed made or repeated;

2. Guarantor fails to make, when due, any payment required or to perform any other material covenant or obligation in any guaranty made in connection with this Agreement and such

failure shall not be remedied within two (2) Business Days after written notice;

3. Guarantor's guaranty fails to be in full force and effect for purposes of this Agreement (other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under this Agreement without the written consent of the other Party; or

4. Guarantor repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenges the validity of any guaranty.

5.2 Rights upon Default

Upon and during the continuation of an Event of Default, the Non-Defaulting Party shall have the right to suspend performance, provided that such suspension shall not continue for longer than ten (10) Business Days. At any time during or subsequent to the temporary suspension of performance, the Non-Defaulting Party may proceed with the steps outlined in Article 5.7. In addition to any other remedies available at law or in equity to the Non-Defaulting Party, if an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right to implement all of the following remedies:

(i) Declare an Early Termination Date of this Agreement with respect to the obligations of the Defaulting Party without any liability or responsibility whatsoever except for obligations arising prior to the date of termination, by providing written notice to the Defaulting Party; provided, however, that this Agreement shall immediately terminate automatically and without notice in the case of any Event of Default in which a DS Supplier

is the Defaulting Party occurring under subsections (i), (ii), (iii), (iv), (v), (vi), (vii) or (viii) of Article 5.1 of this Agreement and such date of automatic termination shall be deemed the Early Termination Date of this Agreement with respect to such Supplier; and

(ii) Receive Damages in accordance with Section 5.3 of this Agreement.

The Non-Defaulting Party shall be entitled to elect or pursue one or more of the above remedies.

5.3 Damages Resulting From an Event of Default

(a) <u>DS Supplier's Failure to Supply DS Supply or Declaration of Early Termination By Company:</u> Damages resulting from (i) the DS Supplier's failure to (A) provide DS Supply in conformance with Article 2.2 hereof or (B) pay PJM for purchases of any products or services from PJM, or other failure to comply with PJM requirements, such that PJM holds the Company responsible for the provision of DS Supply to meet the DS Supplier's DS Supplier Responsibility Share under this Agreement or (ii) the occurrence of any Event of Default attributable to the DS Supplier resulting in Early Termination, shall include all Costs incurred by the Company, acting in a commercially reasonable manner consistent with any statutory or regulatory requirements imposed by the Applicable Legal Authorities, in obtaining replacement services or in obtaining a replacement supplier, which Costs exceed the amounts that would have been payable to the defaulting DS Supplier under this Agreement. Costs incurred by the Company for the purpose of calculating Damages hereunder will consist of:

(i) The cost of DS Supply allocated to the Company by the PJM OI due to the failure of the DS Supplier to meet obligations owing to the PJM OI in connection with its obligations under this Agreement;

(ii) The costs of DS Supply purchased by the Company to replace DS Supply that a DS Supplier was obligated to supply under this Agreement during the term hereof;

(iii) Administrative and legal costs associated with procuring replacement DS Supply; and

(iv) Financial hedging costs incurred by the Company on behalf of DS Customers as a result of having to procure DS Supply not provided by the DS Supplier.

The Parties further recognize and agree that the final calculation of Damages hereunder may not be known for some time since the level of such Damages may be dependent upon the arrangements made by the Company to obtain replacement services or a replacement DS Supplier. The Company and the DS Supplier agree that, until the calculation of Damages under this provision is completed, the amount and payment to the Company of the Settlement Amount on behalf of DS Customers in the event of an Early Termination as set forth in Article 5.4 of this Agreement shall be immediately due and owing as an estimate of all Damages ultimately determined to be due and owing. After Damages have been finally determined under this Article 5.3, the amounts of Damages due and owing will be reconciled with payments already made by the DS Supplier under Section 5.4 of this Agreement.

(b) **Failure By Company on Behalf of Customers To Accept DS Supply Tendered By DS Supplier**: Damages resulting from the failure of the Company on behalf of Customers to accept DS Supply tendered by the DS Supplier necessary to meet the DS Supplier Responsibility Share of DS Load under this Agreement shall consist of the positive difference (if any) between (i) the amounts that would have been payable to the DS Supplier hereunder had the Company accepted the DS Supply tendered by the DS

Supplier necessary to meet the DS Supplier Responsibility Share of DS Load under this Agreement and (ii) the amount realized by the DS Supplier in disposing, in a commercially reasonable manner, of the DS Supply not accepted by the Company; provided, however, that the Company shall not be required to accept on behalf of any Customer, quantities of DS Supply utilized by Customers on an instantaneous basis as a function of electrical load, in excess of such Customer's instantaneous consumption of such component of DS Supply; and further provided that the Company shall not be liable for any Damages if this Agreement is terminated by the PaPUC, other regulatory authority or a court of law.

(c) **Damages Resulting From Early Termination Due To An Event of Default Attributable To the Company**: Damages resulting from Early Termination due to an Event of Default attributable to the Company shall be as set forth in Section 5.4 of this Agreement. Damages calculated in accordance with said Article 5.4 shall be the exclusive remedy available to the DS Supplier in the event of Early Termination resulting from an Event of Default attributable to the Company.

(d) **Damages Resulting from DS Supplier's Failure to Continuously Satisfy it AEPS Obligations**: Damages resulting from the DS Supplier's failure to continuously meet and satisfy all or any portion of its obligations under Section 2.2 (a)(viii) of this Agreement shall include, but not be limited to, the amount of all penalties, costs associated with the procurement of additional AECs, etc. including, without limitation, interest and other charges, if any, levied against the Company related to AEPS regulations, due to such DS Supplier's conduct or inaction.

(e) **Other Damages**: Damages for Events of Default not specified above shall consist of the direct Damages incurred by the Non-Defaulting Party.

(f) **Waiver of Event of Default:** If an Event of Default has occurred and the Non-Defaulting Party is the Company, then unless the Event of Default was a failure by the DS Supplier to meet any or all of its DS Supply obligations, the Company may elect, at its sole discretion, to offer to waive the default on such terms and conditions as the Company, at its sole discretion, may deem appropriate to propose a special remedy. Any such special remedy can only be offered to the DS Supplier if it first is specifically approved by the PaPUC in accordance with Commission Orders.

5.4 Declaration of an Early Termination Date and Calculation of Settlement Amount and Termination Payment

(a) **Settlement Amount**. If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the Non-Defaulting Party shall have the right (i) to designate a day, no earlier than the day such notice is effective and no later than twenty (20) days after such notice is effective, as a date for Early Termination ("Early Termination Date") to accelerate all amounts owing between the Parties and to liquidate and terminate the undertakings set forth in this Agreement, (ii) to withhold any payments due to the Defaulting Party under this Agreement, and (iii) to suspend performance; provided however, that an Early Termination Date shall be deemed to occur automatically and concurrently with the Event of Default, without any requirement for the provision of notice by the Non-Defaulting Party, with respect to an Event of Default under subsections (i), (ii), (iii), (iv), (v), (vi), (vii), and (viii) of Article 5.1 of this Agreement. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount with respect to the obligations under this Agreement.

The DS Supplier may, in its sole discretion, select the notional quantity in the following subsection 5.4(a)(i) by checking the box below. If the DS Supplier does not select subsection 5.4(a)(i) by checking the box, it will be deemed to be excluded from this Agreement. ☐

(i) For the purposes of such determination, the DS Supply provided for under this Agreement for the period following the Early Termination Date through the remainder of the term of this Agreement shall be deemed to be those quantity amounts that would have been delivered on an hourly basis, had this Agreement been in effect during the previous calendar year adjusted for such DS Load changes as may have occurred since the previous calendar year.

(b) **Net Out of Settlement Amounts**. The Non-Defaulting Party shall calculate a Termination Payment by aggregating all Settlement Amounts due under this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply into a single amount by netting out (a) all Settlement Amounts that are due or will become due to the Defaulting Party, plus at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party and actually received, liquidated and retained by the Non-Defaulting Party, plus any or all other amounts due to the Defaulting Party under this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply against (b) all Settlement Amounts that are due or will become due to the Non-Defaulting Party, plus any or all other amounts due to the Non-Defaulting Party under this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply, so that all such amounts shall be netted out to a single liquidated amount; provided,

however, that if the DS Supplier is the Defaulting Party and the Termination Payment is due to the DS Supplier, the Company shall be entitled to retain a commercially reasonable portion of the Termination Payment, which may be equal to the entire amount of the Termination Payment, as security for additional amounts that may be determined to be due and owing by the DS Supplier as Damages and further provided that any previously attached security interest of the Company in such retained amounts shall continue. The Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate. If the Termination Payment has been retained by the Company as security for additional amounts that may be determined to be due and owing by the DS Supplier, and if, upon making a final determination of Damages, the Termination Payment, or any portion thereof, is to be made to the DS Supplier, the Company will pay simple interest on the Termination Payment amount being made to the DS Supplier. Simple interest will be calculated at the lower of the Interest Index or six (6) percent per annum.

(c) **Notice of Termination Payment**. As soon as practicable after calculation of a Termination Payment, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to or due from the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount. Subject to Article 5.4(b) above, the Termination Payment shall be made by the Party that owes it within three (3) Business Days after such notice is effective.

(d) **Disputes With Respect to Termination Payment**. If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within three (3) Business Days of

receipt of Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that if the Termination Payment is due from the Defaulting Party, the Defaulting Party shall first transfer collateral to the Non-Defaulting Party in an amount equal to the Termination Payment, such collateral to be in a form acceptable to the Non-Defaulting Party as specified in the Termination Payment Dispute Notice.

(e) **Multiple DS Supply Agreements.** It is the intention of the Company and the DS Supplier that, in the event the DS Supplier is a party to other agreements with the Company for the provision of DS Supply that existed prior to the Effective Date of this Agreement or are entered into after the Effective Date of this Agreement, the Company will calculate a single Termination Payment applicable to all such agreements as set forth herein.

5.5 Step-up Provision

The Company may ask other DS Suppliers whether they wish to assume all or part of the delivery obligations on the same terms and price contained herein, but any DS Supplier shall not be obligated to assume any such step-up requests. Any agreement to make additional supply available shall be termed a "Step-Up", and is subject to compliance with the creditworthiness provisions of Article 6 of this Agreement and the DS Supplier's load cap as per the Company's approved default service procurement plan. For the avoidance of doubt, in the event that the DS Supplier does not respond to the Company's Step-Up request within the relevant timeframe, then the DS Supplier shall be deemed to have rejected the Company's request in full.

5.6 Setoff of Payment Obligations of the Non-Defaulting Party

Any payment obligations of the Non-Defaulting Party to the Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply shall be set off: (i) first, to satisfy any payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply that are unsecured and not subject to any Guaranty; (ii) second, to satisfy any payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply that are unsecured, but which are subject to a Guaranty; and (iii) third, to satisfy any remaining payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply.

5.7 Preservation of Rights of Non-Defaulting Party

The rights of the Non-Defaulting Party under this Agreement, including without limitation Article 5.4 and 5.7 of this Agreement, shall be supplemental to, and not in lieu of,any right of recoupment, lien, or set-off afforded by applicable law, and all such rights are expressly preserved for the benefit of the Non-Defaulting Party.

a. Duty to Mitigate. Each Party agrees that it has a duty to mitigate damages and covenants that it will use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's failure to perform pursuant to this Agreement.

b. Return of Auction Revenue Rights. When the DS Supplier is the Defaulting Party, the DS Supplier will make best efforts to facilitate the transfer or reassignment to the entity which is the replacement DS Supplier on the Early Termination Date, any and all of the replacement DS Supplier's rights to Auction Revenue Rights (ARRs) to which the replacement DS Supplier is entitled as a LSE pursuant to the PJM Agreements, which were transferred or assigned to the DS Supplier under Section 2.3 (Congestion and Congestion Management).

ARTICLE 6: CREDITWORTHINESS

6.1 Applicability

The DS Supplier agrees that it shall meet the creditworthiness requirements of this Article 6 at all times during the term of this Agreement and shall inform the Company immediately of any changes in its credit rating or financial condition. Without limitation of the foregoing, the DS Supplier shall, upon written request, affirmatively demonstrate to the Company, its compliance with the creditworthiness requirements set forth hereunder. The Company may establish less restrictive creditworthiness requirements under this Article 6 in a non-discriminatory manner.

6.2 Creditworthiness Determination

The DS Supplier may submit and maintain a security deposit in accordance with Section 6.4 of this Agreement in lieu of submitting to or being qualified under a creditworthiness evaluation. The DS Supplier shall have the opportunity to request that the Company re-evaluate its creditworthiness whenever an event occurs that the DS Supplier believes would improve the determination made by the Company of its

creditworthiness. The Company's credit re-evaluation must be completed as soon as possible but no longer than thirty (30) days after receiving a fully documented request. The Company must provide the rationale for its determination of the credit limit and any resulting security requirement. The Company must perform its credit re-evaluation and associated security calculation in a non-discriminatory manner. DS Supplier shall provide the Company and its agent's unrestricted access to audited financial statements; provided that if audited financial statements are not available, the Company, in its sole discretion, may specify other types of financial statements that will be accepted.

6.3 Credit Exposure Methodology

The credit exposure per tranche that will be required of the DS Supplier under this agreement will be determined by the DS Customer Group as stated on the Transaction Confirmation(s).

For the Industrial class, the credit exposure under this Agreement shall be $140,000 times the number of tranches shown on the Transaction Confirmation(s). If the DS Supplier meets the Minimum Rating in Section 6.4, no security will be required as long as the Total Exposure Amount does not exceed the maximum credit limit of the DS Supplier or its Guarantor.

To calculate the daily exposure for each DS Supplier for the Residential and Commercial classifications as stated on the Transaction Confirmation(s), the MtM credit exposure methodology will be used. The "mark" for each Billing Month will be determined at the time the auction is completed based on the available Forward Market Prices and for the remaining Billing Months will be derived based on historical data. At the time the auction is completed, the MtM credit exposure for each DS Supplier shall be

equal to zero. Subsequently, the differences between the available Forward Market Prices on the valuation date and the "mark" prices for the corresponding Billing Months will be used to calculate the daily credit exposures for each DS Supplier. The total MtM credit exposure will be equal to 1.1 times the sum of the MtM credit exposures for each Billing Month. The methodology for calculation of the MtM credit exposure is illustrated in the example (using hypothetical numbers) set forth in Appendix B hereto.

6.4 Credit Limit

The following criteria constitute the Company's creditworthiness requirements for the DS Supplier to cover the Total Exposure Amount. In all instances, the most current senior unsecured debt rating (or, if unavailable, the most current corporate issuer rating) will be used.

(i) For a DS Supplier to be granted an unsecured line of credit, the DS Supplier must be rated by at least two of the following rating agencies: S&P, Moody's, or Fitch. The methodology for determining the credit rating to use is set forth in Appendix A of this Agreement. The Maximum Credit Limit to cover the Total Exposure Amount will be determined based on the credit matrix table in Appendix A of this Agreement.

The DS Supplier will be required to post cash or a letter of credit in an acceptable form as defined in Section 6.7 (b) of this Agreement (see standard format in Appendix F) for the Margin due the Company as set forth in Section 6.5 of this Agreement; or

(ii) For a DS Supplier having a Guarantor, in the case of a Guarantor organized under the laws of the United States, the Guarantor (1) must be rated by at least two of the following rating agencies: S&P, Moody's, or Fitch, and (2) must have a

minimum senior unsecured debt rating (or, if unavailable, corporate issuer rating) equal to the Minimum Rating. If the Guarantor is rated by only two rating agencies, and the ratings are split, the rating will be established based on the methodology outlined in Appendix A of this Agreement. The Maximum Credit Limit to cover the Total Exposure Amount that could be provided through the Guaranty (see standard format in Appendix G) will be determined based on the credit matrix table for Guarantors on Appendix A. The DS Supplier will be granted a credit limit equal to the lesser of (i) the amount of the Guaranty as provided to the Company at the time this Agreement is executed as such amount may be modified in any amended or substitute Guaranty provided to the Company during the term of this Agreement, or (ii) the Supplier's Maximum Credit Limit. The DS Supplier, however, may not increase or substitute its Guaranty for the purpose of increasing its applicable credit limit during the time period after the Company has made a Margin call but before the DS Supplier has posted the required Margin. Notwithstanding anything herein to the contrary, the DS Supplier may increase the limit of its Guaranty after satisfying a Margin call from the Company and upon the Company's receipt of an amended or substitute Guaranty increasing the limit of the Guaranty, the DS Supplier may request a return of Margin in accordance with Section 6.5 of this Agreement. The DS Supplier will be required to post cash or a letter of credit in an acceptable form as defined in Section 6.7(b) of this Agreement (see standard format in Appendix F) for the Margin due the Company as set forth in Section 6.5 of this Agreement; or

(iii) For a DS Supplier or Guarantor that has not been incorporated or otherwise formed under the laws of the United States and whose financial data is not denominated in United States currency and does not conform to generally accepted

accounting principles ("GAAP") in the United States, they shall supply the following additional information:

a. A legal opinion of counsel qualified to practice in the foreign jurisdiction in which the DS Supplier or Guarantor is incorporated or otherwise formed that this Agreement is, or upon completion of execution formalities will become, the binding obligation of the DS Supplier or Guarantor in the jurisdiction in which it has been incorporated or otherwise formed; and

b. The sworn certificate of the corporate secretary (or similar officer) of such DS Supplier or Guarantor that the person executing this Agreement on behalf of the DS Supplier has the authority to execute the Agreement and that the governing board of the DS Supplier or Guarantor has approved the execution of this Agreement;

c. The sworn certificate of the corporate secretary (or similar officer) of such DS Supplier or Guarantor that the DS Supplier or Guarantor has been authorized by its governing board to enter into agreements of the same type as this Agreement; and

d. Such other documents and certificates as may be required by the Company in its sole discretion.

(iv) The posting of cash or a letter of credit as defined in Section 6.7 (b) below for the entire Total Exposure Amount as set forth in Section 6.5 of this Agreement.

6.5 Posting Margin and Return of Surplus Margin

(a) If at any time and from time to time during the term of this Agreement, the Total Exposure Amount, rounded by the Rounding amount, exceeds the DS Supplier's

or the Guarantor's credit limit by the Minimum Transfer Amount (MTA), then the Company on any Business Day, may request that the DS Supplier provide cash or a letter of credit in an acceptable form as defined in Article 6.7(b) of this Agreement (see standard format in Appendix F), in an amount equal to the Margin (less any Margin posted by the DS Supplier and held by the Company pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply).

If the DS Supplier receives written notice for Margin from the Company by 1:00 p.m. New York time on a Business Day, then the DS Supplier shall post Margin the next following Business Day, if posting cash, and by the second Business Day following the date of notice, if posting a letter of credit, unless the Company agrees in writing to extend the period to provide Margin. If the DS Supplier receives notice for Margin from the Company after 1:00 p.m. New York time on a Business Day, whether posting cash or a letter of credit, then the DS Supplier must post Margin the second Business Day following the date of notice unless the Company agrees in writing to extend the period to provide Margin. The Company will not unreasonably deny a request for a one-day extension of such period. In the event that the DS Supplier fails to post Margin when due in accordance with this Article 6.5, then an Event of Default under Article 5 of this Agreement will be deemed to have occurred and the Company will be entitled to the remedies set forth in Article 5 of this Agreement.

(b) Surplus Margin being held by the Company that is not needed to satisfy the Total Exposure Amount, as determined above, will be returned to the DS Supplier upon receipt of a written request by the DS Supplier. Surplus Margin means cash or a letter of credit posted by the DS Supplier as a result of a request by the Company pursuant to Article

6.5(a) that exceeds the Total Exposure Amount less the DS Supplier's or the Guarantor's credit limit (rounded by the Rounding Amount). If the resulting Surplus Margin amount is more than the Minimum Transfer Amount, it will be returned to the DS Supplier. If the DS Supplier posted cash and notice is received by 1:00 p.m. New York time on a Business Day, the surplus Margin will be returned by the next following Business Day and if the DS Supplier posted cash and notice is received by the Company after 1:00 p.m. New York time on a Business Day, the surplus Margin shall be returned by the second Business Day following the date of notice, unless the DS Supplier agrees in writing to extend the period to return the surplus Margin. If the DS Supplier posted a letter of credit, the surplus Margin shall be returned on the next Business Day following the Business Day on which the amendment to the letter of credit is received from the issuing bank, unless the DS Supplier agrees in writing to extend the period to return the surplus Margin. The DS Supplier will not unreasonably deny a request for a one-day extension of such period. In the event that the Company fails to return the surplus Margin when due in accordance with this Article, then an Event of Default under Article 5 of this Agreement will be deemed to have occurred and the DS Supplier will be entitled to the remedies set forth in Article 5 of this Agreement.

6.6 Grant of Security Interest/Remedies

To secure its obligations under this Agreement and to the extent that the DS Supplier posted Margin/collateral hereunder, the DS Supplier hereby grants to the Company a present and continuing security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, the Company, and the DS Supplier and the Company

agree to take such action as is reasonably required to perfect the secured Party's first priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence or deemed occurrence and during the continuation of an Event of Default or an Early Termination Date, the Company may do any one or more of the following: (i) exercise any of the rights and remedies of the Company with respect to all collateral, including any such rights and remedies under law then in effect; (ii) exercise its rights of setoff against any and all property of the DS Supplier in the possession of the Company whether held in connection with this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply; (iii) draw on any outstanding letter of credit issued for its benefit; and (iv) liquidate all security held by or for the benefit of the Company free from any claim or right of any nature whatsoever of the DS Supplier, including any equity or right of purchase or redemption by the DS Supplier. The Company shall apply the proceeds of the collateral realized upon the exercise of such rights or remedies to reduce the DS Supplier's obligation under this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply (the DS Supplier remaining liable for any amounts owing to the Company after such application), subject to the Company's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

All notices, demands or requests regarding credit requirements and credit related security or deposit transfers shall be in writing and shall be personally delivered or sent by overnight express mail, courier service or facsimile transmission (with the original transmitted by any of the other aforementioned delivery methods) addressed as follows:

If to a DS Supplier to:

Copy to:

If to the Company to:

FirstEnergy Corp.
341 White Pond Drive
Akron, OH 44320
Attn: Credit Risk Management
Phone: (330) 315-6984
Facsimile: (330) 777-6582
Email: Credit_Risk@firstenergycorp.com

Copy to:
FirstEnergy Corp.
P.O. Box16001
Reading, PA 19612-6001
Attn: Tori Giesler
Associate General Counsel
Phone: (610) 921-6658
Facsimile: (610) 939-8655
Email: tgiesler@firstenergycorp.com

Notice received after the close of the Business Day shall be deemed received on the next Business Day; provided that notice by facsimile transmission shall be deemed to have been received by the recipient if the recipient confirms receipt telephonically or in writing.

6.7 Security Instruments

At each DS Supplier's choice, the following are deemed to be acceptable methods for posting security, if required:

(a) Cash; or

(b) A standby irrevocable letter of credit acceptable to the Company, in its sole discretion, issued by a bank or other financial institution with a minimum "A"

senior unsecured debt rating (or, if unavailable, corporate issuer rating discounted one notch) from S&P and "A2" from Moody's (see standard format in Appendix F). The letter of credit shall state that it shall renew automatically for successive one-year or shorter periods, until terminated upon at least ninety (90) days prior written notice from the issuing financial institution. If the Company receives notice from the issuing financial institution that the letter of credit is being cancelled, the DS Supplier will be required to provide a substitute letter of credit from an alternative bank satisfying the minimum requirements. The receipt of the substitute letter of credit must be effective as of the cancellation date and delivered to the Company thirty (30) days before the cancellation date of the original letter of credit. If the DS Supplier fails to supply a substitute letter of credit as required, then the Company will have the right to draw on the existing letter of credit and to hold the amount as Margin.

If the credit rating of a bank or other financial institution from which a DS Supplier has obtained a letter of credit falls below the levels specified in Article 6 of this Agreement, the DS Supplier shall have two (2) Business Days following written notice by the Company to obtain a suitable letter of credit from another bank or other financial institution that meets those standards, unless such period is extended in writing by the Company. The Company shall have no obligation under this Agreement or otherwise to make or grant such extension.

6.8 Maintenance of Creditworthiness

(a) Reporting of Changes.

The DS Supplier shall promptly notify the Company of any change in its credit rating or financial condition or that of its Guarantor. The DS Supplier or Guarantor shall

also furnish evidence of an acceptable credit rating or financial condition upon the request of the Company.

(b) <u>Change in Credit Standing</u>.

The Company will re-evaluate the creditworthiness of a DS Supplier whenever it becomes aware of an adverse change, through the provision of notice by the DS Supplier or otherwise, in the DS Supplier's or Guarantor's credit standing. If the lowest credit rating (whether senior unsecured debt rating or corporate issuer rating) used to determine the DS Supplier's Maximum Credit Limit or its credit limit adversely changes, the Company will require additional security from the DS Supplier in accordance with Sections 6.4 of this Agreement. The additional security must be in a form acceptable to the Company in its sole discretion, as specified in Article 6.7 of this Agreement and must be posted as set forth in Section 6.5 of this Agreement.

6. 9 Calling on Security

The Company may call upon the security posted by the DS Supplier if the DS Supplier fails to pay amounts due to the Company pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply after all of the following events occur:

(a) Written Notice of Default is provided to the DS Supplier; and

(b) Any applicable cure period associated with the written Notice of Default ends.

The foregoing notwithstanding, the security posted by the DS Supplier shall become due automatically without prior notice or right of cure in the case of any Event of Default arising under subsections (i), (ii), (iii), (iv), (v), (vi), (vii) and (viii) of Section 5.1

of this Agreement.

6.10 Interest on Cash Held by Company

The Company will pay simple interest calculated at the lower of the Interest Index or six (6) percent per annum on all cash held by the Company pursuant to this Agreement. Each Billing Month, the Company will prepare a statement of interest amounts due to the DS Supplier. The statement will be sent to the DS Supplier within three (3) Business Days after the end of the Billing Month via overnight mail or other expeditious means. The Company shall make interest payments on the first Business Day after the 5th day of each calendar month**.**

6.11 No Endorsement of DS Supplier

The Company's determination that a DS Supplier is creditworthy pursuant to the process set forth above, shall not be deemed to constitute an express or implied warranty or guarantee of any kind with respect to the financial or operational qualifications of the DS Supplier. The Company will treat all DS Suppliers in a non-discriminatory manner and shall provide no preference to any DS Supplier.

6.12 Multiple DS Supply Agreements

It is the intention of the Company and the DS Supplier that, in the event the DS Supplier is a party to other agreements with the Company for the provision of DS Supply that existed prior to the effective date of this Agreement or is entered into after the effective date of this Agreement, the Company will calculate the Margin applicable to all such agreements as set forth herein. Each DS Supplier that is a party to such other agreements with the Company for the provision of DS Supply hereby agrees that such other agreements are deemed amended by this Agreement for the purpose of calculating the Margin as

described herein.

ARTICLE 7: PROCEDURES FOR ENERGY SCHEDULING, CAPACITY RESOURCE SUBMISSION AND TRANSMISSION PROCUREMENT

7.1 Load Obligations

The Company and the DS Supplier acknowledge and agree that (1) the Company shall determine the DS Load, (2) the Company shall allocate the DS Supply obligation using the DS Supplier Responsibility Share, (3) the Company shall provide the DS Supplier's DS Supply obligation to PJM, and (4) the DS Supplier shall be responsible for meeting its DS Supply obligations as a LSE under the PJM Agreements.

7.2 Data Transmission

The procedures for transmitting load obligation data to PJM for DS Supplier's DS Load shall be as set forth by PJM.

7.3 Energy Scheduling

The Company is not obligated to provide any day ahead scheduling services. If the Company chooses to provide such services, the information provided is not guaranteed by the Company.

ARTICLE 8: THE ENERGY SETTLEMENT/RECONCILIATION PROCESS

8.1 Energy Settlement By PJM

The settlement process occurs at PJM to reflect the DS Supplier's actual Energy obligations in a supply/usage reconciliation process. The Energy obligations for each DS Supplier will be determined based on the DS Supplier Responsibility Share of the DS Load.

The reconciled total DS Energy obligation will be based on the final total Energy loads for the Customers receiving DS service, including duration adjustments for marginal losses.

Any adjustments for billing and metering errors reported subsequent to the calculation of FMEA will be proportionally allocated by the Company to the DS Suppliers based on the respective DS Supplier Responsibility Share.

8.2 Energy Settlement by the Company

In the event that actual DS Customer consumption data is not available until after the PJM deadline for conducting the final settlement, the Company will conduct the settlement process with the DS Supplier. In the event PJM imposes penalties against the Company as a result of the DS Supplier's Transactions or failure to meet PJM requirements, such penalties shall be passed through by the Company, to the DS Supplier as part of this settlement process. In addition, all other applicable charges from PJM, including any billing adjustments, will be appropriately allocated to the DS Supplier.

ARTICLE 9: BILLING AND PAYMENT

9.1 The Company Payment of Obligations to the DS Supplier

The Company shall pay all amounts due to the DS Supplier hereunder in accordance with the following provisions:

(a) Each Billing Month, the Company will prepare a Statement of amounts due to the DS Supplier. This Statement will show the aggregate amounts due based on the DS Fixed Price multiplied by the hourly Energy requirements of DS Supply used to determine the PMEA multiplied by the DS Fixed Percentage as shown on the Transaction Confirmation(s) for each hour of the Billing Month, plus the aggregate amounts due based on the DS Variable Price multiplied by the hourly Energy requirements

of DS Supply used to determine the PMEA multiplied by the DS Variable Percentage, if applicable, as shown on the Transaction Confirmation(s) for each hour of the Billing Month.

(b) The Statement will be sent to the DS Supplier within eight (8) Business Days after the end of the Billing Month via overnight mail or other expeditious means.

(c) The Company shall make payment on the first Business Day after the 19th day of each calendar month.

(d) To the extent that the FMEA differs from the PMEA, the Company shall pay or charge the DS Supplier for the PMEA/FMEA Adjustment Amount within the PJM deadline for conducting the final settlement.

(e) If each Party owes an amount to the other Party pursuant to this Agreement, including any related interest, payments or credits, the Parties may satisfy their respective obligations to each other by netting the aggregate amounts due to one Party against the aggregate amounts due to the other Party, with the Party, if any, owing the greater aggregate amount paying the other Party the difference between the amounts owed.

(f) Payments shall be subject to adjustment for any arithmetic errors, computation errors, meter reading errors, or other errors, provided that the errors become known within one (1) year of the termination of this Agreement.

(g) The Company shall make payments of funds payable to the DS Supplier by electronic transfer to a bank designated by the DS Supplier.

(h) If a good faith dispute arises between the Company and the DS Supplier regarding a Statement, the disputing Party shall be obligated to pay only the

undisputed portion of the Statement, if any, and shall present the dispute in writing and submit supporting documentation to the non-disputing Party within one hundred twenty (120) calendar days from the date of the Statement in dispute. Statement disputes shall be addressed promptly, and in accordance with the dispute resolution procedures set forth in Article 11 of this Agreement. Upon resolution of a Statement dispute, any payments made to either Party will include simple interest on the payment at the lower of the Interest Index or six (6) percent per annum payable from the date that notice of a Statement dispute was received by the non-disputing Party.

(i) If payment is made to the DS Supplier after the due date shown on the Statement, a late fee will be added to the unpaid balance until the entire Statement is paid. This late fee shall be the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in The Wall Street Journal under "Money Rates" on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%) or (b) the maximum rate permitted by applicable law.

9.2 Billing for DS Supplier's Obligations to Other Parties

The Company shall have no responsibility for billing between the DS Supplier and PJM; the DS Supplier and any Energy or Capacity source; or the DS Supplier and any other third party. The Company will be solely responsible for billing DS Customers for Default Service.

9.3 The DS Supplier Payment of Obligations to the Company

The DS Supplier shall pay all Charges it incurs hereunder in accordance with the following provisions:

(a) Each Billing Month, the Company shall submit an invoice to the DS Supplier for all Charges owed by the DS Supplier under this Agreement. The DS Supplier shall make payment for Charges shown on the invoice. The due date will be on the first Business Day after the 19th day of each calendar month. The invoice will be sent to the DS Supplier within eight (8) Business Days after the end of the Billing Month via overnight mail or other expeditious means.

(b) Invoices shall be subject to adjustment for any arithmetic errors, computation errors, meter reading errors, or other errors, provided that the errors become known within one (1) year of the termination of this Agreement.

(c) The DS Supplier shall make payments of funds payable to the Company by electronic transfer to a bank designated by the Company.

(d) If a good faith dispute arises between the Company and the DS Supplier regarding an invoice, the disputing Party shall pay only the undisputed portion of the invoice, if any, and shall present the dispute in writing and submit supporting documentation to the non-disputing Party within one hundred twenty (120) calendar days from the due date of the invoice in dispute. Billing disputes shall be addressed promptly, and in accordance with the dispute resolution procedures set forth in Article 11 of this Agreement. Upon resolution of a billing dispute, any payments made to either Party will include simple interest on the payment at the lower of the Interest Index or six (6) percent per annum payable from the date that notice of a bill dispute was received by the non-disputing Party.

(e) If payment is made to the Company after the due date shown on the invoice, a late fee will be added to the unpaid balance until the entire invoice is paid. This

late fee shall be the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in The Wall Street Journal under "Money Rates" on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%) or (b) the maximum rate permitted by applicable law.

ARTICLE 10: SYSTEM OPERATION

The Parties shall adhere to any applicable operational requirements of PJM necessary to protect the integrity of the transmission system within the PJM Control Area and the transmission systems of interconnected control areas, and shall satisfy any and all PJM, RFC and NERC criteria, when applicable. The DS Supplier shall also adhere to any applicable operational requirements of the Company necessary to protect the integrity of the Company's local distribution system.

10.1 Disconnection and Curtailment By the Company

The Company shall have the right, without incurring any liability to the DS Suppliers, to disconnect (or otherwise curtail, interrupt or reduce deliveries from) the DS Suppliers or to disconnect (or otherwise curtail, interrupt or reduce deliveries to) any Customer whenever the Company determines in the exercise of its good faith discretion, or when the Company is directed by PJM, that such a disconnection, curtailment, interruption or reduction is necessary to facilitate construction, installation, maintenance, repair, replacement or inspection of any of the Company's facilities; or due to any other reason affecting the safe and reliable operation of the Company's or a Customer's facilities, including, without limitation, an Emergency, forced outage or potential overloading of the Company's transmission and/or distribution circuits, potential damage to any Customer's facilities or any risk of injury to persons or property.

10.2 Inadvertent Loss of Service to DS Customers

The Parties agree and acknowledge that service to DS Customers may be inadvertently lost due to storms, weather, accidents, breakage of equipment or other events beyond the reasonable control of the Company affecting the transmission and distribution system of the Company. Neither Party will have any liability to the other Party for the occurrence of such events except for the Company's obligation to pursue steps for the resumption of the disrupted service as set forth in Section 10.3 below. In no event will an inadvertent loss of service affect a Party's obligation to make any payments then due or becoming due with respect to performance rendered prior to such inadvertent loss of service.

10.3 Good Faith Efforts

The Company shall use good faith efforts to: (a) minimize any curtailment, interruption or reduction in service to DS Customers to the extent reasonably practicable under the circumstances; (b) provide the DS Supplier with prior notification of any curtailment, interruption or reduction in service to DS Customers, to the extent reasonably practicable; and (c) resume service to DS Customers as promptly as reasonably practicable.

10.4 PJM Requirements

The DS Supplier acknowledges and agrees that, as a member of PJM, the Company is bound by all PJM operating instructions, policies and procedures as are currently set forth in the PJM Operating Manual, which are available through the Internet on the PJM Home Page (http://www.pjm.com), as may be revised from time to time, which are needed to maintain the integrity of the PJM system. The DS Supplier acknowledges and agrees that it will cooperate with the Company so that the Company will be in compliance with all PJM Emergency Operations Procedures, which include, but are not limited to, those

procedures pertaining to minimum and maximum generation Emergencies, and measures requiring involuntary Customer participation, such as supply voltage reduction or full interruption of Customer load by either manual or automatic means.

10.5 Compliance with Governmental Directives

The DS Supplier also acknowledges and agrees that the Company may need to act in response to governmental or civil authority directives which may affect DS Customer load. The DS Supplier agrees to cooperate with the Company in order to comply with said directives.

ARTICLE 11: DISPUTE RESOLUTION

11.1 Informal Resolution of Disputes

Before pursuing resolution of any dispute arising out of this Agreement (other than an Event of Default under Article 5.1(i)-(ix) , (xii), or (xvi)), the disputing Party shall provide written notice to the other Party setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. The Parties shall use good faith and reasonable commercial efforts to informally resolve such dispute. Such efforts shall last for a period of at least thirty (30) calendar days from the date that the notice of the dispute is first delivered from one Party to the other Party. Any amounts that are owed by one Party to the other Party as a result of resolution of a dispute pursuant to this Article 11.1 (Informal Resolution of Disputes), shall be paid within two (2) Business Days of such resolution and the payment shall include interest calculated at the Interest Index from the original due date through the date of payment.

11.2 Recourse to Agencies or Courts of Competent Jurisdiction

After the requirements of Article 11.1 (Informal Dispute Resolution) have been

satisfied, all unresolved disputes, except as noted below, between the Parties shall be submitted to the appropriate authority. Nothing in this Agreement shall restrict the rights of either Party to file a complaint with the FERC under relevant provisions of the Federal Power Act ("FPA"), with the PaPUC under relevant provisions of the Applicable Legal Authorities, with a Pennsylvania State court or a federal court of competent jurisdiction and within reasonably close proximity to the Company. The Party's agreement hereunder is without prejudice to any Party's right to contest the jurisdiction of the agency or court to which a complaint is brought.

The Parties hereby acknowledge and agree that both Parties have negotiated and entered into this Agreement freely and in good faith and that the terms of this Agreement have not been affected in any way, either directly or indirectly, by (A) any fraud, duress, unfairness, or any inequity in the relative bargaining power of the Parties or (B) any manipulation, unlawful activity, disruption, anomaly, dysfunction, or other adverse market conditions of any type or description.

To the extent permitted by law and absent agreement to the contrary, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives its rights (i) to argue before any governmental authority that any review, modification, or rescission of this Agreement should be considered under any standard of review other than the "public interest" standard set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956)* and *Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956), affirmed by Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington, et al.*, 554 U.S. 527 (2008) (the "Mobile-Sierra Doctrine"), and (ii) to argue before any governmental authority that any terms of this

Agreement should be modified or rescinded based on (A) any claim of fraud, duress, unfairness, bad faith, or inequity in the relative bargaining power of the Parties or (B) any claim of market manipulation, unlawful activity, disruption, anomaly, dysfunction, or other adverse market conditions of any type or description.

ARTICLE 12: REGULATORY AUTHORIZATIONS AND JURISDICTION

12.1 Compliance with Applicable Legal Authorities

The Company and the DS Supplier are subject to, and shall comply with, all existing or future applicable federal, State and local laws, all existing or future duly-promulgated orders or other duly-authorized actions of PJM or of Applicable Legal Authorities.

12.2 FERC Jurisdictional Matters

The inclusion herein of descriptions of procedures or processes utilized by PJM or otherwise subject to the jurisdiction of FERC is intended solely for informational purposes. If anything stated herein is found by the FERC to conflict with or be inconsistent with any provision of the FPA, or any rule, regulation, order or determination of the FERC under the FPA or if any existing procedures or processes utilized by PJM are duly modified, the applicable FERC rule, regulation, order, determination or modification shall control. To the extent required under any provision of the FPA, or any rule, regulation, order or determination of the FERC under the FPA, the Company and/or the DS Supplier, if applicable, shall use reasonable commercial efforts to secure, from time to time, all appropriate orders, approvals and determinations from the FERC necessary to support this Agreement.

12.3 Energy Efficiency, Conservation, and Retail Market Programs

DS Supplier acknowledges that DS Customers may participate in energy efficiency and conservation programs offered by the Company (required by Applicable Legal Authorities or otherwise offered by the Company whether voluntarily or not), by PJM, or by other third parties and, for the avoidance of doubt, any programs offered or conducted by the Company or other entities relating to or arising from the PaPUC's Investigation of Pennsylvania's Retail Electricity Market, PaPUC Docket No. I-2011-2237952 (including legislation enacted to address the Commission's Final Order in Docket No. I-2011-2237952), and that such participation may reduce or change the amount of DS Supply that DS Supplier is required to provide and the amount of monies it may receive under this Agreement. The Company shall have no obligation whatsoever to DS Supplier with respect to the effect, if any, of such programs. DS Supplier is solely responsible for determining the effect, if any, of such programs on future load requirements.

ARTICLE 13: LIMITATION OF REMEDIES, LIABILITY AND DAMAGES

13.1 Limitations on Liability

Except as set forth in this Agreement, there is no warranty of merchantability or fitness for a particular purpose, and any and all implied warranties are disclaimed. The Parties confirm that the express remedies and measures of Damages provided in this Agreement satisfy the essential purposes hereof. For breach of any provision for which an express remedy or measure of Damages is provided, such express remedy or measure of Damages shall be the sole and exclusive remedy, the obligor's liability shall be limited as set forth in such provision and all other remedies or Damages at law or in equity are waived. If no remedy or measure of Damages is expressly provided herein, the obligor's liability

shall be limited to direct actual Damages only, such direct actual Damages shall be the sole and exclusive remedy and all other remedies or Damages at law or in equity are waived. Unless expressly herein provided, neither Party shall be liable for consequential, incidental, punitive, exemplary or indirect Damages, lost profits or other business interruption Damages, by statute, in tort or contract, under any indemnity provision or otherwise. It is the intent of the Parties that the limitations herein imposed on remedies and the measure of Damages be without regard to the cause or causes related thereto, including the negligence or any Party, whether such negligence by sole, joint or concurrent, or active or passive. To the extent any Damages required to be paid hereunder are liquidated, the Parties acknowledge that the Damages are difficult or impossible to determine, or otherwise obtaining an adequate remedy is inconvenient and the Damages calculated hereunder constitute a reasonable approximation of the harm or loss.

13.2 Risk of Loss

Solely for purposes of determining risk of loss and for determining the indemnity obligations under Article 14 of this Agreement, the Company shall be deemed to have custody and control of the electric Energy delivered by the DS Supplier upon receipt thereof into the Company's distribution system and until delivery thereof at the retail electric meter of the Customer; and the DS Supplier shall be deemed to have custody and control of the DS Supply at all times prior to receipt thereof by the Company. The Party deemed to have custody and control of DS Supply shall be responsible for all loss or damage to property or injury or death to persons arising in connection with such DS Supply while in its custody and control and shall indemnify the other Parties with respect to same as set forth in Article 14 of this Agreement.

ARTICLE 14: INDEMNIFICATION

14.1 Indemnification

(a) Should the Company become the defendant in, or obligor for, any third party claims and/or liabilities for losses, penalties, expenses, damage to property, injury to or death of any person including a Party's employees or any third parties, that were caused by or occur in connection with an act or omission of the DS Supplier with respect to an obligation arising under or in connection with this Agreement, or for which the DS Supplier has otherwise assumed liability under the terms of this Agreement, the DS Supplier shall defend (at the Company's option), indemnify and hold harmless the Company, its shareholders, board members, directors, officers and employees, from and against any and all such third party claims and/or liabilities, except to the extent that a court of competent jurisdiction determines that the losses, penalties, expenses or damages were caused wholly or in part by the gross negligence or willful misconduct of the Company. The Company may, at its own expense, retain counsel and participate in the defense of any such suit or action.

(b) Should the DS Supplier (the "Indemnified DS Supplier") become the defendant in, or obligor for, any third party claims and/or liabilities for losses, penalties, expenses, damage to property, injury to or death of any person including a Party's employees or any third parties, that were caused by or occur in connection with an act or omission of the Company with respect to an obligation arising under or in connection with this Agreement, or for which the Company has otherwise assumed liability under the terms of this Agreement, the Company shall defend (at the option of the Indemnified DS Supplier), indemnify and hold harmless the Indemnified DS Supplier, its shareholders,

board members, directors, officers and employees, from and against any and all such third party claims and/or liabilities, except to the extent that a court of competent jurisdiction determines that the losses, penalties, expenses or damages were caused wholly or in part by the gross negligence or willful misconduct of the Indemnified DS Supplier. The Indemnified DS Supplier may, at its own expense, retain counsel and participate in the defense of any such suit or action.

(c) If either Party intends to seek indemnification under Article 14.1(a) or 14.1(b), as applicable, from the other Party, the Party seeking indemnification shall give the other Party notice of such claim within ninety (90) days of the later of the commencement of, or the Party's actual knowledge of, such claim or action. Such notice shall describe the claim in reasonable detail, and shall indicate the amount, estimated if necessary, of the claim that has been, or may be, sustained by said Party. To the extent that the other Party will have been actually and materially prejudiced as a result of the failure to provide such notice, such notice will be a condition precedent to any liability of the other Party under the provisions for indemnification contained in this Agreement. Neither Party may settle or compromise any claim without the prior consent of the other Party; provided, however, said consent shall not be unreasonably withheld, conditioned or delayed.

14.2 Survives Agreement

The obligation of a Party to defend, indemnify, and hold harmless another Party under this Article shall survive termination of this Agreement, and shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for either Party under any statutory scheme, including any Worker's Compensation Acts, Disability Benefit Acts or other Employee Benefit Acts.

ARTICLE 15: FORCE MAJEURE

15.1 Force Majeure

Notwithstanding anything in this Agreement to the contrary, the Parties shall be excused from performing their respective obligations under this Agreement (other than the obligation to make payments with respect to performance prior to the event of Force Majeure) and shall not be liable for damages or otherwise due to their failure to perform, during any period that one Party is unable to perform due to an event of Force Majeure, provided that the Party declaring an event of Force Majeure shall: (i) act expeditiously to resume performance; (ii) exercise all commercially reasonable efforts to mitigate or limit damages to the other Party; and (iii) fulfills the requirements set forth in Article 15.2 (Notification).

15.2 Notification

A Party unable to perform under this Agreement due to an event of Force Majeure shall: (i) provide prompt written notice of such event of Force Majeure to the other Party, which shall include an estimate of the expected duration of the Party's inability to perform due to the event of Force Majeure; and (ii) provide prompt notice to the other Party when performance resumes.

ARTICLE 16: MISCELLANEOUS PROVISIONS

16.1 Notices

Unless otherwise stated herein, all notices, demands or requests required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by overnight express mail or courier service. Notice may also be provided via e-mail or facsimile transmission (with the original transmitted by any of the other delivery methods

specified in the previous sentence) addressed per the notification information for the DS Supplier and Company as set forth in Exhibit 2 hereto.

Such notices, demands or requests shall also be provided to such other person at such other address as a Party may designate by like notice to the other Party. Notice received after the close of the Business Day shall be deemed received on the next Business Day.

16.2 No Prejudice of Rights

The failure of a Party to insist on any one or more instances upon strict performance of any provisions of this Agreement, or to take advantage of any of its rights hereunder, shall not be construed as a waiver of any such provisions or the relinquishment of any such right or any other right hereunder, which shall remain in full force and effect. No term or condition of this Agreement shall be deemed to have been waived and no breach excused unless such waiver or consent to excuse is in writing and signed by the Party claimed to have waived or consented to excuse.

16.3 Assignment

Parties shall not assign any of their rights or obligations under this Agreement without obtaining the prior written consent of the non-assigning Party, which consent shall not be unreasonably withheld. The Company agrees that it shall grant its consent to a proposed assignment by the DS Supplier if the proposed assignee meets all of the Company's creditworthiness requirements then in effect under this Agreement and any applicable load cap restrictions. No assignment of this Agreement shall relieve the assigning Party of any of its obligations under this Agreement until such obligations have been assumed by the assignee and all necessary consents have been obtained. Any assignment in violation of this Section 16.3 shall be void; provided, however, the Company

may assign any or all of its rights and obligations under this Agreement notwithstanding anything contained herein to the contrary, without the DS Supplier's consent, to any entity succeeding to all or substantially all of the assets of the Company, if such assignee agrees, in writing, to be bound by all of the terms and conditions hereof and all necessary regulatory approvals are obtained. The DS Supplier may, with prior written notice to the Company but without obtaining the approval of the Company, assign the accounts, revenues or proceeds under this Agreement to a third party. The Company agrees that, following receipt of such notice of the assignment of accounts, revenues or proceeds and such other documentation that the Company may reasonably request, the Company will pay amounts becoming due to the assigning DS Supplier under this Agreement directly to the designated assignee; provided, however, that nothing herein shall enlarge or expand the rights of such designated assignee beyond the rights granted to the DS Supplier and the right of such designated assignee to receive payments shall be subject to all defenses, offsets and claims of the Company arising under this Agreement.

16.4 Governing Law and Venue

To the extent not subject to the jurisdiction of the FERC, questions including those concerning the formation, validity, interpretation, execution, amendment, termination and construction of this Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without regard to principles of conflicts of law. Except for matters jurisdictional to FERC, the PUC or the appellate courts having jurisdiction over the PUC or FERC matters, all disputes hereunder shall be resolved in the Pennsylvania State court or Federal court of competent jurisdiction and within reasonably close proximity to the Company. Each Party hereby waives its respective rights to any jury trial with respect to

any litigation arising under or in connection with this Agreement.

16.5 Regulatory Approvals

DS Supplier agrees to cooperate, to the fullest extent necessary, to obtain any and all required State, Federal or other regulatory approvals of the Agreement and/or Transaction Confirmations hereunder. The commencement of the Delivery Period and the obligations hereto are subject to (i) the receipt or waiver by Company of all Company required regulatory approvals, (ii) the receipt or waiver by DS Supplier of all DS Supplier required regulatory approvals, and (iii) Pennsylvania PUC approval.

16.6 Headings

The headings and subheadings contained in this Agreement are used solely for convenience and do not constitute a part of the Agreement between the Parties hereto, nor should they be used to aid in any manner in the construction of this Agreement.

16.7 Third Party Beneficiaries

This Agreement is intended solely for the benefit of the Parties hereto and nothing in this Agreement shall be construed to create any duty, or standard of care with reference to, or any liability to, any person not a Party to this Agreement.

16.8 General Miscellaneous Provisions

(a) This Agreement shall not be interpreted or construed to create an association, joint venture, or partnership between the Parties, or to impose any partnership obligation or liability upon any Party. No Party shall have any right, power, or authority to enter into any agreement or undertaking for, or on behalf of, or to act as or be an agent or representative of, or to otherwise bind, any other Party.

(b) Cancellation, expiration or Early Termination of this Agreement shall not

relieve the Parties of obligations that by their nature survive such cancellation, expiration or termination, including warranties, remedies, promises of indemnity and confidentiality.

(c) Should any provision of this Agreement be held invalid or unenforceable, such provision shall be invalid or unenforceable only to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable any other provision hereof unless it materially changes the agreement of the Parties; provided that in such event the Parties shall use commercially reasonable efforts to amend this Agreement or any Transaction in order to give effect to the original intention of the Parties.

(d) Each of the Parties acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms. This Agreement is intended by the Parties as a final expression of their agreement. The Parties further agree that this Agreement is the complete and exclusive statement of agreement and supersedes all proposals (oral or written), understandings, representations, conditions, warranties, covenants and all other communications between the Parties relating thereto. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. Each Party further agrees that it will not assert, or defend itself, on the basis that any applicable tariff is inconsistent with this Agreement or any Transaction.

16.9 Taxes

As between the Parties: (i) The DS Supplier is responsible for the payment of all taxes imposed by all present and future federal, state, municipal or other taxes imposed by any taxing authority on the wholesale sales of DS Supply under this Agreement; and (ii)

The Company is responsible for the payment of all taxes imposed by all present and future federal, state, municipal or other taxes imposed by any taxing authority on retail sales of DS Supply under this Agreement. Should the DS Supplier be required to remit any Pennsylvania State Sales and Use Taxes directly to the applicable taxing authority, other than taxes previously collected by the DS Supplier on behalf of the Company, the Company will defend and indemnify the DS Supplier for such Sales and Use Taxes and will pay to the DS Supplier all such tax amounts upon demand. If any Transaction is exempt from the payment of any such taxes, the affected DS Supplier will, if requested, provide the Company with valid tax exemption certificates. Should the Company be required to remit any such taxes directly to any applicable taxing authority, other than taxes previously collected by the Company directly from the DS Supplier, the DS Supplier will defend and indemnify the Company and will pay to the Company all such tax amounts upon demand.

16.10 Audit

Each Party has the right on at least three (3) Business Days prior written notice, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made in accordance with Article 9 (Billing) and 9.1 (i) (Interest on Unpaid Balances) of this Agreement.

16.11 Rules of Interpretation

The following principles shall be observed in the interpretation and construction of this Agreement:

(a) Unless otherwise stated, the terms "include" and "including" when used in this Agreement shall be interpreted to mean by way of example only and shall not be considered limiting in any way;

(b) All titles and headings used herein are for convenience and reference purposes only, do not constitute a part of this Agreement and shall be ignored in construing or interpreting the obligations of the parties under this Agreement;

(c) References to the singular include the plural and vice versa;

(d) References to Articles, Sections, Clauses and the Preamble are, unless the context indicates otherwise, references to Articles, Sections, Clauses and the Preamble of this Agreement;

(e) In carrying out its rights, obligations and duties under this Agreement, each Party shall have an obligation of good faith and fair dealing; and

(f) If any payment due under this Agreement would be, by operation of the terms and conditions of any provision hereof, due and payable on a day other than a Business Day, such payment shall be made on the next following Business Day.

16.12 Confidentiality

(a) Each Party shall hold in confidence and not release or disclose any document or information furnished by the other Party in connection with this Agreement, unless: (i) compelled to disclose such document or information by judicial, regulatory or administrative process or other provisions of law; (ii) such document or information is generally available to the public; (iii) such document or information was available to the receiving Party on a non-confidential basis; (iv) such document or information was available to the receiving Party on a non-confidential basis from a

third-party, provided that the receiving Party does not know, and, by reasonable effort, could not know that such third-party is prohibited from transmitting the document or information to the receiving Party by a contractual, legal or fiduciary obligation or (v) such disclosure is made to PJM or Pa PUC and is necessary in order for the Transactions contemplated by this Agreement to be consummated or to otherwise comply with the provisions of this Agreement.

(b) Notwithstanding any other provision of this Section 16.12, a Party may disclose to its employees, representatives and agents all documents and information furnished by the other Party in connection with this Agreement, provided that such employees, representatives and agents have been advised of the confidentiality provisions of this Section 16.12, and further provided that in no event shall a document or information be disclosed in violation of the standard of conduct requirements established by FERC.

(c) A Party receiving notice or otherwise concluding that any confidential document or information furnished by the other Party in connection with this Agreement is being sought under any provision of law, to the extent it is permitted to do so under any applicable law, shall: (i) promptly notify the other Party; and (ii) use reasonable efforts in cooperation with the other Party to seek confidential treatment of such confidential information.

(d) The Parties agree that monetary damages may be inadequate to compensate a Party for the other Party's breach of its obligations under this Section 16.12. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the receiving Party breaches or threatens to breach its

obligations under this Article 16.12, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law.

16.13 Federal Acquisition Regulation

If any of the following clauses prescribed by the Federal Acquisition Regulation ("FAR"), 48 Code of Federal Regulations Chapter 1, should be deemed to apply to this Agreement, the DS Supplier shall comply with the requirements of such clause(s), and shall include the terms or substance of such clause(s) in its subcontracts, as and to the extent required by the FAR:

1) Clean Air and Water: § 52.223-2;
2) Contract Work Hours and Safety Standards Act-Overtime Compensation: § 52.222-4;
3) Equal Opportunity: § 52.222-26;
4) Affirmative Action for and Employment Reports on Special Disabled and Vietnam Era Veterans: § 52.222-35 and § 52.222-37;
5) Affirmative Action for Handicapped Workers: § 52.222-36;
6) Utilization of Small Business Concerns and Small Disadvantaged Business Concerns and Small Business and Small Disadvantaged Business Subcontracting Plan: § 52.219-8 and § 52-219-9.

In case of a conflict between the provisions of the FAR and the balance of this Agreement, the requirements of the FAR shall prevail.

16.14 Binding Terms

This Agreement and the rates, terms and conditions herein shall remain in effect for

the entire term hereof and each Party agrees not to seek any change to such rates, terms and conditions pursuant to the FPA, if the FPA is deemed to have jurisdiction over this Agreement, including on the grounds that they are not just and reasonable.

16.15 Amendment

This Agreement, including the appendices hereto, cannot be amended without the written agreement of all Parties prior to such amendment becoming effective. Except as provided in Appendix C and the Transaction Confirmation(s), the rates, terms and conditions contained in this Agreement are not subject to change under Sections 205 or 206 of the Federal Power Act absent the mutual written agreement of the Parties. Absent the agreement of all parties to the proposed change, the standard of review for changes to this Agreement proposed by a Party, a non-Party or the FERC acting *sua sponte* shall be the "public interest" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956)* and *Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956), affirmed by Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington, et al.,* 554 U.S. 527 (2008) (the "Mobile-Sierra Doctrine").

16.16 Counterparts

This Agreement may be executed in counterparts, each of which will be considered an original, but all of which shall constitute one instrument.

16.17 Successors

This Agreement and all of the provisions hereof are binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

ATTEST: **[Applicable EDC]**

By:_____ By:_____

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

ATTEST:	**DS Supplier**
By:_____	By:_____
Name: _____	Name: _____
Title: _____	Title: _____

APPENDIX A- MAXIMUM UNSECURED CREDIT

Credit Rating of the DS Supplier			Maximum Credit Limit (calculated as the lesser of the percentage of TNW or the Credit Limit Cap below)	
S&P	Moody's	Fitch	Percentage of TNW	Credit Limit Cap
A- and above	A3 and above	A- and above	16%	$75MM
BBB +	Baa1	BBB +	16%	$75MM
BBB	Baa2	BBB	10%	$50MM
BBB-	Baa3	BBB-	8%	$25MM
BB+	Ba1	BB+	4%	$15MM
BB	Ba2	BB	3%	$10MM
BB-	Ba3	BB-	2%	$5MM
Below BB-	Below Ba3	Below BB-	0%	$0MM

Credit Rating Determination Methodology

The DS Supplier or it Guarantor must have a minimum senior unsecured debt rating (or, if unavailable, corporate issuer rating) equal to the Minimum Rating. If the DS Supplier or its Guarantor is rated by only two rating agencies, and the ratings are split, the higher rating will be used. If the DS Supplier or its Guarantor is rated by three rating agencies, and the ratings are split, the lower of the two highest ratings will be used; provided, however, that in the event that the two highest ratings are common, such common rating will be used. The maximum level of the credit limit to cover the Total Exposure Amount will be determined based on the above table.

Minimum Rating – The lowest credit rating for a DS Supplier, as set forth in this Appendix A, that can obtain unsecured credit.

APPENDIX B – MTM EXPOSURE AMOUNT CALCULATION INFORMATION

Table 1 contains the initial marks[1] for each month of the DS auction period. Monthly marks (example only,) are provided for a twelve month period. For the months, two-month blocks[2] or quarterly blocks[3] where broker quotes are available, broker quotes will be used for those months. For all the remaining months the EDCs will be using a proprietary method that reflects forward market conditions. The initial mark for each Billing Month is the initial mark that was calculated on the date that the DS auction closes and will not change over the life of the contract.

After the close of the DS auction On-Peak Energy Forward and Off-Peak Energy Forward prices will change. In addition, the on-peak and off-peak loads used to calculate the MtM Exposure Amount will be adjusted monthly to reflect the most current changes. On-Peak and Off-Peak Energy Forward prices for the months, two-month blocks or quarterly blocks where at least two broker quotes are available will be equal to the broker quotes. In case quotes for a component of a block and for the block are both available, the EDCs reserve the right not to use both the component of a block and the block if they are inconsistent with each other. However, when this inconsistency occurs the EDC must use either the component or the block. On-Peak and Off-Peak Energy Forward prices for the months, two-month blocks or quarterly blocks where broker quotes are unavailable will be equal to the last available broker quotes or in case they have not been quoted on the broker sheets since the DS auction closed, they will be equal to the marks set at the close of the DS auction.

[1] Initial marks represent Market Price Hub on-peak prices.

[2] For two-month and quarterly blocks for which the average for the block and a component of the block are both quoted, the component will be equal to its quoted price and the other months in the block will be constructed so that the weighted average (weighted by on-peak hours in each month) of the block equals the quote for the block; e.g., Q4 2013 = $50 and Oct 2013 = $40; therefore, Oct 2013 = $40 and Nov-Dec 2013 = $55 ($50*(336+336+368)-$40*336)/(336+368)=$54.77. If only the block is quoted, that price will be used for all relevant months; e.g., Jan/Feb 2014 = $35, then Jan 2014 = $35 and Feb 2014 = $35.

MtM Calculation Example

Parameters

On the closing day of the auction, the following parameters are set

1. The expected monthly On-Peak Load per tranche for each EDC.
2. The expected monthly Off-Peak Load per tranche for each EDC.
3. The monthly on-peak forward prices (to be used as the inception price "initial mark" for each month of the supply period).
4. The monthly off-peak forward prices (to be used as the inception price "initial mark" for each month of the supply period)

Indicative on-peak and off-peak loads per tranche for each EDC will be made available 14 days prior to the auction.

All Energy Prices are based on a Market Price Hub that the Company will specify as follows: PJM Western Hub

Table 1 - Data set on the Closing Day of the Auction (MWh/tranche)*

	On-Peak Volume[3]	**Off-Peak Volume[4]**	**Initial Mark On-Peak Price[5]**	**Initial Mark Off-Peak Price[6]**
Month 1				
Month 2				
Month 3				
Month 4				
Month 5				
Month 6				
Month 7				
Month 7				
Month 8				
Month 9				
Month 10				
Month 11				
Month 12				

* Table 1 can be found at the FirstEnergy Pennsylvania Default Service Program website at http://www.fepaauction.com/Documents/MarkToMarketCalculations.aspx.

EXAMPLE

Table 2 – Post Auction Close MTM Calculation (MWh/tranche)**

	On-Peak Load per Tranche (MWh)	Off-Peak Load per Tranche (MWh)	Initial Mark On-Peak Price	Initial Mark Off-Peak Price	On-Peak Energy Forward Price[7]	Off-Peak Energy Forward Price[8]	MtM[9]
Month 1							
Month 2							
Month 3							
Month 4							
Month 5							
Month 6							
Month 7							
Month 8							
Month 9							
Month 10							
Month 11							
Month 12							
						Total	

** Table 2 can be found at the FirstEnergy Pennsylvania Default Service Program website at http://www.fepaauction.com/Documents/MarkToMarketCalculations.aspx.

[3] On-peak and off-peak volumes will be adjusted monthly.
[4] On-peak and off-peak volumes will be adjusted monthly.
[5] Initial Mark On-peak price set at day auction closes. Remains constant through term of agreement
[6] Initial Mark Off-peak price set at day auction closes. Remains constant through term of agreement.
[7] On-peak Energy Forward as available and quoted by referenced market makers.
[8] Off-peak Energy Forward as available and quoted by referenced market makers.
[9] MTM = (On Peak Load * (On Peak Energy Forward Price - Initial Mark On Peak Price) + (Off Peak Load *(Off Peak Energy Price- Initial Mark Off Peak Price)

APPENDIX C - DS SUPPLY SPECIFICATIONS

The following DS Supply specifications will be specified in Transaction Confirmations to this Agreement.

Product:

DS Supply: All necessary Energy, Capacity, AECs for AEPS Act compliance, Ancillary Services, transmission services -including Network Integration Transmission Service, all transmission and distribution losses, and congestion and imbalance costs associated with the provision of such services, as well as such other services or products that the DS Supplier may be required, by PJM or any governmental body having jurisdiction, to provide in order to meet the DS Supplier Responsibility Share for serving DS Load.

Appendix D - describes Company and DS Supplier responsibilities for PJM Billing Statement Line Item Credits and Charges associated with the Product. In addition, any unaccounted for energy and historical tie line, generation, and retail customer meter charges not set forth in Appendix D shall be the responsibility of the Company through each EDC's respective non-bypassable Default Service Support Rider.

Appendix E - further describes DS Supplier responsibilities for compliance with the AEPS Act in the product specification.

DS Customer Group:

Each Transaction Confirmation shall be associated with DS Supply to one of the following DS Customer categories as defined in the DS Tariff:

Residential – Met-Ed and Penelec (Rate RS, Rate RT, and Rate GS – Volunteer Fire Company, Non-Profit Ambulance Service, Rescue Squad and Senior Center Service Rate)

Penn Power (Rate Schedules RS; RS Optional Controlled Service Rider; RH; RH Water Heating Option; WH; and GS Special Provision for Volunteer Fire Companies, Non-Profit Senior Citizen Centers, Non-Profit Rescue Squads, and Non-Profit Ambulance Services)

West Penn (Rate Schedule 10)

Commercial – Met-Ed (Rate GS-Small, Rate GS-Medium, Rate MS, Borderline Service, Street Lighting Service, Ornamental Street Lighting, and Outdoor Lighting Service)

Penelec (Rate GS-Small, Rate GS-Medium, Rate H, Borderline Service, High Pressure Sodium Vapor Street Lighting Service, Municipal Street Lighting Service, and Outdoor Lighting Service)

Penn Power (Rate Schedules GS (excluding GS Special Rule GSDS), GS Optional Controlled Service Rider, PNP, GM, GM Optional Controlled Service Rider, PLS, SV, SVD, SM, OH With Cooling Capabilities, OH Without Cooling Capabilities, and WH Non-Residential)

West Penn (Rate Schedules 20, 22, 23, 24, 30 (small), 51, 52, 53, 54, 55, 56, 57, 58 and 71)

Industrial – Met-Ed (Rate Schedules GS-Large, GP, and TP)

Penelec (Rate Schedules GS-Large, GP, and LP)

Penn Power (Rate Schedules GP, GT, or GS if such GS Customers also are under Special Rule GSDS)

West Penn (Rate Schedules 30 (large), 40, 41, 44, 46, and 86, Tariff No. 37 – Pennsylvania State University)

Delivery Point: [METED_RESID_AGG, PENELEC_RESID_AGG, PENNPOWER_RESID_AGG, APS_RESID_AGG as applicable for the appropriate EDC]

Delivery Period: The term of the Company's Default Service Plan is from June 1, 2017 to May 31, 2019. The applicable Delivery Period for awarded contracts will be as identified on each Transaction Confirmation within the Default Service Plan date range.

Number of Tranches and Percentage for Each Tranche:

Residential – For **Metropolitan Edison Company** there are [TBD] total Residential tranches available. Each tranche represents [TBD]% of the Residential DS Load. For **Pennsylvania Electric Company** there are [TBD] total Residential tranches available. Each tranche represents [TBD]% of the Residential DS Load. For **Pennsylvania Power Company** there are [TBD] total Residential tranches available. Each tranche represents [TBD]% of the Residential DS Load. For **West Penn Power Company** there are [TBD] total Residential tranches available. Each tranche represents [TBD]% of the Residential DS Load. Tranches won for the applicable Delivery Period will be specified on the Transaction Confirmation.

Commercial – – For **Metropolitan Edison Company** there are [TBD] total Commercial tranches available. Each tranche represents approximately [TBD]% of the Commercial DS Load. For **Pennsylvania Electric Company** there are [TBD] total Commercial tranches available. Each tranche represents approximately [TBD]% of the Commercial DS Load. For **Pennsylvania Power Company** there are [TBD] total Commercial tranches available. Each tranche represents approximately [TBD]% of the Commercial DS Load. For **West Penn Power Company** there are [TBD] total Commercial tranches available. Each tranche represents approximately [TBD]% of the Commercial DS Load. Tranches won for the applicable Delivery Period will be specified on the Transaction Confirmation.

Industrial – For **Metropolitan Edison Company** there are [TBD] total Industrial tranches available. Each tranche represents [TBD]% of the Industrial DS Load. For **Pennsylvania Electric Company** there are [TBD] total Industrial tranches available. Each tranche represents [TBD]% of the Industrial DS Load. For **Pennsylvania Power Company** there are [TBD] total Industrial tranches available. Each tranche represents [TBD]% of the Industrial DS Load. For **West Penn Power Company** there are [TBD] total Industrial tranches available. Each tranche represents [TBD]% of the Industrial DS Load. Tranches won for the applicable Delivery Period will be specified on the Transaction Confirmation.

DS Supplier Responsibility Share:

Fixed percentage share of DS Load for DS Customer Group associated with Transaction Confirmation. Typically, number of tranches won x Tranches Percentage for the DS Customer Group.

DS Fixed Percentage/DS Variable Percentage:

The percentage of DS Supply provided at a fixed price and the percentage of DS Supply provided at a variable price. For each Transaction Confirmation, DS Fixed Percentage + DS Variable Percentage specified shall add to 100%.

APPENDIX D – RESPONSIBILITIES FOR PJM BILLING LINE ITEMS AS DEFINED IN APPLICABLE PJM AGREEMENT OR MANUAL

		Responsible Party	
ID #	**PJM Billing Statement Line Items**	**Buyer**	**DS Supplier**
ID#	**CHARGES**		
1000	Network Integration Transmission Service		X
1102	Network Integration Transmission Service (exempt)		X
1104	Network Integration Transmission Service Offset		X
1108	Transmission Enhancement	X	
1110	Direct Assignment Facilities		X
1120	Other Supporting Facilities		X
1130	Firm Point-to-Point Transmission Service		X
1133	Firm Point-to-Point Transmission Service Resale Charge		X
1140	Non-Firm Point-to-Point Transmission Service		X
1143	Non-Firm Point-to-Point Transmission Service Resale Charge		X
1200	Day-ahead Spot Market Energy		X
1205	Balancing Spot Market Energy		X
1210	Day-ahead Transmission Congestion		X
1215	Balancing Transmission Congestion		X
1218	Planning Period Congestion Uplift		X
1220	Day-ahead Transmission Losses		X
1225	Balancing Transmission Losses		X

1230	Inadvertent Interchange		X
1240	Day-ahead Economic Load Response		X
1241	Real-time Economic Load Response		X
1245	Emergency Load Response		X
1250	Meter Error Correction	X	
1260	Emergency Energy		X
1301	PJM Scheduling, System Control and Dispatch Service – Control Area Administration		X
1302	PJM Scheduling, System Control and Dispatch Service – FTR Administration		X
1303	PJM Scheduling, System Control and Dispatch Service –Market Support		X
1304	PJM Scheduling, System Control and Dispatch Service – Regulation Market Administration		X
1305	PJM Scheduling, System Control and Dispatch Service – Capacity Resource/Obligation Mgmt.		X
1306	PJM Scheduling, System Control and Dispatch Service – Advanced Second Control Center		X
1308	PJM Scheduling, System Control and Dispatch Service Refund – Control Area Administration		X
1309	PJM Scheduling, System Control and Dispatch Service Refund – FTR Administration		X
1310	PJM Scheduling, System Control and Dispatch Service Refund – Market Support		X
1311	PJM Scheduling, System Control and Dispatch Service Refund –Regulation Market Administration		X
1312	PJM Scheduling, System Control and Dispatch Service Refund – Capacity Resource/Obligation Mgmt.		X
1314	Market Monitoring Unit (MMU) Funding		X
1315	FERC Annual Charge Recovery		X

1316	Organization of PJM States, Inc. (OPSI) Funding		X
1317	North American Electric Reliability Corporation (NERC)		X
1318	Reliability First Corporation (RFC)		X
1320	Transmission Owner Scheduling, System Control and Dispatch Service		X
1330	Reactive Supply and Voltage Control from Generation and Other Sources Service		X
1340	Regulation and Frequency Response Service		X
1350	Energy Imbalance Service		X
1360	Synchronized Reserve		X
1365	Day-ahead Scheduling Reserve		X
1370	Day-ahead Operating Reserve		X
1371	Day-ahead Operating Reserve for Load Response		X
1375	Balancing Operating Reserve		X
1376	Balancing Operating Reserve for Load Response		X
1377	Synchronous Condensing		X
1378	Reactive Services		X
1380	Black Start Service		X
1400	Load Reconciliation for Spot Market Energy		X
1410	Load Reconciliation for Transmission Congestion		X
1420	Load Reconciliation for Transmission Losses		X
1430	Load Reconciliation for Inadvertent Interchange		X
1440	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service		X
1441	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service Refund		X

1445	Load Reconciliation for FERC Annual Charge Recovery		X
1446	Load Reconciliation for Organization of PJM States, Inc. (OPSI) Funding		X
1447	Load Reconciliation for North American Electric Reliability Corporation (NERC)		X
1448	Load Reconciliation for Reliability First Corporation (RFC)		X
1450	Load Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service		X
1460	Load Reconciliation for Regulation and Frequency Response Service		X
1470	Load Reconciliation for Synchronized Reserve		X
1475	DASR Load Reconciliation		X
1478	Load Reconciliation for Operating Reserve		X
1480	Load Reconciliation for Synchronous Condensing		X
1490	Load Reconciliation for Reactive Services		X
1500	Financial Transmission Rights Auction		X
1600	RPM Auction		X
1610	Locational Reliability		X
1650	Non-Unit Specific Capacity Transaction		X
1660	Demand Resource and ILR Compliance Penalty		X
1661	Capacity Resource Deficiency		X
1662	Generation Resource Rating Test Failure		X
1663	Qualifying Transmission Upgrade Compliance Penalty		X
1664	Peak Season Maintenance Compliance Penalty		X
1665	Peak-Hour Period Availability		X
1710	PJM/MISO Seams Elimination Cost Assignment		X

1720	RTO Start-up Cost Recovery		X
1730	Expansion Cost Recovery	X	
1900	Unscheduled Transmission Service		X
1910	Ramapo Phase Angle Regulators		X
1920	Station Power		X
1930	Generation Deactivation and RMR Generating Unit Declarations Before PaPUC Approval of the Company's Default Service Program in PaPUC Docket Nos. P-2013-2391368 *et al.*		X
1930	Generation Deactivation and RMR Generating Unit Declarations After PaPUC Approval of the Company's Default Service Program in PaPUC Docket Nos. P-2013-2391368 *et al.*	X	
1950	Virginia Retail Administrative Fee		X
1980	Miscellaneous Bilateral		X
1995	PJM Annual Membership Fee		X
ID#	**CREDITS**		
2100	Network Integration Transmission Service		X
2102	Network Integration Transmission Service (exempt)		X
2104	Network Integration Transmission Service Offset		X
2106	Non-Zone Network Integration Transmission Service		X
2108	Transmission Enhancement	X	
2110	Direct Assignment Facilities		X
2120	Other Supporting Facilities		X
2130	Firm Point-to-Point Transmission Service		X
2132	Internal Firm Point-to-Point Transmission Service		X

2133	Firm Point-to-Point Transmission Service Resale Credit		X
2140	Non-Firm Point-to-Point Transmission Service		X
2142	Internal Non-Firm Point-to-Point Transmission Service		X
2143	Non-Firm Point-to-Point Transmission Service Resale Credit		X
2210	Transmission Congestion		X
2217	Planning Period Excess Congestion		X
2218	Planning Period Congestion Uplift		X
2220	Transmission Losses		X
2240	Day-ahead Economic Load Response		X
2241	Real-time Economic Load Response		X
2245	Emergency Load Response		X
2260	Emergency Energy		X
2320	Transmission Owner Scheduling, System Control and Dispatch Service		X
2330	Reactive Supply and Voltage Control from Generation and Other Sources Service		X
2340	Regulation and Frequency Response Service		X
2350	Energy Imbalance Service		X
2360	Synchronized Reserve		X
2365	Day-ahead Scheduling Reserve		X
2370	Day-ahead Operating Reserve		X
2371	Day-ahead Operating Reserve for Load Response		X
2375	Balancing Operating Reserve		X
2376	Balancing Operating Reserve for Load Response		X
2377	Synchronous Condensing		X

2378	Reactive Services		X
2380	Black Start Service		X
2420	Load Reconciliation for Transmission Losses		X
2500	Financial Transmission Rights Auction		X
2510	Auction Revenue Rights		X
2600	RPM Auction		X
2620	Interruptible Load for Reliability		X
2630	Capacity Transfer Rights		X
2640	Incremental Capacity Transfer Rights		X
2650	Non-Unit Specific Capacity Transaction		X
2660	Demand Resource and ILR Compliance Penalty		X
2661	Capacity Deficiency Resource		X
2662	Generation Resource Rating Test Failure		X
2663	Qualifying Transmission Upgrade Compliance Penalty		X
2664	Peak Season Maintenance Compliance Penalty		X
2665	Peak-Hour Period Availability		X
2710	PJM/MISO Seams Elimination Cost Assignment		X
2720	RTO Start-up Cost Recovery		X
2730	Expansion Cost Recovery	X	
2910	Ramapo Phase Angle Regulators		X
2930	Generation Deactivation and RMR Generating Unit Declarations Before PaPUC Approval of the Company's Default Service Program in PaPUC Docket Nos. P-2013-2391368 *et al.*		X

2930	Generation Deactivation and RMR Generating Unit Declarations After PaPUC Approval Of the Company's Default Service Program in PaPUC Docket Nos. P-2013-2391368 *et al.*	X	
2950	Virginia Retail Administrative Fee		X
2980	Miscellaneous Bilateral		X
2996	Annual PJM Cell Tower		X
2997	Annual PJM Building Rent		X

APPENDIX E – DS SUPPLIER'S OBLIGATIONS FOR AEPS COMPLIANCE

To satisfy AEPS with respect to the DS Supplier's Responsibility Share, DS Supplier shall fulfill the following obligations:

1. Providing sufficient AECs for each tranche awarded via the DS Solicitation less the Allocated AECs;
2. Paying any AEPS penalties, costs, charges, etc. assessed against the DS Supplier and/or the Company associated with the DS Supplier's non-performance with AEPS requirements;
3. Submitting to the Company proof of AEPS compliance under this Agreement in such form and manner as may be required by the Company.
4. Provide to the Company all information the Company may require to comply with the AEPS Act and its implementing regulations and other Requirements of Law, including, but not limited to the price paid per AEC required by 73 Pa.C.S. §1648.3(e)(8).

This Appendix E shall confirm the Alternative Energy Portfolio Standards Obligation of the Transaction Date as defined in the Transaction Confirmation.

Alternative Energy Portfolio Standards Obligations for the period beginning June 1, 2017 based on the total MWh supplied by DS Supplier:

Compliance Period	Tier I	Tier I Solar	Tier II
6/1/2017 to 5/31/2018	6.50%	0.3400%	8.20%
6/1/2018 to 5/31/2019	7.00%	0.3900%	8.20%

The percentages set forth above are those applicable for the first DS Solicitation and may be revised for future DS Solicitations to reflect changes in law or other applicable regulatory requirements.

The above amounts are estimates and will vary based on actual load served. DS Supplier will need to true-up, higher or lower, actual credits needed based on Monthly Settlement Amount.

If Alternative Energy Portfolio Requirements change by law or any other reason, DS Supplier shall be responsible for providing the credits at its expense in order to comply with its obligations under DS Supply.

EXHIBIT 1

TRANSACTION CONFIRMATION

This Transaction Confirmation letter is being provided pursuant to and in accordance with the Agreement dated _____ between _____ ("Company") and _____ ("DS Supplier"). Terms used but not defined herein shall have the meanings ascribed to them in the Agreement. This Transaction Confirmation shall confirm the following terms of the Transaction agreed to on _____ ("Transaction Date").

Product: DS Supply

DS Customer Group: Residential

Delivery Point: [METED_RESID_AGG, PENELEC_RESID_AGG PENNPOWER_RESID_AGG, or APS_RESID_AGG as applicable]

Delivery Period: June 1, 2017 through May 31, 2018 or May 31, 2019

DS Supplier Responsibility Share: X Tranches won of Y Total Tranches

DS Fixed Price = $XX.XX/MWh as bid by DS Supplier

DS Fixed Percentage = 100%

Total Allocated AECs: For Met-Ed/Penelec/Penn Power: Tier I (Solar) AECs equal 100% of AEPS solar photovoltaic requirements associated with the DS Supplier Responsibility Share. For West Penn: XX Tier I non-solar AECs and X Tier I solar AECs.

Please confirm that the terms stated herein accurately reflect the agreement reached on the date above between DS Supplier and Company by returning an executed copy of this Transaction Confirmation. The signatories to this Transaction must have the authority to enter into this Transaction.

Company	DS SUPPLIER
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT 1

TRANSACTION CONFIRMATION

This Transaction Confirmation letter is being provided pursuant to and in accordance with the Agreement dated _____ between _____ ("Company") and _____ ("DS Supplier"). Terms used but not defined herein shall have the meanings ascribed to them in the Agreement. This Transaction Confirmation shall confirm the following terms of the Transaction agreed to on _____ ("Transaction Date").

Product: DS Supply

DS Customer Group: Commercial

Delivery Point: [METED_RESID_AGG, PENELEC_RESID_AGG PENNPOWER_RESID_AGG, or APS_RESID_AGG as applicable]

Delivery Period: June 1, 2017 through May 31, 2018 or May 31, 2019

DS Supplier Responsibility Share: X Tranches won of Y Total Tranches

DS Fixed Price = $XX.XX/MWh as bid by DS Supplier

DS Fixed Percentage = 100%

Total Allocated AECs: For Met-Ed/Penelec/Penn Power: Tier I (Solar) AECs equal 100% of AEPS solar photovoltaic requirements associated with the DS Supplier Responsibility Share. For West Penn: XX Tier I non-solar AECs and X Tier I solar AECs.

Please confirm that the terms stated herein accurately reflect the agreement reached on the date above between DS Supplier and Company by returning an executed copy of this Transaction Confirmation. The signatories to this Transaction must have the authority to enter into this Transaction.

Company	DS SUPPLIER
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT 1

TRANSACTION CONFIRMATION

This Transaction Confirmation letter is being provided pursuant to and in accordance with the Agreement dated _____ between _____ ("Company") and _____ ("DS Supplier"). Terms used but not defined herein shall have the meanings ascribed to them in the Agreement. This Transaction Confirmation shall confirm the following terms of the Transaction agreed to on _____ ("Transaction Date").

Product: DS Supply

DS Customer Group: Industrial

Delivery Point: [METED_RESID_AGG, PENELEC_RESID_AGG PENNPOWER_RESID_AGG, or APS_RESID_AGG as applicable]

Delivery Period: June 1, 2017 through May 31, 2018 or May 31, 2019

DS Supplier Responsibility Share: X Tranches won of Y Total Tranches

DS Fixed Price = $XX.XX/MWh as bid by DS Supplier

DS Variable Price = The DS Variable Price is the real time hourly total LMP for the Delivery Point, plus a fixed adder of $4.00/MWh.

Corrections to DS Variable Price: In the event that PJM changes the location or mechanism by which the LMP for the Delivery Point is calculated, the Company will recalculate a new DS Variable Price for this Agreement. The PMEA/FMEA Adjustment Amount shall reflect any changes to these prices.

Total Allocated AECs: For Met-Ed/Penelec/Penn Power: Tier I (Solar) AECs equal 100% of AEPS solar photovoltaic requirements associated with the DS Supplier Responsibility Share. For West Penn: XX Tier I non-solar AECs and X Tier I solar AECs.

Please confirm that the terms stated herein accurately reflect the agreement reached on the date above between DS Supplier and Company by returning an executed copy of this Transaction Confirmation. The signatories to this Transaction must have the authority to enter into this Transaction.

Company	DS SUPPLIER
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT 2
FORM OF NOTICE

Any notices required under this Agreement shall be made as follows:

Buyer:

All Notices:

FirstEnergy Corp.
P.O. Box 16001
Reading, PA 19612-6001
Attn: Dean Stathis
Director Regulated Commodity Sourcing
Phone: (610) 921-6766
Facsimile: (610) 939-8542
Email: dstathis@firstenergycorp.com
Duns:
Federal Tax ID Number:

DS Supplier:

All Notices:

DS Company
Street
City/State/Zip
Attn:

Phone:
Facsimile:
Email:
Duns:
Federal Tax ID Number:

Copy to:

FirstEnergy Corp.
76 South Main Street 8th Floor
Akron, OH 44308
Attn: William Ridmann
VP Rates & Regulatory Affairs
Phone: (330) 761-4154
Facsimile: (330) 761-4281
Email: wrridman@firstenergycorp.com

Invoices:

FirstEnergy Corp.
P.O. Box 16001
Reading, PA 19612-6001
Attn: Jim Sensenig
Supervisor, Regulated Commodity Sourcing
Phone: (610) 921-6543
Facsimile: (610) 939-8850
Email: jjsensenig@firstenergycorp.com

Invoices:

Attn:

Phone:
Facsimile:

Scheduling:	**Scheduling:**
FirstEnergy Corp. 800 Cabin Hill Drive Greensburg, PA 15601 Attn: Cindy Teamann Manager, Regulated Settlements Phone: (724) 838-6672 Facsimile: Email: cteaman@firstenergycorp.com	Attn: Phone: Facsimile: Email:
Payments:	**Payments:**
FirstEnergy Corp. P.O. Box 16001 Reading, PA 19612-6001 Attn: Jim Sensenig Supervisor, Regulated Commodity Sourcing Phone: (610) 921-6543 Facsimile: (610) 939-8850 Email: jjsensenig@firstenergycorp.com	Attn: Phone: Facsimile:
Wire Transfer:	**Wire Transfer**
BNK: JP Morgan Chase, NY FirstEnergy Service Co. ABA: 021000021 ACCT: 323-396496	BNK: ABA: ACCT:

Credit and Collections:	**Credit and Collections:**
FirstEnergy Corp. 341 White Pond Drive Akron, OH 44320 Attn: Jim Buehrle Credit Analyst Phone: (330) 315-6984 Facsimile: (330) 436-1901 Email: buehrlej@firstenergycorp.com	Attn: Phone: Facsimile: **Email:**
With additional Notices of an Event of Default to:	**With Additional Notices of an Event of Default to:**
FirstEnergy Corp. P.O. Box16001 Reading, PA 19612-6001 Attn: Tori Giesler Associate General Counsel Phone: (610) 921-6658 Facsimile: (610) 939-8655 Email: tgiesler@firstenergycorp.com	Attn: Phone: Facsimile: Email:

APPENDIX F - LETTER OF CREDIT DOCUMENTATION

Sample DS Letter of Credit

[Insert Date]
Letter of Credit No. [Insert Credit No]

To: [Insert Company Name] ("Beneficiary")

1. We hereby establish in your favor this irrevocable transferable Letter of Credit (this "Letter of Credit") for the account of _____(the "Applicant"), in the amount of $_____, effective immediately and available to you at sight upon demand at our counters at _____(Location) and expiring 364 days from date of issuance or any extension thereof (in the form of Annex 5), unless terminated earlier in accordance with the provisions hereof or otherwise extended.
2. This Letter of Credit is issued at the request of the Applicant, and we hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the maximum amount of this Letter of Credit, subject to reduction as provided in paragraph 11 hereof. This Letter of Credit may be drawn upon an Event of Default under the DS Suppler Master Agreement(s) between the Applicant and you, dated _____ and the DS Suppler Supplier Master Agreement(s) between the Applicant and you, dated _____.
3. A partial or full drawing hereunder may be made by you on any Business Day on or prior to the expiration of this Letter of Credit by delivering, by no later than 11:00 A.M.

(New York, NY time[1]) on such Business Day to _____ (Bank), _____ (address), (i) a notice executed by you in the form of Annex 1 hereto, appropriately completed and duly signed by your Authorized Officer of the Beneficiary and (ii) your draft in the form of Annex 2 hereto, appropriately completed and duly signed by your Authorized Officer of the Beneficiary. Authorized Officer shall mean President, Treasurer, any Vice President or any Assistant Treasurer.

4. We may, but shall not be obligated to, accept any request to issue a substitute Letter of Credit. Such request shall be in an Availability Certificate in the form of Annex 3 hereto by you to us for exchange for a new Letter of Credit in the amount set forth in an Availability Certificate, which amount shall not exceed the present value of this letter of credit. Upon acceptance by us of any such request to issue a substitute Letter of Credit for exchange, the new Letter of Credit shall be issued in the amount as set forth in the Availability Certificate.

5. We hereby agree to honor a drawing hereunder made in compliance with the terms and provisions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to us in connection with such drawing to such account at such bank in the United States as you may specify in your draft delivered to us pursuant to Paragraph 3 hereof, by 3:00 P.M. (New York, NY time) on the date of such drawing, if delivery of this requisite document is made prior to 11:00 AM (New York, NY time) on a Business Day pursuant to Paragraph 3 herein above, but at the opening of business on the first Business Day next succeeding the date of such drawing

[1] If the issuer of the Letter of Credit is located in an area that is not in the Eastern time zone, this time and all other times in this Letter of Credit, and the definition of a Business Day should be adjusted accordingly.

if delivery of the requisite document is made on or after 11:00 AM (New York, NY time) on any Business Day pursuant to Paragraph 3 herein above.

6. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice (not exceeding three (3) Business Days following the date of receipt of the documents) that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons that the demand for payment was not effected in accordance with such terms and conditions, and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment to the extent that you are entitled to do so, provided, however, in such event a conforming demand for payment must be timely made in accordance with the terms of this Letter of Credit.
7. This Letter of Credit shall automatically terminate and be delivered to us for cancellation on the earliest of (i) the making by you of the drawings in an amount equal to the maximum amount available to be made hereunder, (ii) the date we issue a new letter of credit in exchange for this Letter of Credit in accordance with Paragraph 4 herein above, (iii) the date we receive from you a Certificate of Expiration in the form of Annex 4 hereto, or (iv) will be automatically extended without written amendment for successive additional one (1) year periods from the current or any future extended expiry date, unless at least ninety (90) days prior to such date of expiration, we give written notice to the Beneficiary by registered or certified mail, return receipt requested, or by overnight courier, at the address set forth above, or at such other

address of which prior written notice has been provided to us, that we elect not to renew this irrevocable standby Letter of Credit for such additional one (1) year period.

8. As used herein:

   "Availability Certificate" shall mean a certificate substantially in the form of Annex 3 hereto, appropriately completed and duly signed by your authorized officer.

   "Business Day" shall mean any day on which commercial banks are not authorized or required to close in New York, New York and any day on which payments can be effected on the Fed wire system.

9. This Letter of Credit is assignable and transferable, in accordance with Annex 6, to an entity who you certify to us in the form of Annex 6, and we hereby consent to such assignment or transfer, provided that this Letter of Credit may not otherwise be amended or modified without consent from us, you and the Applicant, and except as otherwise expressly stated herein, is subject to the Uniform Customs and Practice for Documentary Credits – 2007 Revision, ICC Publication No. 600, or any successor publication thereto (the "UCP"). Any and all transfer fees, expenses and costs shall be borne by the Applicant. This Letter of Credit shall, as to matters not governed by the UCP, be governed and construed in accordance with New York law, without regard to principles of conflicts of law. Transfers fees shall be borne by the Applicant.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, changed, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1 through 6 hereto and the notices referred to herein; and any such reference shall not be deemed

to incorporate herein by reference any document, instrument or agreement except as set forth above.

10. We certify that as of _____(date) we _____ ("Bank") satisfy the senior unsecured debt rating of "A" from Standard & Poor's Ratings Services or "A2" from Moody's Investors Service Inc.
11. The amount which may be drawn by you under this Letter of Credit shall be automatically reduced by the amount of any drawings paid through us referencing this Letter of Credit No. _____. Partial drawings are permitted hereunder.
12. Faxed document(s) are acceptable. Presentation by fax must be made to fax number _____ confirmed by telephone to _____.
13. In the event of act of God, riot, civil commotion, insurrection, war, terrorism or by any strikes or lock outs, or any cause beyond our control, that interrupts our business, and causes the place for presentation of this Letter of Credit to be closed for business on the last day of presentation, the expiration date of this Letter of Credit shall be automatically extended without amendment to a date thirty (30) calendar days after the place for presentation reopens for business.
14. This original Letter of Credit has been sent to the beneficiary EDC located at _____ above (as per Applicant's instructions). The aggregate amount paid to the _____ during the validity of this Letter of Credit will not exceed the amount of this Letter of Credit. Any demands or communications in the form of the attached Annexes (except for Annex 5) or other communications directed to us under this Letter of Credit must be signed by an Authorized Officer of the _____. Acceptance or rejection of any amendments to this Letter of

Credit or any extensions pursuant to Annex 5 must be signed by an Authorized Officer of the _____.

Very truly yours,

(Bank)

By: _____

Name: [Insert Name]

Title: [Insert Title]

Date: [Insert Date]

By: _____

Name: [Insert Name]

Title: [Insert Title]

Date: [Insert Date]

Annex 1 *to Letter of Credit*

DRAWING UNDER LETTER OF CREDIT NO. [InsertCreditNo.]

[Insert Date]

To: [Insert Bank]

[Insert Address]

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned is making a drawing under the above-referenced Letter of Credit in the amount specified below and hereby certifies to you as follows:

1. Capitalized terms used herein that are defined herein shall have the meanings ascribed thereto in the Letter of Credit.

2. "Pursuant to Paragraph 2 of the Letter of Credit No. [Insert Credit No.], dated [Insert Date], the undersigned is entitled to make a drawing under the Letter of Credit in the aggregate amount of $[Insert Dollars], inasmuch as there is an Event of Default under any DS Supplier Master Agreement between the Applicant and us.

3. We acknowledge that, upon your honoring the drawing herein requested, the amount of the Letter of Credit available for drawing shall be automatically decreased by an amount equal to this drawing.

Very truly yours,

[Insert Company Name]

By: _____
Name [Insert Name]
Title: [Insert Title]
Date: [Insert Date]

By: _____
Name [Insert Name]
Title: [Insert Title]
Date: [Insert Date]

Annex 2 *to Letter of Credit*

DRAWING UNDER LETTER OF CREDIT NO. [Insert Credit No.]

[Insert Date]

ON [Business day immediately succeeding date of presentation]

PAY TO: [Insert· Company Name]

$ [Insert Dollars]

FOR VALUE RECEIVED AND CHARGE TO ACCOUNT OF LETTER OF CREDIT NO. [Insert Credit No.]

OF

[Insert Bank]

[Insert Address]

The [Insert Company]

By: _____
Name: [Insert Name]
Title: [Insert Title]
Date: [Insert Date]

By: _____
Name: [Insert Name]
Title: [Insert Title]
Date: [Insert Date]

Annex 3 *to Letter of Credit*

AVAILABILITY CERTIFICATE
UNDER LETTER OF CREDIT NO. [Insert Credit No.]

[Insert Date]

To: [Insert Bank]
[Insert ·.Address]
Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:
Each of the undersigned hereby requests that, in exchange for the above-referenced Letter of Credit, a new Letter of Credit be issued in the aggregate amount of $[InsertDollars] (the "New Amount") and to expire on [Insert Date], but otherwise in the form of this Letter of Credit.

Please acknowledge your intention to issue such new Letter of Credit in the New Amount upon the surrender of the above-referenced Letter of Credit by signing the attached acknowledgment copy hereof and forwarding it to:

Beneficiary
Addresses

Very truly yours,

[Insert Company Name]

By: _____
Name: [Insert Name]
Title: [Insert Title]
Date: [Insert Date]

By: _____
Name: [Insert Name]
Title: [Insert Title]
Date: [Insert Date]

APPLICANT NAME

By: _____
Name: [Insert Name]
Title: [Insert Title]
Date: [Insert Date]

Agreed and Accepted [Insert Bank]

By: _____
Name: [Insert Name]
Title: [Insert Title]
Date: [Insert Date]

Annex 4 *to Letter of Credit*

CERTIFICATE OF EXPIRATION
OF LETTER OF CREDIT NO. [Insert Credit No.]
[Insert Date]

To: [Insert Bank]
[Insert Address]

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned hereby certifies to you that the above referenced Letter of Credit may be cancelled without payment. Attached hereto is said Letter of Credit, marked cancelled.

[Insert Company Name]

By: _____
Name: [lnsert Name]
Title: [Insert Title]
Date: [Insert Date]

By: _____
Name: [lnsert Name
Title: [Insert Title]
Date: [Insert Date]

cc: [InsertApplicantNarne]

Annex 5 *to Letter of Credit*

NOTICE OF EXTENSION
OF LETTER OF CREDIT NO. [Insert Credit No.]

[Insert Date]

To: [Insert Company Name]

Re: Our Letter of Credit no. [Insert Credit No.] presently in the aggregate amount of USD [Insert Amount] issued for the account of [Insert Company Name] and expiring on [Insert Date].

On the expiration date of the Letter of Credit no. [Insert Credit No.], we will issue a new Letter of Credit No. [Insert Credit No.] to expire on [Insert Date]. This new Letter of Credit No. [Insert Credit No.] will, aside from the expiration date be in the amount and form of our Letter of Credit No. [Insert Credit No.].

Very truly yours,

BANK [Insert Bank]

By: _____
Name: [Insert Name]
Title: [Insert Title]
Date: [Insert Date]

cc: [Insert Applicant Name]

Annex 6 *to Letter of Credit*

NOTICE OF TRANSFER
OF LETTER OF CREDIT NO. [Insert Credit No.]

[Insert Date]

To: [Insert Bank]
[Insert Address]

To Whom It May Concern:
Re: Credit [Insert Credit No.]
Issued by: [Insert Name]
Advice No.: [Insert Advise No.]

For the value received, the undersigned beneficiary hereby irrevocably transfers to:

[Insert Transferee Name]
(Name of Transferee)

[Insert Address]
(Address)

All rights of the undersigned beneficiary to draw under the above Letter of Credit in its entirety.

By this transfer, all rights of the undersigned beneficiary in such Letter of Credit are transferred to the transferee and the transferee shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised direct to the transferee without necessity of any consent of or notice to the undersigned beneficiary.

The advice of such Letter of Credit is returned herewith, and we ask you to endorse the transfer on the reverse thereof, and forward it direct to the transferee with your customary notice of transfer.

Enclosed is a certified check in the amount of $ [Insert Amount] in payment of your transfer commission and in addition we agree to pay to you on demand any expenses that may be incurred by you in conjunction with this transfer.

Very Truly Yours,
[Insert Signature of Company]
(Signature of the Company)

The above signature with title as stated conforms to that on file with us and is authorized for the execution of said instruments.

(Name of authenticating party)

[Insert Signature of Authenticating Party]
(Authorized signature of authenticating party)
Name: [Insert Name]
Title: [Insert Title]

APPENDIX G - GUARANTY

GUARANTY (this "Guaranty"), dated as of [Insert Date], made by _____ (the "Guarantor"), a corporation organized and existing under the laws of [Insert Law References] in favor of [Insert Company Name] (the "Guaranteed Party"), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania.

Terms not defined herein take on the meaning given to them in the DS Supplier Master Agreement(s) dated [Insert Date]. Guarantor enters into this Guaranty in consideration of, and as an inducement for Guaranteed Party having entered into or entering into the "Agreements" with [Insert Name] (Name), a [Insert State] (State) corporation (the "DS Supplier"), which may involve the extension of credit by the Guaranteed Party. Guarantor, subject to the terms and conditions hereof, hereby unconditionally and absolutely guarantees to the Guaranteed Party the full and prompt payment when due, subject to an applicable grace period and upon demand in writing from the Guaranteed Party to the Guarantor's attention at the address for Guarantor set forth in Section 11 hereof of any and all amounts payable by the DS Supplier to the Guaranteed Party arising out of the Agreement(s), and,

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of the principal and interest on any sums due and payable by the BGS Supplier as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall Option 1 (in no event exceed [Insert Limit Amount].) Option 2 (in no event exceed the lesser of [Insert Limit Amount] or the sum of the Total Exposures Amounts under the Agreement(s).) All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection.

2. The Guarantor hereby waives diligence, acceleration, notice of acceptance of this Guaranty and notice of any liability to which it may apply, and waives presentment and all demands whatsoever except as noted herein, notice of protest, notice of dishonor or nonpayment of any such liability, suit or taking of other action by any Guaranteed Party against, and any other notice to, any party liable thereon (including the Guarantor or any other guarantor), filing of claims with a court in the event of the insolvency or bankruptcy of the DS Supplier, and any right to require a proceeding first against the DS Supplier.

3. The Guaranteed Party may, at any time and from time to time, without notice to or consent of the Guarantor, without incurring responsibility to the Guarantor and without impairing or releasing the obligations of the Guarantor hereunder, upon or without any terms or conditions: (i) take or refrain from taking any and all actions with respect to the Guaranteed Obligations, any Document or any person (including the DS Supplier)

that the Guaranteed Party determines in its sole discretion to be necessary or appropriate; (ii) take or refrain from taking any action of any kind in respect of any security for any Guaranteed Obligation(s) or liability of the DS Supplier to the Guaranteed Party; or (iii) compromise or subordinate any Guaranteed Obligation(s) or liability of the DS Supplier to the Guaranteed Party including any security for such Guaranteed Obligation(s) or liability of the DS Supplier to the Guaranteed Party.

4. Subject to the terms and conditions hereof, the obligations of the Guarantor under this Guaranty are absolute and unconditional and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by: (i) any extension, renewal, settlement, compromise, waiver, consent, discharge or release by the DS Supplier concerning any provision of the Agreement(s) in respect of any Guaranteed Obligations of the DS Supplier; (ii) the rendering of any judgment against the DS Supplier or any action to enforce the same; (iii) the existence, or extent of, any release, exchange, surrender, non-perfection or invalidity of any direct or indirect security for any of the Guaranteed Obligations; (iv) any modification, amendment, waiver, extension of or supplement to any of the Agreement(s) or the Guaranteed Obligations agreed to from time to time by the DS Supplier and the Guaranteed Party; (v) any change in the corporate existence (including its constitution, laws, rules, regulations or powers), structure or ownership of the BGS Supplier or the Guarantor, or any insolvency, bankruptcy, reorganization or other similar proceedings affecting the DS Supplier or its assets, the Guarantor or any other guarantor of any of the Guaranteed Obligations; (vi) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the DS Supplier, the Guaranteed Party or any other corporation or person, whether in connection herewith or in connection with any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim; (vii) the invalidity, irregularity or unenforceability in whole or in part of the Agreement(s) or any Guaranteed Obligations or any instrument evidencing any Guaranteed Obligations or the absence of any action to enforce the same, or any provision of applicable law or regulation purporting to prohibit payment by the DS Supplier of amounts to be paid by it under the Agreement(s) or any of the Guaranteed Obligations; and (viii) except for a failure to comply with any applicable statute of limitations, any other act or omission to act or delay of any kind of the DS Supplier, any other guarantor, the Guaranteed Party or any other corporation or person or any other event, occurrence or circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of the Guarantor's obligations hereunder.

5. The Guarantor hereby irrevocably waives (a) any right of reimbursement or contribution, and (b) any right of salvage against the DS Supplier of any collateral security or guaranty or right of offset held by the Guaranteed Party.

6. The Guarantor will not exercise any rights, which it may acquire by way of subrogation until all Guaranteed Obligations to the Guaranteed Party pursuant to the Agreement(s) have been paid in full.

7. Subject to the terms and conditions hereof, this Guaranty is a continuing one and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. Except for a failure to comply with any applicable statute of limitations, no failure or delay on the part of the Guaranteed Party in exercising any right, power or privilege hereunder, and no course of dealing between the Guarantor and the Guaranteed Party, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights, powers and remedies herein expressly provided are cumulative and not exclusive of any rights, powers or remedies, which the Guaranteed Party would otherwise have. No notice to or demand on the Guarantor in any case shall entitle the Guarantor to any other or further notice of demand in similar or other circumstances or constitute a waiver of the rights of the Guaranteed Party to any other or further action in any circumstances without notice or demand.

8. This Guaranty shall be binding upon the Guarantor and upon its successors and assigns and shall inure to the benefit of and be enforceable by the Guaranteed Party and its successors and assigns; provided, however, that the Guarantor may not assign or transfer any of its rights or obligations hereunder without the prior written consent of the Guaranteed Party. The assignment rights of the Guaranteed Party will be in accordance with the terms of the underlying Agreement(s).

9. Neither this Guaranty nor any provision hereof may be changed, waived, discharged or terminated except upon written agreement of the Guaranteed Party and the Guarantor.

10. The Guarantor agrees that its liability as guarantor shall continue and remain in full force and effect in the event that all or any part of any payment made hereunder or any obligation or liability guaranteed hereunder is recovered (as a fraudulent conveyance, preference or otherwise) rescinded or must otherwise be reinstated or returned due to bankruptcy or insolvency laws or otherwise.

11. All notices and other communications hereunder shall be made at the addresses by hand delivery, by the next day delivery service effective upon receipt or by certified mail return receipt requested (effective upon scheduled weekday delivery day) or telefacsimile (effective upon receipt of evidence, including telefacsimile evidence, that telefacsimile was received).

If to the Guarantor:
[Insert Guarantor]

If to the Guaranteed Party:
[Insert Guaranteed Party]

12. If claim is ever made upon the Guaranteed Party for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and the Guaranteed Party repays all or part of such amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property, or (b) any settlement or compromise of any such claim effected by such payee with any such claimant (including the Guarantor), then and in such event the Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon it, notwithstanding any revocation hereof or the cancellation of the Agreement(s) or other instrument evidencing any liability of the Guarantor, and the Guarantor shall be and remain liable to the Guaranteed Party hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee.

13. The Guarantor hereby certifies that it satisfies the Minimum Rating as defined in the Agreement(s).

14. This Guaranty shall remain in full force and effect until all Guaranteed Obligations have been fully and finally performed, at which point it will expire. The Guarantor may terminate this Guaranty upon thirty (30) days prior written notice to the Guaranteed Party which termination shall be effective only upon receipt by the Guaranteed Party of alternative means of security or credit support, as specified in the Agreement(s) and in a form reasonably acceptable to the Guaranteed Party. Upon the effectiveness of any such expiration or termination, the Guarantor shall have no further liability under this Guaranty, except with respect to the Guaranteed Obligations entered into prior to the time the expiration or termination is effective, which Guaranteed Obligations shall remain guaranteed pursuant to the terms of this Guaranty until finally and fully performed.

15. The Guarantor represents and warrants that: (i) it is duly organized and validly existing under the laws of the jurisdiction in which it was organized and has the power and authority to execute, deliver, and perform this Guaranty; (ii) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over the Guarantor is required on the part of the Guarantor for the execution, delivery and performance of this Guaranty except for those already made or obtained; (iii) this Guaranty constitutes a valid and legally binding agreement of the Guarantor, and is enforceable against the Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditor's rights generally and by general principles of equity; and (iv) the execution, delivery and performance of this Guaranty by the Guarantor have been and remain duly authorized by all necessary corporate or comparable action and do not contravene any provision of its [insert appropriate corporate organizational document, such as Declaration of Trust, Limited Liability Agreement, Articles of Incorporation or by-laws] or any law, regulation or contractual restriction binding on it or its assets.

16. This Guaranty and the rights and obligations of the DS Supplier and the Guarantor hereunder shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania. The Guarantor and Guaranteed Party jointly and severally agree to the exclusive jurisdiction of State and federal courts located in the Commonwealth of Pennsylvania over any disputes arising or relating to this Guaranty and waive any objections to venue or inconvenient forum. The Guarantor and Guaranteed Party each hereby irrevocably waive any and all rights to trial by jury with respect to any legal proceeding arising out of or relating to this Guaranty.

17. This writing is the complete and exclusive statement of the terms of this Guaranty and supersedes all prior oral or written representations, understandings, and agreements between the Guaranteed Party and the Guarantor with respect to subject matter hereof. The Guaranteed Party and the Guarantor agree that there are no conditions to the full effectiveness of this Guaranty.

18. Every provision of this Guaranty is intended to be severable. If any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. This Guaranty may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

19. No Trustee or shareholder of Guarantor shall be held to any liability whatsoever for any obligation under this Guaranty, and such Guaranty shall not be enforceable against any such Trustee in their or his or her individual capacities or capacity. This Guaranty shall be enforceable against the Trustees of Guarantor only as such, and every person, firm, association, trust or corporation having any claim or demand arising under this Guaranty and relating to Guarantor, its shareholders or Trustee shall look solely to the trust estate of Guarantor for the payment or satisfaction thereof.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed and delivered as of the date first above written to be effective as of the earliest effective date of any of the Agreement(s).

(GUARANTOR)
[Insert Guarantor]

By:
Name: [Insert Name]
Title: [Insert Title]

Accepted and Agreed to:
[Insert Name]

By: [Insert Company Name]
Name: [Insert Name]
Title: [Insert Title]

AEPS Requirements By Reporting Year

		Percent of Total Electric Sales		
Reporting Year	**Time Period**	**Base Tier I Rqmt**	**Solar PV Rqmt**	**Tier II Rqmt**
1	2/28/07 - 5/31/07	1.50%	0.0013%	4.20%
2	6/1/07 - 5/31/08	1.50%	0.0030%	4.20%
3	6/1/08 - 5/31/09	2.00%	0.0063%	4.20%
4	6/1/09 - 5/31/10	2.50%	0.0120%	4.20%
5	6/1/10 - 5/31/11	3.00%	0.0203%	6.20%
6	6/1/11 - 5/31/12	3.50%	0.0325%	6.20%
7	6/1/12 - 5/31/13	4.00%	0.0510%	6.20%
8	6/1/13 - 5/31/14	4.50%	0.0840%	6.20%
9	6/1/14 - 5/31/15	5.00%	0.1440%	6.20%
10	6/1/15 - 5/31/16	5.50%	0.2500%	8.20%
11	6/1/16 - 5/31/17	6.00%	0.2933%	8.20%
12	6/1/17 - 5/31/18	6.50%	0.3400%	8.20%
13	6/1/18 - 5/31/19	7.00%	0.3900%	8.20%
14	6/1/19 - 5/31/20	7.50%	0.4433%	8.20%
15	6/1/20 - 5/31/21	8.00%	0.5000%	10.00%

METROPOLITAN EDISON COMPANY, PENNSYLVANIA ELECTRIC COMPANY AND PENNSYLVANIA POWER COMPANY
SOLAR PHOTOVOLTAIC ALTERNATIVE ENERGY CREDITS
REQUEST FOR PROPOSALS (RFP)
RULES

[date]

TABLE OF CONTENTS

Article I. Introduction 1
- I.1. Overview 1
- I.2. Products and Bidding Process 4
- I.3. Supplier Obligations 5

Article II. Information and Schedule 6
- II.1. Information Provided to Potential Bidders 6
- II.2. RFP Schedule 7

Article III. General Requirements for Proposals 8

Article IV. Part 1 Proposal Requirements 10
- IV.1. General 10
- IV.2. Creditworthiness Information 10
- IV.3. Additional Requirements 14

Article V. Part 2 Proposal Requirements 17
- V.1. General 17
- V.2. Bids 18
- V.3. Pre-Bid Security 20
- V.4. Additional Requirements 22

Article VI. Instructions for Preparation of Proposals 25

Article VII. Evaluation of Proposals 26
- VII.1. Part 1 Proposal Processing and Evaluation 26
- VII.2. Part 2 Proposal Processing and Evaluation 28
- VII.3. Commission Approval and Review 29

Article VIII. Reserved Rights 30
- VIII.1. Non-Binding RFP 30
- VIII.2. Proposals Become the Companies' Property 31
- VIII.3. Confidentiality 31

Article I. Introduction

I.1. Overview

I.1.1. Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company ("the Companies") seek to procure a portion of their requirements for Solar Photovoltaic Alternative Energy Credits ("SPAECs") under the Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8 ("AEPS Act"), as may be amended from time to time. The product will consist of a 2-year "strip" supply of SPAECs, with a Target Quantity of [X,XXX] SPAECs per Reporting Year (June 1 – May 31) as defined under the AEPS Act.

I.1.2. Additional capitalized terms in this document, which are not defined explicitly herein, are defined in the Companies' Solar Photovoltaic Alternative Energy Credit Purchase and Sale Agreement ("SPAECPSA"). The SPAECPSA is attached hereto as Appendix 1. Key defined terms include the following:

Bid	Binding offer to supply a portion of the Tranche Target at a specified price per SPAEC
Bidder	A prospective Supplier that submits any part of a Proposal for the RFP
Evaluation Team	Representatives of the Independent Evaluator, one or more credit representatives from the Companies, and a legal representative on behalf of the Companies
Independent Evaluator ("IE")	*The Brattle Group*
PaPUC	Pennsylvania Public Utility Commission (also "Commission")
Part 1 Date	Date by which Part 1 Proposals must be submitted
Part 2 Date	Date by which Part 2 Proposals, which include Bids, must be submitted
Pre-Bid Security	Security in the form of cash or a letter of credit required to be posted by Qualified Bidders upon submission of Part 2

	proposal
Proposal	A two part process by which Bidders qualify and bid in the RFP
Qualified Bidder	Bidder whose Part 1 Proposal has been accepted by the Independent Evaluator and the Companies
RFP	Request for Proposal process, consisting of a single round of sealed bids
SPAEC Cap	The largest whole number less than or equal to 75% of the Tranche Target
Target Quantity	The number of SPAECs the Companies are seeking per Reporting Year ([X,XXX] SPAECs)
Tranche	500 SPAECs per Reporting Year under the AEPS Act.
Tranche Target	Number of Tranches needed for Target Quantity ([XX] Tranches)

I.1.3. The Companies will hold one (1) RFP to procure the Tranche Target to be supplied over a 2 year period.

I.1.4. This RFP was established through a petition of the Companies to the Pennsylvania Public Utility Commission ("PaPUC" or "Commission"). The process consists of a single round of sealed bids, in which prospective suppliers state the prices at which they are willing to supply SPAECs, the number of Tranches that they are willing to supply, and whether their offers are "all-or-nothing," as described below. The evaluation of Bids is on a price-only basis. In the RFP, the winning Bids will be those that minimize the cost of the procurement. The winning Bidders will be paid the prices they Bid for the SPAEC Tranches they win.

I.1.5. This document, entitled the RFP Process and Rules ("RFP Rules"), describes how the RFP will be conducted. The RFP process will consist of two parts: (1) Part 1 - submission of an initial application in which prospective suppliers are qualified as to general creditworthiness and compliance with RFP requirements (after making specified representations and agreeing to specified conditions); and (2) Part 2 - the submission

by prospective suppliers of Bids to supply a portion of the Tranche Target referenced above at a specified price per SPAEC, accompanied by Pre-Bid Security.

I.1.6. The following documents are appended to, and shall be considered integral parts of, these RFP Rules:

Appendix 1: Solar Photovoltaic Alternative Energy Credit Purchase and Sale Agreement
Appendix 2: Confidentiality Statement
Appendix 3: Standard Form of Pre-Bid Letter of Credit
Appendix 4: Requirements for Attestation of Chief Financial Officer
Appendix 5: Sample Part 1 Form
Appendix 6: Sample Part 2 Form (including Bid Submittal Sheet)

I.1.7. A Proposal consists of two parts. The first part of the Proposal ("Part 1 Proposal") is the Bidder's response to the qualification standards that are fully described in Article IV of these RFP Rules. A Bidder that fulfills the qualification standards of the Part 1 Proposal becomes a Qualified Bidder, and therefore may submit the second part of the Proposal ("Part 2 Proposal"). The requirements for the Part 2 Proposal are fully described in Article V of these Rules. The requirements for the Part 2 Proposal include the submission of Bids and the posting of financial guarantees. Bidders use standard forms, the Part 1 Form and the Part 2 Form, to submit their Part 1 and Part 2 Proposals respectively. The Part 1 Form and the Part 2 Form are provided as Appendices 5 and 6 to these RFP Rules, respectively.

I.1.8. The Companies and the Independent Evaluator may advise the Commission to postpone or modify the schedule of the RFP when market conditions warrant or when extraordinary events arise, such as the advent of war, terrorism, or an act of God. The Companies and the Independent Evaluator may also advise the Commission to modify parameters of the RFP, as further explained in Article VIII.

I.2. Products and Bidding Process

I.2.1. Qualified Bidders in the RFP can Bid any number of Tranches up to the SPAEC Cap (*i.e.*, the largest whole number less than or equal to 75% of the Tranche Target).

I.2.2. In the RFP, a Qualified Bidder that presents a Bid will state the price per SPAEC at which it is willing to supply one or more of the Tranches available in the RFP, subject to the SPAEC Cap. Bids are evaluated on a price-only basis.

I.2.3. Upon receipt of Bids, the Independent Evaluator will rank all Bids from lowest to highest price. The Independent Evaluator will determine a portfolio of winning Bids that minimizes the overall cost of the procurement.

I.2.4. The winning Bidders are those Bidders whose Bids minimize the overall cost of satisfying the Tranche Target. All winners receive the price they Bid. The prices in the RFP are expressed in dollars per SPAEC, rounded off to the nearest cent.

I.2.5. A report containing the results of the bidding process will then be submitted to the PaPUC, who will then have three (3) business days to approve the procurement results. If the procurement is approved by the PaPUC, each winning Bidder will then execute the SPAECPSA accompanying this RFP with each of the Companies.

I.2.6. If the PaPUC rejects the winning Bids in the RFP, or if some Tranches remain unfilled, the Companies will implement a contingency plan for the unfilled Tranche(s). Under the plan, the Companies propose that they will secure any SPAEC compliance requirements for unfilled tranches at market prices until an alternative contingency plan is approved by the PaPUC. The Companies will consult with the Independent Evaluator, Commission staff, and statutory parties to determine the appropriate alternative contingency plan for the remaining requirement.

I.2.7. A Bidder submitting Bids in an RFP must accept the obligations and associated rights to provide SPAECs as defined in the SPAECPSA.

I.3. Supplier Obligations

I.3.1. This section contains a general description of each winning Bidder's obligations. This is a summary only and is subject to and qualified in its entirety by the SPAECPSA.

I.3.2. Each winning Bidder is responsible for providing 500 SPAECs in each Reporting Year (June 1 to May 31) per tranche that it wins. The delivery period begins on June 1, 2017 and lasts for 2 years.

I.3.3. Each winning bidder will execute a SPAECPSA with each of the Companies and will be instructed by the Companies as to how to divide its corresponding SPAEC obligation between the Companies.

I.3.4. Suppliers will be expected to deposit their SPAECs quarterly with the Companies throughout the life of their contracts, so that their combined deposits in each Reporting Year equal the number of tranches to which they are obligated, multiplied by 500 SPAECs per tranche.

I.3.5. The Companies will only accept SPAECs from sources approved by the PaPUC's AEPS Program Administrator and generated through PJM Environmental Information Services Inc.'s ("PJM-EIS") Generation Attributes Tracking System ("GATS") which the PaPUC has designated under the AEPS Act as the "registry" for issuance of SPAECs. It will be incumbent on the winning supplier to open and maintain, at its own expense, a GATS account in order to satisfy the AEPS Act requirements.

I.3.6. A winning supplier must provide GATS-generated certificates so that the Companies may satisfy AEPS reporting requirements. GATS, which was implemented in September 2005, is a regional environmental information tracking system that assists utilities and load serving entities in complying with renewable standards and provides state agencies with proper reporting and verification. This system creates certificates based on actual generation from renewable resource facilities.

I.3.7. If a supplier fails to provide sufficient SPAECs to the Companies or any of the SPAECs are unable to be used for compliance with the AEPS Act solar photovoltaic requirements, the supplier will be assessed the penalty for non-compliance under the AEPS Act, or the difference in the price the supplier is paid under the SPAECPSA and the cost of SPAECs that the Companies purchase to make up for the supplier shortfall.

Article II. Information and Schedule

II.1. Information Provided to Potential Bidders

II.1.1. The Companies and the Independent Evaluator have established a web-based data room (http://www.firstenergycorp.com/[TBD]) that will be the main source of information for the RFP. Prospective Bidders are invited to use this data room for current data and information about all aspects of the RFP and to access all essential RFP documents.

II.1.2. The web-based data room will provide the information in the following sections:

Home: This section provides announcements of interest to prospective Bidders and to other interested parties regarding the RFP.

Regulatory Information Page: This section provides presentations regarding the RFP prepared by the Companies and the Independent Evaluator, as well as the Orders from the PaPUC.

Supplier Documents: This section provides RFP documents including the RFP Rules and the SPAECPSA. This section also provides all credit instruments necessary for prospective Bidders and for Suppliers, including the standard form for the Pre-Bid Letter of Credit, the standard form for the Letter of Credit for the term of each SPAECPSA, and the standard Guaranty for the term of each SPAECPSA. Any approved modifications to these documents will also be posted in this section.

Ask a Question: In this section, all stakeholders, including prospective Bidders, will be able to ask questions via a web form. The Independent Evaluator will provide an

answer to the question via email to the questioner, and the Independent Evaluator will then provide the question and answer to all stakeholders and prospective Bidders through a posting to the web-based data room so that all have access to the same information. Aspects of the question or answer that might identify the party asking the question will be removed before posting.

FAQs: In this section, the Independent Evaluator posts the questions and answers received.

Register Page: In this section, all stakeholders, including prospective Bidders, will be able to register to receive announcements directly from the Independent Evaluator via email.

Calendar: This section provides prospective Bidders with all crucial dates in the RFP.

II.2. RFP Schedule

The following is a general timetable for the RFP.

Table II-1: Provisional Schedule

Event	Date
The Companies file Default Service Program	
Commission Order Regarding Default Service Program	To Be Determined ("TBD")
RFP web-based data room opens	TBD
The Companies issue Final RFP documents	TBD
Bidder Information Sessions	TBD
Part 1 Date (Bidders submit Part 1 Proposals)	15 business days from Issuance of Final RFP documents
Bidders are notified of qualification status for submission of Part 2 Proposals	5 business days from Part 1 Date
Part 2 Date (Bidders submit Part 2 Proposals including Bid and executed Pre-Bid Letter of Credit)	15 business days from Part 1 Date
Independent Evaluator (IE) submits report to Commission	2 business days from Part 2 Date
Commission makes decision on results of RFP	3 business days from IE Report
Winning Bidders execute the SPAECPSAs	3 business days from Commission Decision

Article III. General Requirements for Proposals

III.1.1. A Proposal is an application to Bid in the RFP. A prospective Supplier that submits any part of a Proposal for the RFP is a Bidder. A Proposal consists of two parts, the Part 1 Proposal and the Part 2 Proposal.

III.1.2. A Bidder submits a maximum of one (1) Part 1 Proposal. The Bidder must use the Part 1 Form provided as Appendix 5 to these RFP Rules for this purpose. The requirements of the Part 1 Proposal are fully described in Article IV of these RFP Rules.

III.1.3. A Bidder that fulfills the qualification standards of the Part 1 Proposal may submit a maximum of one (1) Part 2 Proposal. A Bidder must use the Part 2 Form provided as Appendix 6 to these RFP Rules for this purpose. The requirements for the Part 2 Proposal are fully described in Article V of these Rules. The requirements for the Part 2 Proposal include the posting of financial guarantees as well as the Bid.

III.1.4. Part 1 Proposals must be submitted by noon (12:00 PM)[1] on the Part 1 Date and Part 2 Proposals must be submitted by noon (12:00 PM) on the Part 2 Date.

III.1.5. Proposals must adhere to the terms and conditions of these RFP Rules and must fulfill all requirements in Article III, Article IV and Article V of these RFP Rules. Proposals that do not adhere to the terms and conditions of these RFP Rules or that do not fulfill all requirements set forth in Article III, Article IV and Article V of these RFP Rules will not be considered.

III.1.6. It is the intention, but not the obligation, of the Companies to enter into an SPAECPSA with each winning Bidder to supply a portion of the Tranche Target, in accordance with these RFP Rules.

III.1.7. The Bidder, at its own cost and expense, shall defend the Companies and their subsidiaries, affiliates, successors and assigns, and each and every one of its past,

[1] Unless noted otherwise, all times refer to Eastern Prevailing Time ("EPT").

present, or future officers, directors, trustees, employees, shareholders, executors, administrators, successors and assigns, against any and all manner of past, present, or future claims, demands, disputes, controversies, complaints, suits, actions, proceedings, or allegations of any kind which in any manner relate to, arise out of, or result from any false statement in a Proposal or breach of any covenant by the Bidder set forth herein. The Bidder shall indemnify and hold harmless the Companies, their parent companies, subsidiaries, affiliates, successors and assigns, and each and every one of its past, present, or future officers, directors, trustees, employees, shareholders and agents, as well as the heirs, executors, administrators, successors and assigns against any and all liens, judgments, liabilities, losses, injuries, damages, fees, fines, costs or expenses which in any manner relate to, arise out of, or result from any false statement or misrepresentation in the Proposal or breach of any warranty by the Bidder as set forth herein.

III.1.8. The submission of a Proposal to the Companies constitutes the Bidder's acknowledgement and acceptance of all the terms and conditions of these RFP Rules, regardless of the outcome of any RFP or the ultimate fate of such Proposal.

III.1.9. An Officer of the Bidder is an individual empowered to undertake contracts and bind the Bidder. The Bidder will be required to provide the name, title, and full contact information (address, phone number, fax number, email address) of the Officer of the Bidder who will be making the representations in the Proposal.

III.1.10. All information provided and certifications made in the Proposal must remain valid and remain in full force for no less than five (5) business days after close of bidding in the RFP. Regardless of the reason, if any information provided changes or any previous certification fails to remain valid, it is the sole responsibility of the Bidder to notify the Independent Evaluator of such change at least three business days before the Part 2 Date. Failing to do so may result in disqualification of the Bidder and the Proposal.

The Independent Evaluator reserves the right to vary the assessment of the Proposal based on the revised information provided by the Bidder.

Article IV. Part 1 Proposal Requirements

IV.1. General

IV.1.1. To participate in the RFP, a party must meet the qualification requirements as detailed in this Article. These qualification requirements include providing contact information, providing financial information for a creditworthiness assessment, as well as making representations to ensure that the Bidder can perform under the terms of the SPAECPSA.

IV.1.2. The exclusive method for submitting information related to the Part 1 Proposal is to use the Part 1 Form. Three (3) originals of the Part 1 Form are required. Except as otherwise explicitly indicated, a Bidder includes in its Part 1 Proposal one (1) copy of the documents required in this Article IV, either in hard copy or electronically on a CD or by email. All materials for the Part 1 Proposal must be received by the Part 1 Date.

IV.2. Creditworthiness Information

IV.2.1. Per the SPAECPSA, the Bidder must clearly select one of the following three options: (a) seek an unsecured line of credit by relying on its own financial standing for purposes of submitting to the creditworthiness standards of the SPAECPSA; (b) seek an unsecured line of credit by relying on the financial standing of a guarantor (the "Guarantor") for purposes of submitting to the creditworthiness standards of the SPAECPSA; (c) elect not to apply for an unsecured line of credit and instead stand ready to post cash or a letter of credit acceptable to the Companies for the entire amount of the security due under the SPAECPSA.

IV.2.2. A Bidder that selects option (a) in Paragraph IV.2.1 must submit the following information and documents in its Part 1 Proposal: (i) The Bidder's most recent Securities and Exchange Commission ("SEC") Form 10-K; if unavailable, the most recent audited annual financial information (including a balance sheet, income statement, and cash flow statement, and any accompanying notes and schedules); (ii) The Bidder's most recent SEC Form 10-Q; if unavailable, the most recent quarterly or monthly financial data accompanied by an attestation by the Bidder's Chief Financial Officer, satisfying the requirements set out in Appendix 4, that the information submitted fairly presents in all material respects the financial condition and results of the operations of the Bidder; (iii) Any SEC Form 8-K filings by the Bidder, as well as any other public financial disclosures made by the Bidder since the release of the Bidder's most recent financial statements for any matters that are material to the Bidder's financial condition; (iv) A statement, as applicable, of rulings, judgments, litigation, contingent liabilities, revocations of authority, investigations or any other matters relating to the financial status of the Bidder that have had a material impact on the entity's financial status since the release of the Bidder's most recent financial data or most recent public financial disclosure; (v) The Bidder's senior unsecured debt rating from at least two of the following rating agencies: Standard & Poor's Rating Services ("S&P"), Moody's Investors Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") along with documentation for each rating agency showing the name of the rating agency, the type of rating, and the rating of the Bidder; and (vi) The name, title, and full contact information (address, phone number, fax number, email address) of a credit representative from the Bidder who will be able to answer questions on the documentation provided.

IV.2.3. The RFP Bidder that selects option (b) in Paragraph IV.2.1 must submit the following information and documents in its Part 1 Proposal: (i) The name of the entity serving as RFP Guarantor; (ii) The RFP Guarantor's most recent SEC Form 10-K; if unavailable, the most recent audited annual financial information (including a balance sheet, income

statement, and cash flow statement, and any accompanying notes and schedules); (iii) The RFP Guarantor's most recent SEC Form 10-Q; if unavailable, the most recent audited quarterly financial information (including a balance sheet, income statement, and cash flow statement, and any accompanying notes and schedules); if both the SEC Form 10-Q and audited quarterly financial information are unavailable, the most recent quarterly or monthly financial data accompanied by an attestation by the RFP Guarantor's Chief Financial Officer, in the form of Appendix 4, that the information submitted is true, correct and a fair representation of the RFP Guarantor's financial condition; (iv) Any SEC Form 8-K filings by the RFP Guarantor, as well as any other public financial disclosures made by the RFP Guarantor, since the release of the RFP Guarantor's most recent financial statements for any matters that are material to the entity's financial condition; (v) A statement, as applicable, of rulings, judgments, litigation, contingent liabilities, revocations of authority, investigations or any other matters relating to the financial status of the RFP Guarantor that have had a material impact on its financial status since the release of the entity's most recent financial data or most recent public financial disclosure; (vi) The RFP Guarantor's senior unsecured debt rating from at least two of the following rating agencies: S&P, Moody's, or Fitch along with documentation for each rating agency showing the name of the rating agency, the type of rating, and the rating of the entity; (vii) The name, title, and full contact information (address, phone number, fax number, email address) of a credit representative from the RFP Guarantor who will be able to answer questions on the documentation provided.

IV.2.4. A Bidder that selects option (c) in Paragraph IV.2.1 must submit the following information and documents in its Part 1 Proposal: (i) a statement, as applicable, of rulings, judgments, litigation, contingent liabilities, revocations of authority, investigations or any other matters relating to the financial status of the RFP Bidder that have had or may have a material impact on its financial status and (ii) the name,

title, and full contact information (address, phone number, fax number, email address) of a credit representative from the RFP Bidder who will be able to answer questions on the documentation provided.

IV.2.5. For all Bidders, the Part 2 Proposal requires Pre-Bid Security in the form of cash or an executed Pre-Bid Letter of Credit established for the account of the Bidder and acceptable to the Companies. The required amount for the Pre-Bid Security is specified in Article V. The standard form for the Pre-Bid Letter of Credit, provided as Appendix 3, is acceptable to the Companies. A Bidder that will not use exactly the standard form for the Pre-Bid Letter of Credit with its Part 2 Proposal (or a form with only those modifications accepted by the Companies and posted in the data room prior to the Part 1 Date) must submit with its Part 1 Proposal any and all proposed modifications to the standard Pre-Bid Letter of Credit for evaluation. The Bidder must submit a Draft Pre-Bid Letter of Credit electronically in MS-Word format, either saved to a CD or sent via email to the Independent Evaluator. The Draft Pre-Bid Letter of Credit must indicate clearly each and every modification from the standard form requested by the Bidder or its financial institution. The Independent Evaluator and the Companies will assess, in their sole and exclusive discretion, whether such modifications are acceptable. All modifications proposed by a Bidder and found to be acceptable will be posted to the web-based data room for the benefit of all Bidders. A Bidder, in its Part 2 Proposal, must provide cash or an executed Pre-Bid Letter of Credit that either uses the standard form or that incorporates only those modifications to the standard form accepted by the Companies.

IV.2.6. A Bidder that is not incorporated or otherwise formed under the laws of the United States must provide the following additional information: (i) A legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Bidder is incorporated or otherwise formed that the SPAECPSA will become, upon the completion of execution formalities, the binding obligation of the Bidder in the jurisdiction in which it has been

incorporated or otherwise formed; (ii) The sworn certificate of the corporate secretary (or similar officer) of the Bidder that the person who will be executing the SPAECPSA on behalf of the Bidder has the authority to execute the SPAECPSA and that the governing board of the Bidder has approved the execution of the SPAECPSA; (iii) The sworn certificate of the corporate secretary (or similar officer) of the Bidder that the Bidder has been authorized by its governing board to enter into agreements of the same type as the SPAECPSA.

IV.2.7. The Bidder whose Guarantor is not incorporated or otherwise formed under the laws of the United States must provide the following additional information: (i) A legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Guarantor is incorporated or otherwise formed that the standard Guaranty of the SPAECPSA will become, upon the completion of execution formalities, the binding obligation of the Guarantor in the jurisdiction in which it has been incorporated or otherwise formed; (ii) The sworn certificate of the corporate secretary (or similar officer) of the Guarantor that the person executing the Guaranty on behalf of the Guarantor has the authority to execute the Guaranty and that the governing board of the Guarantor has approved the execution of the Guaranty; (iii) The sworn certificate of the corporate secretary (or similar officer) of the Guarantor that the Guarantor has been authorized by its governing board to enter into agreements of the same type as the standard Guaranty of the SPAECPSA.

IV.3. Additional Requirements

IV.3.1. An Officer of the Bidder is an individual empowered to undertake contracts and bind the Bidder. The Bidder must provide the name, title, and full contact information (address, phone number, fax number, email address) of an Officer of the Bidder who will be making the representations in the Part 1 Proposal and in the Part 2 Proposal.

IV.3.2. The Officer of the Bidder must, in the Part 1 Proposal, certify that the Bidder is a corporation, partnership, limited liability company or other legal entity, duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania or, if another jurisdiction, that the Bidder is duly registered and authorized to do business and is in good standing in such other jurisdiction.

IV.3.3. The Officer of the Bidder must, in the Part 1 Proposal, certify that all information provided in the Part 1 Proposal is true and accurate to the best of the Officer's knowledge and belief.

IV.3.4. The Officer of the Bidder must, in the Part 1 Proposal, certify that the Officer is authorized to submit the Part 1 Proposal on behalf of the Bidder and is authorized to bind the Bidder.

IV.3.5. The Officer of the Bidder must, in its Part 1 Proposal, certify that the Officer has read the SPAECPSA and that the Bidder accepts all of the terms of the SPAECPSA without modifications.

IV.3.6. The Officer of the Bidder must, in its Part 1 Proposal, certify that the Officer has read these RFP Rules and that the Bidder accepts all terms of the RFP Rules and agrees to comply with the RFP Rules, including: (i) agreement that if the Bidder becomes a winner, it will execute the SPAECPSA within three (3) business days of approval of the procurement results by the PaPUC and (ii) agreement that if the Bidder becomes a winner, it will comply with the financial security requirements set forth in the SPAECPSA.

IV.3.7. The Officer of the Bidder must, in its Part 1 Proposal, certify that its Part 1 Proposal will remain in full force until: (i) the PaPUC has accepted the results of the RFP and the Bidder did not win any Tranches; or (ii) the PaPUC has accepted the results of the RFP, the Bidder won Tranches, the Bidder has executed the SPAECPSA, and the Bidder has satisfied the creditworthiness standards of the SPAECPSA; or (iii) the PaPUC has

rejected the results of the RFP; but (iv) in no event less than five (5) business days after the close of bidding for the RFP.

IV.3.8. The Officer of the Bidder must certify in the Part 1 Proposal that if for any reason or due to any circumstance, any information provided in the Part 1 Proposal changes or any certification fails to remain valid, the Bidder will notify the Independent Evaluator of such changes at least three (3) business days before the Part 2 Date and will provide the updated information at least one (1) business day before the Part 2 Date.

IV.3.9. An Officer of the Bidder must, in its Part 1 Proposal, certify that the Bidder is not acting and will not act through a partnership, joint venture, limited liability partnership, or other association, organization, or any other arrangement with respect to its Proposal. If unable to make such a certification, the Officer of the Bidder must disclose the members of the partnership, joint venture, or other joint action with respect to its Proposal, as well as the nature of the association, agreement or joint action. A Bidder acting in concert with another Bidder may be disqualified by the Independent Evaluator on behalf of the Companies in their sole and exclusive discretion.

IV.3.10. An Officer of the Bidder must, in its Part 1 Proposal, certify (i) that there are no actions at law, suits in equity, proceedings or claims pending or, to such Bidder's knowledge, threatened against the Bidder before any federal, state, foreign or local court, tribunal or government agency or authority that might materially delay, prevent or hinder the Bidder's performance of its obligations under the terms of any SPAECPSA; (ii) the Bidder has not had any permit or authority to do business in any jurisdiction revoked or suspended; and (iii) the Bidder and its corporate officers have never been barred from public bidding or sanctioned for unauthorized disclosure of confidential information.

IV.3.11. An Officer of the Bidder must, in the Part 1 Proposal, certify that if the Bidder qualifies to participate in the RFP, the Bidder will not substitute another entity in its place, transfer its rights to another entity, or otherwise assign its status as Qualified Bidder to another entity.

IV.3.12. All information provided and certifications made in the Part 1 Proposal must remain valid and remain in full force no less than five (5) business days after the close of bidding for the RFP. Regardless of the reason, if any information provided in the Part 1 Proposal changes or any previous certification fails to remain valid, it is the sole responsibility of the Bidder to notify the Independent Evaluator of such change at least at least three (3) business days before the Part 2 Date and to provide the updated information at least one (1) business day before the Part 2 Date. The Independent Evaluator reserves the right to vary the assessment of the Part 1 Proposal based on the revised information provided by the Bidder.

Article V. Part 2 Proposal Requirements

V.1. General

V.1.1. Only a Bidder that has satisfied the qualification requirements of the Part 1 Proposal may submit a Part 2 Proposal. To participate in the RFP, a Bidder must meet all requirements detailed in this Article for the Part 2 Proposal. These requirements include providing a Bid, providing financial guarantees to support that Bid, and making a number of certifications to ensure that the Bidder is bidding independently and is maintaining the confidentiality of information.

V.1.2. The Part 2 Form is the exclusive method for submitting information required by the Part 2 Proposal. Three (3) originals of the Part 2 form are required. All materials for the Part 2 Proposal, including Pre-Bid Security, must be received by noon (12:00 PM) on the Part 2 Date.

V.1.3. A Bidder that is associated with another Bidder, as further detailed in Appendix 6, may be subject to additional requirements in its Part 2 Proposal. A qualified Bidder is “associated with” another Bidder if the two Bidders have ties that could allow them to act in concert or that could prevent them from competing actively against each other.

V.2. Bids

V.2.1. A Bidder submits a Bid with its Part 2 Proposal.

V.2.2. Bids in the RFP are submitted in hard copy.

V.2.3. Bids must be submitted by noon (12:00 PM) on the Part 2 Date exclusively using the Bid Submittal Sheet for the RFP.

V.2.4. A Bid consists of three elements: (i) a price in dollars per SPAEC in the format $x.xx, $xx.xx or $xxx.xx (rounded to the nearest cent); (ii) a specification of the maximum number of Tranches offered; and, (iii) an indication of whether the bid is "all or nothing." The price per SPAEC applies to all Tranches for which the Bidder is making an offer.

V.2.5. A Bidder may not Bid on less than a full Tranche. The Bidder may not Bid on fractions, portions or parts of Tranches.

V.2.6. Every Bid is a binding obligation to provide the supply for SPAECs at the price at which the Bid was made. By placing its Bid, the Bidder is declaring that it stands ready, willing and able to supply the SPAECs represented by the Tranches that it Bid, at the prices indicated.

V.2.7. The number of Tranches for which a Bidder submits a Bid cannot exceed the SPAEC Cap. The SPAEC Cap is intended to promote supplier diversity, consistent with PaPUC policy.

V.2.8. Unless indicated as an "all-or-nothing" Bid, Bids will be considered an offer to supply any quantity up to and including the number of Tranches specified in the Bid (an "up-to" Bid). Recognizing that the magnitude of SPAEC sales to the Companies may affect financing or other commercial considerations for Qualified Bidders, "all-or-nothing" Bids will be allowed, such that Qualified Bidders will not be bound to supply SPAECs in quantities other than those Bid. However, the designation of a Bid as "all-or-nothing" will apply to no more than 4 Tranches. For any Bids that exceed 4 Tranches

and are designated as "all or nothing," the "all or nothing" portion of the Bid will apply to the first 4 Tranches only (i.e., the Bid may be accepted for the supply of 4 or more Tranches "up to" the number of Tranches bid).

Illustrative outcomes of allowing all-or-nothing bidding are shown below. In each scenario, five Bidders are assumed to Bid quantities that aggregate to an amount exceeding a hypothetical Tranche Target of 15 Tranches. Therefore, to result in the lowest-cost combination of Bids that meets the Tranche Target, one or more Bids must be excluded. All Bids are on an "up-to" basis with the exception of Bid #4, which is all-or-nothing.

Illustrative "All-Or-Nothing" Bid Scenarios

		Scenario A: All-or-nothing **included** in low-cost combination		Scenario B: All-or-nothing **excluded** from low-cost combination	
Bidder	Bid Type	Quantity	Price	Quantity	Price
#1	"Up to"	6	$50	6	$50
#2	"Up to"	5	$60	5	$60
#3	"Up to"	2	$90	2	$75
#4	"All-or-nothing"	4	$100	4	$100
#5	"Up to"	2	$150	2	$105
Low Cost Combination		15	$66.67	15	$64.00

Excluded bids in each scenario are shaded in gray.

In scenario A, the combination of bids that minimizes the cost of the procurement includes the all-or-nothing Bid, but excludes Bid #3 and Bid #5 (where excluded Bids are shaded in gray). Conversely, in scenario B, the combination of bids that minimizes the cost of the procurement excludes the all-or-nothing Bid.

V.2.9. In the event of "tied" up-to bids (i.e., bids with the same offer price) that cannot be accepted up to their maximum tranche offers, the available tranches will be divided on a pro-rata basis based on each Bidder's maximum tranche offer, after first subtracting

out the tranches requested in any all-or-nothing bids that are part of the tied bids. For example, consider a situation where 6 tranches are to be allocated to two tied bidders, where one bid is "up to" 4 tranches and the other bid is "up to" 8 tranches. In this case, 2 tranches will be assigned to the "up-to-4-tranche" bidder, and 4 tranches will be assigned to the "up-to-8-tranche" bidder.

V.2.10. All Bidders that win Tranches and are authorized as suppliers receive the price they Bid.

V.2.11. A Bid that is not expressed in dollars per SPAEC will automatically be rejected.

V.2.12. The number of Tranches stated by the Bidder in its Bid for the RFP determines the amount of Pre-Bid Security that a Bidder must provide with its Part 2 Proposal, as detailed in the next Section.

V.3. Pre-Bid Security

V.3.1. The Bidder, in its Part 2 Proposal, must provide Pre-Bid Security in the form of cash or an executed Pre-Bid Letter of Credit that either uses the standard form as provided in Appendix 3, or that incorporates only those modifications to the standard form accepted by the Companies. All modifications to the standard form of the Pre-Bid Letter of Credit accepted for the benefit of a single Bidder will be posted to the web-based data room and made available to all Bidders on an optional basis.

V.3.2. The amount of the Pre-Bid Security must be equal to 10% of the security required under the SPAECPSA relevant to the maximum number of Tranches that Bidders are proposing to supply in the Bids. According to the terms of the SPAECPSA, security requirements per Tranche equal 500 SPAECs (representing the annual SPAEC obligation per Tranche) multiplied by twice the price offer made by the Bidder.

Example: Deposit required upon submission of Bid

A Qualified Bidder submits a Bid of up to 5 Tranches at $100 per SPAEC. The Bid must be accompanied by a deposit equal to 10% of the associated security requirements under the SPAECPSA at the maximum Tranche offer. The security requirements equal the annual SPAEC supply obligation (i.e., the number of Tranches x 500 SPAECS per Tranche), multiplied by twice the bid price. Therefore, in this case, the required bid deposit is:

10% x (5 x 500) x (2 x 100) = $50,000.

V.3.3. The Pre-Bid Security for the RFP must be provided no later than the Part 2 Date. The Independent Evaluator holds Pre-Bid Letters of Credit on behalf of the Companies. If a Bidder wishes to post Pre-Bid Security in the form of cash, then it must electronically transfer the cash to the Companies based on instructions to be posted to the web-based data room.

V.3.4. If the Bidder submits a Pre-Bid Letter of Credit that does not conform to the standard form provided in Appendix 3 or incorporates modifications to the standard form other than those accepted by the Companies, that Bidder's Part 2 Proposal is considered deficient. The Bidder may not be permitted to submit Bids in the RFP.

V.3.5. A Bidder will forfeit its Pre-Bid Security if: (i) the Bidder has made a material omission or misrepresentation in its Part 1 Proposal or in its Part 2 Proposal; (ii) the Bidder discloses information relating to its Proposal or its Bids publicly or to any other party before the PaPUC, the Companies, or the Independent Evaluator has disclosed the names of the winning suppliers and the winning Bid prices of the RFP; (iii) the Bidder wins one or more Tranches and fails to execute the SPAECPSA within three (3) business days of the PaPUC's approval of the results of the RFP; or (iv) the Bidder wins one or

more Tranches and fails to meet the creditworthiness requirements of the SPAECPSA at the time of its execution.

V.3.6. The Independent Evaluator will release the Pre-Bid Letters of Credit and the Companies will return pre-bid cash security as soon as practicable if the PaPUC rejects the results of the RFP. If the PaPUC accepts the results of the RFP, the Pre-Bid Letter of Credit of a Bidder will be released: (i) the business day after the PaPUC decision if the Bidder does not win any Tranches; or (ii) the business day after the Bidder executes the SPAECPSA and meets the creditworthiness requirements under the SPAECPSA if the Bidder wins Tranches in the RFP.

V.4. Additional Requirements

V.4.1. An Officer of the Bidder is an individual empowered to undertake contracts and bind the Bidder.

V.4.2. The Officer of the Bidder must, in the Part 2 Proposal, certify that all information provided in the Part 2 Proposal is true and accurate to the best of the Officer's knowledge and belief.

V.4.3. The Officer of the Bidder must, in the Part 2 Proposal, certify that the Officer is authorized to submit the Part 2 Proposal on behalf of the Bidder and is authorized to bind the Bidder.

V.4.4. An Officer of the Bidder must, in the Part 2 Proposal, certify that any Bid submitted for in the RFP creates a binding and irrevocable offer to provide service under the terms set forth in the SPAECPSA. An Officer of the Bidder must further certify that if the PaPUC approves the results of the RFP, a binding and enforceable contract to provide service with respect to the number of Tranches for which the Bidder is a winner will arise under the SPAECPSA at the final RFP prices.

V.4.5. The Officer of the Bidder must, in the Part 2 Proposal, certify that its Part 2 Proposal will remain in full force and effect until the earliest to occur of: (i) the PaPUC has

accepted the results of the RFP and the Bidder did not win any Tranches; or (ii) the PaPUC has accepted the results of the RFP, the Bidder won Tranches, the Bidder has executed the SPAECPSA, and the Bidder has satisfied the creditworthiness standards of the SPAECPSA; or (iii) the PaPUC has rejected the results of the RFP; but (iv) in no event less than five (5) business days after the close of bidding for the RFP.

V.4.6. The Officer of the Bidder must, in the Part 2 Proposal, certify that it is bidding independently and that it does not have information concerning a Proposal or Bids being submitted by another Bidder in the RFP. Such information includes, but is not limited to: another Bidder's Bids in the RFP; the quantities that another Bidder wishes to serve; another Bidder's estimation of the value of a Tranche; another Bidder's estimation of the risks associated with serving Tranches under the SPAECPSA; and another Bidder's contractual arrangements with a party to serve Tranches were the Bidder to be a winner of the RFP. This certification must be binding and in effect until the Commission has rendered a decision on the RFP results.

V.4.7. An Officer of the Bidder must, in the Part 2 Proposal, certify that, except for any communication with its financial institution for the purpose of preparing the Pre-Bid Letter of Credit, the Bidder has not disclosed and will not disclose publicly or to any other party any information relating to its Proposal or its Bids, which could have an effect on whether another party submits a Proposal to participate in the RFP, on whether another party submits Bids in the RFP, or on the contents of the Proposal that another Bidder would be willing to submit to participate in the RFP. Such information includes, but is not limited to: the fact that the Bidder is submitting a Proposal to participate in the RFP; the Bidder's Bids in the RFP; the number of tranches that a Bidder wishes to supply; the Bidder's estimation of the value of a Tranche; the Bidder's contractual arrangements for SPAECs with a party to serve Tranches; and, the Bidder's estimation of the risks associated with serving Tranches under the SPAECPSA. Such

certification must hold until the PaPUC has disclosed the names of the winning suppliers and the winning Bid prices of that particular RFP.

V.4.8. An Officer of the Bidder must, in its Part 2 Proposal, certify that it will hold confidential any results or data from the RFP, until such time that the results or data are released by the PaPUC, the Companies, or the Independent Evaluator and are no longer confidential. Such information includes any information that a Bidder acquires as a result of participating in the RFP process, whether in writing or verbally, and that has not been made public by the PaPUC, the Companies, or the Independent Evaluator. Such information also includes, but is not limited to the status of the Bidder's participation in the RFP, all reports of results and announcements made by the Independent Evaluator to all or any one Bidder during the RFP.

V.4.9. An Officer of the Bidder must, in the Part 2 Proposal, certify that if the Bidder wins Tranches in the RFP, the Bidder will demonstrate compliance with the creditworthiness requirements set forth in the SPAECPSA within three (3) business days of the PaPUC approval of the results for the RFP.

V.4.10. An Officer of the Bidder must, in the Part 2 Proposal, certify that the Bidder will not substitute another entity in its place, transfer its rights to another entity, or otherwise assign its status as a Bidder to another entity.

V.4.11. The Officer of the Bidder must agree that the submission of a Part 1 Proposal or a Part 2 Proposal to the Companies constitutes the Bidder's acknowledgement and acceptance of all the terms and conditions of these RFP Rules, regardless of the outcome of the RFP or the ultimate fate of such Proposal.

V.4.12. All information provided and certifications made in the Part 2 Proposal must remain valid and remain in full force until: (i) the PaPUC has accepted the results of the RFP and the Bidder did not win any Tranches; or (ii) the PaPUC has accepted the results of the RFP, the Bidder won Tranches, the Bidder has executed the SPAECPSA, and the Bidder has satisfied the creditworthiness standards of the SPAECPSA; or (iii) the PaPUC

has rejected the results of the RFP; but (iv) in no event less than five (5) business days after the close of bidding for the RFP.

Article VI. Instructions for Preparation of Proposals

VI.1.1. A Bidder must submit its Proposal in various parts, using the Part 1 and Part 2 Forms attached as Appendices 5 and 6 hereto, including the Bid Submittal Sheet provided for the RFP.

VI.1.2. A Bidder must deliver its Part 1 Proposal by 12 PM (noon) on the Part 1 Date. A Bidder that is qualified pursuant to a successful Part 1 Proposal and that submits a Part 2 Proposal must deliver its Part 2 Proposal by 12 PM (noon) on the Part 2 Date.

VI.1.3. The Part 1 Proposal consists of three (3) original Part 1 Forms, as well as one (1) copy of all documents required by Article IV. A Bidder must deliver any hard copy information or document related to its Part 1 Proposal (see Paragraph IV.1.2) by certified mail, registered mail, hand delivery, or overnight delivery service to the Companies at the following address:

The Brattle Group
SPAEC RFP Independent Evaluator
1850 M Street, NW
Suite 1200
Washington, DC 20036

VI.1.4. Oral, telephonic, electronic, or faxed Part 1 Proposals will not receive consideration.

VI.1.5. The Part 2 Proposal consists of three (3) original Part 2 Forms as well as Pre-Bid Security as described in Article V. A Bidder must deliver the Part 2 Proposal by certified mail, registered mail, hand delivery or overnight delivery service to the Companies at the following address:

The Brattle Group
SPAEC RFP Independent Evaluator
1850 M Street, NW
Suite 1200
Washington, DC 20036

VI.1.6. A Bidder must assume full responsibility for timely delivery in the manner and to the location specified in these RFP Rules.

VI.1.7. Proposals must be submitted in the complete legal name of the party that will execute the SPAECPSA should the party be a winning Bidder and should the PaPUC approve the RFP results.

Article VII. <u>Evaluation of Proposals</u>

VII.1. Part 1 Proposal Processing and Evaluation

VII.1.1. The Evaluation Team will consist of representatives of the Independent Evaluator, one or more credit representatives from the Companies, and a legal representative on behalf of the Companies. Not all representatives of the Evaluation Team need participate in the review of a specific aspect of the Part 1 Proposal. A representative from the PaPUC may be present when Part 1 Proposals are processed. Information regarding the content or status of any Part 1 Proposal will not be released publicly or to any individual Bidder during the evaluation process.

VII.1.2. The Evaluation Team will review Part 1 Proposals upon receipt through noon on the Part 1 Date. The Evaluation Team will assess the Part 1 Proposals for completeness and compliance with the terms and conditions of Article IV of these RFP Rules.

VII.1.3. A Part 1 Proposal is complete and compliant with the terms and conditions of Article IV if: (i) all financial information specified in Section IV.1 has been provided; (ii) all certifications and other requirements have been provided and are signed by an Officer of the Bidder. Further, unless the Bidder is posting cash for its Pre-Bid Security or is using the standard form for the Pre-Bid Letter of Credit (or a form with modifications accepted by the Companies and posted in the data room prior to the Part 1 Date), the Bidder will submit a draft Pre-Bid Letter of Credit. The Bidder includes, in its Part 1 Proposal, a certification that the Bidder is bidding independently and is not acting in

concert with another Bidder. The Independent Evaluator may request additional information to ascertain that the Bidder is bidding independently of other Bidders. A Bidder that is not bidding independently of another Bidder may fail to qualify.

VII.1.4. If the Independent Evaluator determines that any aspect of the Bidder's Part 1 Proposal is deficient because the Bidder's submission is incomplete or is not compliant with the terms of these RFP Rules, the Independent Evaluator will issue a deficiency notice requesting that the Bidder complete or provide additional information with respect to that particular aspect of its Part 1 Proposal. A Bidder will have until noon on the Part 1 Date, or until 6:00 PM on the business day following the business day during which such a notice was issued to the Bidder, whichever is later, to respond to the deficiency notice. The Evaluation Team will evaluate any response to a deficiency notice on the day it is received. If the response is not sufficient to cure the deficiency, the Independent Evaluator may request additional information and provide another opportunity for the Bidder to provide the required clarification or additional information to cure the deficiency.

VII.1.5. The Evaluation Team reviews draft Pre-Bid Letters of Credit on the business day of receipt. The Independent Evaluator notifies the Bidder within two (2) business days whether modifications incorporated in the draft Pre-Bid Letter of Credit are acceptable.

VII.1.6. When the evaluation of the Part 1 Proposals is complete, Bidders will be either qualified or disqualified. A Bidder is qualified if the Bidder submitted a Part 1 Proposal, as supplemented or amended in response to deficiency notices issued by the Independent Evaluator, that is complete and compliant will the requirements of these RFP Rules. In all other circumstances, the Bidder will be disqualified. Only Qualified Bidders will be invited to submit Part 2 Proposals.

VII.1.7. The Independent Evaluator notifies a Bidder whether it has qualified no later than the fifth business day after the Part 1 Date.

VII.2. Part 2 Proposal Processing and Evaluation

VII.2.1. The Evaluation Team will consist of representatives of the Independent Evaluator, one or more credit representatives from the Companies, and a legal representative on behalf of the Companies. A representative from the PaPUC may be present when Part 2 Proposals are processed or when Bids are evaluated. Information regarding the content or status of any Part 2 Proposal will not be released to any Bidder during the evaluation process.

VII.2.2. Part 2 Proposals will only be considered for those Bidders that have met the qualification requirements of Article IV.

VII.2.3. The RFP format considers Bids from Bidders that have met all qualification requirements on a price-determinative basis.

VII.2.4. The PaPUC Staff will have access to all Bids and will be provided with a report from the Independent Evaluator. The Companies will not, at any time during the RFP, have access to any Bidder's individual Bid.

VII.2.5. Part 2 Proposals must be received by the Independent Evaluator no later than noon on the Part 2 Date. The Independent Evaluator will assess the Part 2 Proposal for completeness and compliance with the terms and conditions of Article V of these RFP Rules.

VII.2.6. The Independent Evaluator will assess whether all certifications required in the Part 2 Proposal, as specified in Article V.4, have been submitted. If they have not, the Part 2 Proposal will be rejected.

VII.2.7. The Independent Evaluator will assess whether the Bidder has provided Pre-Bid Security in the form of cash or an executed Pre-Bid Letter of Credit for the account of the Bidder that either uses the standard form or that incorporates only those modifications to the standard form accepted by the Companies. If the Bidder has

submitted a Pre-Bid Letter of Credit that is not acceptable to the Companies, or if it is not for the account of the Bidder, the Part 2 Proposal may be rejected.

VII.2.8. Proposals received from a Bidder may be eliminated from further consideration at any point, in the Independent Evaluator's and the Companies' sole and exclusive discretion, for any of the following reasons including (but not limited to): (i) Failure to provide clarification of, or additional information relating to, any aspect of the Proposal as requested by the Independent Evaluator; (ii) Attempts or the appearance of attempts to improperly influence the consideration of the Proposals; (iii) Failure to honor representations made in a Part 1 Proposal or a Part 2 Proposal; and (iv) Illegal conduct, including a Bidder acting in concert with another Bidder.

VII.3. Commission Approval and Review

VII.3.1. The Independent Evaluator will prepare a report two (2) business days after the Part 2 Date. This report will present the results of the RFP. The Independent Evaluator's report will also summarize the most recent processing and evaluation of Proposals. The PaPUC will have three (3) business days after report submission to decide whether to approve the results. If the PaPUC does not issue a decision in three (3) business days, the results are deemed approved. If the results are approved by the PaPUC, the Independent Evaluator will notify all Bidders of the PaPUC's decision. There is no minimum number of bids that must be received in order for the PaPUC to approve the bid results.

VII.3.2. The report of the Independent Evaluator submitted to the Commission will include a state of the market (i.e., "benchmarking") report on the SPAEC market. As part of its content, the benchmarking report will note the number of potential bidders. At least five (5) business days prior to the date bids close (i.e., the Part 2 Date), the benchmarking report will be provided to the Office of Consumer Advocate ("OCA") and Office of Small Business Advocate ("OSBA") on a confidential basis. The OCA and

OSBA will have three (3) business days to review the report and provide comments to the Independent Evaluator on a confidential basis. The Independent Evaluator will append any comments provided by the OCA and OSBA to the report that the Independent Evaluator provides to the PaPUC.

VII.3.3. The Bidders that have approved Bids will have three (3) business days from the date of the PaPUC's approval to execute the SPAECPSA without modifications with each of the Companies. If a winning Bidder fails to execute the SPAECPSA within three (3) business days from the PaPUC's approval, the winning Bidder may forfeit its Pre-Bid Letter of Credit.

Article VIII. <u>Reserved Rights</u>

VIII.1. Non-Binding RFP

VIII.1.1. At any time prior to the execution of the SPAECPSA, the PaPUC has the exclusive right to withdraw and terminate the RFP without any liability or responsibility to any Bidder or any other party, for reasonable cause including, but not limited to, adverse statutory changes or interpretations, issuance of new PaPUC orders and/or regulations, market conditions, or any other extraordinary circumstances that preclude these RFP Rules from being implemented in substantially the manner described herein.

VIII.1.2. Subject to PaPUC approval, the Companies reserve the right to withdraw or terminate the RFP at least two (2) days before the submission of any Bids are due and with notice to Qualified Bidders, without any liability or responsibility to any Bidder or any other party, for reasonable cause including, but not limited to, adverse statutory changes or interpretations, issuance of new PaPUC orders and/or regulations, market conditions, hurricanes, or any other extraordinary circumstances that preclude these RFP Rules from being implemented in substantially the manner described herein.

VIII.1.3. The Companies will not be liable to any Bidder or any other party for failure to execute an SPAECPSA. Nothing herein may be construed to bind the Companies unless and until the PaPUC has approved winning Bid(s), and each SPAECPSA with a Bidder has been executed and is effective. Once effective, the SPAECPSA will govern the relationship between and the responsibilities of the parties to that agreement and not the RFP Rules or any documents relating thereto.

VIII.1.4. The Companies and the Independent Evaluator reserve the right to reject Proposals submitted in response to the RFP that are incomplete, or do not conform to the requirements of the these RFP Rules, or are submitted beyond the deadline for submission.

VIII.2. Proposals Become the Companies' Property

VIII.2.1. All Proposals submitted by Bidders in response to the RFP will become the exclusive property of the Companies upon the receipt of such document(s).

VIII.3. Confidentiality

VIII.3.1. The Companies and the Independent Evaluator will consider all data and information provided by Bidders in response to the RFP to be confidential and will attempt to limit their disclosure to the public in accordance with the provisions of this Article (the "Confidentiality Provisions"). The Companies will also take reasonable action to ensure that their employees, representatives and agents authorized to consider and evaluate all Proposals protect the confidentiality of such data and information. The Evaluation Team will be provided access to the Bidder's Proposals on a need-to-know basis. Each member of the Evaluation team will be required to sign a Confidentiality Statement, in the form attached hereto as Appendix 2, prior to opening any Proposals and commencing the evaluation thereof.

VIII.3.2. However, absolute protection from public disclosure of the Bidders' data and information filed in response to the RFP cannot be provided and is not intended. For example, the Companies will provide access to the Bidders' data and information to selected personnel/staff from the PaPUC in order to allow the PaPUC to accept or reject the RFP results. Moreover, the Companies expect to request that the PaPUC permit the public release of information relating to the total number of Proposals received in response to the RFP, the names of the winning Bidders, and the average price per SPAEC for results accepted by the PaPUC. By submitting a Proposal in response to the RFP, a Bidder acknowledges and agrees to the confidentiality provisions set forth herein, as well as any limitations thereto.

VIII.3.3. In addition, the Bidders' data and information filed in response to the RFP will be disclosed if required by any federal, state or local agency (including, without limitation, the PaPUC) or by a court of competent jurisdiction. However, the Companies will notify the Bidder in advance of such disclosure and cooperate with such Bidder, to the extent deemed reasonable by the Companies, and at the expense of the Bidder, to prevent the disclosure of such materials. In any event, the Companies, their employees, and agents will not be responsible to the Bidders or any other party or liable for any disclosure of such designated materials before, during or subsequent to the RFP. Notwithstanding the above, the Companies reserve the right to use and communicate publicly and/or to third parties any and all information/data submitted in any Proposal in all proceedings before the PaPUC and the courts, if necessary, without the prior consent/approval of, or notice to, any such Bidder.

SOLAR PHOTOVOLTAIC ALTERNATIVE ENERGY CREDIT PURCHASE AND SALE AGREEMENT

for

Metropolitan Edison Company,

Pennsylvania Electric Company,

and

Pennsylvania Power Company

TABLE OF CONTENTS

Article	Subject	Page
ARTICLE 1	DEFINITIONS	2
ARTICLE 2	TERM OF AGREEMENT	6
ARTICLE 3	DELIVERY, BILLING AND PAYMENT	7
ARTICLE 4	TAXES AND FEES	9
ARTICLE 5	CREDIT AND SECURITY	10
ARTICLE 6	REPRESENTATIONS AND WARRANTIES	13
ARTICLE 7	ASSIGNMENT	14
ARTICLE 8	FORCE MAJEURE	15
ARTICLE 9	CHANGE IN LAW	16
ARTICLE 10	EVENTS OF DEFAULT	16
ARTICLE 11	REMEDIES UPON DEFAULT	18
ARTICLE 12	INDEMNIFICATION	19
ARTICLE 13	CONFIDENTIALITY	19
ARTICLE 14	GOVERNING LAW; WAIVER OF TRIAL BY JURY	20
ARTICLE 15	MISCELLANEOUS	20

Appendices

Appendix A Guaranty Agreement

Appendix B Letter of Credit Documentation

Appendix C SPAEC Transaction Confirmation

SOLAR PHOTOVOLTAIC ALTERNATIVE ENERGY CREDIT PURCHASE AND SALE AGREEMENT

THIS SOLAR PHOTOVOLTAIC ALTERNATIVE ENERGY CREDIT PURCHASE AND SALE AGREEMENT ("Agreement"), made and entered into as of the Effective Date, by and between the ("Company"), a Pennsylvania public utility company organized and existing under the laws of the Commonwealth of Pennsylvania, and SPAEC Supplier (the "SPAEC Supplier"). The Company and the SPAEC Supplier hereinafter are also sometimes referred to collectively as the "Parties", or individually as a "Party", and are further identified pursuant to Appendix C of this Agreement.

WITNESSETH:

WHEREAS, under the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §2801 et seq., and under the Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1 et seq. (the "AEPS Act" or the "Act" as amended from time to time), the Company is an electric distribution company engaged, *inter alia*, in providing retail electric service within its service territory located within the Commonwealth of Pennsylvania; and

WHEREAS, the Company has conducted and completed a successful competitive bidding process for the procurement of Solar Photovoltaic Alternative Energy Credits ("SPAECs") in which SPAEC Supplier was a successful bidder; and

WHEREAS, SPAEC Supplier owns, or otherwise has the right to sell, the rights to SPAECs from certain Solar Photovoltaic Alternative Energy Sources (the "Projects") associated with the electricity generated by such Projects; and

WHEREAS, SPAEC Supplier desires to sell SPAECs from the Projects to the Company, and the Company desires to purchase such SPAECs from SPAEC Supplier in order to satisfy the Company's obligations under the Act, subject to the terms and conditions set forth herein;

.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby covenant, promise and agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Definitions. As used in this Agreement, the following terms have the respective meanings set forth below. Other capitalized terms not set forth in this section are defined elsewhere in this Agreement or have the meaning ascribed to them by the Act.

Act or **Alternative Energy Portfolio Standards Act** has the meaning set forth in the Recitals, and, among other things, requires the Company to obtain alternative energy credits corresponding to electricity generated from Solar Photovoltaic Alternative Energy Sources equal to a stipulated percentage of the total electric energy sold by the Company in each Reporting Year, as measured by Alternative Energy Credits.

Affiliate SPAEC Agreement means an agreement substantially in the form of this Agreement between SPAEC Supplier and any affiliate of the Company for the purchase and sale of SPAECs.

Agreement means all of the provisions, the exhibits incorporated as part of this Agreement, and any other documents incorporated by reference.

Alternative Energy Credit has the meaning ascribed to such term in the Act.

Alternative Energy Portfolio Standards or "**AEPS**" means those standards established by the Act requiring that a certain amount of electric energy sold from alternative energy sources is to be included as part of the sources of electric generation by electric utilities within the Commonwealth of Pennsylvania in accordance with the Act as it may be amended from time to time.

Alternative Energy Source has the meaning ascribed to such term in the Act, and includes sources for the production of solar photovoltaic or other solar electric energy.

Bankruptcy Code means those laws of the United States of America related to bankruptcy, codified and enacted as Title 11 of the United States Code, entitled "Bankruptcy" and found at 11 U.S.C. § 1101 et seq.

Business Day means a day on which Federal Reserve member banks in New York City are open for business. For purposes of this Agreement, a Business Day shall open or begin at 8:00 a.m. and shall close or end at 5:00 p.m. Eastern Prevailing Time ("EPT").

Confidential Information means all oral and written information exchanged between the Parties which is not otherwise available to the public with respect to the subject matter of this Agreement except (a) information that is or becomes available to the public other than as a result of a disclosure by either Party on a non-confidential basis prior to this Agreement; (b) information that was already known by either Party on a non-confidential basis prior to this Agreement; and (c) information that becomes available to either Party on a non-confidential basis from a source other than the other Party if such source was not subject to any prohibition against disclosing the information to such Party.

Commission means the Pennsylvania Public Utility Commission.

Commodities Exchange Act means the Commodities Exchange Act as amended and codified at 7 U.S.C. § 1 et seq.

Company - Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company or West Penn Power Company as designated in Appendix C.

Credit Exposure Amount has the meaning set forth in Section 5.2 hereof.

Delivery Date means the date on which PJM GATS issues a written, facsimile or electronic confirmation to Company and SPAEC Supplier of the SPAEC Supplier's transfer order instructing PJM GATS to transfer Product to Company's PJM GATS account.

Delivery Period – the delivery period specified in Appendix C.

Effective Date means the date set forth in Appendix C as the effective date.

Event of Default has the meaning set forth in Section 10.1 hereof.

Force Majeure means an event not anticipated as of the Effective Date, which is not within the reasonable control of the Party affected thereby or attributable to such Party's fault or negligence, and which by the exercise of due diligence the affected Party is unable to overcome or obtain or cause to be obtained a commercially reasonable substitute therefore. Force Majeure includes, but is not limited to: acts of God, civil disturbance, sabotage, action or restraint by court order or public or government authority, so long as the affected Party has not applied for, or assisted in, the application for, and has opposed, where and to the extent reasonable, such government action. Force Majeure shall not include a) the SPAEC Supplier's ability to sell SPAECs to a market at a more advantageous price, b) performance failure on the part of one or more Projects, which may be relied upon by the SPAEC Supplier in order to generate SPAECs for sale and delivery hereunder or otherwise, c) increased cost of performance by SPAEC Supplier (including the reduction or elimination of Project Benefits associated with the production of SPAECs by any Project), d) changes in the requirements of any Governmental Authority, including registration requirements for SPAECs; or e) other occurrences to the degree not also constituting a *force majeure* under the Act; *provided, however, that*, a determination of *force majeure* under the Act shall not, in and of itself, alone, constitute an event of Force Majeure under this Agreement.

Forward Contract has the meaning ascribed to such term in Section 101(25) of the Bankruptcy Code.

Forward Contract Merchant has the meaning ascribed to such term in Section 101(26) of the Bankruptcy Code.

Governmental Authority means the federal government, any state or local government or other political subdivision thereof (whether federal, state or local), any court and any administrative agency or other regulatory body, instrumentality, authority or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

Interest Rate means a per annum rate of interest equal to two (2%) percent over the prime lending rate as published from time to time in the Wall Street Journal under "Money Rates" on the date on which any payment or delivery obligation is due (or if not published on such day on the most recent preceding day on which it is published), but in no event to exceed the maximum lawful rate.

Interest Index means the average Federal Funds Effective Rate for the period of time that funds are held on deposit by Company under Section 5.2.4 hereof. The Federal Funds Effective Rate is published daily on the Federal Reserve website www.federalreserve.gov/releases/h15/update/.

Liens means any encumbrance of any nature, including but not limited to, any mortgage, deed of trust, lien, pledge, charge, claim, security interest, easement, covenant, right-of-way, restriction, equity interest, and conditional sales agreement.

Market Price means the market price determined based on the average of prices quoted by three (3) reputable, independent third party leading market dealers, which are regularly engaged in the buying and selling of AECs and SPAECs.

PJM means the PJM Interconnection, a regional transmission organization that coordinates and directs the operation and ensures reliability of the high-voltage electric power system service all or parts of the territory consisting of the states of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia.

PJM GATS means the environmental registry and information system administered by PJM Environmental Information Services, Inc. or any successor AEPS Alternative Energy Credit registry designated by the Commission.

Product means an SPAEC corresponding to the production of solar photovoltaic electricity as set forth in the AEPS Act; provided, however that the Product does not include: Project Benefits or any item that would otherwise be an environmental benefit or attribute under this definition that is not required for use of the SPAEC for compliance with the Act. The Product is as further defined in Appendix C regarding the SPAEC classification, the SPAEC Quantity and the applicable delivery period.

Project has the meaning set forth in the Recitals hereof.

Project Benefits means production tax credits, investment tax credits, or other direct, third-party federal, state or local subsidies, incentives, grants, credits, rebates or funding for the purchase, ownership, construction or operation of a Project, or the generation of electricity or production of Alternative Energy Credits by a Project.

Quarter means the three month calendar period commencing each June, September, December and March of the Reporting Period during the Term (or any partial three month calendar period in the event the Term commences during such period).

Replacement Price means the lesser of (i) the price at which Company purchases substitute Product to make up for any deficiency in the amount of Product delivered by SPAEC Supplier, or, (ii) the Market Price for such quantity of Product as SPAEC Supplier fails to deliver.

Reporting Period means the twelve month period beginning June 1 through May 31 of the applicable Reporting Year in which such period occurs.

Reporting Year means the year in which May 31 of the twelve month period beginning June 1 and ending May 31 occurs (*e.g.*, the Reporting Period 2009 means June 1, 2008 through May 31, 2009).

Sales Price means the lesser of (i) the price at which SPAEC Supplier resells the Product, which Company has failed to accept or, (ii) the Market Price for such quantity of Product that Company fails to accept.

SPAEC Price means the price in dollars per MWh, set forth in Appendix C hereto, which was bid by the SPAEC Supplier as the delivered price for each SPAEC delivered.

SPAEC Quantity means the quantity of SPAECs purchased by Company under this Agreement, as set forth in Appendix C.

SPAEC Quantity per Quarter means with respect to a Reporting Year one Quarter (1/4) of the SPAEC Quantity.

SPAEC Supplier means the party so identified on Appendix C.

SPAEC Supplier's Account means the SPAEC Supplier financial institution account specified in Appendix C.

Solar Photovoltaic Alternative Energy Credit or **"SPAEC"** means an Alternative Energy Credit corresponding to the production of solar photovoltaic electricity as set forth in the AEPS Act.

Solar Photovoltaic Alternative Energy Source means a source for the production of solar photovoltaic electricity as set forth in the AEPS Act.

Tangible Net Worth or **"TNW"** means total assets less intangible assets and total liabilities. Intangible assets include benefits such as goodwill, patents, copyrights and trademarks.

Taxes means but is not limited to, any or all ad valorem, property, occupation, severance, first use, conservation, gross receipts, privilege, sales, use, consumption, excise, lease, transaction, and other taxes, governmental charges, licenses, fees, permits and assessments, or increases therein, other than taxes based on net income or net worth. A tax is not a penalty or a fine.

Term has the meaning set forth in Section 2.1 hereof.

Unsecured Credit Limit or "**UCL"** has the meaning set forth in Section 5.1.2 hereof.

1.2 **Construction.** Unless otherwise indicated (a) defined terms include the plural as well as the singular; (b) any agreement defined or referred to herein includes each amendment, modification and supplement thereto and waiver, approval and consent in respect thereof as may become effective from time to time and includes references to all appendices, exhibits, schedules and other attachments thereto and instruments, agreements or other documents incorporated therein; (c) any term defined by reference to any instrument, agreement or other document has such meaning set forth in such document as of the date hereof and such meaning shall remain in effect whether or not such document is subsequently amended, modified or terminated; (d) a reference to any law or regulations includes any amendment, modification or successor thereto; (e) a reference to any Person includes its permitted successors and assigns; (f) all references to appendices, sections, schedules and exhibits shall mean and refer to the respective appendices, sections, schedules and exhibits in or attached to the agreement or document in which such reference appears; (g) the words "include," "includes" and "including" are not limiting and shall be deemed to be followed by the words "without limitation" whether or not in fact followed by such words or words of like import; (h) the terms "hereof," "herein," "hereunder" and comparable terms refer to this entire Agreement with respect to which such terms are used and not to any particular article, Section or subdivision hereof; and (i) references to "termination of this Agreement," "this Agreement is terminated," "this Agreement may be terminated" and similar expressions used in this Agreement refer to the termination of deliveries under this Agreement and related on-going rights and obligations, and does not imply or mean a termination of rights, remedies, obligations and provisions, which by their nature, or as provided elsewhere in this Agreement, survive termination.

ARTICLE 2
TERM OF AGREEMENT

2.1 **Term**. The term of this Agreement shall be for the Delivery Period specified in Appendix C and shall, unless earlier terminated, remain in effect through the end date (the "Termination Date").

2.2 **Early Termination**. This Agreement may be terminated prior to the Termination Date as follows:

2.2.1 At any time by the mutual consent of the Parties;

2.2.2 As provided in, and with such notice as required by, Article 11, by the Non-Defaulting Party if an Event of Default occurs;

2.2.3 By either Party in the case of a prolonged Force Majeure event where the Party claiming Force Majeure fails to perform its obligations under this Agreement on account of such Force Majeure event for a period exceeding 180 days after the occurrence of such Force Majeure event, and upon 30 days written notice from the non-claiming Party, unless extended by mutual agreement of the Parties in writing for not more than another 180 days and provided that the claiming party has been and continues to exercise due diligence to remedy the Force Majeure event prior to and after such extension, if any.

2.3 **Impact of Termination on Accrued Obligations**. Termination of this Agreement for any reason shall not relieve the Parties of any obligation accrued or accruing prior to such termination.

ARTICLE 3
DELIVERY, BILLING AND PAYMENT

3.1 **Purchase and Sale of Product**. Subject to the terms and conditions of this Agreement, during each Reporting Year during the Term, SPAEC Supplier shall sell, and Company shall purchase, all rights, title and interest in the Product up to the SPAEC Quantity specified in Appendix C. Unless otherwise agreed by the Parties, Company shall not be obligated to purchase, or to accept delivery, of any Product in excess of either the SPAEC Quantity per Reporting Year or the SPAEC Quantity per Quarter for any Quarter.

3.2 **Delivery of Product by SPAEC Supplier**. During the Term of this Agreement, SPAEC Supplier shall deliver Product to Company as follows:

3.2.1 For each Quarter during the Term, not later than 45 calendar days following the close of each such Quarter, SPAEC Supplier shall issue a transfer order to PJM for the transfer of Product to the Company's PJM GATS account in an amount equal to the SPAEC Quantity per Quarter. The SPAECS must be generated during the associated Reporting Year for each delivery. The date of the issuance of the transfer order by SPAEC Supplier shall be the "Delivery Date."

3.2.2 Within 5 Business Days following the Delivery Date, Company shall confirm the transfer order in PJM GATS.

3.2.3 Within thirty (30) days of the Delivery Date, SPAEC Supplier shall issue an invoice to Company for the amount of Product delivered during the preceding Quarter. Such invoice shall state the quantity of Product delivered to Company during the preceding Quarter and the amount owed by Company as calculated using the SPAEC Price. Such invoice shall also reflect any interest owed by Company to SPAEC Supplier, if any, as well as any credits owing for any reason from SPAEC Supplier to Company, if any. In the event SPAEC Supplier is a party to any Affiliate SPAEC Agreement, SPAEC Supplier shall issue a single invoice to Company and each applicable Affiliate of Company with the quantity delivered and amounts due under this Agreement and each Affiliate SPAEC Agreement.

3.2.4 Within thirty (30) days of the Company's receipt of the SPAEC Supplier's invoice, Company shall, unless disputed, pay the amount set forth in SPAEC Supplier's invoice for the delivered Product under this Agreement owed by Company for such Quarter by wire transfer of immediately available United States dollars to SPAEC Supplier's Account:

3.2.5 Amounts not paid when due shall accrue Interest from the due date to the date of payment at the Interest Rate.

3.2.6 In the event of a dispute regarding the amount to be paid, Company shall pay the undisputed portion of the SPAEC Supplier's invoice, and, with respect to the disputed portion, shall inform SPAEC Supplier at the time of such payment of the reasons for withholding the disputed amount. Interest, at the Interest Rate shall be paid on disputed amounts ultimately

determined to be owed (whether from Company to SPAEC Supplier or SPAEC Supplier to Company) calculated from the due date to the date of payment or from the date of payment to the date of refund, as the case may be.

3.3 Annual SPAEC Quantity.

3.3.1 To the extent that in any Reporting Year during the Term, SPAEC Supplier fails to deliver Product up to the SPAEC Quantity specified in Appendix C, within 45 calendar days following the end of the Reporting Period for any Reporting Year during the Term, SPAEC Supplier shall provide Product sufficient to cure the deficiency for such Reporting Year; provided, however, that if SPAEC Supplier does not so provide, Company, at its option, may (i) obtain substitute Product at the Replacement Price and shall invoice SPAEC Supplier for the positive difference, if any, between the SPAEC Price and the Replacement Price, or (ii) invoice SPAEC Supplier for an amount equal to the alternative compliance payment for each SPAEC that SPAEC Supplier fails to deliver to Company during the Reporting Period for the applicable Reporting Year, which SPAEC Supplier shall pay within 30 calendar days of the date of such invoice; provided further, that if the Commission determines that the alternative compliance payment for such Reporting Year is more or less than the amount invoiced by Company, SPAEC Supplier shall pay Company any deficiency, and Company shall reimburse SPAEC Supplier any overpayment, as the case may be, within 30 calendar days of the Commission's determination.

3.3.2 To the extent that in any Quarter of any Reporting Year during the Term, Company fails, without reasonable cause hereunder, to accept delivery of Product up to the SPAEC Quantity per Quarter, and has not cured such failure within 10 Business Days after the Delivery Date, upon 3 calendar days written notice following such failure to cure, SPAEC Supplier shall have the right to sell the unaccepted Product and to invoice Company for the positive difference between the SPAEC Price and the Sales Price, which Company shall pay within 30 calendar days of the date of such invoice.

3.4 PJM GATS Responsibilities. SPAEC Supplier and Company are each responsible for their own costs associated with establishing and administering any accounts with PJM GATS sufficient to accomplish the delivery of the Product hereunder during the Term.

3.5 Risk of Loss, Title and Ownership.

3.5.1 Subject to Section 3.6 below, (a) prior to, and through the Delivery Date, SPAEC Supplier shall bear any and all risk of loss with respect to the Product, and (b) after the Delivery Date, Company shall assume and bear any and all risk of loss with respect to the Product.

3.5.2 Title to the Product shall transfer from SPAEC Supplier to Company as of the Delivery Date for each Quarter, and all SPAECs transferred to Company by SPAEC Supplier on the Delivery Date shall be:

(a) free and clear of all Liens and Company shall have sole, exclusive and perpetual ownership of all SPAECs delivered to Company by SPAEC Supplier under this Agreement, including all rights to sell, assign, transfer, apply or retire any SPAEC transferred to Company by SPAEC Supplier;

(b) only valid SPAECs, which have not been previously retired, claimed or used to satisfy any renewable energy requirements, obligations or voluntary undertaking by any entity in any jurisdiction.

3.5.3 After the Delivery Date, Company shall be solely entitled to any benefits that may thereafter arise from the SPAECs.

3.5.4 SPAEC Supplier agrees to execute all other documents or instruments, at its expense, necessary to effectuate the delivery of the Product to Company or as may be reasonably requested by Company.

3.6 **SPAEC Compliance Status**. Each SPAEC delivered by SPAEC Supplier hereunder shall be capable as of the Delivery Date to be used by the Company for purposes of compliance with the Act. The Company will make a determination within 30 days of delivery of each SPAEC if, as of the Delivery Date, the SPAEC is unable to be used by the Company for compliance with the Act because of a SPAEC Supplier's failure, whether by act or omission to act, under, or with respect to, this Agreement. Any SPAEC the Company determines it is unable to use shall be immediately returned to the SPAEC Supplier, and the SPAEC Supplier shall deliver to the Company an equivalent SPAEC (of the same vintage as would have been the case for the non-compliant SPAEC), which is capable to be used by the Company for purposes of compliance with the Act. SPAEC Supplier shall be responsible to reimburse the Company for any costs or penalties incurred by the Company with respect to any SPAEC delivered hereunder, which the Company is unable to use for compliance with the Act as of the Delivery Date.

3.7 **Energy and Capacity Not Included**. This Agreement does not include the purchase of, and Company shall not purchase, or have any responsibility for the costs of, any energy or capacity from SPAEC Supplier whatsoever, including any energy or capacity from any Project from which SPAEC Supplier obtains any SPAEC for delivery to Company hereunder. Company shall not be responsible for any costs, including construction, financing, operating or maintenance costs associated with the Projects or with SPAEC Supplier's procurement of SPAECs.

ARTICLE 4
TAXES AND FEES

4.1 **Taxes, Fees and Expenses.**

4.1.1 SPAEC Supplier shall pay any and all Taxes, costs, fees, and expenses, including any and all Taxes and transaction costs, fees and expenses attributable to or arising from the sale of the Product under this Agreement and in order to (a) obtain certification or verification of the Product, including any inspections of any Project in connection therewith, and (b) provide for the filing and recording of any instrument delivered by SPAEC Supplier to convey the Product to Company.

4.1.2 Company shall pay any and all Taxes, costs, fees and expenses incurred in connection with the transfers of Product after the Delivery Date, including with respect to any subsequent sale of the SPAECs acquired from SPAEC Supplier hereunder.

4.1.3 If Company is required by law or regulation to remit or pay Taxes, which are SPAEC Supplier's responsibility hereunder, Company may deduct the amount of any such Taxes from the sums due to SPAEC Supplier under this Agreement.

4.1.4 Nothing herein shall obligate or cause a Party to pay or be liable to pay any Taxes for which it is exempt under the law and for which it timely asserts and diligently pursues such exemption, until final determination thereof.

ARTICLE 5
CREDIT AND SECURITY

5.1 **Creditworthiness Determination**. The Company will determine whether the SPAEC Supplier is creditworthy, or whether the SPAEC Supplier must post security, throughout the Term of this Agreement as follows:

5.1.1 The SPAEC Supplier or its Guarantor will be deemed creditworthy upon meeting the following requirements:

(a) the SPAEC Supplier is rated by at least two of the following rating agencies: Standard & Poor's Rating Services ("S&P"), Moody's Investors Service, Inc. ("Moody's"), or Fitch, Inc. ("Fitch"), and

(b) the SPAEC Supplier has a minimum senior unsecured debt rating (or, if unavailable, corporate issuer debt rating discounted one notch) of at least "BBB-" from S&P, "Baa3" from Moody's, or "BBB-" from Fitch (a "Minimum Rating").

(i) In case of split ratings, the lowest rating will be used.

(ii) In all instances, the most current senior unsecured debt rating (or, if unavailable, the most current corporate issuer debt rating discounted one notch) will be used.

5.1.2 For so long as the SPAEC Supplier or its Guarantor satisfies the aforementioned criteria during the Term and subject to Section 5.2 below, the SPAEC Supplier will be granted an Unsecured Credit Limit ("UCL").

Credit Rating of the SPAEC Supplier			Max. Unsecured Credit Limit
S&P	Moody's	Fitch	
A- and above	A3 and above	A- and above	16% of Tangible Net Worth ("TNW")

BBB+	Baa1	BBB+	10% of TNW
BBB	Baa2	BBB	8% of TNW
BBB-	Baa3	BBB-	6% of TNW
Below BBB-	Below Baa3	Below BBB-	0% of TNW

(a) The UCL sets the SPAEC Supplier's, or its Guarantor's, maximum level of credit exposure up to, but not in excess of, the Credit Exposure Amount as defined in Section 5.2 below (and above which security shall be required), for purposes of the delivery of Product hereunder. The maximum level of the UCL will be determined based on the above table.

(b) The SPAEC Supplier shall promptly notify the Company of any change in its credit rating or financial condition or that of its Guarantor. The SPAEC Supplier shall also furnish evidence of an acceptable credit rating or financial condition upon the request of the Company.

5.1.3 The Company may make alternative credit arrangements with the SPAEC Supplier if the SPAEC Supplier is unable to demonstrate creditworthiness under the criteria set forth in Section 5.1.1 above. Alternative credit arrangements may include any of the following:

(a) The SPAEC Supplier may submit three years of audited, balance sheet, income, and cash flow statements and associated financial notes to the Company for review.

(i) If after the Effective Date, upon SPAEC Supplier's submission of such information and during the time of the Company's review, the SPAEC Supplier shall also post cash or a letter of credit (as set forth in subsections (c) and (d) below) to secure the SPAEC Suppliers Credit Exposure Amount as defined in 5.2 below.

(ii) Within 14 Business Days of receiving the Supplier's financial statements, the Company will perform a credit worthiness assessment based upon minimum credit rating investment grade industry standards and matrices.

(iii) If the SPAEC Supplier is determined to be creditworthy, it will be granted a UCL of 6% of TNW, and the SPAEC Supplier's cash security or letter of credit will be returned or cancelled.

(iv) If the SPAEC Supplier is not determined to be creditworthy, then it shall not be granted a UCL, and the SPAEC Supplier's cash or letter of credit will remain in place during the Term or until a subsequent determination of creditworthiness is made by the Company.

(v) In order to maintain the UCL, the SPAEC Supplier is required to provide to the Company within 30 Business Days after each quarterly financial reporting period, the balance sheet, income, and cash flow statements and any associated financial notes with a signed attestation of the Chief Financial Officer that the financial statements are true and accurate as of the date thereof. If, during the Term of this Agreement, the SPAEC Supplier does not provide the required financial statements, the SPAEC Supplier will be immediately

required to post cash or letter of credit in the amount necessary to cover its Credit Exposure Amount as defined in 5.2 below.

(b) The SPAEC Supplier may provide a guarantee of payment in an amount equal to Credit Exposure Amount as defined in Section 5.2 below, from a parent Guarantor deemed by the Company to be creditworthy, using the aforementioned criteria in Section 5.1.1 and Section 5.1.2 above, such guarantee to be substantially similar to the form set forth in Appendix A to this Agreement. The SPAEC Supplier shall promptly notify the Company of any change in its Guarantor credit rating or financial condition. The SPAEC Supplier shall also furnish evidence of its Guarantor's acceptable credit rating or financial condition upon the request of the Company.

(c) The SPAEC Supplier may provide an irrevocable Letter of Credit, in an amount equal to Credit Exposure Amount as defined in Section 5.2 below, issued by a bank or other financial institution with a minimum "A" senior unsecured debt rating (or, if unavailable, corporate issuer rating discounted one notch) from S&P or "A2" from Moody's satisfactory and acceptable in form and substance to the Company, which form is substantially similar to the form set forth in Appendix B to this Agreement.

(d) The SPAEC Supplier may provide a cash deposit in an amount equal to Credit Exposure as defined in Section 5.2 below.

5.2 <u>Credit Exposure Amount, Total Exposure Amount and Security Calculation.</u>

5.2.1 The Company shall calculate the maximum credit limit (the "Credit Exposure Amount") for the SPAEC Supplier in connection with the delivery of Product under this Agreement by multiplying the product of 200% of the SPAEC Price by the SPAEC Quantity per Reporting Year (as set forth in Appendix C).

5.2.2 If the SPAEC Supplier or its Guarantor meets the Minimum Rating no security will be required so long as the Credit Exposure Amount does not exceed the SPAEC Supplier's or its Guarantor's UCL Amount.

5.2.3 In the event that the SPAEC Supplier's or its Guarantor's Credit Exposure Amount exceeds its UCL Amount, the SPAEC Supplier or its Guarantor, shall be required to post security in the form of cash or letter of credit as set forth in Section 5.1 above, in an amount equal to the positive difference between the Credit Exposure Amount and the UCL Amount.

5.2.4 The Company shall pay simple interest calculated at the lower of the Interest Index or six (6) percent per annum on all cash held by the Company pursuant to this Agreement. Each Quarter, the Company shall prepare a statement of interest amounts due to the SPAEC Supplier. The statement shall be sent to the SPAEC Supplier within three (3) Business Days after the end of the Quarter via overnight mail or other expeditious means in order for the SPAEC Supplier to include such amount in its invoice in accordance with Section 3.2.3 hereof.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 **Representations and Warranties of Both Parties**. As of the Effective Date, each Party hereby represents and warrants to the other Party that:

6.1.1 It is duly organized or formed, validly existing and in good standing under the laws of the jurisdiction of its organization or formation, and is qualified to conduct its business in all jurisdictions necessary to perform its obligations hereunder;

6.1.2 The execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms or conditions in its governing documents, any agreement to which it is a party or by which it or any of its property is bound, or provisions of law applicable to it;

6.1.3 Except as set forth in and as required by this Agreement, no consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Authority is required by such Party in connection with the execution, delivery or performance of this Agreement;

6.1.4 This Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, and with regard to equitable remedies, to the discretion of the court before which proceedings to obtain same may be pending;

6.1.5 No Event of Default has occurred and there are no bankruptcy, insolvency, reorganization, receivership or other arrangement proceedings pending or being contemplated by it, or to its knowledge threatened against it;

6.1.6 To such Party's knowledge, there are no actions, proceedings, judgments, rulings or orders, issued by or pending before any Governmental Authority, that would materially adversely affect its ability to perform its obligations under this Agreement;

6.1.7 It is, and will continue to be for the Term, a Forward Contract Merchant both generally and with respect to the Product delivered and purchased under this Agreement;

6.1.8 It is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement.

6.2 **Forward Contract.** The Parties acknowledge that this Agreement is a Forward Contract and the Parties are Forward Contract Merchants, both generally and with respect to the deliveries of the Product pursuant to this Agreement, that each party is an "eligible contract participant" as set forth in the Commodities Exchange Act; and, accordingly, the Parties are entitled to the protections of the provisions of the Bankruptcy Code with respect to the rights or remedies afforded to non-bankrupt Forward Contract Merchants under Forward Contracts with

bankrupt counter-parties. The Parties therefore agree that this Agreement may be terminated and the remedies hereunder exercised by either Party in accordance with Article 2 and Article 11 hereof upon the commencement of a proceeding by the other Party under any chapter of the Bankruptcy Code, and that the automatic stay of Section 362(a) of the Bankruptcy Code shall not apply to such termination.

6.3 **Representations and Warranties of SPAEC Supplier**. On the Effective Date and as of each Delivery Date, SPAEC Supplier hereby represents and warrants to Company that:

6.3.1 it has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to make or take delivery of all Products referred to in the Agreement to which it is a Party, and it is a producer, processor, commercial user or merchant handling the Product, and it is entering into such Agreement for purposes related to its business as such;

6.3.2 the Product sold hereunder meets the definition of an Alternative Energy Credit corresponding to the production of solar photovoltaic electricity as set forth in the AEPS Act;

6.3.3 it has the right and/or title to sell the Product, which has never been sold, retired, claimed for any other purpose or use, including as part of satisfying compliance with the Alternative Energy Portfolio Standards by any person or entity under the Act or in other states, and such transfer and sale to the Company is not in violation of any applicable law at the time of such transfer and sale, and the Product is free and clear of all Liens or other encumbrances; and, with respect to each Reporting Period, the Product was generated during the eligible Reporting Year.

ARTICLE 7
ASSIGNMENT

7.1 **Assignment/Delegation.** Neither Company nor SPAEC Supplier shall assign this Agreement nor delegate any of its duties hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed; otherwise any such assignment or delegation shall be voidable at the option of the other Party. Notwithstanding the foregoing, either Party may, without the prior consent of the other Party, (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements (and without relieving itself from liability hereunder), (ii) transfer or assign this Agreement to an affiliate of such Party which affiliate's creditworthiness is equal to or higher than that of such Party, or (iii) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of such Party; provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof, including the requirements for creditworthiness and security under Article 5 hereof, and that the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request.

7.2 **Financing Cooperation**. Company agrees, at SPAEC Supplier's sole cost and expense, to (i) cooperate with SPAEC Supplier in responding to or complying with the reasonable

requirements or reasonable requests of any Financing Party with respect to information regarding the obligations of Company hereunder; (ii) provide reasonable assistance to SPAEC Supplier in complying with the reporting requirements set forth in any financing agreements of a Financing Party; and (iii) at any time, and from time to time, during the Term, after receipt of a written request by SPAEC Supplier, execute and deliver to SPAEC Supplier and/or any Financing Party, such estoppel statements (certifying, to the extent true and correct, among other things that (1) this Agreement is in full force and effect, (2) no modifications have been made, (3) no disputes or defaults exist, (4) no events have occurred that would, with the giving of notice or the passage of time, constitute a default under this Agreement, and (5) all amounts then due and owing have been paid) or consents to assignments of this Agreement by SPAEC Supplier as collateral security as may reasonably be required. "Financing Party" means any lenders or other third parties providing construction financing, long-term financing or other credit support in connection with this Agreement.

ARTICLE 8
FORCE MAJEURE

8.1 **Force Majeure**. If either Party is rendered unable by a Force Majeure event to carry out, in whole or in part, its obligations under this Agreement, then, during the pendency of such event of Force Majeure, but for no longer period, the obligations of the affected Party (other than the obligation to make payments hereunder when due) shall, subject to Section 2.2.3 hereof, be suspended to the extent required.

8.1.1 The affected Party shall (i) give the other Party written notice within 48 hours of the commencement of the Force Majeure event, with details to be supplied within three (3) Business Days after the commencement of the Force Majeure event further describing the particulars of the occurrence of the Force Majeure event, and (ii) take all reasonable steps to remedy the cause of the Force Majeure event with all reasonable dispatch.

8.1.2 Whenever either Party is required to commence or complete any action within a specified period, such period shall be extended by an amount equal to the duration of any event of Force Majeure occurring or continuing during such period; provided, however, that, subject to Section 2.2.3 hereof, in no event will any Force Majeure event extend this Agreement beyond its Term.

ARTICLE 9
CHANGE IN LAW

9.1 **Change in Law**. If any statutes, rules, regulations, permits or authorizations are enacted, amended, granted or revoked which have the effect of changing the transfer and sale procedure set forth in this Agreement so that the implementation of this Agreement becomes impossible or impracticable, or otherwise revokes or eliminates the Alternative Energy Portfolio Standards, the Parties hereto agree to negotiate in good faith to amend this Agreement to conform with such new statutes, regulations, or rules in order to maintain the original intent of the Parties under this Agreement. In the event of federal legislation creating a federal renewable energy credit, Company shall have own and have all rights to any federal renewable energy credit derived from the energy associated with each SPAEC transferred to Company under this Agreement.

9.2 **Recovery of SPAEC Costs.** The Company's obligations under this Agreement are contingent on, and limited by, the Company's ability to recover all costs incurred by it under this Agreement from its retail customers in full and on a current basis. If any statutes, rules, regulations, permits or authorizations are enacted, amended, granted or revoked which have the effect of changing the recovery of costs, the Company may terminate this Agreement upon 45 days written notice. Prior to the effectiveness of such termination, the Parties to this Agreement shall use good faith and reasonable commercial efforts as promptly as practicable to consider an alternative to termination that would provide for full and current cost recovery by the Company.

ARTICLE 10
EVENTS OF DEFAULT

10.1 **Events of Default.** An "Event of Default" by a Party (the "Defaulting Party") shall mean:

10.1.1 Unless otherwise excused or permitted under the terms of this Agreement, a Party's failure to make, when due, any payment required pursuant to this Agreement, regardless of whether a payment or portion thereof may be subject to a billing dispute, shall constitute an Event of Default unless a Party shall have cured the same within three (3) Business Days after receipt of written notice of such payment failure from the other Party; provided, however, that in the event of a billing dispute, the failure to pay the disputed portion of such payment when due shall not constitute an Event of Default so long as the Parties are engaged in good faith efforts to resolve such dispute under Section 3.2.6 hereunder.

10.1.2 SPAEC Supplier's failure to meet the Minimum Rating or to comply with the security requirements set forth in Article 5 within the time frames set forth in this Agreement;

10.1.3 Unless otherwise excused or permitted under the terms of this Agreement, any of the following events shall constitute an Event of Default unless a Party shall have cured the same within thirty (30) days after receipt of written notice of the occurrence of such event from the other Party:

(a) Any representation, warranty or covenant made by such Party herein is proven to be false or misleading in any material respect at the time it was made;

(b) A Party transfers or assigns or otherwise conveys any of its rights or obligations under this Agreement to another entity without the other Party's prior written consent, to the extent such consent is required under this Agreement, or if at the time of such transfer, assignment or conveyance, the resulting, surviving or transferee entity fails to assume all the obligations of such Party under this Agreement by operation of law or pursuant to an agreement reasonably satisfactory to the other Party;

(c) A Party's unexcused failure to perform any other material covenant or obligation set forth in this Agreement that is not enumerated in this Section 10.1.3; or

(d) A Party is the subject of a voluntary bankruptcy, insolvency or similar proceeding;

(e) A Party applies for, seeks consent to, or acquiesces in the appointment of a receiver, custodian, trustee, liquidator or similar official to manage all or a substantial portion of its assets;

(f) A Party is the subject of an involuntary bankruptcy or similar proceeding, and fails to have such proceeding dismissed within 60 days; or

(g) A Party commits an act or makes an omission that constitutes an "Event of Default" under any other agreement(s) between Company and the SPAEC Supplier for the provision of AECs or SPAECs.

10.1.4 With respect to SPAEC Supplier, unless otherwise excused or permitted under the terms of this Agreement, the following events, without notice or the opportunity to cure, if the SPAEC Supplier:

(a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(b) makes an assignment for the benefit of its creditors;

(c) has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets; or

(d) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger).

10.2 Integrated Transaction. To the extent that Section 365 of the Bankruptcy Code applies to this Agreement, the Parties agree that all transactions under this Agreement constitute one integrated transaction that can only be assumed or rejected in its entirety.

ARTICLE 11
REMEDIES UPON DEFAULT

11.1 **Remedies For Default.** Upon and during the continuation of an Event of Default, the Non-Defaulting Party shall be entitled to elect or pursue one or more of the following remedies:

11.1.1 terminate the Agreement by providing written notice to the Defaulting Party of an Early Termination, as provided in Section 2.2 hereof;

11.1.2 accelerate all amounts then owing by the Defaulting Party to the Non-Defaulting Party;

11.1.3 withhold any payments due to the Defaulting Party under this Agreement;

11.1.4 suspend its performance under this Agreement; and

11.1.5 pursue any other remedies available at law or in equity, except to the extent such remedies are expressly limited by this Agreement.

11.2 **Calculation of Damages**. Notwithstanding the foregoing,

(a) in the event of termination by SPAEC Supplier for Company's default, in addition to amounts owed for Product delivered prior to such termination, SPAEC Supplier shall be entitled, as liquidated damages (and not as a penalty), and, provided that such amount is paid by Company within 30 calendar days of SPAEC Supplier's notice of such termination, as its exclusive remedy for Company's default hereunder, to receive cover from Company equal to (i) the positive difference, if any, in price (i.e., SPAEC Price less Sales Price) multiplied by the quantity of Product not delivered due to the termination of the Agreement for the remaining Term of this Agreement, and (ii) actual, reasonable and verifiable third party fees, including broker fees and legal fees and expenses incurred by SPAEC Supplier in the enforcement and protection of its rights under this Agreement;

(b) in the event of termination by Company for SPAEC Supplier's default, Company shall be entitled, as liquidated damages (and not as a penalty), and, provided that such amount is paid by Seller within 30 calendar days of Company's notice of such termination, as its exclusive remedy for SPAEC Supplier's default hereunder, to receive cover from SPAEC Supplier equal to the sum of (i) the positive difference, if any, in price (i.e., Replacement Price less SPAEC Price) multiplied by the quantity of Product not delivered due to the termination of the Agreement for the remaining Term of this Agreement and for which no alternative compliance payments were required; (ii) actual, reasonable and verifiable third party fees, including broker fees and legal fees and expenses incurred by Company in the enforcement and protection of its rights under this Agreement; and (iii) any alternative compliance payments paid by Company as a result of SPAEC's failure to deliver Product as required under this Agreement.

11.3 **Exclusive Remedy**. The remedies set forth in this Article 11 are the sole and exclusive remedies in the event of a default of a party's obligations to sell or purchase product, and a party's liability shall be limited as set forth in this article. All other remedies or damages for failure to sell or purchase product at law are hereby waived.

11.4 Limitation of Liability. In the event of a default, the defaulting party's liability shall be limited to direct, actual damages only, and such direct, actual damages shall be the sole and exclusive remedy hereunder. In no event shall any other liability be incurred by either party for any obligations which arise under this agreement, including (but not limited to) consequential, incidental, punitive, exemplary, special, or indirect damages in tort, contract, or otherwise (except to the extent such damages are recovered against a party hereunder by an unaffiliated third party).

ARTICLE 12
INDEMNIFICATION

12.1 Indemnification Obligation. Each Party, to the extent permitted by law, shall indemnify, defend and hold harmless the other Party, its affiliated companies, and all of their directors, officers, employees, agents and representatives from and against all claims, liabilities, damages, losses or expenses to the extent arising out of any negligence, willful misconduct, breach of contract or violation of law of, or by, the indemnifying Party, its employees, agents, subcontractors, or assigns in the performance of this Agreement. In the event the Parties are jointly at fault, each Party shall indemnify the other in proportion to its relative fault.

12.2 Scope of Indemnification. The claims, liabilities, damages, losses or expenses covered for which indemnification may be sought under this Article 12 include, but are not limited to, settlements, judgments, court costs, attorneys' fees and other litigation expenses, fines, and penalties arising out of actual or alleged (a) injury to or death of any person, including employees of Company or SPAEC Supplier, or (b) loss of or damage to property, including property of the Company or SPAEC Supplier, or (c) breach of contract or (d) damage to the environment.

12.3 Notice. A Party seeking indemnification under this Article 12, shall give written notice to the indemnifying Party as soon as reasonably practicable after becoming aware of the facts and circumstances which may give rise to any claims, liabilities, damages, losses or expenses for which indemnification may be sought under this Article 12.

ARTICLE 13
CONFIDENTIALITY

13.1 Confidentiality. Except as provided in this Article 13, neither Party shall publish, disclose, or otherwise divulge Confidential Information to any person at any time during or after the Term of this Agreement, without the other Party's prior express written consent. Each Party shall permit knowledge of and access to Confidential Information only to those of its affiliates and to persons investing in, providing funding to or acquiring it or its affiliates, and to its and the foregoing persons' respective attorneys, accountants, representatives, agents and employees who have a need to know such Confidential Information related to this Agreement.

13.2 Required Disclosure. If required by any law, statute, ordinance, decision, order or regulation passed, adopted, issued or promulgated by a Governmental Authority having jurisdiction over a Party, that Party may release Confidential Information, or a portion thereof, to the Governmental Authority, as required by the applicable law, statute, ordinance, decision, order

or regulation, and a Party may disclose Confidential Information to accountants in connection with audits, provided that such Party has notified the other Party of the required disclosure, such that the other Party may attempt (if such Party so chooses) to cause that Governmental Authority or accountant to treat such information in a confidential manner and to prevent such information from being disclosed or otherwise becoming part of the public domain.

13.3 **Tax Treatment Exception**. Notwithstanding any provision of this Agreement to the contrary, the legal obligations of confidentiality hereunder do not extend to the U.S. federal or state tax structure or the U.S. federal or state tax treatment of any transaction hereunder. If any U.S. federal or state tax analyses or materials are provided to a Party, such Party is free to disclose any such analyses or materials without limitation.

13.4 **Survival**. The Parties obligations under this Article 13 shall survive for a period of one (1) year following the expiration or termination of this Agreement.

ARTICLE 14
GOVERNING LAW; WAIVER OF TRIAL BY JURY

14.1 **Governing Law.** This Agreement shall be construed, enforced, and performed in accordance with the laws of the Commonwealth of Pennsylvania, without recourse to principles governing conflicts of law.

14.2 **Waiver of Trial By Jury.** As a material inducement to each party to enter into this agreement, the parties each hereby irrevocably waive all right to trial by jury in any action, proceeding or counterclaim arising out of or relating hereto, any product or the transactions contemplated hereby. Each party further waives any right to consolidate any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived.

ARTICLE 15
MISCELLANEOUS

15.1 **Entire Agreement**. This Agreement, together with any attachments or exhibits specifically referenced herein, constitutes the entire agreement between the SPAEC Supplier and the Company with respect to the subject matter hereof, supersedes all prior oral or written representations and contracts, and may be modified only by a written amendment signed by the Company and the SPAEC Supplier.

15.2 **Severability**. In the event that any provision of the Agreement shall be found to be void or unenforceable, such findings shall not be construed to render any other provision of the Agreement either void or unenforceable, and all other provisions shall remain in full force and effect unless the provisions which are void or unenforceable shall substantially affect the rights or obligations granted to or undertaken by either Party.

15.3 **Waiver**. No delay or omission by a Party in the exercise of any right under this Agreement shall be taken, construed or considered as a waiver or relinquishment thereof, and any

such right may be exercised from time to time and as often as may be deemed expedient. If any of the terms and conditions hereof is breached and thereafter waived by a Party, such waiver shall be limited to the particular breach so waived and is not deemed to waive any other breach hereunder.

15.4 **Notices**. All notices, payments and other formal communications which either Party may give to the other under or in connection with this Agreement shall be in writing and shall be sent by any of the following methods: hand delivery; reputable overnight courier; certified mail, return receipt requested; or, with respect to communications other than payments, by facsimile transmission, if the original communication is delivered by reputable overnight courier. Communications to the Company and SPAEC Supplier shall be sent to the addresses set forth in Appendix C or to such other person at such other address as a Party may designate by like notice to the other Party. Communication shall be effective when received. Notice received after the close of the Business Day shall be deemed received on the next Business Day**.**

15.5 **Netting and Setoff**. If Company and SPAEC Supplier are required to pay any amount under this Agreement on the same day or in the same month, then such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount shall pay to the Party owed the difference between the amounts owed. Each Party reserves to itself all rights, setoffs, counterclaims, combination of accounts, Liens and other remedies and defenses which such Party has or may be entitled to (whether by operation of law or otherwise). The obligations to make payments under this Agreement and/or any other contract between the Company and SPAEC Supplier, if any, may be offset against each other, set off or recouped therefrom. Any setoff shall not be subject to the automatic stay by virtue of Section 362(b) (6) of the Bankruptcy Code.|

15.6 **Disputes.** The Company and the SPAEC Supplier shall use good faith and reasonable commercial efforts to informally resolve all disputes arising out of the implementation of this Agreement. Any dispute between the Company and the SPAEC Supplier under this Agreement may be referred to a designated senior representative of each of the Parties for resolution on an informal basis as promptly as practicable.

15.7 **Compliance with Laws**. Except as otherwise expressly provided in this Agreement, each Party shall comply, at its own expense, with the provisions of all laws and any applicable order and/or regulations, or any amendments or supplements thereto, which have been, or may at any time be, issued by a Governmental Authority relating to this Agreement and the transactions hereunder.

15.8 **Remedies Cumulative.** No right or remedy herein conferred upon or reserved to either Party is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy under this Agreement, or under applicable law, whether now or hereafter existing.

15.9 **Binding Effect; Limitation of Benefits**. This Agreement shall be binding upon and shall insure to the benefit of the Parties hereto and, subject to the provisions of Article 7 hereof, their successors and permitted assigns. Nothing in this Agreement is intended to confer benefits,

rights or remedies unto any Person other than the Parties and their permitted successors and assigns, and no third party shall have the right to enforce the provisions of this Agreement. The Company does not, nor should it be construed to, extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with SPAEC Supplier.

15.10 **No Partnership or Joint Venture**. This Agreement is not intended to create nor shall it be construed to create any partnership or joint venture relationship between Company and SPAEC Supplier, and neither Party hereto shall have the power to bind or obligate the other Party. Neither Party hereto shall be liable for the payment or performance of any debts, obligations, or liabilities of the other Party, unless expressly assumed in writing herein or otherwise.

15.11 **Auditing and Records**. During the Term, Company may, at reasonable times and on reasonable notice, audit SPAEC Supplier's records pertaining to the Product and this Agreement and SPAEC Supplier shall keep and maintain all reasonable records relating to this Agreement, including with respect to those records necessary for performing and verifying any calculations made hereunder, or necessary to verify SPAEC Supplier's performance hereunder, for a period of three (3) years following termination of this Agreement.

15.12 **Survival**. Except as otherwise expressly provided in this Agreement, obligations, limitations, exclusions and duties which by their nature extend beyond the expiration or termination of this Agreement, as well as any other provisions necessary to interpret the respective rights and obligations of the Parties hereunder, shall survive the expiration or earlier termination of this Agreement.

15.13 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which taken together shall constitute one single agreement between the Parties.

SIGNATURE PAGE

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date indicated below.

ATTEST:	[Insert Company Name]
By: _____	By: _____
Name: [Insert Name]	Name: [Insert Name]
Title: [Insert Title]	Title: [Insert Title]
Date:_____	Date:_____

SOLAR PHOTOVOLTAIC ALTERNATIVE ENERGY CREDIT

PURCHASE AND SALE AGREEMENT

SIGNATURE PAGE

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date indicated below.

ATTEST:	[Insert SPAEC Supplier Name]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

SOLAR PHOTOVOLTAIC ALTERNATIVE ENERGY CREDIT

PURCHASE AND SALE AGREEMENT

APPENDIX A – GUARANTY AGREEMENT

GUARANTY (this "Guaranty"), dated as of [Insert Date], made by _____ (the "Guarantor"), a corporation organized and existing under the laws of [Insert Law References] in favor of [Insert Company Name] (the "Guaranteed Party"), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania.

Terms not defined herein take on the meaning given to them in the SOLAR PHOTOVOLTAIC ALTERNATIVE ENERGY CREDIT PURCHASE AND SALE AGREEMENT(s) dated [Insert Date]. Guarantor enters into this Guaranty in consideration of, and as an inducement for Guaranteed Party having entered into or entering into the "Agreement(s)" with [Insert Name] (Name), a [Insert State] (State) corporation (the "SPAEC Supplier"), which may involve the extension of credit by the Guaranteed Party. Guarantor, subject to the terms and conditions hereof, hereby unconditionally and absolutely guarantees to the Guaranteed Party the full and prompt payment when due, subject to an applicable grace period and upon demand in writing from the Guaranteed Party to the Guarantor's attention at the address for Guarantor set forth in Section 11 hereof of any and all amounts payable by the SPAEC Supplier to the Guaranteed Party arising out of the Agreement(s), and,

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of the principal and interest on any sums due and payable by the SPAEC Supplier as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall Option 1 (in no event exceed [Insert Limit Amount].) Option 2 (in no event exceed the lesser of [Insert Limit Amount] or the sum of the Credit Exposures Amounts under the Agreement(s).) All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection.

2. The Guarantor hereby waives diligence, acceleration, notice of acceptance of this Guaranty and notice of any liability to which it may apply, and waives presentment and all demands whatsoever except as noted herein, notice of protest, notice of dishonor or nonpayment of any such liability, suit or taking of other action by any Guaranteed Party against, and any other notice to, any party liable thereon (including the Guarantor or any other guarantor), filing of claims with a court in the event of the insolvency or bankruptcy of the SPAEC Supplier, and any right to require a proceeding first against the SPAEC Supplier.

3. The Guaranteed Party may, at any time and from time to time, without notice to or consent of the Guarantor, without incurring responsibility to the Guarantor and without impairing or releasing the obligations of the Guarantor hereunder, upon or without any terms or conditions: (i) take or refrain from taking any and all actions with respect to the Guaranteed Obligations, any Document or any person (including the SPAEC Supplier) that the Guaranteed Party determines in its sole discretion to be necessary or appropriate; (ii) take or refrain from taking any action of any kind in respect of any security for any Guaranteed

Obligation(s) or liability of the SPAEC Supplier to the Guaranteed Party; or (iii) compromise or subordinate any Guaranteed Obligation(s) or liability of the SPAEC Supplier to the Guaranteed Party including any security therefore.

4. Subject to the terms and conditions hereof, the obligations of the Guarantor under this Guaranty are absolute and unconditional and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by: (i) any extension, renewal, settlement, compromise, waiver, consent, discharge or release by the SPAEC Supplier concerning any provision of the Agreement(s) in respect of any Guaranteed Obligations of the SPAEC Supplier; (ii) the rendering of any judgment against the SPAEC Supplier or any action to enforce the same; (iii) the existence, or extent of, any release, exchange, surrender, non-perfection or invalidity of any direct or indirect security for any of the Guaranteed Obligations; (iv) any modification, amendment, waiver, extension of or supplement to any of the Agreement(s) or the Guaranteed Obligations agreed to from time to time by the SPAEC Supplier and the Guaranteed Party; (v) any change in the corporate existence (including its constitution, laws, rules, regulations or powers), structure or ownership of the SPAEC Supplier or the Guarantor, or any insolvency, bankruptcy, reorganization or other similar proceedings affecting the SPAEC Supplier or its assets, the Guarantor or any other guarantor of any of the Guaranteed Obligations; (vi) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the SPAEC Supplier, the Guaranteed Party or any other corporation or person, whether in connection herewith or in connection with any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim; (vii) the invalidity, irregularity or unenforceability in whole or in part of the Agreement(s) or any Guaranteed Obligations or any instrument evidencing any Guaranteed Obligations or the absence of any action to enforce the same, or any provision of applicable law or regulation purporting to prohibit payment by the SPAEC Supplier of amounts to be paid by it under the Agreement(s) or any of the Guaranteed Obligations; and (viii) except for a failure to comply with any applicable statute of limitations, any other act or omission to act or delay of any kind of the SPAEC Supplier, any other guarantor, the Guaranteed Party or any other corporation or person or any other event, occurrence or circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of the Guarantor's obligations hereunder.

5. The Guarantor hereby irrevocably waives (a) any right of reimbursement or contribution, and (b) any right of salvage against the SPAEC Supplier or any collateral security or guaranty or right of offset held by the Guaranteed Party therefore.

6. The Guarantor will not exercise any rights, which it may acquire by way of subrogation until all Guaranteed Obligations to the Guaranteed Party pursuant to the Agreement(s) have been paid in full.

7. Subject to the terms and conditions hereof, this Guaranty is a continuing one and all liabilities to which it applies or may apply under the terms here of shall be conclusively presumed to have been created in reliance hereon. Except for a failure to comply with any applicable statute of limitations, no failure or delay on the part of the Guaranteed Party in

exercising any right, power or privilege hereunder, and no course of dealing between the Guarantor and the Guaranteed Party, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights, powers and remedies herein expressly provided are cumulative and not exclusive of any rights, powers or remedies, which the Guaranteed Party would otherwise have. No notice to or demand on the Guarantor in any case shall entitle the Guarantor to any other or further notice of demand in similar or other circumstances or constitute a waiver of the rights of the Guaranteed Party to any other or further action in any circumstances without notice or demand.

8. This Guaranty shall be binding upon the Guarantor and upon its successors and assigns and shall inure to the benefit of and be enforceable by the Guaranteed Party and its successors and assigns; provided, however, that the Guarantor may not assign or transfer any of its rights or obligations hereunder without the prior written consent of the Guaranteed Party. The assignment rights of the Guaranteed Party will be in accordance with the terms of the underlying Agreement(s).

9. Neither this Guaranty nor any provision hereof may be changed, waived, discharged or terminated except upon written agreement of the Guaranteed Party and the Guarantor.

10. The Guarantor agrees that its liability as guarantor shall continue and remain in full force and effect in the event that all or any part of any payment made hereunder or any obligation or liability guaranteed hereunder is recovered (as a fraudulent conveyance, preference or otherwise) rescinded or must otherwise be reinstated or returned due to bankruptcy or insolvency laws or otherwise.

11. All notices and other communications hereunder shall be made at the addresses by hand delivery, by the next day delivery service effective upon receipt or by certified mail return receipt requested (effective upon scheduled weekday delivery day) or telefacsimile (effective upon receipt of evidence, including telefacsimile evidence, that telefacsimile was received)

If to the Guarantor:
[Insert Guarantor]

If to the Guaranteed Party:
[Insert Company Name] c/o FirstEnergy Corp.
Attn: Credit Risk Management & Risk Control
341 White Pond Drive
Akron, OH 44320
Telephone: (330) 315-6984
Facsimile: (330) 436-1901

12. If claim is ever made upon the Guaranteed Party for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and the Guaranteed Party repays all or part of such amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property, or (b) any settlement or compromise of any such claim effected by such payee with any such claimant (including the Guarantor), then and in such event the Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon it, notwithstanding any revocation hereof or the cancellation of the Agreement(s) or other instrument evidencing any liability of the Guarantor, and the Guarantor shall be and remain liable to the Guaranteed Party hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee.

13. The Guarantor hereby certifies that it satisfies the Minimum Rating as defined in the Agreement(s).

14. This Guaranty shall remain in full force and effect until all Guaranteed Obligations have been fully and finally performed, at which point it will expire. The Guarantor may terminate this Guaranty upon thirty (30) days prior written notice to the Guaranteed Party which termination shall be effective only upon receipt by the Guaranteed Party of alternative means of security or credit support, as specified in the Agreement(s) and in a form reasonably acceptable to the Guaranteed Party. Upon the effectiveness of any such expiration or termination, the Guarantor shall have no further liability under this Guaranty, except with respect to the Guaranteed Obligations entered into prior to the time the expiration or termination is effective, which Guaranteed Obligations shall remain guaranteed pursuant to the terms of this Guaranty until finally and fully performed.

15. The Guarantor represents and warrants that: (i) it is duly organized and validly existing under the laws of the jurisdiction in which it was organized and has the power and authority to execute, deliver, and perform this Guaranty; (ii) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over the Guarantor is required on the part of the Guarantor for the execution, delivery and performance of this Guaranty except for those already made or obtained; (iii) this Guaranty constitutes a valid and legally binding agreement of the Guarantor, and is enforceable against the Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditor's rights generally and by general principles of equity; and (iv) the execution, delivery and performance of this Guaranty by the Guarantor have been and remain duly authorized by all necessary corporate or comparable action and do not contravene any provision of its [insert appropriate corporate organizational document, such as Declaration of Trust, Limited Liability Agreement, Articles of Incorporation or by-laws] or any law, regulation or contractual restriction binding on it or its assets.

16. This Guaranty and the rights and obligations of the SPAEC Supplier and the Guarantor hereunder shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania. The Guarantor and Guaranteed Party jointly and severally agree to the exclusive jurisdiction of State and federal courts located in the Commonwealth of Pennsylvania over any disputes arising or relating to this Guaranty and waive any objections to venue or inconvenient forum. The Guarantor and Guaranteed Party each hereby irrevocably waive any and all rights to trial by jury with respect to any legal proceeding arising out of or relating to this Guaranty.

17. This writing is the complete and exclusive statement of the terms of this Guaranty and supersedes all prior oral or written representations, understandings, and agreements between the Guaranteed Party and the Guarantor with respect to subject matter hereof. The Guaranteed Party and the Guarantor agree that there are no conditions to the full effectiveness of this Guaranty.

18. Every provision of this Guaranty is intended to be severable. If any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. This Guaranty may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

19. No Trustee or shareholder of Guarantor shall be held to any liability whatsoever for any obligation under this Guaranty, and such Guaranty shall not be enforceable against any such Trustee in their or his or her individual capacities or capacity. This Guaranty shall be enforceable against the Trustees of Guarantor only as such, and every person, firm, association, trust or corporation having any claim or demand arising under this Guaranty and relating to Guarantor, its shareholders or Trustee shall look solely to the trust estate of Guarantor for the payment or satisfaction thereof.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed and delivered as of the date first above written to be effective as of the earliest effective date of any of the Agreement(s).

(GUARANTOR) [Insert Guarantor]	Accepted and Agreed to: [Insert Name]
By:	By: [Insert Company Name]
Name:[Insert Name] Title: [Insert Title]	Name:[Insert Name] Title: [Insert Title]

APPENDIX B - LETTER OF CREDIT DOCUMENTATION

Sample Letter of Credit

[Insert Date]
Letter of Credit No. [Insert Credit No]

To: Beneficiary Name ("Beneficiary")

1. We hereby establish in your favor this irrevocable transferable Letter of Credit (this "Letter of Credit") for the account of [Insert Applicant Name] (the "Applicant"), in the aggregate amount of $[Insert Amount], effective immediately and available to you at sight upon demand at our counters at [Insert Location] and expiring 364 days from date of issuance or any extension thereof (in the form of Annex 5), unless terminated earlier or automatically extended, in accordance with the provisions hereof or otherwise extended.

2. This Letter of Credit is issued at the request of the Applicant, and we hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the maximum amount of this Letter of Credit, subject to reduction as provided in paragraph 11 hereof. This Letter of Credit may be drawn upon an Event of Default under the Agreement(s) between the Applicant and you, dated [Insert Date]

.

3. A partial or full drawing hereunder may be made by you on any Business Day on or prior to the expiration of this Letter of Credit by delivering, by no later than 11:00 A.M. (New York, NY time[1]) on such Business Day to [Insert Bank] , [Insert Address] (i) a notice executed by you in the form of Annex 1 hereto, appropriately completed and duly signed by an Authorized Officer of the Beneficiary and (ii) your draft in the form of Annex 2 hereto, appropriately completed and duly signed by an Authorized Officer of the Beneficiary. Authorized Officer shall mean President, Treasurer, any Vice President or any Assistant Treasurer.

4. We may, but shall not be obligated to, accept any request to issue a substitute Letter of Credit. Such request shall be in an Availability Certificate in the form of Annex 3 hereto by you to us for exchange for a new Letter of Credit in the amount set forth in an Availability Certificate, which amount shall not exceed the present value of this letter of credit. Upon acceptance by us of any such request to issue a substitute Letter of Credit for exchange, the new Letter of Credit shall be issued in the amount as set forth in the Availability Certificate.

5. We hereby agree to honor a drawing hereunder made in compliance with the terms and provisions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to us in connection with such drawing to such account at such bank in the United States as you may specify in your draft delivered to us

[1] If the issuer of the Letter of Credit is located in an area that is not in the Eastern time zone, this time and all other times in this Letter of Credit, and the definition of a business day should be adjusted accordingly

pursuant to Paragraph 3 hereof, by 3:00 P.M. (New York, NY time) on the date of such drawing, if delivery of this requisite document is made prior to 11:00 AM (New York, NY time) on a Business Day pursuant to Paragraph 3 herein above, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery of the requisite document is made on or after 11:00 AM (New York, NY time) on any Business Day pursuant to Paragraph 3 herein above.

6. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice (not exceeding three (3) Business Days following the date of receipt of the documents) that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons therefore and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment to the extent that you are entitled to do so, provided, however, in such event a conforming demand for payment must be timely made in accordance with the terms of this Letter of Credit.

7. This Letter of Credit will automatically terminate and be delivered to us for cancellation on the earliest of (i) the making by you of the drawings in an amount equal to the maximum amount available to be made hereunder, (ii) the date we issue a new letter of credit in exchange for this Letter of Credit in accordance with paragraph 4 herein above, (iii) the date we receive from you a Certificate of Expiration in the form of Annex 4 hereto, or (iv) will be automatically extended without written amendment for successive additional one (1) year periods from the current or any future extended expiry date, unless at least ninety (90) days prior to such date of expiration, we give written notice to the Beneficiary by registered or certified mail, return receipt requested, or by overnight courier, at the address set forth above, or at such other address of which prior written notice has been provided to us, that we elect not to renew this irrevocable standby Letter of Credit for such additional one (1) year period.

8. As used herein:

"Availability Certificate" shall mean a certificate substantially in the form of Annex 3 hereto, appropriately completed and duly signed by your authorized officer.

"Business Day" shall mean any day on which commercial banks are not authorized or required to close in New York, New York and any day on which payments can be effected on the Fed wire system.

9. This Letter of Credit is assignable and transferable, in accordance with Annex 6, to an entity who you certify to us in the form of Annex 6, and we hereby consent to such assignment or transfer, provided that this Letter of Credit may not otherwise be amended or modified without consent from us, you and the Applicant, and except as otherwise expressly stated herein, is subject to the Uniform Customs and Practice for Documentary Credits – 2007 Revision, ICC Publication No. 600, or any successor publication thereto

(the "UCP"). Any and all transfer fees, expenses and costs shall be borne by the Applicant. This Letter of Credit shall, as to matters not governed by the UCP, be governed and construed in accordance with New York law, without regard to principles of conflicts of law. Transfers fees shall be borne by the Applicant.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, changed, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1 through 6 hereto and the notices referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above.

10. We certify that as of [Insert Date] we [Insert Bank] satisfy the senior unsecured debt rating of "A" from Standard & Poor's Rating Service or "A2" from Moody's Investor Service Inc.

11. The amount which may be drawn by you under this Letter of Credit shall be automatically reduced by the amount of any drawings paid through us referencing this Letter of Credit No. [Insert Credit No]. Partial drawings are permitted hereunder.

12. Faxed document(s) are acceptable. Presentation by fax must be made to fax number [Insert Fax] confirmed by telephone to [Insert Phone].

13. In the event of act of God, riot, civil commotion, insurrection, war, terrorism or by any strikes or lock outs, or any cause beyond our control, that interrupts our business, and causes the place for presentation of this letter of credit to be closed for business on the last day of presentation, the expiration date of this letter of credit shall be automatically extended without amendment to a date thirty (30) calendar days after the place for presentation reopens for business.

14. This original letter of credit has been sent to the Company located at [Insert Address] above (as per Applicant's instructions). The aggregate amount paid to the Company during the validity of this Letter of Credit will not exceed the amount of this Letter of Credit. Any demands or communications in the form of the attached Annexes (except for Annex 5) or other communications directed to us under this Letter of Credit must be signed by an Authorized Officer of the Company. Acceptance or rejection of any amendments to this Letter of Credit or any extensions pursuant to Annex 5 must be signed by an Authorized Officer of the Company.

Very truly yours,

(Bank)

By: _____	By:_____
Name: [Insert Name]	Name: [Insert Name]
Title: [Insert Title]	Title: [Insert Title]
Date: [Insert Date]	Date: [Insert Date]

Annex 1 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. [Insert Credit No.]

[Insert Date]

To: [Insert Bank]
[Insert Address]

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned is making a drawing under the above-referenced Letter of Credit in the amount specified below and hereby certifies to you as follows:

1. Capitalized terms used herein that are defined herein shall have the meanings ascribed thereto in the Letter of Credit.

2. "Pursuant to Paragraph 2 of the Letter of Credit No. [Insert Credit No.], dated [Insert Date],, the undersigned is entitled to make a drawing under the Letter of Credit in the aggregate amount of $[Insert Dollars], inasmuch as there is an Event of Default under any Agreement between the Applicant and us.

3. We acknowledge that, upon your honoring the drawing herein requested, the amount of the Letter of Credit available for drawing shall be automatically decreased by an amount equal to this drawing.

Very truly yours,

[Insert Beneficiary Name]

By: _____
Name: [Insert Name]
Title: [Insert Title]
Date: [Insert Date]

Annex 2 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. [Insert Credit No.]

[Insert Date]

ON [Business Day immediately succeeding date of presentation]

PAY TO: [Insert Beneficiary Name]

$ [Insert Dollars]

FOR VALUE RECEIVED AND CHARGE TO ACCOUNT OF LETTER OF CREDIT NO. [Insert Credit No.]

OF

[Insert Bank]
[Insert Address]

The [Insert Company]

By: _____
Name: [Insert Name]
Title: [Insert Title]
Date: [Insert Date]

Annex 3 to Letter of Credit

AVAILABILITY CERTIFICATE
UNDER LETTER OF CREDIT NO. [Insert Credit No.]

[Insert Date]

To: [Insert Bank]
[Insert Address]
Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

Each of the undersigned hereby requests that, in exchange for the above-referenced Letter of Credit, a new Letter of Credit be issued in the aggregate amount of $[Insert Dollars] (the "New Amount") and to expire on [Insert Date], but otherwise in the form of this Letter of Credit.

Please acknowledge your intention to issue such new Letter of Credit in the New Amount upon the surrender of the above-referenced Letter of Credit by signing the attached acknowledgment copy hereof and forwarding it to:

Beneficiary
Addresses

Very truly yours,

[Insert Beneficiary Name]

By: _____ Name: [Insert Name] Title:
[Insert Title] Date: [Insert Date]

APPLICANT NAME
By:_____
Name: [Insert Name]
Title: [Insert Title]
Date: [Insert Date]

Agreed and Accepted: [Insert Bank]
By:_____
Name: [Insert Name]
Title: [Insert Title]
Date: [Insert Date]

Annex 4 to Letter of Credit

CERTIFICATE OF EXPIRATION
OF LETTER OF CREDIT NO. [Insert Credit No.]
[Insert Date]

To: [Insert Bank]
[Insert Address]

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned hereby certifies to you that the above referenced Letter of Credit may be cancelled without payment. Attached hereto is said Letter of Credit, marked cancelled.

[Insert Beneficiary Name]

By: _____
Name: [Insert Name]
Title: [Insert Title]
Date: [Insert Date]

cc: [Insert Applicant Name]

Annex 5 to Letter of Credit

NOTICE OF EXTENSION
OF LETTER OF CREDIT NO. [Insert Credit No.]

[Insert Date]

To: The [Insert Company Name]

Re: Our Letter of Credit no. [Insert Credit No.] presently in the aggregate amount of USD [Insert Amount] issued for the account of [Insert Company Name] and expiring on [Insert Date].
.
.
On the expiration date of the Letter of Credit no [Insert Credit No.], we will issue a new Letter of Credit No. [Insert Credit No.] to expire on [Insert Date]. This new Letter of Credit No. [Insert Credit No.] will, aside from the expiration date be in the amount and form of our Letter of Credit No. [Insert Credit No.].

Very truly yours,

BANK [Insert Bank]

By: _____
Name: [Insert Name]
Title: [Insert Title]
Date: [Insert Date]

cc: [Insert Applicant Name]

Annex 6 to Letter of Credit

NOTICE OF TRANSFER
OF LETTER OF CREDIT NO. [Insert Credit No.]

[Insert Date]

To: [Insert Bank]
[Insert Address]

To Whom It May Concern:
Re: Credit[Insert Credit No.]
Issued by: [Insert Name]
Advice No.: [Insert Advise No.]

For the value received, the undersigned Beneficiary hereby irrevocably transfers to:

[Insert Transferee Name]
(Name of Transferee)

[Insert Address]
(Address)

all rights of the undersigned Beneficiary to draw under the above Letter of Credit in its entirety.

By this transfer, all rights of the undersigned Beneficiary in such Letter of Credit are transferred to the transferee and the transferee shall have the sole rights as Beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised direct to the transferee without necessity of any consent of or notice to the undersigned Beneficiary.

The advice of such Letter of Credit is returned herewith, and we ask you to endorse the transfer on the reverse thereof, and forward it direct to the transferee with your customary notice of transfer.

Enclosed is a certified check in the amount of $ [Insert Amount] in payment of your transfer commission and in addition we agree to pay to you on demand any expenses that may be incurred by you in conjunction with this transfer.

Very Truly Yours,

[Insert Signature of Company]
(Signature of the Company)

The above signature with title as stated conforms to that on file with us and is authorized for the execution of said instruments.

(Name of authenticating party)

[Insert Signature of Authenticating Party]
(Authorized signature of authenticating party)
Name: [Insert Name]
Title:[Insert Title]

APPENDIX C – SPAEC TRANSACTION CONFIRMATION

This Transaction Confirmation is being provided pursuant to and in accordance with the "Solar Photovoltaic Alternative Credit Purchase and Sale Agreement" dated [Insert Date] (the "Agreement") between Company and SPAEC Supplier. Terms used but not defined herein shall have the meanings ascribed to them in the Agreement.

Confirmation Effective Date: [Insert Date]

BY AND BETWEEN,

Company Name: [Insert Company Name]

AND

SPAEC Supplier Name: [Insert SPAEC Supplier Name]

Product: Solar Photovoltaic Alternative Energy Credits (SPAEC)

SPAEC Quantity: xxx SPAECs per Reporting Year / xxxx SPAECs for the Delivery Period

Delivery Period: 00:01a.m. On June 01, 2017 to midnight May 31, 2019

SPAEC Price = $x.xx/MWh as bid by SPAEC Supplier

SPAEC Supplier Account:

Bank Name:	[Insert Bank Name]
(Financial Institution) ABA#	[Insert ABA#]
Account #	[Insert Account Number]
Account Name:	[Insert account name]

Re: **SPAEC Purchase**

Address for Notices

The address for any notices provided pursuant to the SPAEC Supplier Agreement shall be the following:

If to the Supplier:

Insert Company Name]
[Insert Name]
[Insert Address]
Telephone: [Insert Phone]
Facsimile: [Insert Fax]
Email: [Insert Email]

If to the Company:

FirstEnergy Corp.
Dean Stathis – Director Regulated Commodity Sourcing
P.O. Box 16001
Reading, PA 19612-6001
Telephone: (610) 921-6766
Facsimile: (610) 939-8542
Email: dstathis@firstenergycorp.com

Copy to:

FirstEnergy Corp.
William Ridmann – VP Rates & Regulatory Affairs
76 South Main Street 8th Floor
Akron, OH 44308
Telephone: (330) 761-4154
Facsimile: (330) 761-4281
Email: wrridman@firstenergycorp.com

and

FirstEnergy Corp.
Tori L. Giesler
P.O. Box 16001
Reading, PA 19612-6001
Telephone: (610) 921-6203
Facsimile: (610) 939-8655
Email: tgiesler@firstenergycorp.com

APPENDIX 2 TO THE
SOLAR PHOTOVOLTAIC ALTERNATIVE ENERGY CREDITS
REQUEST FOR PROPOSALS (RFP) RULES

CONFIDENTIALITY STATEMENT

I, **{name of person},** am employed by **{insert name of employer}**. I am a member of the Evaluation Team reviewing or evaluating i) the Part 1 Proposals received from Bidders applying to participate in Metropolitan Edison Company's, Pennsylvania Electric Company's and Pennsylvania Power Company's Solar Photovoltaic Alternative Energy Credits Request for Proposals ("RFP"); and ii) the Part 2 Proposals received from Bidders applying to participate in the RFP.

In this capacity, I hereby acknowledge and understand the Confidentiality Provisions of the RFP Rules and, consistent with those rules, agree to take reasonable precautions to ensure that all data and information supplied by Bidders in response to the RFP are maintained in confidence and not disclosed to the public, except as permitted by the RFP Rules.

Witness:

_____ _____

Name

_____

Title

Dated:

APPENDIX 3 TO THE
SOLAR PHOTOVOLTAIC ALTERNATIVE ENERGY CREDITS
REQUEST FOR PROPOSALS (RFP) RULES

Sample Pre-Bid Letter of Credit

[On Issuing Bank's Letterhead]

IRREVOCABLE STANDBY LETTER OF CREDIT

_____ ("Date of Issuance")

Letter of Credit No. _____

Beneficiary:
Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company ("the Companies")
c/o *The Brattle Group*, Independent Evaluator
1850 M Street, NW
Suite 1200
Washington, DC 20036

Applicant:
[Name of Bidder]
[Address]

1. We, _____(the "Issuing Bank") hereby establish in your favor this irrevocable Letter of Credit (this "Letter of Credit") for the account of _____(the "Bidder"), in the amount of $_____, effective immediately and available to you at sight upon demand by all of you at our counters at _____[Location]. This Letter of Credit, unless terminated earlier in accordance with the provisions hereof or otherwise extended, shall remain in full force and effect until: (i) the PaPUC has accepted the results of the RFP and the Bidder did not win any Tranches; or (ii) the PaPUC has accepted the results of the RFP, the Bidder won Tranches, the Bidder has executed the SPAECPSA, and the Bidder has satisfied the creditworthiness standards of the SPAECPSA; or (iii) the PaPUC has rejected the results of the RFP; but (iv) in no event less than five (5) business days after the close of bidding for the RFP.

2. This Letter of Credit is issued at the request of the Bidder, and we hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the maximum amount of this Letter of Credit, subject to reduction as provided in Paragraph 11 hereof. This Letter of Credit may be drawn by presenting your certificate, in the form of Annex 1, stating that

   a) "the Bidder has made a material omission or misrepresentation in its Part 1 Proposal or in its Part 2 Proposal"; or

   b) "the Bidder discloses information relating to its Proposal or its Bids publicly or to any other party before the PaPUC has disclosed the names of the winning suppliers and the winning Bid prices of the RFP"; or

   c) "the Bidder wins one or more Tranches and fails to execute the SPAECPSA within three (3) business days of the PaPUC's approval of the results of the RFP"; or

   d) "the Bidder wins one or more Tranches and fails to meet the creditworthiness requirements of the SPAECPSA at the time of its execution."

3. A partial or full drawing hereunder may be made by you on any Business Day on or prior to the expiration of this Letter of Credit by delivering, by no later than 11:00 A.M. (Eastern Prevailing Time[1]) on such Business Day to _____ (Issuing Bank), _____ (address), (i) a notice in the form of Annex 1 hereto executed by an Authorized Officer of the Companies and (ii) your draft in the form of Annex 2 hereto, appropriately completed and duly signed by an Authorized Officer of the Companies. Authorized Officer shall mean President, Treasurer, any Vice President or any Assistant Treasurer.

4. We hereby agree to honor a drawing hereunder made in compliance with the terms and conditions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to us in connection with such drawing to your account at such bank in the United States as you may specify in your draft delivered to us pursuant to Paragraph 3 hereof, by 3:00 PM (Eastern Prevailing Time) on the date of such drawing if delivery of this requisite document is made prior to 11:00 AM (Eastern Prevailing Time) on a Business Day pursuant to Paragraph 3 hereinabove, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery of the requisite

---

[1] If the issuer of the Letter of Credit is located in an area that is not in the Eastern Time zone, this time, all other times in this Letter of Credit, and the definition of a Business Day should be adjusted accordingly.

document is made on or after 11:00 AM (Eastern Prevailing Time) on any Business Day pursuant to Paragraph 3 hereinabove.

5. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice (not exceeding three (3) Business Days following the date of receipt of the documents) that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons why the demand for payment was not so effected, and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment to the extent that you are entitled to do so, provided, however, in such event a conforming demand for payment must be made prior to expiry in accordance with the terms of this Letter of Credit.

6. This Letter of Credit shall automatically terminate and be cancelled on the earliest of (i) the making by you and payment by us of the drawings in an amount equal to the maximum amount available to be made hereunder, (ii) the date we receive from you a Certificate of Expiration in the form of Annex 3 hereto, (iii) the above-stated expiration date hereof.

7. As used herein:

   "Authorized Officer" shall mean President, Treasurer, any Vice President or any Assistant Treasurer.

   "Bidder" shall mean a party that submits a Part 1 Proposal and a Part 2 Proposal to the Companies in response to the Companies' Solar Photovoltaic Alternative Energy Credit Request for Proposals.

   "Business Day" shall mean any day on which commercial banks are not authorized or required to close in New York, New York and any day on which payments can be effected on the Fedwire system.

   "Alternative Energy Credit Purchase and Sale Agreement" shall mean the agreement by which the Companies will be contracting for the provision of Solar Photovoltaic Alternative Energy Credits.

   "PaPUC" shall mean the Pennsylvania Public Utility Commission.

"RFP" shall mean the Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company Solar Photovoltaic Alternative Energy Credits Request for Proposals.

"Rules" shall mean the rules that govern the conduct of the Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company Solar Photovoltaic Alternative Energy Credits Request for Proposals as filed by the Companies and approved by the PaPUC.

8. This Letter of Credit is not transferable, and except as otherwise expressly stated herein, is subject to the Uniform Customs and Practices for Documentary Credits – 2007 revision, ICC Publication No. 600, or any successor publication thereto (the "UCP"). All banking charges are for the account of the Bidder. This Letter of Credit shall, as to matters not governed by the UCP, be governed and construed in accordance with New York law, without regard to principles of conflicts of law.

9. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, changed, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1 through 3 hereto and the notices referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above.

10. We certify that as of _____(date) we _____ (Issuing Bank) satisfy the minimum senior unsecured debt rating of at least "A" from Standard & Poor's or Fitch, or "A2" from Moody's.

11. The amount which may be drawn by you under this Letter of Credit shall be automatically reduced by the amount of any drawings paid through us referencing this Letter of Credit No. ___. Partial drawings are permitted hereunder.

12. Faxed document(s) are acceptable. Presentation by fax must be made to fax number _____ and confirmed by telephone to _____.

13. In the event of act of God, riot, civil commotion, insurrection, war, terrorism or by any strikes or lock outs, or any cause beyond our control, that interrupts our business, and causes the place for presentation of this Letter of Credit to be closed for business on the last day of presentation, the expiration date of this Letter of Credit shall be automatically extended

without amendment to a date 30 (thirty) calendar days after the place for presentation reopens for business.

14. This original Letter of Credit has been sent to the Independent Evaluator at [ ] (as per Bidder's instructions, the Independent Evaluator holds the Letter of Credit for the benefit the Companies). The aggregate amount paid to the Companies during the validity of this Letter of Credit will not exceed the amount of this Letter of Credit. Any demands or communications in the form of the attached Annexes or other communications directed to us under this Letter of Credit must be signed by an Authorized Officer of the Companies. Acceptance or rejection of any amendments to this Letter of Credit must be signed by an Authorized Representative of the Independent Evaluator on behalf of the Companies. An Authorized Representative of the Independent Evaluator means any Vice President or Senior Vice President of the Independent Evaluator.

Very truly yours,

(Issuing Bank)

_____

By:_____

Name:

Title:

By:_____

Name:

Title:

Annex 1 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

To: (Issuing Bank)

(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned is making a drawing under the above-referenced Letter of Credit in the amount specified below and hereby certifies to you as follows:

1. Capitalized terms used herein that are defined herein shall have the meanings ascribed thereto in the Letter of Credit;

2. Pursuant to Paragraph 2 of the Letter of Credit No._____, dated_____, 20__, the undersigned are entitled to make a drawing under the Letter of Credit in the amount of $_____, inasmuch as the Bidder has _____ (state reason from conditions (a) – (d) of Paragraph 2).

3. The amounts to be received by Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company are $_____ .

4. We acknowledge that, upon your honoring the drawing herein requested, the amount of the Letter of Credit available for drawing shall be automatically decreased by an amount equal to this drawing.

Very truly yours,

Metropolitan Edison Company

Pennsylvania Electric Company

Pennsylvania Power Company

By _____

Name:

Title:

Date:

cc: _____(Bidder)

Annex 2 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

ON [Business Day pursuant to Paragraph 3]

PAY TO: Metropolitan Edison Company

Pennsylvania Electric Company

Pennsylvania Power Company

Attn:

$ _____

For credit to the account of _____.

FOR VALUE RECEIVED AND CHARGE TO ACCOUNT OF LETTER OF CREDIT NO. _____
OF

(Issuing Bank)

(Address)

Metropolitan Edison Company

Pennsylvania Electric Company

Pennsylvania Power Company

By _____

Name:

Title:

Annex 3 to Letter of Credit

CERTIFICATE OF EXPIRATION

OF LETTER OF CREDIT NO. _____

_____, 20__

To: (Issuing Bank)

(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned hereby certifies to you that the above referenced Letter of Credit may be cancelled without payment. Attached hereto is said Letter of Credit, marked cancelled.

Metropolitan Edison Company

Pennsylvania Electric Company

Pennsylvania Power Company

By _____

Name:

Title:

Date:

cc: _____ (Bidder)

APPENDIX 4 TO THE
SOLAR PHOTOVOLTAIC ALTERNATIVE ENERGY CREDITS
REQUEST FOR PROPOSALS (RFP) RULES

Requirements for Attestation of Chief Financial Officer

The attestation by the Chief Financial Officer, if required by Article IV of the Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company Solar Photovoltaic Alternative Energy Credits Request for Proposals ("RFP") Rules, must fulfill the following requirements:

- the attestation is a notarized affidavit attached to the financial information provided by the Entity (Bidder or Guarantor);
- the attestation identifies the person making the affidavit as the Chief Financial Officer (or equivalent position);
- the Chief Financial Officer (or equivalent) attests that "of the information contained in the financial statements fairly presents in all material aspects the financial condition and results of the operations of _____(name of Entity)."

Name of Bidder

PART 1 FORM

METROPOLITAN EDISON COMPANY, PENNSYLVANIA ELECTRIC COMPANY AND PENNSYLVANIA POWER COMPANY
SOLAR PHOTOVOLTAIC ALTERNATIVE ENERGY CREDITS
REQUEST FOR PROPOSALS (RFP)

PART 1 DATE: [INSERT DATE]

This Part 1 Form is the form to submit the Part 1 Proposal for the Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company Solar Photovoltaic Alternative Energy Credits Request for Proposals ("RFP").

Before completing this Part 1 Form, please review the Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company (referred to as "the Companies") Solar Photovoltaic Alternative Energy Credits RFP Rules ("RFP Rules") and the Solar Photovoltaic Alternative Energy Credit Purchase and Sale Agreement ("SPAECPSA"), so that you understand the conditions under which the RFP will be conducted. These documents are posted at http://www.firstenergycorp.com/[TBD].

The submission of a Part 1 Proposal to the Companies constitutes your acknowledgement and acceptance of all the terms and conditions of the RFP, regardless of the outcome of the RFP or the ultimate fate of such Proposal.

Any information that you provide in this Part 1 Proposal is provided on a confidential basis to the Independent Evaluator, and is subject to the Confidentiality Provisions contained in Section VIII.3 of the RFP Rules. One or more credit representatives from the Companies and a legal representative on behalf of the Companies will participate in the evaluation of the Part 1 Proposal of each Bidder. Information regarding the content or status of any Part 1 Proposal will not be released publicly or to any individual Bidder during the evaluation process.

Name of Bidder

INSTRUCTIONS FOR PROPOSAL

Bidders submit the Part 1 Form and all documents required therein to respond to the qualification standards for the RFP. A Bidder that is qualified after complying with all qualification standards of the Part 1 Proposal may submit a Part 2 Proposal for the RFP.

This Part 1 Form must be used to submit a Part 1 Proposal in the RFP.

Please complete all sections.

I. Part 1 Proposal Submission

Proposals must be submitted in the complete legal name of the party that will execute the SPAECPSA should the party be a winning Bidder and should the PaPUC approve the RFP results.

Bidders must:

- Submit **three (3) original** completed Part 1 Forms (with original signatures);
- Submit **one (1) copy** (hard copy or electronic copy on a CD or electronic copy by email) of documents required to support the Part 1 Form as set forth in Article IV of the RFP Rules; and,
- Insert the name of the Bidder **on each page** of the Part 1 Form.

The completed Part 1 Proposal MUST be received by the Independent Evaluator no later than 12:00 p.m.[1] on the Part 1 Date at:

The Brattle Group
SPAEC RFP Independent Evaluator
1850 M Street, NW
Suite 1200
Washington, DC 20036

Inquiries may be directed to the Independent Evaluator by:

- Telephone 202.419.3330
- Fax 202.955.5059
- Through the "Contact Us" page on the website at http://www.firstenergycorp.com/[TBD]

Oral, telephonic, electronic, or faxed Part 1 Proposals will not receive consideration under any circumstances.[2]

[1] Unless noted otherwise, all times refer to Eastern Prevailing Time (EPT).

[2] With the exception of Part 1 Supporting Documents submitted electronically in accordance with the instructions contained herein.

Name of Bidder

II. Part 1 Proposal Review

Timing of Part 1 Proposal Review

The Part 1 Proposal is due by noon (12:00 PM) on the Part 1 Date, [INSERT DATE]. If a Part 1 Proposal is received by noon on the Part 1 Date, the Evaluation Team will review the Part 1 Proposal upon receipt. Proposals received after the Part 1 Date are late Proposals and are not processed.

Incomplete Part 1 Proposals

If the Independent Evaluator determines that any aspect of your Part 1 Proposal is incomplete or requires clarification, the Independent Evaluator will issue a deficiency notice to you by fax or email on the business day of receipt (if the Part 1 Proposal is received before noon), or by noon on the following business day (if the Part 1 Proposal is received after noon). A Bidder will have until the close of the Part 1 Date, or until 6:00 PM the business day following the business day during which the notice was sent to the Bidder, whichever comes later, to respond to the deficiency notice. If the response is not sufficient to cure the deficiency, the Independent Evaluator may request additional information and provide another opportunity for the Bidder to provide the required clarification or additional information to cure the deficiency. If a deficiency notice is issued and the Bidder does not respond by the deadline established by the Independent Evaluator or does not address the deficiency in a manner that is deemed satisfactory in the Independent Evaluator's sole discretion, the Bidder's Proposal will be rejected.

Draft Credit Documents

Unless the Bidder is posting cash for its Pre-Bid Security or using the standard form for the Pre-Bid Letter of Credit (or a form with modifications accepted by the Companies and posted on the website, http://www.firstenergycorp.com/[TBD], prior to the Part 1 Date), the Bidder will submit a draft Pre-Bid Letter of Credit. The Evaluation Team reviews draft Pre-Bid Letters of Credit. The Independent Evaluator notifies the Bidder within two business days whether modifications incorporated in the draft Pre-Bid Letter of Credit are acceptable.

Late Part 1 Proposals

No late Part 1 Proposals will be accepted under any circumstances. A Bidder must assume full responsibility for timely delivery in the manner and to the location specified in this Part 1 Form.

Notification of Qualification

A Bidder who submits a Part 1 Proposal and who is qualified pursuant to its Part 1 Proposal may submit a Part 2 Proposal. Each Bidder that submits a Part 1 Proposal will be notified whether it has qualified to submit a Part 2 Proposal for the RFP no later than five (5) business days after the Part 1 Date.

Name of Bidder

PART 1 FORM

1. Contact Information

COMPLETE ALL INFORMATION IN THIS SECTION 1 OF THIS PART 1 FORM.

Please note that fields will expand to accommodate text.

Name and Address of the Bidder

Name of Bidder

Legal Name of Bidder (If Different from Above)

Street Address

City *State* *Zip Code*

If the legal or trade name provided above for the Bidder is not expected to change from now until the Commission renders a decision on the results of the RFP, please check here ☐ *and please proceed to the next section. Otherwise, please provide the following information:*

New Name of Applicant

Expected Date of Name Change

Please be advised that if you qualify to become a Bidder, you will be required to advise the Independent Evaluator when the change to its name, as disclosed above, has been effected, and to provide evidence of the change. The Bidder is also required to advise the Independent Evaluator if the change to the Bidder's name, as disclosed above, does not occur on the expected date.

Name of Bidder

Officer of the Bidder

The contact information in this section is the contact information for an individual who is an officer, director or an individual otherwise empowered to undertake contracts and bind the Bidder. The Officer of the Bidder named below must make all representations required in the Part 1 Proposal.

Last Name *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Title

Company

Street Address

City *State* *Zip Code*

Telephone No. *Fax No.* *Email Address*

Name of Bidder

Representative of the Bidder

The Officer of the Bidder must name a Representative of the Bidder. The Officer of the Bidder may name himself or herself as the Representative. The Representative is the point of contact if the Independent Evaluator has questions on the documentation provided by the Bidder in response to this RFP or requires additional information. The Independent Evaluator sends all correspondence related to the procurement event to the Representative, including confidential information required to submit bids on the Bid Date. The Independent Evaluator, for the purposes of this RFP, will communicate exclusively with the Representative or the Officer. Below, the Representative is nominated by the Officer of the Bidder.

____ (the Officer of the Bidder named above) hereby designates _____, whose contact information is immediately below, to serve as the Representative of the Bidder.

_____

Signature of Officer Date

Printed Name

Last Name *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Title

Company

Street Address

City *State* *Zip Code*

Telephone No. *Alternate Telephone No. (If Available)*

Name of Bidder

COMMUNICATIONS WITH THE REPRESENTATIVE ARE TYPICALLY DONE VIA FAX OR EMAIL OR BY COURIER. PLEASE PROVIDE BELOW A FAX NUMBER AND EMAIL ADDRESS AT WHICH THE REPRESENTATIVE WILL BE ABLE TO RECEIVE FAXES OR EMAILS FROM THE INDEPENDENT EVALUATOR IN A SECURE AND TIMELY MANNER.

Fax No.	*Email Address*

ANY NOTIFICATION OR OTHER COMMUNICATION GIVEN BY THE INDEPENDENT EVALUATOR TO THE BIDDER WILL BE DELIVERED BY COURIER TO THE ADDRESS PROVIDED ABOVE FOR THE REPRESENTATIVE, OR SENT BY FAX OR EMAIL TO THE REPRESENTATIVE. ANY SUCH NOTIFICATION OR COMMUNICATION WILL BE DEEMED RECEIVED BY THE BIDDER AT THE TIME OF DELIVERY OR TRANSMISSION, PROVIDED THAT WHERE DELIVERY OR TRANSMISSION OCCURS AFTER 6 P.M. ON A BUSINESS DAY OR OCCURS ON A DAY THAT IS NOT A BUSINESS DAY, RECEIPT WILL BE DEEMED TO OCCUR AT 9 A.M. ON THE FOLLOWING BUSINESS DAY.

Name of Bidder

2. Creditworthiness Information

PROVIDE ALL INFORMATION REQUESTED IN THIS SECTION 2 OF THIS PART 1 FORM.

Please note that fields will expand to accommodate text.

Name of Entity on Whose Financial Standing the Bidder Relies

The party, called the "Entity" below, upon whose financial standing the Bidder is relying is (check one and fill in the blank with the name of the "Entity"):

Option (a)

☐ ___, the Bidder is the Entity and is seeking an unsecured line of credit

Option (b)

☐ ___, the Guarantor is the Entity

Option (c)

☐ ___, the Bidder is the Entity. The Bidder elects not to apply for an unsecured line of credit and stands ready to post cash or a Letter of Credit for the entire amount of the security due under the SPAECPSA

Name of Bidder

Credit Representative

The contact information in this section is for a credit representative from the Entity named above who will be able to answer questions on the documentation provided.

Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

Title

Company

Street Address

City | *State* | *Zip Code*

Telephone No. | *Fax No.* | *Email Address*

Name of Bidder

Financial Information

THE FINANCIAL INFORMATION REQUESTED IN THIS SECTION MAY BE PROVIDED IN HARD COPY, ELECTRONICALLY IN THE FORM OF A CD, OR ELECTRONICALLY IN THE FORM OF AN EMAIL SENT TO [TBD]@brattle.com.

If the Bidder has selected **Option (a) or Option (b)** above, please provide the following financial information for the Entity named on page 9:

(1) Most recent SEC Form 10-K; if unavailable, please provide the most recent audited annual financial information (including a balance sheet, income statement, and cash flow statement, and any accompanying notes and schedules).

(2) Most recent SEC Form 10-Q; if unavailable, please provide the most recent quarterly or monthly financial information accompanied by an attestation by the Entity's Chief Financial Officer, in the form of Appendix 5, that the information submitted fairly presents in all material respects the financial condition and results of the operations of the Entity.

(3) Any SEC Form 8-K filings made by the Entity, as well as any other public financial disclosures made by the Entity since the release of the Entity's most recent financial statements, for any matters that are material to the Entity's financial condition.

Credit Ratings

If the Bidder has selected **Option (a) or Option (b)** above, please submit credit ratings for the Entity from at least two of the following agencies: Standard & Poor's Rating Services ("S&P"), Moody's Investors Service, Inc. ("Moody's"), or Fitch, Inc. ("Fitch"), along with the specified documentation.

WHEN PROVIDING DOCUMENTATION FROM THE RATING AGENCIES, ONE COPY IS SUFFICIENT.

1. Is the Entity rated by S&P?
   ☐ yes ☐ no

   If yes, please provide:
   - The Entity's senior unsecured debt rating
   - A print out from S&P's website or other documentation from the agency providing the name of the rating agency, **the type of rating**, and the rating of the Entity.

2. Is the Entity rated by Moody's?
   ☐ yes ☐ no

   If yes, please provide:
   - The Entity's senior unsecured debt rating
   - A print out of Moody's website or other documentation from the agency providing the name of the rating agency, **the type of rating**, and the rating of the Entity.

Name of Bidder

3. Is the Entity rated by Fitch?
   ☐ yes ☐ no

   If yes, please provide:
   - The Entity's senior unsecured debt rating
   - A print out of Fitch's website or other documentation from the agency providing the name of the rating agency, **the type of rating**, and the rating of the Entity.

Statement of Matters Related to Financial Status of the Entity

All Bidders must submit the following information for the Entity named in Section II.2:

A statement, as applicable, of rulings, judgments, litigation, contingent liabilities, revocations of authority, investigations or any other matters relating to the financial status of the Entity that have had a material impact on the Entity's financial status. If the Bidder has selected Option (a) or Option (b) above, this statement need only apply to matters impacting the Entity's financial status since the release of the Entity's most recent financial data or most recent public financial disclosure.

Draft Pre-Bid Letter of Credit

For all Bidders, the Part 2 Proposal requires Pre-Bid Security in the form of cash or an executed Pre-Bid Letter of Credit established for the account of the Bidder and acceptable to the Companies. The standard form for the Pre-Bid Letter of Credit provided as Appendix 3 to the RFP Rules document is acceptable to the Companies. **A Bidder that will not use exactly the standard form of the Pre-Bid Letter of Credit (or a form with modifications accepted by the Companies and posted on the website prior to the Part 1 Date) or post cash with its Part 2 Proposal must submit with its Part 1 Proposal any and all proposed modifications to the standard Pre-Bid letter of Credit for evaluation.**

Each Bidder must check **one** of the following options:

☐ The Bidder will submit Pre-Bid Security in the form of cash.

☐ The Bidder will use the **standard form** of the Pre-Bid Letter of Credit for the RFP provided as Appendix 3 to the RFP Rules document, or a version with approved modifications as posted on the website prior to the Part 1 Date.

☐ The Bidder is submitting electronically in MS-Word format, either saved to a CD or sent via email to the Independent Evaluator at [TBD]@brattle.com, a draft Pre-Bid Letter of Credit for the RFP **indicating clearly each and every modification** from the standard form.

The Independent Evaluator and the Companies will assess, in their sole and exclusive discretion, whether any modifications to the standard form, other than those posted on the RFP website are acceptable.

Name of Bidder

3. Additional Requirements

THESE CERTIFICATIONS MUST BE SIGNED BY THE OFFICER OF THE BIDDER.

Representations of the Officer of the Bidder

I certify that:

(1) the Bidder is a corporation, partnership, limited liability company or other legal entity, duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania or, if another jurisdiction, that the Bidder is duly registered and authorized to do business and is in good standing in such other jurisdiction.

(2) all information provided in the Part 1 Proposal is true and accurate to the best of my knowledge and belief. I certify that I am authorized to submit the Part 1 Proposal on behalf of the Bidder and am authorized to bind the Bidder.

(3) I have read the SPAECPSA for the products in the RFP and I certify that the Bidder accepts all of the terms of such SPAECPSA without modifications.

(4) I have read the RFP Rules and I certify that the Bidder accepts all of the terms of the RFP Rules and agrees to comply without modifications.

(5) the Bidder's Part 1 Proposal will remain in full force and effect until: (i) the PaPUC has accepted the results of the RFP and the Bidder did not win any Tranches; or (ii) the PaPUC has accepted the results of the RFP, the Bidder won Tranches, the Bidder has executed the SPAECPSA, and the Bidder has satisfied the creditworthiness standards of the SPAECPSA; or (iii) the PaPUC has rejected the results of the RFP; but (iv) in no event less than five (5) business days after the close of bidding for the RFP.

(6) if the Bidder qualifies to participate in an RFP, the Bidder will not substitute another entity in its place, transfer its rights to another entity, or otherwise assign its status as Qualified Bidder to another entity.

(7) if for any reason or due to any circumstance, any information provided in the Part 1 Proposal changes or any certification fails to remain valid, the Bidder will notify the Independent Evaluator of such changes at least three (3) business days before the Part 2 Date and will provide the updated information at least one (1) business day before the Part 2 Date.

_____

Signature of Officer Date

Name of Bidder

Certification of non-Association

The Officer of the Bidder must sign the following certification, or provide the requested information.

> I certify that the Bidder is not acting and will not act through a partnership, joint venture, limited liability partnership, or other association, organization, or any other group with respect to its Proposal.

_____

Signature of Officer Date

OR

If the Officer is unable to make the above certification, the Officer of the Bidder must disclose the members of the partnership, joint venture, or other joint action with respect to its Proposal, as well as the nature of the association, agreement or joint action. A Bidder acting in concert with another Bidder may be disqualified by the Independent Evaluator on behalf of the Companies in its sole and exclusive discretion.

Certification Regarding Ability to Perform

I certify that:

(1) there are no actions at law, suits in equity, proceedings or claims pending or, to such Bidder's knowledge, threatened against the Bidder before any federal, state, foreign or local court, tribunal or government agency or authority that might materially delay, prevent or hinder the Bidder's performance of its obligations under the terms of the SPAECPSA;

(2) the Bidder has not had any permit or authority to do business in any jurisdiction revoked or suspended; and

(3) the Bidder and its corporate officers have never been barred from public bidding or sanctioned for unauthorized disclosure of confidential information.

_____

Signature of Officer Date

Name of Bidder

4. Entities not Incorporated Under the Laws of the United States

A Bidder that is not incorporated or otherwise formed under the laws of the United States must provide the following additional information in its Part 1 Proposal:

1) A legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Bidder is incorporated or otherwise formed that the SPAECPSA will become, upon the completion of execution formalities, the binding obligation of the Bidder in the jurisdiction in which it has been incorporated or otherwise formed;

2) The sworn certificate of the corporate secretary (or similar officer) of the Bidder that the person who will be executing the SPAECPSA on behalf of the Bidder has the authority to execute the SPAECPSA and that the governing board of the Bidder has approved the execution of the SPAECPSA;

3) The sworn certificate of the corporate secretary (or similar officer) of the Bidder that the Bidder has been authorized by its governing board to enter into agreements of the same type as the SPAECPSA.

A Bidder whose Guarantor is not incorporated or otherwise formed under the laws of the United States must provide the following additional information in its Part 1 Proposal:

1) A legal opinion of counsel qualified to practice in the foreign jurisdiction in the which the Guarantor is incorporated or otherwise formed that the standard Guaranty of the SPAECPSA will become, upon the completion of execution formalities, the binding obligation of the Guarantor in the jurisdiction in which it has been incorporated or otherwise formed;

2) The sworn certificate of the corporate secretary (or similar officer) of the Guarantor that the person executing the Guaranty on behalf of the Guarantor has the authority to execute the Guaranty and that the governing board of the Guarantor has approved the execution of the Guaranty;

3) The sworn certificate of the corporate secretary (or similar officer) of the Guarantor that the Guarantor has been authorized by its governing board to enter into agreements of the same type as the standard Guaranty of the SPAECPSA.

Name of Bidder

5. Justification of Omissions

If you are unable to provide all documents or information required in the Part 1 Proposal, please justify fully any omissions in the space provided below.

Name of Bidder

Checklist

This is a checklist of documents to be enclosed in the Part 1 Proposal.

☐ **3 originals** of the completed Part 1 Form (with original signatures). *[Instructions Part I]*

☐ **One electronic copy**: If the Bidder will not post cash for its Pre-Bid Security and will not use exactly the standard form of the Pre-Bid Letter of Credit with the Part 2 Proposal (or a form with modifications accepted by the Companies and posted on the website prior to the Part 1 Date), a draft Pre-Bid Letter of Credit for the RFP in MS-Word format, either saved to a CD or sent via email to the Independent Evaluator **indicating clearly** each and every modification from the standard form. *[Section 2]*

☐ **3 originals** of the Representations of the Officer of the Bidder, Certification of non-Association, and Certification Regarding Ability to Perform (with original signatures). *[Section 3]*

☐ **One copy**: For Entities not incorporated under the laws of the United States, the necessary documents for the Bidder and/or the Guarantor. *[Section 4]*

The following documents of the Entity (the Bidder or the Guarantor) that will be fulfilling the credit and financial requirements:

☐ **One copy** (hard copy or electronically on a CD or by email): If the Bidder has selected Option (a) or Option (b) on page 9, of each of the following: *[Section 2]*

(1) Most recent SEC Form 10-K; if unavailable, the most recent audited annual financial information (including a balance sheet, income statement, and cash flow statement, and any accompanying notes and schedules).

(2) Most recent SEC Form 10-Q; if unavailable, the most recent quarterly or monthly financial data accompanied by an attestation by the Entity's Chief Financial Officer, in the form of Appendix 5, that the information submitted is true, correct and a fair representation of the Entity's financial condition.

(3) Any SEC Form 8-K filings made by the Entity, as well as any other public financial disclosures made by the Entity since the release of the Entity's most recent financial statements, for any matters that are material to the Entity's financial condition.

☐ **One copy** (hard copy or electronically on a CD or by email): If the Bidder has selected Option (a) or Option (b) on page 9, documentation showing the name of the rating agency, the type of rating, and the rating of the Entity *[Section 2]*

☐ **One copy**: Statement of Matters Related to the Financial Status of the Entity. *[Section 2]*

End of Part 1 Form

Name of Bidder

PART 2 FORM

METROPOLITAN EDISON COMPANY, PENNSYLVANIA ELECTRIC COMPANY AND PENNSYLVANIA POWER COMPANY
SOLAR PHOTOVOLTAIC ALTERNATIVE ENERGY CREDITS
REQUEST FOR PROPOSALS (RFP)

PART 2 DATE: [INSERT DATE]

This Part 2 Form is the form to submit the Part 2 Proposal for the Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company Solar Photovoltaic Alternative Energy Credits Request for Proposals ("RFP").

Before completing this Part 2 Form, please review the Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company (referred to as "the Companies") Solar Photovoltaic Alternative Energy Credits RFP Rules ("RFP Rules") and the Solar Photovoltaic Alternative Energy Credit Purchase and Sale Agreement ("SPAECPSA"), so that you understand the conditions under which the RFP will be conducted. These documents are posted at http://www.firstenergycorp.com/[TBD].

Your submission of a Part 2 Proposal to the Companies constitutes your acknowledgement and acceptance of all the terms and conditions of the RFP, regardless of the outcome of the RFP or the ultimate fate of such Proposal.

Any information that you provide in this Part 2 Proposal is provided on a confidential basis to the Independent Evaluator, and is subject to the Confidentiality Provisions contained in Section VIII.3 of the RFP Rules. One or more credit representatives from the Companies and a legal representative on behalf of the Companies will participate in the evaluation of the Part 2 Proposal of each Bidder. One or more credit representatives from the Companies may review documents provided as pre-bid security with the name of the Bidder and any amounts redacted. Information regarding the content or status of any Part 2 Proposal will not be released to any Bidder during the evaluation process.

Name of Bidder

INSTRUCTIONS FOR PROPOSAL

Bidders submit the Part 1 Form and all documents required therein to respond to the qualification standards for the RFP. A Bidder that is qualified after complying with all qualification standards of the Part 1 Proposal may submit a Part 2 Proposal for the RFP.

This Part 2 Form must be used to submit a Part 2 Proposal for the RFP.

Please complete all sections.

I. Part 2 Proposal Submission

Proposals must be submitted in the complete legal name of the party that will execute the SPAECPSA should the party be a winning Bidder and should the PaPUC approve the RFP results.

Bidders must:

- Submit **three (3) original** completed Part 2 Forms (with original signatures);
- Submit Pre-Bid Security in the form of **one (1) original** Pre-Bid Letter of Credit or cash; and
- Manually insert the name of the Bidder **on every page** of the Part 2 Form.

The completed Part 2 Form MUST be received by the Independent Evaluator no later than 12:00 p.m.[1] on the Part 2 Date at:

The Brattle Group
SPAEC RFP IE
1850 M St, NW
Suite 1200
Washington, DC 20036

Inquiries may be directed to the Independent Evaluator by:

- Telephone 202.419.3330
- Fax 202.955.5059
- Through the "Contact Us" page on the website at

http://www.firstenergycorp.com/[TBD]

Oral, telephonic, electronic, or faxed Part 2 Proposals will not receive consideration under any circumstances.

[1] Unless noted otherwise, all times refer to Eastern Prevailing Time (EPT).

Name of Bidder

II. Part 2 Proposal Review

Timing of Part 2 Proposal Review

The Part 2 Proposal must be submitted by noon (12:00 PM) on the Part 2 Date, [INSERT DATE]. When the Part 2 Proposal is received, the Evaluation Team will review the Part 2 Proposal for completeness. Proposals received after the noon (12:00 PM) on the Part 2 Date are late Proposals and are not processed.

Incomplete Part 2 Proposal

If the Independent Evaluator determines that any aspect of your Part 2 Proposal is incomplete or requires clarification, the Independent Evaluator will issue a deficiency notice to you. If a Bidder submits a Pre-Bid Letter of Credit that does not conform to the standard form provided in Appendix 3 or incorporates modifications to the standard form other than those acceptable to the Companies, the Bidder may not be permitted to submit Bids in the RFP.

Late Part 2 Proposal

No late Part 2 Proposals will be accepted under any circumstances. A Bidder must assume full responsibility for timely delivery in the manner and to the location specified in this Part 2 Form.

Name of Bidder

PART 2 FORM

1. Basic Applicant Information

Name of Applicant

Name of Authorized Representative

Telephone No.

Fax No.

Email Address

Cell Phone No. (optional)

Name of Bidder

2. Bid Security

RFP Pre-Bid Letter of Credit:

The Bidder who is submitting a Part 2 Proposal must provide Pre-Bid Security in the form of cash or an executed Pre-Bid Letter of Credit that either uses the standard form as provided in Appendix 3 to the RFP Rules, or that incorporates only those modifications to the standard form acceptable to the Companies.

The Bidder is submitting Pre-Bid Security in the form of: (check **one**):

☐ cash;

☐ an executed Pre-Bid Letter of Credit using the standard form; or

☐ an executed Pre-Bid Letter of Credit incorporating only approved modifications.

Amount of the RFP Pre-Bid Letter of Credit

The amount of the Pre-Bid Security must be equal to 10% of the security required under the SPAECPSA relevant to the maximum number of Tranches that Bidders are proposing to supply in the Part 2 Proposal.

Name of Bidder

Release of the RFP Pre-Bid Security

The Independent Evaluator or the Companies will release the RFP Pre-Bid Security as soon as practicable if the PaPUC rejects the results of the RFP. If the PaPUC accepts the results of the RFP and the Bidder has won tranches in the RFP, the Pre-Bid Security of a Bidder will be released the business day after the Bidder executes the SPAECPSA and meets the creditworthiness requirements under the SPAECPSA. If the Bidder has not won tranches in the RFP, the Pre-Bid Security will be released the business day after the PaPUC decision.

Please provide any special instructions for returning the RFP Pre-Bid Security in the space below.

Name of Bidder

3. Additional Requirements

THESE CERTIFICATIONS MUST BE SIGNED BY THE OFFICER OF THE BIDDER

Representations of the Officer of the Bidder

(1) I certify that I am authorized to submit the Part 2 Proposal on behalf of the Bidder and I am authorized to bind the Bidder.

(2) I certify that all information provided in the Part 2 Proposal is true and accurate to the best of my knowledge and belief.

(3) I certify that any Bid submitted in the RFP creates a binding and irrevocable offer to provide service under the terms set forth in the SPAECPSA. If the PaPUC approves the results of the RFP, a binding and enforceable contract to provide service with respect to the number of tranches for which the Bidder is a winner will arise under the SPAECPSA at the final RFP prices.

(4) I certify that the Bidder's Part 2 Proposal will remain in full force and effect until: (i) the PaPUC has accepted the results of the RFP and the Bidder did not win any Tranches; or (ii) the PaPUC has accepted the results of the RFP, the Bidder won Tranches, the Bidder has executed the SPAECPSA, and the Bidder has satisfied the creditworthiness standards of the SPAECPSA; or (iii) the PaPUC has rejected the results of the RFP; but (iv) in no event less than five (5) business days after the close of bidding for the RFP.

(5) I certify that the Bidder is bidding independently and does not have information concerning a Proposal or Bids being submitted by another Bidder in the RFP. I acknowledge that this certification must be binding and in effect until the Commission has rendered a decision on the RFP results.

(6) I certify that except for any communication with its financial institution for the purpose of preparing security for the RFP, the Bidder has not disclosed and will not disclose publicly or to any other party any information relating to its Proposal or its Bids, which could have an effect on whether another party submits a Proposal to participate in the RFP, on whether another party submits Bids in the RFP, or on the contents of the Proposal that another Bidder would be willing to submit to participate in the RFP. I acknowledge that this certification must hold until the PaPUC has disclosed the names of the winning suppliers and the winning bid prices of the RFP.

Name of Bidder

(7) I certify that the Bidder will hold confidential any results or data from the RFP, until such time that the results or data are released by the PaPUC and are no longer confidential. Such information includes any information that a Bidder acquires as a result of participating in the RFP Process, whether in writing or verbally, and that has not been made public by the Independent Evaluator or the PaPUC.

(8) I certify that if the Bidder wins tranches in the RFP, the Bidder will demonstrate compliance with the creditworthiness requirements set forth in the SPAECPSA within three (3) business days of the PaPUC approval of the results for the RFP.

(9) I certify that the Bidder will not substitute another entity in its place, transfer its rights to another entity, or otherwise assign its status as a Bidder to another entity.

(10) I certify that, if for any reason or due to any circumstance, any information provided in the Part 1 Proposal changes or any certification fails to remain valid, the Bidder will notify the Independent Evaluator of such changes at least three (3) business days before the Part 2 Date and will provide the updated information at least one (1) business day before the Part 2 Date.

(11) I certify that I have read the RFP Rules and I certify that the Bidder accepts all of the terms of the RFP Rules and agrees to comply without modifications.

_____

Signature of Officer Date

Name of Bidder

4. Justification of Omissions

If you are unable to certify to any of the representations required in the Part 2 Proposal, please justify fully any omissions in the space provided below.

Name of Bidder

5. Bid Submittal Sheet

Maximum Number of Tranches Offered by Bidder:
(Not to Exceed 75% of Tranche Target, *i.e.*, [XX] tranches)

Bid Price in $/SPAEC (rounded to the nearest cent): $x.xx

(*SPAEC is Solar Photovoltaic Alternative Energy Credit*)

Is this an All-or Nothing Bid?

☐ **Yes, it is all-or-nothing.**

(An "all or nothing" designation does not apply to more than 4 tranches. For any Bids that exceed 4 tranches and are designated as "all or nothing," the "all or nothing" portion of the Bid applies to the first 4 tranches only. In other words, the Bid may be accepted for the supply of 4 or more tranches "up to" the maximum number of tranches bid.)

☐ No, this bid applies to any quantity up to the maximum stated quantity.

_____

Signature of Officer Date

Name of Bidder

Checklist

This is a checklist of documents to be enclosed in the Part 2 Proposal.

☐ **3 originals** of the completed Part 2 Form (with original signatures) *[Instructions Part I]*

☐ **Pre-Bid Security** in the form of **cash** or an **Original Executed RFP Pre-Bid Letter of Credit** for the account of the Bidder that either uses the standard form as provided in Appendix 3 of the RFP Rules, or a RFP Letter of Credit that incorporates only those modifications to the standard form acceptable to the Companies. (Required of all Bidders applying to the RFP) *[Section 2]*

End of Part 2 Form