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February 15, 2011

Via Overnight Mail

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

RECEIVED

FEB 15 2011

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Re: Petition of PECO Energy Company for Approval to Procure Tier II Alternative Energy Credits and Additional Tier I and Solar Alternative Energy Credits
Docket No. P-2010-2210975**

Dear Secretary Chiavetta:

On behalf of PECO Energy Company ("PECO"), in accordance with the Public Utility Commission's Order of February 14, 2011 (the "Order"), I have enclosed for filing the original and three copies of each of the following documents:

- (i) Request for Proposals to Supply Alternative Energy Credits in Compliance with Pennsylvania's Alternative Energy Portfolio Standards Act (the "RFP") as amended;
- (ii) Blackline showing the amendment to the RFP;
- (iii) The Alternative Energy Credits Purchase and Sale Agreement (the "Agreement") as amended;
- (iv) Blackline showing the amendment to the Agreement.

Pursuant to the Order, the Agreement has been revised to add new subsection 5.2.4 and the RFP has been revised to add new section 3.6, both of which specify that all Alternative Energy Credits (AECs) procured through these procurements and delivered under Agreements executed in these procurements must be derived from alternative energy sources located within the geographical boundaries of the Commonwealth of Pennsylvania or the control area of PJM Interconnection, L.L.C.

In order to enable PECO to commence its Tier II procurement process as soon as possible, PECO respectfully requests that the Commission provide its approval of the revisions to the attached agreements and RFP by Secretarial Letter or other form deemed appropriate by the Commission by February 24, 2011.

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission

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Kindly return a time-stamped copy of this cover letter in the self-addressed stamped envelope that is enclosed. Please do not hesitate to contact me at 215-841-5974 should you have any questions.

Very truly yours,



Jeanne J. Dworetzky
Assistant General Counsel

Enclosures

Cc: Parties on the Attached Certificate of Service

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

PETITION OF PECO ENERGY :
COMPANY FOR APPROVAL TO :
PROCURE TIER II ALTERNATIVE :
ENERGY CREDITS AND ADDITIONAL :
TIER I AND SOLAR ALTERNATIVE :
ENERGY CREDITS :

Docket No. P-2010-2210975

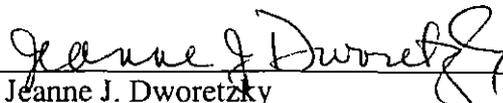
CERTIFICATE OF SERVICE

I hereby certify that I have this day served copies of clean and blacklined copies of the amended Request for Proposals to Supply Alternative Energy Credits in Compliance with Pennsylvania's Alternative Energy Portfolio Standards Act and the Alternative Energy Credits Purchase and Sale Agreement upon all parties to PECO's Default Service Proceeding, Docket No. P-2008-2062739, as set forth below:

VIA ELECTRONIC MAIL AND FIRST CLASS MAIL

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Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101
llepkoski@state.pa.us

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Jeanne J. Dworetzky
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Jeanne.dworetzky@exeloncorp.com
Counsel for PECO Energy Company

Dated: February 15, 2011

ALTERNATIVE ENERGY CREDITS PURCHASE AND SALE AGREEMENT

By and Among

PECO ENERGY COMPANY

and

Dated [_____], 201_

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FEB 15 2011

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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ALTERNATIVE ENERGY CREDITS PURCHASE AND SALE AGREEMENT

This Alternative Energy Credits Purchase and Sale Agreement (the "Agreement") is entered into as of _____, 201_, by and between _____, a _____ corporation with principal offices located at _____ ("Seller"), and PECO Energy Company, a Pennsylvania corporation with principal offices located at 2301 Market Street, Philadelphia, Pennsylvania 19101 ("PECO" or the "Company"). PECO and the Seller are herein referred to collectively as the "Parties," and individually as a "Party."

RECITALS

WHEREAS, PECO is an electric distribution company under the Alternative Energy Portfolio Standards Act, 73 P.S. § 1648.1 ("AEPS" or "the Act"); and

WHEREAS, Seller owns the rights to alternative energy credits and desires to sell such credits to PECO; and

WHEREAS, PECO desires to purchase such credits from Seller to satisfy PECO's obligations under the Act, subject to the requirements and conditions set forth herein;

NOW THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, PECO and Seller agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions. Any capitalized or abbreviated term not elsewhere defined in this Agreement shall have the definition set forth in this Article 1. As used in this Agreement, the following terms shall have the respective meanings set forth below.

"AEC" shall be an alternative energy credit as defined in the Act and of the type(s) specified in Exhibit 1.

"AEPS" shall have the meaning set forth in the Recitals.

"Affiliate" means any Person that directly or indirectly controls, is controlled by, or is under common control with the Person in question.

"Agreement" means this Agreement.

"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. § 101 et seq.

"Business Day" means a day on which Federal Reserve member banks in Philadelphia, PA are open for business, beginning at 0800 EPT and ending at 1700 EPT.

"Certificate" means a certificate corresponding to an AEC, as defined in PJM GATS.

“Claim” shall mean any claim, demand, audit, cause of action, litigation, lawsuit, grievance, arbitration, mediation, proceeding (including, without limitation, any bankruptcy, reorganization, dissolution, insolvency, liquidation, extension of bankruptcy or similar proceeding).

“Contract Amount” means the amount(s) identified as “Contract Amount” specified on Exhibit 1.

“Contract Price” means the price(s) identified as “Contract Price” on Exhibit 1.

“Defaulting Party” has the meaning set forth in Section 6.1.

“Deliver” or “Delivery” means the transfer of AECs from Seller to PECO in PJM GATS.

“Delivery Period” means the time period running from the Effective Date to thirty (30) days after the Effective Date, during which the Seller must deliver the Contract Amount of AECs.

“Effective Date” means the date upon which this Agreement is executed by the Parties.

“Energy” means three-phase, 60-cycle alternating current electric energy, expressed in units of kilowatt-hours or megawatt-hours.

“EPT” means Eastern Prevailing Time (the time then prevailing in the Eastern Time Zone of the United States).

“Event of Default” has the meaning set forth in Section 6.1.

“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 any federal, state or local government, court of competent jurisdiction, administrative agency or commission or other governmental or regulatory authority or instrumentality or authorized arbitral body.

“Indemnified Party” shall have the meaning set forth in Section 9.2.

“Interest Rate” means simple interest (not compounded) calculated at the lower of six (6) percent per annum or the applicable overnight repurchase interest rate from a Qualified Institution. For purposes of this section, Qualified Institution shall mean any major U.S. commercial bank or a foreign bank with a U.S. office, which has assets of at least \$10 billion and a credit rating of at least “A” by Standard and Poor’s or “A2” by Moody’s Investor Services.

“Lien” shall mean any mortgage, deed of trust, lien, pledge, charge, claim, security interest, easement, covenant, right of way, restriction, equity, hypothecation, usufruct or encumbrance of any nature whatsoever, including any conditional sale agreement.

“Month” means a calendar month (or any partial calendar month at the outset of the Term in the event that the Term commences during a calendar month).

“Non-Defaulting Party” means (i) if the Company is the Defaulting Party, the Seller; or (ii) if the Seller is the Defaulting Party, the Company.

“PaPUC” means the Pennsylvania Public Utility Commission.

“PECO” means PECO Energy Company.

“PJM GATS” means the environmental attribute tracking system operated by PJM Environmental Services, Inc. and selected as the AEPS AEC registry by the PaPUC, or any successor registry.

“Person” shall mean any individual, entity, corporation, general or limited partnership, limited liability company, joint venture, estate, trust, association or other entity or Governmental Authority.

“Requirement of Law” means any federal, state and local law, statute, regulation, rule, code, ordinance, resolution, order, writ, judgment or decree enacted, adopted, issued or promulgated by any Governmental Authority or RTO (including those pertaining to electrical, building, zoning, environmental and occupational safety and health requirements).

“Safe Harbor Provisions of the Bankruptcy Code” means Sections 101(25), 101(26), 101(38A), 101(38B), 362(b)(6), 362 (b)(27), 546(e), 546(j), 556, 561, 562 and 767 of the Bankruptcy Code together with other sections pertaining or referring to any of them and any future amendments to the Bankruptcy Code which provide protections, rights or remedies to non-bankrupt Forward Contract Merchants against bankrupt counterparties under Forward Contracts..

“Taxes” has the meaning set forth in Section 4.4

“Term” has the meaning set forth in Section 2.1.

“Termination Date” has the meaning set forth in Section 2.1.

1.2 Interpretation. In this Agreement, unless a different intention clearly appears: (a) the singular includes the plural and vice versa; (b) the reference to any Party includes such Party’s legal and/or permitted successors and assignees, and reference to a Party in a particular capacity excludes such Party in any other capacity or individually; (c) the reference to any gender includes the other gender; (d) reference to any document other than this Agreement refers to such documents as may be amended, modified, replaced or superseded from time to time, or any successor document(s) thereto; (e) reference to any Article, Section or Exhibit means such Article, Section or Exhibit of this Agreement unless otherwise indicated; (f) “hereunder”, “hereof”, “hereto”, and words of similar import shall be deemed references to this Agreement as

a whole and not to any particular Section or other provision; (g) "including" (and with correlative meaning "include"), when following any general statement or term, is not to be construed as limiting the general statement or term to the specific items or matters set forth or to similar items or matters, but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its broadest possible scope; (h) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including"; (i) reference to any law or regulation refers to such law or regulation as may be amended, modified, replaced or superseded from time to time, or any successor law(s) or regulation(s) thereto; and (j) reference to "termination of this Agreement," "this Agreement is terminated," "this Agreement may be terminated" and similar phrases 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 the Agreement survive termination.

ARTICLE 2 TERM AND TERMINATION

2.1 Effective Date and Term. This Agreement shall be effective on the Effective Date. Unless sooner terminated as provided herein, the Term of this Agreement shall end seventy-five (75) days after the Effective Date (the "Termination Date").

2.2 Early Termination. This Agreement may be terminated prior to the Termination Date pursuant to the following:

2.2.1 At any time by the mutual written consent of the Parties;

2.2.2 By the Non-Defaulting Party if an Event of Default occurs as provided for in Article 6, with such notice as required therein.

2.3 Effectiveness of Termination. Termination under this Article 2 shall be effective immediately after written notice is given, subject to any applicable notice requirements or extensions agreed to by the Parties.

2.4 Survival. Termination of this Agreement for any reason shall not relieve PECO or Seller of any obligation accrued or accruing prior to such termination. All provisions of this Agreement which must, in order to give full force and effect to the rights and obligations of the Parties hereto, survive termination or expiration of this Agreement, shall so survive, including, without limitation, Section 3.4, Article 6 and Article 7.

**ARTICLE 3
PURCHASE AND SALE OF AECs**

3.1 Purchase and Sale of AECs. Subject to the terms and upon the conditions and provisions of this Agreement, Seller shall sell, and PECO shall purchase, all rights, title and interest in the Contract Amount of AECs.

3.2 Delivery of AECs by Seller. Seller shall Deliver Certificates to PECO for the Contract Amount of AECs. The Delivery of AECs shall be completed no later than the thirtieth (30th) day following Effective Date (the Delivery Period), or such other date as PECO and the Seller may agree to in writing. Seller and PECO are each responsible for their own costs associated with establishing and administering any PJM GATS accounts sufficient to accomplish the Delivery of all AECs. Seller agrees to execute all other documents or instruments, at its expense, necessary to effectuate the Delivery of the AECs to PECO or as may be reasonably requested by PECO. All AECs transferred to PECO shall be free and clear of all Liens.

3.3 Ownership of and Title to AECs. PECO shall have sole, exclusive and perpetual ownership of all AECs Delivered to PECO by Seller under this Agreement, including all rights to sell, assign, transfer, apply, or retire any AEC transferred to PECO by Seller, provided, however, that Delivery of an AEC shall not transfer any rights to any associated electricity or capacity. Title to AECs shall not transfer to PECO prior to Delivery by Seller. Any benefits derived from the AECs after Delivery to PECO shall inure solely to the benefit of PECO and not to Seller.

3.4 Non-Compliant AECs. All AECs delivered to PECO shall have been created in the AEPS Reporting Years specified in Exhibit I. In the event that any AEC transferred to PECO is subsequently determined to be unable to be used by PECO for AEPS compliance due to Seller's failure to comply with any obligation under this Agreement, Seller shall transfer an equivalent AEC to PECO. All AECs transferred to PECO under this Section shall be available for use by PECO for purposes of compliance under the Act as if the AEC had been created at the time the non-compliant AEC was created. Any additional costs or penalties incurred by PECO resulting from the transfer of non-compliant AECs by Seller shall be paid for by Seller.

3.5 No Sale of Electricity and Capacity. Seller shall retain all rights and title to any and all electricity and capacity associated with Delivered AECs, and shall be responsible for any and all costs and charges associated with such electricity and capacity. As between PECO and Seller, Seller shall be deemed to be in exclusive control of, and responsible for, any damage or injury caused by electricity associated with the Delivered AECs.

3.6 Financing. PECO shall have no responsibility whatsoever for any financing or costs associated with any facility for the generation of electricity associated with AECs or the Delivery of AECs to PECO under this Agreement.

ARTICLE 4
BILLING AND PAYMENT; RECORDS

4.1 Invoices. Seller shall send PECO a statement following the Delivery of AECs setting forth all amounts due either to the Seller or to PECO. The statement shall include: (i) the quantity of AECs that were Delivered by Seller to PECO (by AEC type, if applicable) and the total amount owed by PECO for those AECs at the Contract Price, and (ii) any other amount due Seller or to PECO under this Agreement. Such statement shall be sent by Seller to PECO no later than fifteen (15) Business Days following the Delivery of AECs for which the statement is applicable.

4.2 Payment. Subject to all conditions and provisions of this Agreement, no later than fifteen (15) Business Days after the date of a statement submitted by Seller, or if such day is not a Business Day, the immediately following Business Day, the Party owing the net amount shown to be due on such statement shall remit to the other Party, by wire transfer in accordance with Section 8.1, the amount due pursuant to such statement.

4.3 Interest. Amounts not paid when due shall accrue interest from the day following the due date to the date of payment at the Interest Rate.

4.4 Taxes. Seller shall be responsible for all existing and any new taxes, fees, levies, assessments, penalties, licenses, or charges imposed or levied by any federal, state or local governmental agency (collectively, "Taxes") on all AECs, including any associated electricity and capacity, prior to and including the Delivery of AECs under this Agreement. PECO shall be responsible for all existing and any new Taxes imposed or levied by any federal, state or local governmental agency on AECs after transfer to PECO. If PECO is required to remit or pay Taxes that are Seller's responsibility under this Agreement, then Seller shall promptly reimburse PECO for such Taxes. If Seller is required to remit or pay Taxes that are PECO's responsibility under this Agreement, then PECO shall promptly reimburse Seller for such Taxes.

4.5 Disputed Amounts. If either Party, in good faith, disputes any amount due pursuant to a statement rendered hereunder, such Party shall notify the other Party of the specific basis for the dispute and shall pay that portion of the amount shown to be due on the statement that is undisputed, on or before the due date. If any amount disputed by such Party is determined to be due the other Party, the amount due shall be paid within five (5) Business Days of such determination or resolution, along with interest accrued at the Interest Rate from the date due to the date paid. Notwithstanding the above, no dispute may be made with respect to any statement or payment hereunder unless a Party questions the accuracy of such payment or statement within ten (10) days after the date of such statement or payment.

4.6 Records. Each Party shall keep and maintain all records as may be necessary or useful in performing or verifying any calculations made pursuant to this Agreement, or in verifying such Party's performance hereunder. All such records shall be retained by each Party for at least one (1) calendar year following the calendar year in which such records were created.

**ARTICLE 5
REPRESENTATIONS AND WARRANTIES**

5.1 Mutual Representations. As a material inducement to execution of this Agreement, each Party hereby represents and warrants to the other Party that:

5.1.1 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;

5.1.2 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 any Requirement of Law applicable to it;

5.1.3 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;

5.1.4 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;

5.1.5 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;

5.1.6 To such Party's knowledge, there are no actions, proceedings, judgments, rulings or orders, issued by or pending before any court or other governmental body, that would materially adversely affect its ability to perform its obligations under this Agreement;

5.1.7 It is, and will continue to be for the Term, a Forward Contract Merchant both generally and with respect to the AECs delivered and purchased under this Agreement.

5.2 Additional Seller Representations. During the Term, at its sole cost and expense, Seller represents, warrants and guarantees that:

5.2.1 Seller shall possess sole and exclusive title and legal rights to an AEC prior to the transfer of such AEC to PECO under this Agreement;

5.2.2 Seller shall transfer only valid AECs to PECO 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;

Deleted: and

5.2.3 Seller shall comply with all PJM GATS requirements that are necessary for Seller to perform its obligations under this Agreement; and

Deleted: .

5.2.4 Seller shall transfer to PECO only AECs that are derived from alternative energy sources located within the geographical boundaries of the Commonwealth of Pennsylvania or the control area of the PJM Interconnection, L.L.C.

Formatted: Bullets and Numbering

5.3 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 AECs 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 Safe Harbor Provisions of the Bankruptcy Code. 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 6 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.

5.4 No Representation or Warranty By PECO of Seller. Any review by PECO of any information or material pertaining to the Seller is solely for PECO’s information only. By conducting such review, PECO makes no representation or warranty as to the Seller, including its economic viability, performance, or compliance with any Requirement of Law. PECO does not endorse or in any way approve of any representation or warranty of Seller in any agreement or to any Person, and Seller shall not make any such representation that PECO has given any such approval.

**ARTICLE 6
EVENTS OF DEFAULT AND REMEDIES**

6.1 Events of Default. An “Event of Default” by a Party (the “Defaulting Party”) shall mean:

6.1.1 With respect to either Party, an Event of Default shall occur if such Party:

- (a) is the subject of a voluntary bankruptcy, insolvency or similar proceeding;
- (b) 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; or
- (c) is the subject of an involuntary bankruptcy or similar proceeding, and fails to have such proceeding dismissed within 30 days.
- (d) 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.

(e) 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 ten (10) days after receipt of written notice of the occurrence of such event from the other Party:

(i) 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;

(ii) 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;

(iii) 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 6.1.

6.2 Rights Upon 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:

6.2.1 terminate the Agreement by providing written notice to the Defaulting Party as provided in Section 2.2;

6.2.2 accelerate all amounts then owing by the Defaulting Party to the Non-Defaulting Party;

6.2.3 withhold any payments due to the Defaulting Party under this Agreement;

6.2.4 suspend its performance under this Agreement; and

6.2.5 pursue any other remedies available at law or in equity, except to the extent such remedies are expressly limited by this Agreement.

ARTICLE 7 INDEMNITY; LIMITATION OF LIABILITY

7.1 Indemnification.

7.1.1 Each Party shall indemnify and hold harmless the other Party and its officers, directors, agents and employees (each an "Indemnified Party") from and against any and all claims, demands, actions, losses, liabilities, expenses (including reasonable legal fees and expenses), suits and proceedings of any nature whatsoever for personal injury, death or property damage to third parties (collectively "Liabilities") that arise out of or are in any manner connected with the performance of this Agreement.

7.1.2 Without limiting the foregoing, Seller shall indemnify, defend and hold harmless PECO (and any PECO Indemnified Party) from any Liabilities arising from the generation of Energy associated with the Delivered AECs or any Claims associated with facilities used in the generation of such Energy.

7.1.3 Any fines, penalties or other costs incurred by a Party or its agents, employees or subcontractors for non-compliance by such Party, its agents, employees or subcontractors with any Requirement of Law will not be reimbursed by the other Party but will be the sole responsibility of such non-complying Party.

7.1.4 A Party seeking indemnification under this Section 7.1 shall give written notice to the indemnifying Party as soon as reasonably practicable after the Indemnified Party becomes aware of any fact, condition or event which may give rise to Liabilities for which indemnification may be sought under this Section 7.1.

7.2 Limitations of Remedies, Liability and Damages. The Parties agree that the remedies and measures of damages provided in this Agreement satisfy the essential purposes hereof. If no measure of damages or other remedy is expressly provided herein, the obligor's liability shall be limited to direct actual damages only, which direct actual damages shall be the sole and exclusive remedy and all other remedies or damages at law or in equity are waived. Unless otherwise provided herein, neither Party shall be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, (other than consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages recovered by an unaffiliated third party against a Party subject to indemnification hereunder), whether such damages are allowed or provided by statute, in tort, under any indemnity provision or otherwise.

ARTICLE 8 NOTICES AND ADDRESS FOR PAYMENT

8.1 Notices.

8.1.1 All notices, requests, statements or payments, if by check, shall be made to the addresses set out below. Notices required to be in writing shall be delivered by letter, facsimile or other documentary form. Notice by facsimile or hand delivery shall be deemed to have been received by the close of the Business Day during which the notice is received or hand delivered. Notice by mail or overnight courier shall be deemed to have been received upon delivery as evidenced by the delivery receipt.

To PECO:

with a copy to: PECO Energy Acquisition
S14-2
2301 Market Street
Philadelphia, PA 19103
Attn: Director, PECO Energy Acquisition

to Seller:

8.1.2 All amounts due Seller under this Agreement that are paid by check must be sent via as specified below:

8.1.3 All amounts due PECO under this Agreement that are paid by check must be sent via United States mail to the address specified below:

8.1.4 A Party's address or addressee to which notices, invoices, or payments shall be sent (including payments by wire transfer) may be changed from time to time by such Party by notice served as hereinabove provided.

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

ARTICLE 9 MISCELLANEOUS

9.1 Entire Agreement; Amendment. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and it supersedes all prior oral or written agreements, commitments, negotiations or understandings with respect to the matters provided for herein. Unless expressly provided otherwise in another provision of this Agreement, this Agreement shall not be amended, altered or modified except by an instrument in writing duly executed by both Parties. It is agreed that no use of trade or other regular practice or method of dealing between the Parties hereto shall be used to modify, interpret, supplement, or alter in any manner the terms of this Agreement.

9.2 Assignment. Neither Party shall assign this Agreement or any of its rights or obligations hereunder (including by lease, subcontract, or otherwise) without the prior written consent of the other Party.

9.3 Waiver; Cumulative Remedies. Any agreement on the part of a Party to any extension or waiver of any provision hereof shall be valid only if set forth in an instrument in writing signed on behalf of such Party. 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.

9.4 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 Section 9.2 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.

9.5 Compliance with Laws. Except as otherwise provided in this Agreement, each Party to this Agreement shall comply, at its own expense, with all Requirements of Law in all applicable, material respects in connection with all activities and all performance under or in connection with this Agreement.

9.6 Governing Law. The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the Commonwealth of Pennsylvania, without giving effect to any choice of conflict of law provision or rule (whether of the Commonwealth of Pennsylvania or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Commonwealth of Pennsylvania.

9.7 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 PECO and Seller, 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. Each Party retains full control over the employment, direction, compensation and discharge of its employees, and will be solely responsible for all compensation of such employees, including social security, withholding and worker's compensation responsibilities.

9.8 Headings. The titles, headings and table of contents contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

9.9 Number of Days. In computing the number of days for purposes of this Agreement, all days shall be counted, including Saturdays, Sundays, and holidays; provided, however, that if the final day of any time period falls on a Saturday, Sunday, or holiday, then the final day shall be deemed to be the next day which is not a Saturday, Sunday, or holiday.

9.10 E-mail in Place of Writing. Where the parties agree, any written notification required by this Agreement may be transmitted via e-mail.

9.11 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under the domestic laws of the Commonwealth of Pennsylvania as provided herein, but if any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future Requirement of Law effective during the term hereof, then (a) in lieu of such illegal, invalid or unenforceable provision, the Parties shall promptly endeavor, in good faith negotiations, to agree on a provision as may be possible and be legal, valid and enforceable, provided that no Party shall be required to agree to any provision that would materially alter any of its rights or obligations under this Agreement, and (b) the legality, validity and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby. To the extent permitted by law, each Party

hereby waives any Requirement of Law that renders any such provision prohibited or unenforceable in any respect.

9.12 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.

[Signatures Appear on the Following Page]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the duly authorized representatives of PECO and Seller as of the date first written above.

PECO ENERGY COMPANY,
a Pennsylvania Corporation

By: _____

Name: _____

Title: _____

[SELLER]

a _____

By: _____

Name: _____

Title: _____

**EXHIBIT 1
CONTRACT TERMS**

Type(s) of AEC: (AEPS Tier I, Tier I solar photovoltaic, and/or Tier II]

Contract Amount(s) (AECs by Type to be Delivered during the Delivery Period):

Contract Price(s) (\$/AEC for each AEC Type):

Eligible AEPS Reporting Years for AECs:

Blackline

PECO Energy Company

***Request for Proposals
To Supply***

Alternative Energy Credits

In Compliance With

***Pennsylvania's Alternative Energy Portfolio
Standards Act***

_____, 2011

RECEIVED

FEB 15 2011

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**ARTICLE 1
INTRODUCTION**

- 1.1 In this Request for Proposals ("RFP"), PECO Energy Company ("PECO" or the "Company") is voluntarily soliciting competitive proposals for supply of Alternative Energy Credits ("AECs") from Tier I, Tier I Solar, and/or Tier II Alternative Energy Systems for compliance with Pennsylvania's Alternative Energy Portfolio Standards Act, 73 P.S. § 1648.1 ("AEPS" or the "Act").¹ This document describes the process by which bidders may qualify and submit bids in response to this RFP.
- 1.2 PECO intends to procure up to _____ Tier I AECs, _____ Tier I solar AECs, and _____ Tier II AECs to apply towards its AEPS obligations for AEPS Reporting Year _____. PECO seeks to enter into fixed-price agreements with successful bidders to purchase AECs up to the specified maximum amount(s) (the "RFP Maximum").
- 1.3 PECO is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania with its principal corporate office in Philadelphia, Pennsylvania. PECO is an electric distribution company under Pennsylvania law and provides electric delivery service to approximately 1.6 million retail customers in Southeastern Pennsylvania. PECO's electric delivery service territory falls entirely within the area served by PJM Interconnection, LLC ("PJM").
- 1.4 PECO is implementing this RFP in two stages. Bidders must first qualify by submitting an application (an "Application") to PECO demonstrating their qualifications, as described in detail in Section 4.2 (Bidder Qualifications). These qualifications include the ability to provide Tier I, Tier I solar or Tier II AECs to PECO in accordance with the Act within thirty (30) days from the date that a contract is executed by PECO and a successful bidder (the "Delivery Period"). Contracts will only be executed after the RFP results are approved by the Pennsylvania Public Utility Commission ("PA PUC").
- 1.5 Following qualification, bidders may submit a bid proposal ("Bid Proposal") to deliver a specified amount of AECs during the Delivery Period, with a single fixed price for each type of delivered AEC. Bid Proposals for each type of AEC will be ranked by price, and PECO will execute an AEC purchase and sale agreement with each successful bidder in the form attached hereto as Exhibit 1 (Form Alternative Energy Credit Purchase and Sale Agreement) ("AEC Purchase and Sale Agreement").
- 1.6 The PA PUC has approved the procedures described in this RFP and the terms of the Form AEC Purchase and Sale Agreement by order dated _____, 2011, in PA PUC Docket No. _____ ("PUC Order"). The RFP process will be managed by PECO, with the opening and ranking of bids monitored by [company name] (the "RFP Monitor"). **Potential bidders are strongly urged to review both the RFP and the AEC Purchase and Sale Agreement and to consult with counsel with respect to**

¹ All capitalized terms not expressly defined herein are defined in the form Alternative Energy Credit Purchase and Sale Agreement attached as Exhibit 1.

requirements and obligations under this RFP and the AEC Purchase and Sale Agreement.

1.7 The following documents are attached to this RFP Overview and are to be considered part of the RFP:

- Exhibit 1: Form of PECO AEC Purchase and Sale Agreement
- Exhibit 2: Bidder Application Checklist
- Exhibit 3: Form of Bidder Application
- Exhibit 4: Bid Proposal Form

**ARTICLE 2
SCHEDULE AND BIDDER INFORMATION**

2.1 **RFP Schedule.** The following table sets forth significant dates for this RFP. The time for each deadline on the specified date is 5:00 pm Eastern Prevailing Time (EPT). *[Actual dates to be inserted upon PA PUC approval, based upon date of a final PUC approval order.]* PECO reserves the right to modify these dates at its discretion.

PUC Order	Day 0
RFP Overview Conference	Day 10
Bidder Inquiries Deadline	Day 24
Final Publication of Responses to Inquiries	Day 31
Bidder Applications Due Date	Day 45
Notification of Bidder Qualification	Day 55
Bid Proposal Due Date	Day 60
Notification of Selected Bidders	Day 74
Execution of AEC Purchase and Sale Agreements	Day 89

2.2 **RFP Overview Conference.** On _____ at ____ p.m. EPT, PECO will conduct a teleconference to outline the RFP process and the terms of the AEC Purchase and Sale Agreement. Potential bidders are urged to review this RFP, including exhibits, prior to the teleconference. PECO will answer questions raised at this teleconference to the extent possible. Any party wishing to participate in this teleconference must send an e-mail to AEPS_RFP@peco-energy.com with the subject line "AEC Bidder Teleconference." PECO will provide a dial-in number for the teleconference by return e-mail.

2.3 **Bidder Inquiries.** On or before the Bidder Inquiries Deadline, bidders may submit questions to PECO via electronic mail (AEPS_RFP@peco-energy.com). To the extent possible, questions submitted prior to the RFP Overview Conference will be addressed by PECO at the teleconference. Additional questions submitted and answered by PECO thereafter shall be posted with answers at www.peco.com/AEPS no later than _____. The person or company submitting the question shall not be identified. While PECO will

review and attempt to answer questions in good faith, PECO reserves the right not to answer any question. The RFP Overview Conference and this bidder inquiry procedure are the exclusive methods for inquiring about this RFP and the AEC Purchase and Sale Agreement, and questions submitted to individual PECO employees, the Company, or the RFP Monitor by other means will not be answered and may result in disqualification of the bidder.

- 2.4 Informational Website and Updates. PECO has established a website – www.peco.com/AEPS – for electronic copies of RFP materials, posting of questions and answers, and other updates on this RFP. Bidders are encouraged to review this website regularly. In its sole discretion, PECO will endeavor to provide bidders with e-mail notification of important website updates.

ARTICLE 3 PROJECT ELIGIBILITY AND REQUIREMENTS

- 3.1 Eligibility. Applications may be submitted by qualified entities who currently own or have rights to AECs from Tier I, Tier I Solar, and/or Tier II Alternative Energy Systems. Successful bidders must complete delivery of AECs to PECO no later than thirty (30) days from the date that an AEC Purchase and Sale Agreement is executed. The Agreement will not be executed until the RFP results are approved by the PA PUC. Entities who seek to submit bids for more than one type of AEC (e.g., Tier I, Tier I Solar or Tier II) may submit a single application. Entities which own solar photovoltaic Alternative Energy Systems that generate AECs and supply energy to a retail electric customer (a “Host”) in accordance with applicable net metering requirements in the service territory of the electric utility in which the System is located are also eligible to apply.
- 3.2 General Requirements. Successful bidders must be able to meet all requirements of the AEC Purchase and Sale Agreement. Bidders will be required to demonstrate in Bidder Applications that they can meet all specified terms of the AEC Purchase and Sale Agreement and that they take no exception to the Agreement terms. Failure to do so will result in exclusion of a bidder’s Application from further consideration. AECs delivered under the Agreement must have been created during the eligible AEPS Reporting Years specified by PECO at the time of the RFP in the RFP Bid Proposal Form.
- 3.3 Contract for AECs Only. AEC Purchase and Sale Agreements executed pursuant to this RFP will be for AECs only. Successful bidders will retain title to all generated electricity and capacity associated with Alternative Energy Systems generating the AECs purchased by PECO.
- 3.4 Delivery of AECs. All AECs shall be delivered to PECO using the PJM Generation Attribute Tracking System (“PJM GATS”) and become the sole property of PECO.

3.5 Pricing and Term. Bidders will specify in Bid Proposals a contract amount of AECs to be delivered to PECO (the "Contract Amount") during the Delivery Period with a single, fixed price for each type of delivered AEC.

3.6 Source of AECs. All AECs delivered to PECO must be derived from alternative energy sources located within the geographical boundaries of the Commonwealth of Pennsylvania or the control area of PJM.

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ARTICLE 4 BIDDER QUALIFICATION

4.1 Bidder Application. In order to submit a bid proposal in response to this RFP, a bidder must submit a printed original and three printed copies of an Application for approval by PECO using the form attached hereto as Exhibit 3 (Form of Bidder Application). All Applications shall be submitted by certified mail, registered mail, hand delivery or courier service to the submission address specified in Section 7.1. Applications which are incomplete, do not conform to the form attached hereto, or otherwise do not satisfy all requirements of this RFP shall not be considered. Submission of a Bidder Application constitutes a bidder's agreement to and acceptance of all terms and conditions of this RFP. An electronic copy of the Applications may be provided initially via electronic email to AEPS_RFP@peco-energy.com to meet the bidder application deadline as long as the required hard copies are received by 5:00 p.m. EPT the business day immediately following the application deadline day.

4.2 Bidder Qualifications. Time is of the essence in this solicitation, and bidders that cannot demonstrate an ability to deliver the Contract Amount of AECs during the Delivery Period will be eliminated from further consideration. In order to qualify to submit a bid proposal, a bidder must demonstrate and document in the Application that it has or will own the right to all AECs associated with its bids in their entirety and will be capable of transferring undivided rights to those AECs to PECO during the Delivery Period, without restriction (the "Bidder Qualifications").

4.3 Reserved.

4.4 Minimum Contract Amount. PECO will only consider Applications in which the bidder intends to propose a Contract Amount equal to or in excess of:

- (a) ___ Tier I AECs;
- (b) ___ Tier I solar AECs; or
- (c) ___ Tier II AECs

4.5 PECO Affiliates. Affiliates of PECO are permitted to submit Applications and to participate in this RFP to the same extent as any other entity.

4.6 Multiple Bids. Bidders will be permitted to submit up to three Bid Proposals for a single type of AEC provided that each such Bid Proposal offers different Contract Amounts at

different prices. Multiple bids must be structured in a way that, should all bids win, the bidder is capable of delivering the total of Contract Amounts offered. If a bidder intends to submit bids for more than one type of AEC, separate Bid Proposals must be submitted for each type of AEC.

- 4.7 **Bid Deposit.** Each Application shall be accompanied by a bid deposit (a “Bid Deposit”), in the form of a certified check, or wire payment, equal to the amount corresponding to the Contract Amount of AECs the applying bidder intends to bid in response to the RFP:

For Non-Solar AECs:

Contract Amount	Bid Deposit (US\$)
1000 or fewer	\$1,000
1000-5000	\$2,500
Over 5000	\$5,000

For Solar AECs:

Contract Amount	Bid Deposit (US\$)
300 or fewer	\$1,000
300-500	\$5,000
Over 500	\$10,000

Bidders who seek to supply both solar and non-solar AECs should include a Bid Deposit for each type of AEC. Bid Deposits submitted by a bidder whose Application is rejected or who is not selected for execution of an AEC Purchase and Sale Agreement shall be refunded at the time of rejection or upon notification of successful bidders. No interest shall be paid on Bid Deposits. A qualified bidder may not submit a Bid Proposal for a Contract Amount in excess of the Contract Amount for which the bidder provides a Bid Deposit. PECO will also refund the Bid Deposits of bidders who are qualified but who subsequently do not submit a Bid Proposal. Bid Proposals submitted for Contract Amounts that exceed that maximum Contract Amount for the Bid Deposit received will be rejected.

- 4.8 **Additional Information.** PECO may, but is not obligated to, request additional information and materials from any bidder for evaluation of an Application. Information submitted by a bidder absent a request by PECO which is not in the nature of a correction or clarification to the Application will not be considered by PECO. If any information in an Application is no longer true, Bidder shall immediately notify PECO of the changed information. Failure to provide such notification or respond to a request for additional information and materials may result in disqualification of the bidder and rejection of any Bid Proposal. PECO shall have no duty to inform any bidder of any deficiency in its Application.

- 4.9 Application Evaluation and Notification of Applicants. PECO, in its sole discretion, will evaluate each Application using a standard protocol for its completeness and satisfaction of the Bidder Qualifications. The RFP Monitor will oversee this evaluation. PECO will provide each bidder with notice of its satisfaction or failure to satisfy the Bidder Qualifications by the date for Notification of Bidder Qualification set forth in Section 2.1 hereof.

ARTICLE 5 BID PROPOSALS

- 5.1 Submission of Bid Proposals. Only bidders who submit an Application and receive notice of qualification as provided in Article 4 will be permitted to submit a Bid Proposal. PECO will provide Bid Proposal forms to qualified bidders substantially in the form of Exhibit 4. A bidder must submit an original and three copies of its Bid Proposal to the address specified on the Bid Proposal form provided by PECO no later than the Bid Proposal Due Date. Each Bid Proposal shall be submitted in a sealed envelope clearly marked "BID PROPOSAL" with bidder's previously assigned bid number on the outside of the sealed envelope.
- 5.2 Other Limitations. Bid Proposals that are incomplete, unsigned, or otherwise do not conform to the form of the Bid Proposal provided herein shall be rejected by PECO. No Bid Proposal may be conditioned on any other Bid Proposal. Any bid that is contingent in any way shall be rejected as non-conforming. PECO may reject any Bid Proposal which it determines, in its sole discretion, is submitted by a bidder in coordination or in concert with any other bidder.

ARTICLE 6 EVALUATION OF BID PROPOSALS

- 6.1 Preparation of Market Benchmarking Analysis. The RFP Monitor will prepare an AEC market benchmarking analysis and provide it to the Office of Consumer Advocate ("OCA") and the Office of Small Business Advocate ("OSBA") (if they so desire) on a confidential basis five (5) days ahead of the Bid Proposal Due Date. OCA and OSBA will then have three (3) days to submit, on a confidential basis, any comments on the benchmarking analysis to the RFP Monitor and to PECO.
- 6.2 Evaluation of Bid Proposals. All Bid Proposals will be opened by the RFP Monitor and then separated by AEC type. The Monitor will then rank proposals by price and Contract Amount. A Bid Proposal offering a larger Contract Amount at the same price as another Bid Proposal will be prioritized over the Bid Proposal offering the lower Contract Amount, provided that the RFP Monitor may assign a higher priority to a Bid Proposal with a lower Contract Amount where the Bid Proposal offering the larger Contract Amount will cause PECO to exceed the RFP Maximum for the applicable type of AEC. Where acceptance of a Bid Proposal will cause PECO to exceed the RFP Maximum but rejection would require PECO to contract with a bidder offering AECs at a higher price in order to obtain the RFP Maximum, PECO shall have the right to negotiate a lower Contract Amount with the bidder offering the lower price.

- 6.3 Selection of Successful Bidders and PA PUC Approval. Upon completion of the evaluation of Bid Proposals, the RFP Monitor shall prepare a report of the RFP results in consultation with PECO, summarizing the bidder qualification process and the Bid Proposals and identifying the successful and unsuccessful bidders, along with successful and unsuccessful Bid Proposals. The report shall include the market benchmarking analysis prepared under Section 6.1. The RFP Monitor will append any comments on the analysis submitted by OCA and/or OSBA to its report to the Commission, but shall retain the discretion to take the comments of OCA and/or OSBA into account or not in its own report, as it believes appropriate. The report shall then be submitted to the PA PUC for approval.
- 6.4 PA PUC Approval. The PA PUC will have ten (10) calendar days to review the report of the RFP Monitor and approve the report and bid prices submitted by successful bidders as consistent with the PUC Order. Bids from at least three bidders, who are not affiliated with each other, must be received for each type of AEC in response to the RFP as a condition for PA PUC approval of any successful bids. If the results are approved, PECO shall notify all bidders of the PA PUC's decision and the results of the RFP. If the results are not approved, PECO will not sign any AEC Purchase and Sale Agreement with winning bidders.
- 6.5 Execution of AEC Purchase and Sale Agreement. Upon approval of the results by the PA PUC and subject to all provisions of this RFP (including Section 7.8), PECO shall prepare two copies of an AEC Purchase and Sale Agreement with information from the successful bidder's Application and Bid Proposal inserted and transmit those copies to the applicable bidder within five (5) business days of notification by PECO. Bidder shall execute and return the executed AEC Purchase and Sale Agreement to PECO within ten (10) business days.
- 6.6 Forfeiture of Bid Deposit and Disqualification; Alternative Selection. Failure of a successful bidder to execute the AEC Purchase and Sale Agreement may result in the disqualification of such bidder from this RFP and forfeit of the entire Bid Deposit of that bidder.
- 6.7 Consideration of Additional Bidders. PECO reserves the right to enter into discussions with higher cost bidders if agreements with lower cost bidders are not executed.
- 6.8 Release of Winning Bid Price Information. PECO will release the following information, by AEC type, no later than ten (10) days after all agreements are executed: (1) the number of bidders; (2) the number of winning bidders; (3) the average weighted price of the winning bids; and (4) total AECs procured.

ARTICLE 7 GENERAL CONDITIONS

- 7.1 Address for submissions. All submissions to PECO, unless otherwise communicated at the Bidder Conference and subsequently posted to the www.PECO.com/AEPS website, for this RFP shall be delivered via registered mail, certified mail, overnight courier, or hand delivery to the following address:

PECO AEPS RFP
c/o [Name],
PECO Energy Company
S14-2
2301 Market Street
Philadelphia, PA 19103

Bidder is solely responsible for the timely delivery of any submission for this RFP. Applications and other materials received after the applicable date specified in this RFP shall be accepted only in PECO's sole discretion; however, any Bid Proposal submitted after the date and time specified will be returned unopened and without consideration. Electronic emails of materials other than Bid Proposals (which may not be sent electronically) shall be sent to: AEPS_RFP@peco-energy.com.

- 7.2 No Unauthorized Modifications. No interpretation or change to this RFP shall be valid unless it is signed by a duly authorized representative designated by an Officer of PECO.
- 7.3 Ownership of RFP Materials; Confidentiality. All materials submitted to PECO pursuant to this RFP shall be the property of PECO. PECO shall treat bidder information as confidential consistent with the treatment of PECO's own confidential information, provided, however, that the Commission shall have access to any bidder information received by PECO in its evaluation of the results of this RFP.
- 7.4 Presentation and Formatting. All information submitted by a bidder must be in the English language.
- 7.5 Costs. PECO shall have no responsibility whatsoever with respect to the costs of any bidder in considering or responding to this RFP, including but not limited to (i) any costs of preparing any materials submitted to PECO; (ii) any costs associated with any studies, permits, or other agreements contemplated by this RFP; (iii) any costs associated with any Alternative Energy System or a Host; (iv) any costs associated with financing, employees or consultants, or real property.
- 7.6 Publicity. Bidders are not permitted to announce or release any information regarding this RFP or PECO's evaluation process without PECO's prior written approval, which shall not be unreasonably withheld. Each bidder understands and agrees that PECO does not participate in, nor does it allow, bidders to utilize media releases of any kind to publicize bidder's business relationship with PECO. Each bidder shall not use any trade name, trademark, service mark or any other information which identifies PECO in such bidder's sales, marketing and publicity activities, including interviews with representatives of any written publication, or television or radio station or network,

without PECO's express prior written consent. Successful bidders agree to cooperate with PECO in preparation of any press release announcing the results of this RFP.

- 7.7 Disclaimer. PECO makes no representations or warranties regarding the accuracy or completeness of the information contained in this RFP and its exhibits or any statements made by representatives of PECO during the RFP process. Each bidder is responsible for making its own evaluation of information and data contained in this RFP and in preparing and submitting responses to this RFP. The issuance of this RFP and the receipt of information in response to this RFP shall not, in any way, cause PECO to incur any liability (whether contractual, financial or otherwise) to any bidder participating in the RFP process, and by submitting an Application, bidder releases PECO from any and all claims, demands, actions, losses, liabilities, and expenses (including reasonable legal fees and expenses) relating to this RFP.
- 7.8 Not an Offer. This RFP is issued to elicit responses to PECO's inquiry and is not an offer. The issuance of the RFP and the submission of bidder's information do not create any obligation upon PECO to buy goods or services from a bidder, and PECO reserves the right to accept or reject any or all proposals received. PECO also reserves the right to amend, suspend, or terminate the RFP process at any time, without reason and without liability, and makes no commitments, implied or otherwise, that this process will result in a business transaction with one or more bidders. No contract or other binding obligation on PECO will be implied unless and until an agreement has been executed on terms and conditions acceptable to PECO. PECO also reserves the right to not execute agreements with any or all bidders should the Company determine, in its sole discretion, that would not guarantee delivery, would impose unreasonably high costs on the Company's customers and/or would violate existing regulatory standards.
- 7.9 Non-conforming Applications and Bid Proposals. PECO reserves the right to reject any Application or Bid Proposal at any time on the grounds that it does not conform to the terms and conditions of this RFP or the bidder has not complied with the provisions of this RFP.
- 7.10 Interpretation. Notwithstanding any provision of this RFP, in the event an AEC Purchase and Sale Agreement is executed between a bidder and PECO, that Agreement shall control over any provision of this RFP.

EXHIBIT 1

FORM ALTERNATIVE ENERGY CREDIT PURCHASE AND SALE AGREEMENT

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

EXHIBIT 2

RFP BIDDER APPLICATION CHECKLIST

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FEB 15 2011

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

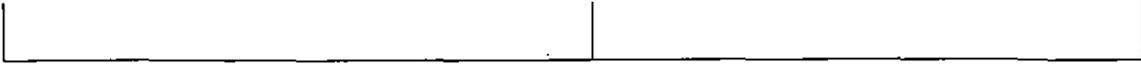


EXHIBIT 3
FORM OF BIDDER APPLICATION

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

FORM OF BIDDER APPLICATION

All Bidder Applications shall be printed, with Bidder information organized in sections in the following order. All capitalized terms shall have the meaning set forth in the form Alternative Energy Credit and Purchase Agreement.

Section 1. Authorized Representative.

Legal Name of Bidder:

Contact Information for Authorized Representative:

Name:
Title:
Address:

E-Mail:

Section 2. AEC Source Information / Property Rights to AECs.

Bidder shall provide a written description of the source or sources of the AECs associated with its bids. Bidder shall also provide documentation to demonstrate that it owns the right to all AECs associated with its bids in their entirety and will be capable of transferring undivided rights to those AECs to PECO during the Delivery Period, without restriction.

Section 3. Bidder Information.

Bidder shall provide the following information:

- Bidder organizational structure (Corporation, LLC, Partnership) and description of principle business
- Description of all ownership interests, including ultimate corporate parent of each interest

Section 4. Other Bidder Information.

Bidder shall address each of the following specific questions and provide detail with any affirmative answer:

- Has Bidder ever defaulted on a contract?
- Has Bidder ever not met a contractual delivery date?
- Has Bidder ever requested to renegotiate contract pricing in an executed agreement?

- Is there any pending litigation relating to Bidder?
- Has Bidder or any Affiliate of Bidder ever filed for bankruptcy?

Bidder shall set forth any additional information Bidder believes should be considered by PECO in evaluating its Application.

EXHIBIT 4
BID PROPOSAL FORM

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SECRETARY'S BUREAU

BID PROPOSAL

(not to be submitted with Bidder Application)

Legal Name of Bidder:

Bidder #:

Contract Amount of Alternative Energy Credits (AECs) created during AEPS Reporting Years ____ to be delivered during the Delivery Period:

_____ Tier I AECs

_____ Tier I Solar AECs

_____ Tier II AECs

Price per AEC (in whole dollars/cents) delivered to PECO during the Delivery Period:

\$ _____ / Tier I AEC

\$ _____ / Tier I Solar AEC

\$ _____ / Tier II AEC

Multiple bids have been submitted for this type of AEC (check box if applicable)

I hereby certify that I am an officer or other authorized representative of the Bidder named above and submit this Bid Proposal on behalf of the Bidder. By submitting this Bid Proposal, Bidder acknowledges and accepts all terms of PECO's Request for Proposal dated _____ and offers to enter into a Alternative Energy Credit Purchase and Sale Agreement for the Contract Amount of AECs at the price specified above.

By: _____

Name: _____

Title: _____

Date: _____

PECO Energy Company

***Request for Proposals
To Supply***

Alternative Energy Credits

In Compliance With

***Pennsylvania's Alternative Energy Portfolio
Standards Act***

_____ , 2011

RECEIVED

FEB 15 2011

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

RECEIVED

FEB 15 2011

ARTICLE 1
INTRODUCTION

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

- 1.1 In this Request for Proposals ("RFP"), PECO Energy Company ("PECO" or the "Company") is voluntarily soliciting competitive proposals for supply of Alternative Energy Credits ("AECs") from Tier I, Tier I Solar, and/or Tier II Alternative Energy Systems for compliance with Pennsylvania's Alternative Energy Portfolio Standards Act, 73 P.S. § 1648.1 ("AEPS" or the "Act").¹ This document describes the process by which bidders may qualify and submit bids in response to this RFP.
- 1.2 PECO intends to procure up to _____ Tier I AECs, _____ Tier I solar AECs, and _____ Tier II AECs to apply towards its AEPS obligations for AEPS Reporting Year _____. PECO seeks to enter into fixed-price agreements with successful bidders to purchase AECs up to the specified maximum amount(s) (the "RFP Maximum").
- 1.3 PECO is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania with its principal corporate office in Philadelphia, Pennsylvania. PECO is an electric distribution company under Pennsylvania law and provides electric delivery service to approximately 1.6 million retail customers in Southeastern Pennsylvania. PECO's electric delivery service territory falls entirely within the area served by PJM Interconnection, LLC ("PJM").
- 1.4 PECO is implementing this RFP in two stages. Bidders must first qualify by submitting an application (an "Application") to PECO demonstrating their qualifications, as described in detail in Section 4.2 (Bidder Qualifications). These qualifications include the ability to provide Tier I, Tier I solar or Tier II AECs to PECO in accordance with the Act within thirty (30) days from the date that a contract is executed by PECO and a successful bidder (the "Delivery Period"). Contracts will only be executed after the RFP results are approved by the Pennsylvania Public Utility Commission ("PA PUC").
- 1.5 Following qualification, bidders may submit a bid proposal ("Bid Proposal") to deliver a specified amount of AECs during the Delivery Period, with a single fixed price for each type of delivered AEC. Bid Proposals for each type of AEC will be ranked by price, and PECO will execute an AEC purchase and sale agreement with each successful bidder in the form attached hereto as Exhibit 1 (Form Alternative Energy Credit Purchase and Sale Agreement) ("AEC Purchase and Sale Agreement").
- 1.6 The PA PUC has approved the procedures described in this RFP and the terms of the Form AEC Purchase and Sale Agreement by order dated _____, 2011, in PA PUC Docket No. _____ ("PUC Order"). The RFP process will be managed by PECO, with the opening and ranking of bids monitored by [company name] (the "RFP Monitor"). **Potential bidders are strongly urged to review both the RFP and the AEC Purchase and Sale Agreement and to consult with counsel with respect to**

¹ All capitalized terms not expressly defined herein are defined in the form Alternative Energy Credit Purchase and Sale Agreement attached as Exhibit 1.

requirements and obligations under this RFP and the AEC Purchase and Sale Agreement.

1.7 The following documents are attached to this RFP Overview and are to be considered part of the RFP:

- Exhibit 1: Form of PECO AEC Purchase and Sale Agreement
- Exhibit 2: Bidder Application Checklist
- Exhibit 3: Form of Bidder Application
- Exhibit 4: Bid Proposal Form

**ARTICLE 2
SCHEDULE AND BIDDER INFORMATION**

2.1 **RFP Schedule.** The following table sets forth significant dates for this RFP. The time for each deadline on the specified date is 5:00 pm Eastern Prevailing Time (EPT). *[Actual dates to be inserted upon PA PUC approval, based upon date of a final PUC approval order.]* PECO reserves the right to modify these dates at its discretion.

PUC Order	Day 0
RFP Overview Conference	Day 10
Bidder Inquiries Deadline	Day 24
Final Publication of Responses to Inquiries	Day 31
Bidder Applications Due Date	Day 45
Notification of Bidder Qualification	Day 55
Bid Proposal Due Date	Day 60
Notification of Selected Bidders	Day 74
Execution of AEC Purchase and Sale Agreements	Day 89

2.2 **RFP Overview Conference.** On _____ at ____ p.m. EPT, PECO will conduct a teleconference to outline the RFP process and the terms of the AEC Purchase and Sale Agreement. Potential bidders are urged to review this RFP, including exhibits, prior to the teleconference. PECO will answer questions raised at this teleconference to the extent possible. Any party wishing to participate in this teleconference must send an e-mail to AEPS_RFP@peco-energy.com with the subject line "AEC Bidder Teleconference." PECO will provide a dial-in number for the teleconference by return e-mail.

2.3 **Bidder Inquiries.** On or before the Bidder Inquiries Deadline, bidders may submit questions to PECO via electronic mail (AEPS_RFP@peco-energy.com). To the extent possible, questions submitted prior to the RFP Overview Conference will be addressed by PECO at the teleconference. Additional questions submitted and answered by PECO thereafter shall be posted with answers at www.peco.com/AEPS no later than _____. The person or company submitting the question shall not be identified. While PECO will

review and attempt to answer questions in good faith, PECO reserves the right not to answer any question. The RFP Overview Conference and this bidder inquiry procedure are the exclusive methods for inquiring about this RFP and the AEC Purchase and Sale Agreement, and questions submitted to individual PECO employees, the Company, or the RFP Monitor by other means will not be answered and may result in disqualification of the bidder.

- 2.4 Informational Website and Updates. PECO has established a website – www.peco.com/AEPS – for electronic copies of RFP materials, posting of questions and answers, and other updates on this RFP. Bidders are encouraged to review this website regularly. In its sole discretion, PECO will endeavor to provide bidders with e-mail notification of important website updates.

ARTICLE 3 PROJECT ELIGIBILITY AND REQUIREMENTS

- 3.1 Eligibility. Applications may be submitted by qualified entities who currently own or have rights to AECs from Tier I, Tier I Solar, and/or Tier II Alternative Energy Systems. Successful bidders must complete delivery of AECs to PECO no later than thirty (30) days from the date that an AEC Purchase and Sale Agreement is executed. The Agreement will not be executed until the RFP results are approved by the PA PUC. Entities who seek to submit bids for more than one type of AEC (e.g., Tier I, Tier I Solar or Tier II) may submit a single application. Entities which own solar photovoltaic Alternative Energy Systems that generate AECs and supply energy to a retail electric customer (a “Host”) in accordance with applicable net metering requirements in the service territory of the electric utility in which the System is located are also eligible to apply.
- 3.2 General Requirements. Successful bidders must be able to meet all requirements of the AEC Purchase and Sale Agreement. Bidders will be required to demonstrate in Bidder Applications that they can meet all specified terms of the AEC Purchase and Sale Agreement and that they take no exception to the Agreement terms. Failure to do so will result in exclusion of a bidder’s Application from further consideration. AECs delivered under the Agreement must have been created during the eligible AEPS Reporting Years specified by PECO at the time of the RFP in the RFP Bid Proposal Form.
- 3.3 Contract for AECs Only. AEC Purchase and Sale Agreements executed pursuant to this RFP will be for AECs only. Successful bidders will retain title to all generated electricity and capacity associated with Alternative Energy Systems generating the AECs purchased by PECO.
- 3.4 Delivery of AECs. All AECs shall be delivered to PECO using the PJM Generation Attribute Tracking System (“PJM GATS”) and become the sole property of PECO.

- 3.5 Pricing and Term. Bidders will specify in Bid Proposals a contract amount of AECs to be delivered to PECO (the “Contract Amount”) during the Delivery Period with a single, fixed price for each type of delivered AEC.
- 3.6 Source of AECs. All AECs delivered to PECO must be derived from alternative energy sources located within the geographical boundaries of the Commonwealth of Pennsylvania or the control area of PJM.

ARTICLE 4 BIDDER QUALIFICATION

- 4.1 Bidder Application. In order to submit a bid proposal in response to this RFP, a bidder must submit a printed original and three printed copies of an Application for approval by PECO using the form attached hereto as Exhibit 3 (Form of Bidder Application). All Applications shall be submitted by certified mail, registered mail, hand delivery or courier service to the submission address specified in Section 7.1. Applications which are incomplete, do not conform to the form attached hereto, or otherwise do not satisfy all requirements of this RFP shall not be considered. Submission of a Bidder Application constitutes a bidder’s agreement to and acceptance of all terms and conditions of this RFP. An electronic copy of the Applications may be provided initially via electronic email to AEPS_RFP@peco-energy.com to meet the bidder application deadline as long as the required hard copies are received by 5:00 p.m. EPT the business day immediately following the application deadline day.
- 4.2 Bidder Qualifications. Time is of the essence in this solicitation, and bidders that cannot demonstrate an ability to deliver the Contract Amount of AECs during the Delivery Period will be eliminated from further consideration. In order to qualify to submit a bid proposal, a bidder must demonstrate and document in the Application that it has or will own the right to all AECs associated with its bids in their entirety and will be capable of transferring undivided rights to those AECs to PECO during the Delivery Period, without restriction (the “Bidder Qualifications”).
- 4.3 Reserved.
- 4.4 Minimum Contract Amount. PECO will only consider Applications in which the bidder intends to propose a Contract Amount equal to or in excess of:
- (a) ____ Tier I AECs;
 - (b) ____ Tier I solar AECs; or
 - (c) _____ Tier II AECs
- 4.5 PECO Affiliates. Affiliates of PECO are permitted to submit Applications and to participate in this RFP to the same extent as any other entity.
- 4.6 Multiple Bids. Bidders will be permitted to submit up to three Bid Proposals for a single type of AEC provided that each such Bid Proposal offers different Contract Amounts at

different prices. Multiple bids must be structured in a way that, should all bids win, the bidder is capable of delivering the total of Contract Amounts offered. If a bidder intends to submit bids for more than one type of AEC, separate Bid Proposals must be submitted for each type of AEC.

- 4.7 **Bid Deposit.** Each Application shall be accompanied by a bid deposit (a “Bid Deposit”), in the form of a certified check, or wire payment, equal to the amount corresponding to the Contract Amount of AECs the applying bidder intends to bid in response to the RFP:

For Non-Solar AECs:

Contract Amount	Bid Deposit (US\$)
1000 or fewer	\$1,000
1000-5000	\$2,500
Over 5000	\$5,000

For Solar AECs:

Contract Amount	Bid Deposit (US\$)
300 or fewer	\$1,000
300-500	\$5,000
Over 500	\$10,000

Bidders who seek to supply both solar and non-solar AECs should include a Bid Deposit for each type of AEC. Bid Deposits submitted by a bidder whose Application is rejected or who is not selected for execution of an AEC Purchase and Sale Agreement shall be refunded at the time of rejection or upon notification of successful bidders. No interest shall be paid on Bid Deposits. A qualified bidder may not submit a Bid Proposal for a Contract Amount in excess of the Contract Amount for which the bidder provides a Bid Deposit. PECO will also refund the Bid Deposits of bidders who are qualified but who subsequently do not submit a Bid Proposal. Bid Proposals submitted for Contract Amounts that exceed that maximum Contract Amount for the Bid Deposit received will be rejected.

- 4.8 **Additional Information.** PECO may, but is not obligated to, request additional information and materials from any bidder for evaluation of an Application. Information submitted by a bidder absent a request by PECO which is not in the nature of a correction or clarification to the Application will not be considered by PECO. If any information in an Application is no longer true, Bidder shall immediately notify PECO of the changed information. Failure to provide such notification or respond to a request for additional information and materials may result in disqualification of the bidder and rejection of any Bid Proposal. PECO shall have no duty to inform any bidder of any deficiency in its Application.

- 4.9 Application Evaluation and Notification of Applicants. PECO, in its sole discretion, will evaluate each Application using a standard protocol for its completeness and satisfaction of the Bidder Qualifications. The RFP Monitor will oversee this evaluation. PECO will provide each bidder with notice of its satisfaction or failure to satisfy the Bidder Qualifications by the date for Notification of Bidder Qualification set forth in Section 2.1 hereof.

ARTICLE 5 BID PROPOSALS

- 5.1 Submission of Bid Proposals. Only bidders who submit an Application and receive notice of qualification as provided in Article 4 will be permitted to submit a Bid Proposal. PECO will provide Bid Proposal forms to qualified bidders substantially in the form of Exhibit 4. A bidder must submit an original and three copies of its Bid Proposal to the address specified on the Bid Proposal form provided by PECO no later than the Bid Proposal Due Date. Each Bid Proposal shall be submitted in a sealed envelope clearly marked "BID PROPOSAL" with bidder's previously assigned bid number on the outside of the sealed envelope.
- 5.2 Other Limitations. Bid Proposals that are incomplete, unsigned, or otherwise do not conform to the form of the Bid Proposal provided herein shall be rejected by PECO. No Bid Proposal may be conditioned on any other Bid Proposal. Any bid that is contingent in any way shall be rejected as non-conforming. PECO may reject any Bid Proposal which it determines, in its sole discretion, is submitted by a bidder in coordination or in concert with any other bidder.

ARTICLE 6 EVALUATION OF BID PROPOSALS

- 6.1 Preparation of Market Benchmarking Analysis. The RFP Monitor will prepare an AEC market benchmarking analysis and provide it to the Office of Consumer Advocate ("OCA") and the Office of Small Business Advocate ("OSBA") (if they so desire) on a confidential basis five (5) days ahead of the Bid Proposal Due Date. OCA and OSBA will then have three (3) days to submit, on a confidential basis, any comments on the benchmarking analysis to the RFP Monitor and to PECO.
- 6.2 Evaluation of Bid Proposals. All Bid Proposals will be opened by the RFP Monitor and then separated by AEC type. The Monitor will then rank proposals by price and Contract Amount. A Bid Proposal offering a larger Contract Amount at the same price as another Bid Proposal will be prioritized over the Bid Proposal offering the lower Contract Amount, provided that the RFP Monitor may assign a higher priority to a Bid Proposal with a lower Contract Amount where the Bid Proposal offering the larger Contract Amount will cause PECO to exceed the RFP Maximum for the applicable type of AEC. Where acceptance of a Bid Proposal will cause PECO to exceed the RFP Maximum but rejection would require PECO to contract with a bidder offering AECs at a higher price in order to obtain the RFP Maximum, PECO shall have the right to negotiate a lower Contract Amount with the bidder offering the lower price.

- 6.3 Selection of Successful Bidders and PA PUC Approval. Upon completion of the evaluation of Bid Proposals, the RFP Monitor shall prepare a report of the RFP results in consultation with PECO, summarizing the bidder qualification process and the Bid Proposals and identifying the successful and unsuccessful bidders, along with successful and unsuccessful Bid Proposals. The report shall include the market benchmarking analysis prepared under Section 6.1. The RFP Monitor will append any comments on the analysis submitted by OCA and/or OSBA to its report to the Commission, but shall retain the discretion to take the comments of OCA and/or OSBA into account or not in its own report, as it believes appropriate. The report shall then be submitted to the PA PUC for approval.
- 6.4 PA PUC Approval. The PA PUC will have ten (10) calendar days to review the report of the RFP Monitor and approve the report and bid prices submitted by successful bidders as consistent with the PUC Order. Bids from at least three bidders, who are not affiliated with each other, must be received for each type of AEC in response to the RFP as a condition for PA PUC approval of any successful bids. If the results are approved, PECO shall notify all bidders of the PA PUC's decision and the results of the RFP. If the results are not approved, PECO will not sign any AEC Purchase and Sale Agreement with winning bidders.
- 6.5 Execution of AEC Purchase and Sale Agreement. Upon approval of the results by the PA PUC and subject to all provisions of this RFP (including Section 7.8), PECO shall prepare two copies of an AEC Purchase and Sale Agreement with information from the successful bidder's Application and Bid Proposal inserted and transmit those copies to the applicable bidder within five (5) business days of notification by PECO. Bidder shall execute and return the executed AEC Purchase and Sale Agreement to PECO within ten (10) business days.
- 6.6 Forfeiture of Bid Deposit and Disqualification; Alternative Selection. Failure of a successful bidder to execute the AEC Purchase and Sale Agreement may result in the disqualification of such bidder from this RFP and forfeit of the entire Bid Deposit of that bidder.
- 6.7 Consideration of Additional Bidders. PECO reserves the right to enter into discussions with higher cost bidders if agreements with lower cost bidders are not executed.
- 6.8 Release of Winning Bid Price Information. PECO will release the following information, by AEC type, no later than ten (10) days after all agreements are executed: (1) the number of bidders; (2) the number of winning bidders; (3) the average weighted price of the winning bids; and (4) total AECs procured.

**ARTICLE 7
GENERAL CONDITIONS**

- 7.1 Address for submissions. All submissions to PECO, unless otherwise communicated at the Bidder Conference and subsequently posted to the www.PECO.com/AEPS website, for this RFP shall be delivered via registered mail, certified mail, overnight courier, or hand delivery to the following address:

PECO AEPS RFP
c/o [Name],
PECO Energy Company
S14-2
2301 Market Street
Philadelphia, PA 19103

Bidder is solely responsible for the timely delivery of any submission for this RFP. Applications and other materials received after the applicable date specified in this RFP shall be accepted only in PECO's sole discretion; however, any Bid Proposal submitted after the date and time specified will be returned unopened and without consideration. Electronic emails of materials other than Bid Proposals (which may not be sent electronically) shall be sent to: AEPS_RFP@peco-energy.com.

- 7.2 No Unauthorized Modifications. No interpretation or change to this RFP shall be valid unless it is signed by a duly authorized representative designated by an Officer of PECO.
- 7.3 Ownership of RFP Materials; Confidentiality. All materials submitted to PECO pursuant to this RFP shall be the property of PECO. PECO shall treat bidder information as confidential consistent with the treatment of PECO's own confidential information, provided, however, that the Commission shall have access to any bidder information received by PECO in its evaluation of the results of this RFP.
- 7.4 Presentation and Formatting. All information submitted by a bidder must be in the English language.
- 7.5 Costs. PECO shall have no responsibility whatsoever with respect to the costs of any bidder in considering or responding to this RFP, including but not limited to (i) any costs of preparing any materials submitted to PECO; (ii) any costs associated with any studies, permits, or other agreements contemplated by this RFP; (iii) any costs associated with any Alternative Energy System or a Host; (iv) any costs associated with financing, employees or consultants, or real property.
- 7.6 Publicity. Bidders are not permitted to announce or release any information regarding this RFP or PECO's evaluation process without PECO's prior written approval, which shall not be unreasonably withheld. Each bidder understands and agrees that PECO does not participate in, nor does it allow, bidders to utilize media releases of any kind to publicize bidder's business relationship with PECO. Each bidder shall not use any trade name, trademark, service mark or any other information which identifies PECO in such bidder's sales, marketing and publicity activities, including interviews with representatives of any written publication, or television or radio station or network,

without PECO's express prior written consent. Successful bidders agree to cooperate with PECO in preparation of any press release announcing the results of this RFP.

- 7.7 Disclaimer. PECO makes no representations or warranties regarding the accuracy or completeness of the information contained in this RFP and its exhibits or any statements made by representatives of PECO during the RFP process. Each bidder is responsible for making its own evaluation of information and data contained in this RFP and in preparing and submitting responses to this RFP. The issuance of this RFP and the receipt of information in response to this RFP shall not, in any way, cause PECO to incur any liability (whether contractual, financial or otherwise) to any bidder participating in the RFP process, and by submitting an Application, bidder releases PECO from any and all claims, demands, actions, losses, liabilities, and expenses (including reasonable legal fees and expenses) relating to this RFP.
- 7.8 Not an Offer. This RFP is issued to elicit responses to PECO's inquiry and is not an offer. The issuance of the RFP and the submission of bidder's information do not create any obligation upon PECO to buy goods or services from a bidder, and PECO reserves the right to accept or reject any or all proposals received. PECO also reserves the right to amend, suspend, or terminate the RFP process at any time, without reason and without liability, and makes no commitments, implied or otherwise, that this process will result in a business transaction with one or more bidders. No contract or other binding obligation on PECO will be implied unless and until an agreement has been executed on terms and conditions acceptable to PECO. PECO also reserves the right to not execute agreements with any or all bidders should the Company determine, in its sole discretion, that would not guarantee delivery, would impose unreasonably high costs on the Company's customers and/or would violate existing regulatory standards.
- 7.9 Non-conforming Applications and Bid Proposals. PECO reserves the right to reject any Application or Bid Proposal at any time on the grounds that it does not conform to the terms and conditions of this RFP or the bidder has not complied with the provisions of this RFP.
- 7.10 Interpretation. Notwithstanding any provision of this RFP, in the event an AEC Purchase and Sale Agreement is executed between a bidder and PECO, that Agreement shall control over any provision of this RFP.

EXHIBIT 1

FORM ALTERNATIVE ENERGY CREDIT PURCHASE AND SALE AGREEMENT

RECEIVED
FEB 15 2011
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

EXHIBIT 2

RFP BIDDER APPLICATION CHECKLIST

RECEIVED
FEB 15 2011
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

BIDDER APPLICATION CHECKLIST

:		Bidder No.:	
Name of Bidder:			
Contact:		Title:	
E-mail:		Phone:	
Address:	City:	State:	Zip Code:
<p><u>INSTRUCTIONS</u></p> <p>A signed original of this checklist must be attached to the Bidder's original Application, with a copy attached to each of the three required additional Application copies.</p>			
<p><input type="checkbox"/> RFP Bidder Application Checklist (this document)</p> <p><input type="checkbox"/> Bidder Application</p> <p><input type="checkbox"/> Bid Deposit - See RFP Section 4.7</p> <p><input type="checkbox"/> Certified Check Enclosed or <input type="checkbox"/> Wire Payment on __[date]__</p> <p style="margin-left: 40px;">Contract Amount Bid Deposit:</p>			
<p><u>SIGNATURE OF AUTHORIZED REPRESENTATIVE</u></p>			
<p>I am an officer or other authorized representative of the Bidder and certify that all of the information, statements, data and representations in the attached Application are true to the best of my knowledge and belief and that Bidder has the AECs in PJM GATS account(s) sufficient to provide the Contract Amount Bidder will submit in response to PECO's Alternative Energy Credits Requests for Proposal (issued [date]) (the "RFP"). I hereby submit this Application on behalf of the Bidder and acknowledge that this submission constitutes acceptance and agreement to all terms of the RFP.</p>			
Signature:		Date:	
Name:		Title:	

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EXHIBIT 3
FORM OF BIDDER APPLICATION

RECEIVED
FEB 15 2011
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

FORM OF BIDDER APPLICATION

All Bidder Applications shall be printed, with Bidder information organized in sections in the following order. All capitalized terms shall have the meaning set forth in the form Alternative Energy Credit and Purchase Agreement.

Section 1. Authorized Representative.

Legal Name of Bidder:

Contact Information for Authorized Representative:

Name:
Title:
Address:

E-Mail:

Section 2. AEC Source Information / Property Rights to AECs.

Bidder shall provide a written description of the source or sources of the AECs associated with its bids. Bidder shall also provide documentation to demonstrate that it owns the right to all AECs associated with its bids in their entirety and will be capable of transferring undivided rights to those AECs to PECO during the Delivery Period, without restriction.

Section 3. Bidder Information.

Bidder shall provide the following information:

- Bidder organizational structure (Corporation, LLC, Partnership) and description of principle business
- Description of all ownership interests, including ultimate corporate parent of each interest

Section 4. Other Bidder Information.

Bidder shall address each of the following specific questions and provide detail with any affirmative answer:

- Has Bidder ever defaulted on a contract?
- Has Bidder ever not met a contractual delivery date?
- Has Bidder ever requested to renegotiate contract pricing in an executed agreement?

- Is there any pending litigation relating to Bidder?
- Has Bidder or any Affiliate of Bidder ever filed for bankruptcy?

Bidder shall set forth any additional information Bidder believes should be considered by PECO in evaluating its Application.

EXHIBIT 4

BID-PROPOSAL FORM

RECEIVED
FEB 15 2011
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

BID PROPOSAL

(not to be submitted with Bidder Application)

Legal Name of Bidder:

Bidder #:

Contract Amount of Alternative Energy Credits (AECs) created during AEPS Reporting Years ____ to be delivered during the Delivery Period:

_____ Tier I AECs

_____ Tier I Solar AECs

_____ Tier II AECs

Price per AEC (in whole dollars/cents) delivered to PECO during the Delivery Period:

\$ _____ / Tier I AEC

\$ _____ / Tier I Solar AEC

\$ _____ / Tier II AEC

Multiple bids have been submitted for this type of AEC (check box if applicable)

I hereby certify that I am an officer or other authorized representative of the Bidder named above and submit this Bid Proposal on behalf of the Bidder. By submitting this Bid Proposal, Bidder acknowledges and accepts all terms of PECO's Request for Proposal dated _____ and offers to enter into a Alternative Energy Credit Purchase and Sale Agreement for the Contract Amount of AECs at the price specified above.

By: _____
Name: _____
Title: _____
Date: _____

ALTERNATIVE ENERGY CREDITS PURCHASE AND SALE AGREEMENT

By and Among

PECO ENERGY COMPANY

and

Dated [_____, ____], 201_

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ALTERNATIVE ENERGY CREDITS PURCHASE AND SALE AGREEMENT

This Alternative Energy Credits Purchase and Sale Agreement (the "Agreement") is entered into as of _____, 201_, by and between _____, a _____ corporation with principal offices located at _____ ("Seller"), and PECO Energy Company, a Pennsylvania corporation with principal offices located at 2301 Market Street, Philadelphia, Pennsylvania 19101 ("PECO" or the "Company"). PECO and the Seller are herein referred to collectively as the "Parties," and individually as a "Party."

RECITALS

WHEREAS, PECO is an electric distribution company under the Alternative Energy Portfolio Standards Act, 73 P.S. § 1648.1 ("AEPS" or "the Act"); and

WHEREAS, Seller owns the rights to alternative energy credits and desires to sell such credits to PECO; and

WHEREAS, PECO desires to purchase such credits from Seller to satisfy PECO's obligations under the Act, subject to the requirements and conditions set forth herein;

NOW THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, PECO and Seller agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions. Any capitalized or abbreviated term not elsewhere defined in this Agreement shall have the definition set forth in this Article 1. As used in this Agreement, the following terms shall have the respective meanings set forth below.

"AEC" shall be an alternative energy credit as defined in the Act and of the type(s) specified in Exhibit 1.

"AEPS" shall have the meaning set forth in the Recitals.

"Affiliate" means any Person that directly or indirectly controls, is controlled by, or is under common control with the Person in question.

"Agreement" means this Agreement.

"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. § 101 et seq.

"Business Day" means a day on which Federal Reserve member banks in Philadelphia, PA are open for business, beginning at 0800 EPT and ending at 1700 EPT.

"Certificate" means a certificate corresponding to an AEC, as defined in PJM GATS.

“Claim” shall mean any claim, demand, audit, cause of action, litigation, lawsuit, grievance, arbitration, mediation, proceeding (including, without limitation, any bankruptcy, reorganization, dissolution, insolvency, liquidation, extension of bankruptcy or similar proceeding).

“Contract Amount” means the amount(s) identified as “Contract Amount” specified on Exhibit 1.

“Contract Price” means the price(s) identified as “Contract Price” on Exhibit 1.

“Defaulting Party” has the meaning set forth in Section 6.1.

“Deliver” or “Delivery” means the transfer of AECs from Seller to PECO in PJM GATS.

“Delivery Period” means the time period running from the Effective Date to thirty (30) days after the Effective Date, during which the Seller must deliver the Contract Amount of AECs.

“Effective Date” means the date upon which this Agreement is executed by the Parties.

“Energy” means three-phase, 60-cycle alternating current electric energy, expressed in units of kilowatt-hours or megawatt-hours.

“EPT” means Eastern Prevailing Time (the time then prevailing in the Eastern Time Zone of the United States).

“Event of Default” has the meaning set forth in Section 6.1.

“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 any federal, state or local government, court of competent jurisdiction, administrative agency or commission or other governmental or regulatory authority or instrumentality or authorized arbitral body.

“Indemnified Party” shall have the meaning set forth in Section 9.2.

“Interest Rate” means simple interest (not compounded) calculated at the lower of six (6) percent per annum or the applicable overnight repurchase interest rate from a Qualified Institution. For purposes of this section, Qualified Institution shall mean any major U.S. commercial bank or a foreign bank with a U.S. office, which has assets of at least \$10 billion and a credit rating of at least “A” by Standard and Poor’s or “A2” by Moody’s Investor Services.

“Lien” shall mean any mortgage, deed of trust, lien, pledge, charge, claim, security interest, easement, covenant, right of way, restriction, equity, hypothecation, usufruct or encumbrance of any nature whatsoever, including any conditional sale agreement.

“Month” means a calendar month (or any partial calendar month at the outset of the Term in the event that the Term commences during a calendar month).

“Non-Defaulting Party” means (i) if the Company is the Defaulting Party, the Seller; or (ii) if the Seller is the Defaulting Party, the Company.

“PaPUC” means the Pennsylvania Public Utility Commission.

“PECO” means PECO Energy Company.

“PJM GATS” means the environmental attribute tracking system operated by PJM Environmental Services, Inc. and selected as the AEPS AEC registry by the PaPUC, or any successor registry.

“Person” shall mean any individual, entity, corporation, general or limited partnership, limited liability company, joint venture, estate, trust, association or other entity or Governmental Authority.

“Requirement of Law” means any federal, state and local law, statute, regulation, rule, code, ordinance, resolution, order, writ, judgment or decree enacted, adopted, issued or promulgated by any Governmental Authority or RTO (including those pertaining to electrical, building, zoning, environmental and occupational safety and health requirements).

“Safe Harbor Provisions of the Bankruptcy Code” means Sections 101(25), 101(26), 101(38A), 101(38B), 362(b)(6), 362 (b)(27), 546(e), 546(j), 556, 561, 562 and 767 of the Bankruptcy Code together with other sections pertaining or referring to any of them and any future amendments to the Bankruptcy Code which provide protections, rights or remedies to non-bankrupt Forward Contract Merchants against bankrupt counterparties under Forward Contracts..

“Taxes” has the meaning set forth in Section 4.4

“Term” has the meaning set forth in Section 2.1.

“Termination Date” has the meaning set forth in Section 2.1.

1.2 Interpretation. In this Agreement, unless a different intention clearly appears: (a) the singular includes the plural and vice versa; (b) the reference to any Party includes such Party’s legal and/or permitted successors and assignees, and reference to a Party in a particular capacity excludes such Party in any other capacity or individually; (c) the reference to any gender includes the other gender; (d) reference to any document other than this Agreement refers to such documents as may be amended, modified, replaced or superseded from time to time, or any successor document(s) thereto; (e) reference to any Article, Section or Exhibit means such Article, Section or Exhibit of this Agreement unless otherwise indicated; (f) “hereunder”, “hereof”, “hereto”, and words of similar import shall be deemed references to this Agreement as

a whole and not to any particular Section or other provision; (g) “including” (and with correlative meaning “include”), when following any general statement or term, is not to be construed as limiting the general statement or term to the specific items or matters set forth or to similar items or matters, but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its broadest possible scope; (h) relative to the determination of any period of time, “from” means “from and including”, “to” means “to but excluding” and “through” means “through and including”; (i) reference to any law or regulation refers to such law or regulation as may be amended, modified, replaced or superseded from time to time, or any successor law(s) or regulation(s) thereto; and (j) reference to “termination of this Agreement,” “this Agreement is terminated,” “this Agreement may be terminated” and similar phrases 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 the Agreement survive termination.

ARTICLE 2 TERM AND TERMINATION

2.1 Effective Date and Term. This Agreement shall be effective on the Effective Date. Unless sooner terminated as provided herein, the Term of this Agreement shall end seventy-five (75) days after the Effective Date (the “Termination Date”).

2.2 Early Termination. This Agreement may be terminated prior to the Termination Date pursuant to the following:

2.2.1 At any time by the mutual written consent of the Parties;

2.2.2 By the Non-Defaulting Party if an Event of Default occurs as provided for in Article 6, with such notice as required therein.

2.3 Effectiveness of Termination. Termination under this Article 2 shall be effective immediately after written notice is given, subject to any applicable notice requirements or extensions agreed to by the Parties.

2.4 Survival. Termination of this Agreement for any reason shall not relieve PECO or Seller of any obligation accrued or accruing prior to such termination. All provisions of this Agreement which must, in order to give full force and effect to the rights and obligations of the Parties hereto, survive termination or expiration of this Agreement, shall so survive, including, without limitation, Section 3.4, Article 6 and Article 7.

ARTICLE 3
PURCHASE AND SALE OF AECs

3.1 Purchase and Sale of AECs. Subject to the terms and upon the conditions and provisions of this Agreement, Seller shall sell, and PECO shall purchase, all rights, title and interest in the Contract Amount of AECs.

3.2 Delivery of AECs by Seller. Seller shall Deliver Certificates to PECO for the Contract Amount of AECs. The Delivery of AECs shall be completed no later than the thirtieth (30th) day following Effective Date (the Delivery Period), or such other date as PECO and the Seller may agree to in writing. Seller and PECO are each responsible for their own costs associated with establishing and administering any PJM GATS accounts sufficient to accomplish the Delivery of all AECs. Seller agrees to execute all other documents or instruments, at its expense, necessary to effectuate the Delivery of the AECs to PECO or as may be reasonably requested by PECO. All AECs transferred to PECO shall be free and clear of all Liens.

3.3 Ownership of and Title to AECs. PECO shall have sole, exclusive and perpetual ownership of all AECs Delivered to PECO by Seller under this Agreement, including all rights to sell, assign, transfer, apply, or retire any AEC transferred to PECO by Seller, provided, however, that Delivery of an AEC shall not transfer any rights to any associated electricity or capacity. Title to AECs shall not transfer to PECO prior to Delivery by Seller. Any benefits derived from the AECs after Delivery to PECO shall inure solely to the benefit of PECO and not to Seller.

3.4 Non-Compliant AECs. All AECs delivered to PECO shall have been created in the AEPS Reporting Years specified in Exhibit 1. In the event that any AEC transferred to PECO is subsequently determined to be unable to be used by PECO for AEPS compliance due to Seller's failure to comply with any obligation under this Agreement, Seller shall transfer an equivalent AEC to PECO. All AECs transferred to PECO under this Section shall be available for use by PECO for purposes of compliance under the Act as if the AEC had been created at the time the non-compliant AEC was created. Any additional costs or penalties incurred by PECO resulting from the transfer of non-compliant AECs by Seller shall be paid for by Seller.

3.5 No Sale of Electricity and Capacity. Seller shall retain all rights and title to any and all electricity and capacity associated with Delivered AECs, and shall be responsible for any and all costs and charges associated with such electricity and capacity. As between PECO and Seller, Seller shall be deemed to be in exclusive control of, and responsible for, any damage or injury caused by electricity associated with the Delivered AECs.

3.6 Financing. PECO shall have no responsibility whatsoever for any financing or costs associated with any facility for the generation of electricity associated with AECs or the Delivery of AECs to PECO under this Agreement.

ARTICLE 4 BILLING AND PAYMENT; RECORDS

4.1 Invoices. Seller shall send PECO a statement following the Delivery of AECs setting forth all amounts due either to the Seller or to PECO. The statement shall include: (i) the quantity of AECs that were Delivered by Seller to PECO (by AEC type, if applicable) and the total amount owed by PECO for those AECs at the Contract Price, and (ii) any other amount due Seller or to PECO under this Agreement. Such statement shall be sent by Seller to PECO no later than fifteen (15) Business Days following the Delivery of AECs for which the statement is applicable.

4.2 Payment. Subject to all conditions and provisions of this Agreement, no later than fifteen (15) Business Days after the date of a statement submitted by Seller, or if such day is not a Business Day, the immediately following Business Day, the Party owing the net amount shown to be due on such statement shall remit to the other Party, by wire transfer in accordance with Section 8.1, the amount due pursuant to such statement.

4.3 Interest. Amounts not paid when due shall accrue interest from the day following the due date to the date of payment at the Interest Rate.

4.4 Taxes. Seller shall be responsible for all existing and any new taxes, fees, levies, assessments, penalties, licenses, or charges imposed or levied by any federal, state or local governmental agency (collectively, "Taxes") on all AECs, including any associated electricity and capacity, prior to and including the Delivery of AECs under this Agreement. PECO shall be responsible for all existing and any new Taxes imposed or levied by any federal, state or local governmental agency on AECs after transfer to PECO. If PECO is required to remit or pay Taxes that are Seller's responsibility under this Agreement, then Seller shall promptly reimburse PECO for such Taxes. If Seller is required to remit or pay Taxes that are PECO's responsibility under this Agreement, then PECO shall promptly reimburse Seller for such Taxes.

4.5 Disputed Amounts. If either Party, in good faith, disputes any amount due pursuant to a statement rendered hereunder, such Party shall notify the other Party of the specific basis for the dispute and shall pay that portion of the amount shown to be due on the statement that is undisputed, on or before the due date. If any amount disputed by such Party is determined to be due the other Party, the amount due shall be paid within five (5) Business Days of such determination or resolution, along with interest accrued at the Interest Rate from the date due to the date paid. Notwithstanding the above, no dispute may be made with respect to any statement or payment hereunder unless a Party questions the accuracy of such payment or statement within ten (10) days after the date of such statement or payment.

4.6 Records. Each Party shall keep and maintain all records as may be necessary or useful in performing or verifying any calculations made pursuant to this Agreement, or in verifying such Party's performance hereunder. All such records shall be retained by each Party for at least one (1) calendar year following the calendar year in which such records were created.

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FEB 15 2011

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

5.1 Mutual Representations. As a material inducement to execution of this Agreement, each Party hereby represents and warrants to the other Party that:

5.1.1 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;

5.1.2 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 any Requirement of Law applicable to it;

5.1.3 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;

5.1.4 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;

5.1.5 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;

5.1.6 To such Party's knowledge, there are no actions, proceedings, judgments, rulings or orders, issued by or pending before any court or other governmental body, that would materially adversely affect its ability to perform its obligations under this Agreement;

5.1.7 It is, and will continue to be for the Term, a Forward Contract Merchant both generally and with respect to the AECs delivered and purchased under this Agreement.

5.2 Additional Seller Representations. During the Term, at its sole cost and expense, Seller represents, warrants and guarantees that:

5.2.1 Seller shall possess sole and exclusive title and legal rights to an AEC prior to the transfer of such AEC to PECO under this Agreement;

5.2.2 Seller shall transfer only valid AECs to PECO 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;

5.2.3 Seller shall comply with all PJM GATS requirements that are necessary for Seller to perform its obligations under this Agreement; and

5.2.4 Seller shall transfer to PECO only AECs that are derived from alternative energy sources located within the geographical boundaries of the Commonwealth of Pennsylvania or the control area of the PJM Interconnection, L.L.C.

5.3 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 AECs 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 Safe Harbor Provisions of the Bankruptcy Code. 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 6 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.

5.4 No Representation or Warranty By PECO of Seller. Any review by PECO of any information or material pertaining to the Seller is solely for PECO’s information only. By conducting such review, PECO makes no representation or warranty as to the Seller, including its economic viability, performance, or compliance with any Requirement of Law. PECO does not endorse or in any way approve of any representation or warranty of Seller in any agreement or to any Person, and Seller shall not make any such representation that PECO has given any such approval.

ARTICLE 6 EVENTS OF DEFAULT AND REMEDIES

6.1 Events of Default. An “Event of Default” by a Party (the “Defaulting Party”) shall mean:

6.1.1 With respect to either Party, an Event of Default shall occur if such Party:

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

(b) 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; or

(c) is the subject of an involuntary bankruptcy or similar proceeding, and fails to have such proceeding dismissed within 30 days.

(d) 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.

(e) 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 ten (10) days after receipt of written notice of the occurrence of such event from the other Party:

(i) 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;

(ii) 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;

(iii) 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 6.1.

6.2 Rights Upon 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:

6.2.1 terminate the Agreement by providing written notice to the Defaulting Party as provided in Section 2.2;

6.2.2 accelerate all amounts then owing by the Defaulting Party to the Non-Defaulting Party;

6.2.3 withhold any payments due to the Defaulting Party under this Agreement;

6.2.4 suspend its performance under this Agreement; and

6.2.5 pursue any other remedies available at law or in equity, except to the extent such remedies are expressly limited by this Agreement.

ARTICLE 7 INDEMNITY; LIMITATION OF LIABILITY

7.1 Indemnification.

7.1.1 Each Party shall indemnify and hold harmless the other Party and its officers, directors, agents and employees (each an "Indemnified Party") from and against any and all claims, demands, actions, losses, liabilities, expenses (including reasonable legal fees and expenses), suits and proceedings of any nature whatsoever for personal injury, death or property damage to third parties (collectively "Liabilities") that arise out of or are in any manner connected with the performance of this Agreement.

7.1.2 Without limiting the foregoing, Seller shall indemnify, defend and hold harmless PECO (and any PECO Indemnified Party) from any Liabilities arising from the generation of Energy associated with the Delivered AECs or any Claims associated with facilities used in the generation of such Energy.

7.1.3 Any fines, penalties or other costs incurred by a Party or its agents, employees or subcontractors for non-compliance by such Party, its agents, employees or subcontractors with any Requirement of Law will not be reimbursed by the other Party but will be the sole responsibility of such non-complying Party.

7.1.4 A Party seeking indemnification under this Section 7.1 shall give written notice to the indemnifying Party as soon as reasonably practicable after the Indemnified Party becomes aware of any fact, condition or event which may give rise to Liabilities for which indemnification may be sought under this Section 7.1.

7.2 Limitations of Remedies, Liability and Damages. The Parties agree that the remedies and measures of damages provided in this Agreement satisfy the essential purposes hereof. If no measure of damages or other remedy is expressly provided herein, the obligor's liability shall be limited to direct actual damages only, which direct actual damages shall be the sole and exclusive remedy and all other remedies or damages at law or in equity are waived. Unless otherwise provided herein, neither Party shall be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, (other than consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages recovered by an unaffiliated third party against a Party subject to indemnification hereunder), whether such damages are allowed or provided by statute, in tort, under any indemnity provision or otherwise.

ARTICLE 8 NOTICES AND ADDRESS FOR PAYMENT

8.1 Notices.

8.1.1 All notices, requests, statements or payments, if by check, shall be made to the addresses set out below. Notices required to be in writing shall be delivered by letter, facsimile or other documentary form. Notice by facsimile or hand delivery shall be deemed to have been received by the close of the Business Day during which the notice is received or hand delivered. Notice by mail or overnight courier shall be deemed to have been received upon delivery as evidenced by the delivery receipt.

To PECO:

with a copy to:

PECO Energy Acquisition
S14-2
2301 Market Street
Philadelphia, PA 19103
Attn: Director, PECO Energy Acquisition

to Seller:

8.1.2 All amounts due Seller under this Agreement that are paid by check must be sent via as specified below:

8.1.3 All amounts due PECO under this Agreement that are paid by check must be sent via United States mail to the address specified below:

8.1.4 A Party's address or addressee to which notices, invoices, or payments shall be sent (including payments by wire transfer) may be changed from time to time by such Party by notice served as hereinabove provided.

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

ARTICLE 9 MISCELLANEOUS

9.1 Entire Agreement; Amendment. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and it supersedes all prior oral or written agreements, commitments, negotiations or understandings with respect to the matters provided for herein. Unless expressly provided otherwise in another provision of this Agreement, this Agreement shall not be amended, altered or modified except by an instrument in writing duly executed by both Parties. It is agreed that no use of trade or other regular practice or method of dealing between the Parties hereto shall be used to modify, interpret, supplement, or alter in any manner the terms of this Agreement.

9.2 Assignment. Neither Party shall assign this Agreement or any of its rights or obligations hereunder (including by lease, subcontract, or otherwise) without the prior written consent of the other Party.

9.3 Waiver; Cumulative Remedies. Any agreement on the part of a Party to any extension or waiver of any provision hereof shall be valid only if set forth in an instrument in writing signed on behalf of such Party. 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.

9.4 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 Section 9.2 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.

9.5 Compliance with Laws. Except as otherwise provided in this Agreement, each Party to this Agreement shall comply, at its own expense, with all Requirements of Law in all applicable, material respects in connection with all activities and all performance under or in connection with this Agreement.

9.6 Governing Law. The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the Commonwealth of Pennsylvania, without giving effect to any choice of conflict of law provision or rule (whether of the Commonwealth of Pennsylvania or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Commonwealth of Pennsylvania.

9.7 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 PECO and Seller, 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. Each Party retains full control over the employment, direction, compensation and discharge of its employees, and will be solely responsible for all compensation of such employees, including social security, withholding and worker's compensation responsibilities.

9.8 Headings. The titles, headings and table of contents contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

9.9 Number of Days. In computing the number of days for purposes of this Agreement, all days shall be counted, including Saturdays, Sundays, and holidays; provided, however, that if the final day of any time period falls on a Saturday, Sunday, or holiday, then the final day shall be deemed to be the next day which is not a Saturday, Sunday, or holiday.

9.10 E-mail in Place of Writing. Where the parties agree, any written notification required by this Agreement may be transmitted via e-mail.

9.11 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under the domestic laws of the Commonwealth of Pennsylvania as provided herein, but if any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future Requirement of Law effective during the term hereof, then (a) in lieu of such illegal, invalid or unenforceable provision, the Parties shall promptly endeavor, in good faith negotiations, to agree on a provision as may be possible and be legal, valid and enforceable, provided that no Party shall be required to agree to any provision that would materially alter any of its rights or obligations under this Agreement, and (b) the legality, validity and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby. To the extent permitted by law, each Party

hereby waives any Requirement of Law that renders any such provision prohibited or unenforceable in any respect.

9.12 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.

[Signatures Appear on the Following Page]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the duly authorized representatives of PECO and Seller as of the date first written above.

PECO ENERGY COMPANY,
a Pennsylvania Corporation

By: _____

Name: _____

Title: _____

[SELLER]

a _____

By: _____

Name: _____

Title: _____

**EXHIBIT 1
CONTRACT TERMS**

Type(s) of AEC: (AEPS Tier I, Tier I solar photovoltaic, and/or Tier II)

Contract Amount(s) (AECs by Type to be Delivered during the Delivery Period):

Contract Price(s) (\$/AEC for each AEC Type):

Eligible AEPS Reporting Years for AECs:

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

From: (215) 841-5353
Anita Zaketa

Origin ID: REDA



2301 Market Street
S23-1
Philadelphia, PA 19103



J11101012220225

Ship Date: 15FEB11
ActWgt: 1.0 LB
CAD: 102138557/NET3130

Delivery Address Bar Code



SHIP TO: (717) 772-7777 **BILL SENDER**
Rosemary Chiavetta, Secretary
PA Public Utility Commission
400 NORTH ST FL 2
COMMONWEALTH KEYSTONE BUILDING
HARRISBURG, PA 17120

Ref #
Invoice #
PO #
Dept #

WED - 16 FEB A1
STANDARD OVERNIGHT

TRK# 7967 6325 3730

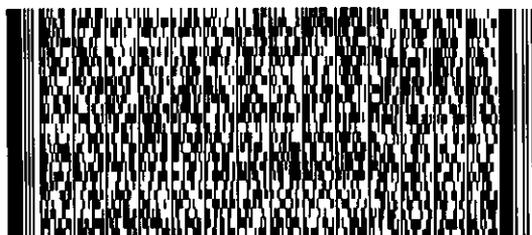
0201

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PA-US

MDT

ZN MDTA



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After printing this label:

1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.