

2015

**PPL ELECTRIC UTILITIES CORPORATION
LONG-TERM ALTERNATIVE ENERGY CREDIT
SUPPLIER MASTER AGREEMENT**

BETWEEN

PPL ELECTRIC UTILITIES CORPORATION

AND

[SELLER NAME]

DATED: January 30, 2015

LONG-TERM ALTERNATIVE ENERGY CREDIT SUPPLIER MASTER AGREEMENT

Articles and Provisions

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LONG-TERM ALTERNATIVE ENERGY CREDIT SUPPLIER MASTER AGREEMENT

THIS LONG-TERM ALTERNATIVE ENERGY CREDIT SUPPLIER MASTER AGREEMENT (“Agreement” or “LTAEC SMA”), is made and entered into as of _____ (“Effective Date”), by and between _____, hereinafter referred to as “Seller” and PPL Electric Utilities Corporation, hereinafter referred to as “Buyer” (each hereinafter referred to individually as “Party” and collectively as “Parties”).

WITNESSETH:

WHEREAS, the Pennsylvania legislature has enacted the Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8 (“Act”) establishing an Alternative Energy Portfolio Standard applicable to retail electricity suppliers serving customers in the Commonwealth of Pennsylvania; and

WHEREAS, Buyer has solicited offers for obtaining Alternative Energy Credit(s) to fulfill a portion of its Alternative Energy Portfolio Standards Obligation (“AEPS Obligation”) pursuant to a Request for Proposal (“RFP”) and the Seller is a winning bidder in that solicitation; and

WHEREAS, Seller desires to sell Alternative Energy Credit(s) and Buyer desires to purchase such Alternative Energy Credit(s) to fulfill a portion of its AEPS Obligation; and

NOW, THEREFORE, and in consideration of the foregoing, and of the mutual promises, covenants, and conditions set forth herein, and other good and valuable consideration, the Parties hereto, intending to be legally bound by the terms and conditions set forth in this Agreement, hereby agree as follows:

ARTICLE 1 DEFINITIONS

In addition to terms defined elsewhere in this Agreement, the following definitions shall apply hereunder:

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

“Agreement” means this LTAEC SMA.

“Alternative Energy Credit (“AEC”)” means a tradable instrument that is used to establish, verify, and monitor compliance with the AEPS Obligation. One AEC equals one megawatt hour

of electricity from an alternative energy source.

“Alternative Energy Credits (“AEC”) Program Administrator” means the independent entity that the PUC has identified and approved to administer the AEPS as described in the Act, as amended from time to time.

“Alternative Energy Portfolio Standards (“AEPS”) Obligation” shall have the meaning ascribed to it in Section 2.3 (Alternative Energy Portfolio Standards Obligation).

“Alternative Energy Portfolio Standards (“AEPS”)” shall have the meaning ascribed to it in the Pennsylvania Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8, as amended from time to time (“AEPS Act”).

“Annual Time Period” shall mean each 12-month period June 1st through May 31st that occurs during the Delivery Period.

“Bankrupt” means, with respect to any entity, such entity: (i) voluntarily files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it by its creditors and such petition is not dismissed within sixty (60) calendar days of the filing or commencement; (ii) makes an assignment or any general arrangement for the benefit of creditors; (iii) otherwise becomes insolvent, however evidenced; (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets; or (v) is generally unable to pay its debts as they fall due.

“Business Day” means, any day on which the Buyer’s and PJM’s corporate offices are open for business and commercial banks are not authorized or required to close in New York, New York.

“Costs” means, with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace the Transaction Confirmation(s) under this Agreement; and all reasonable attorneys’ fees and expenses incurred by the Non-Defaulting Party in connection with the termination of this Agreement.

“Credit Limit” means an unsecured line of credit pursuant to Article 12 and Exhibit C.

“Default Damages” means, for the period of time specified in Section 10.2(b)(ii) (Remedies) any direct damages and Costs, calculated in a commercially reasonable manner, that the Non-Defaulting Party incurs with respect to the Specified Amount as a result of an Event of Default. Direct damages may include, but are not limited to: (i) the positive difference (if any) between the price of the Product hereunder and the price at which the Buyer or Seller is able to purchase or sell (as applicable) the Product from or to third parties, or an amount equal to the alternative compliance payment required by the AEPS Act for each AEC not delivered.

“Delivery” or “Delivered” means the transfer from Seller to Buyer of the Product, as specified pursuant to this Agreement and Transaction Confirmation attached thereunder, and recognition by the AEC Program Administrator of the transfer to Buyer. Delivery of Product can be

independent of delivery of the electricity with which the Product is associated.

“Delivery Period” means the period of delivery for a Transaction as specified in a Transaction Confirmation.

“Delivery Point” means the Buyer’s account with GATS.

“Eastern Prevailing Time” or “EPT” means Eastern Standard Time or Eastern Daylight Savings Time, whichever is in effect on any particular date.

“Equitable Defenses” means any bankruptcy, insolvency, reorganization and other laws affecting creditors’ rights generally, and with regard to equitable remedies, the discretion of the court before which proceedings to obtain same may be pending.

“FERC” means the Federal Energy Regulatory Commission or its successor.

“Fitch” means Fitch, Inc. or its successor.

“Force Majeure” means, an event or circumstance which prevents one Party from performing its obligations under one or more transactions, including but not limited to, riots or revolutions, demands or embargoes of the United States Government, fire, flood, drought, insurrection, acts of God which are not within the reasonable control of, or the results of the negligence of the affected Party and which, by the exercise of due diligence, the Party is unable to mitigate or avoid or cause to be avoided. Notwithstanding the foregoing, under no circumstance shall an event of Force Majeure be based on: (i) the loss or failure of Sellers supply; (ii) Sellers ability to sell AECs at a price greater than that received under any Transaction Confirmation; (iii) the Buyers ability to purchase the AECs at a price lower than paid under any Transaction; (iv) any change in requirements of any governmental authority; or (v) labor stoppage or lockout.

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

“Generator Attribute Tracking System” or “GATS” means the system owned and operated by PJM Environmental Information Services, Inc., or its successor, to provide environmental and emissions attributes reporting and tracking services to its subscribers, inter alia, in support of Pennsylvania Alternative Energy Portfolio Standard (“AEPS”) Act.

“GATS Subscriber” means an entity that has accepted and agreed to be bound by the Terms of Use for the GATS of PJM Environmental Information Services, Inc., or any successor as approved by the Pennsylvania Public Utility Commission.

“Government Action” means action by a Governmental Authority to change the eligibility of a Product for the AEPS or substantially change the requirements for compliance by persons obligated to comply with the AEPS which in either case has a material adverse effect on the value of a Product that is the subject of a particular Transaction, and includes a change in Applicable Law that disqualifies any particular Product, that is the subject of a Transaction.

“Governmental Authority” means any federal, state, local, municipal or other governmental

entity, authority or agency, department, board, court, tribunal, regulatory commission, or other body, whether legislative, judicial or executive, together or individually, exercising or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power over a Party or this Agreement.

“Guarantor” means any party having the authority and agreeing to guarantee the Seller’s financial obligations under this Agreement, recognizing that such party shall be obligated to meet Buyer’s creditworthiness requirements specified in this Agreement for such Seller.

“Guaranty or Guaranty Agreement” means a guaranty, suretyship, hypothecation agreement, margins or security agreement or any other document in the form attached as Exhibit D to this Agreement or other form approved by Buyer.

“Interest Rate” means, for any date, the lesser of: (i) the per annum rate of interest equal to the prime lending rate as may from time to time be published in *The Wall Street Journal* under “Money Rates” on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%); or (ii) the maximum rate permitted by applicable law.

“Losses” means, with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from the termination of a Transaction under this Agreement or a transaction for default service or AECs under supply master agreements executed between the Parties pursuant to the PUC Orders, determined in a commercially reasonable manner.

“Merger Event” means, when a Seller consolidates or amalgamates with, or merges into or with, or transfers all or substantially all of its assets to another entity and either (i) the resulting entity fails to assume all of the obligations of such Seller hereunder as determined in the reasonable discretion of the Buyer or (ii) the benefits of any credit support provided pursuant to Article 12 of this Agreement fail to extend to the performance by such resulting, surviving or transferee entity of the Seller’s obligations hereunder, and the resulting entity or its guarantor fails to meet the creditworthiness requirements of this Agreement as determined in the reasonable discretion of the Buyer.

“Margin” means the amount by which the Total Exposure Amount exceeds the Seller’s, or Guarantor’s, Credit Limit as defined in Section 12.4.

“Maximum Credit Limit” means the lesser of the applicable percentage of TNW or the applicable Credit Limit Cap as specified in Exhibit C of this Agreement.

“Minimum Rating” means a minimum senior unsecured debt rating as defined in Exhibit C of this Agreement.

“Minimum Transfer Amount” means the greater of: \$1,000 or such amount designated as “Minimum Transfer Amount” in other agreements between Buyer and Seller for supply of AECs or default service supply pursuant to PUC Orders.

“Moody’s” means Moody’s Investors Service, Inc. or its successor.

“Nominal Contract Value” means the dollar amount resulting by multiplying the Specified Amount by the Settlement Price by the number of months in the Delivery Period.

“Non-Defaulting Party” means the Party not responsible for an Event of Default, as set forth in Article 10.

“Photo-voltaic (“PV”)” shall have the meaning ascribed in Tier 1 Alternative Energy Sources in the Pennsylvania Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8.

“PJM” means the PJM Interconnection, LLC or any successor organization thereto.

“PJM Agreements” means the PJM OATT, PJM Operating Agreement, PJM RAA, and any other applicable PJM manuals or documents, or any successor, superseding or amended versions that may take effect from time to time.

“PJM OATT” or “PJM Tariff” means the Open Access Transmission Tariff of PJM or the successor, superseding or amended versions of the Open Access Transmission Tariff that may take effect from time to time.

“PJM Operating Agreement” or “PJM OA” means the Operating Agreement of PJM or its successor.

“PJM RAA” means the PJM Reliability Assurance Agreement or any successor, superseding or amended versions of the PJM Reliability Assurance Agreement that may take effect from time to time.

“PJM Settlement Date” means the date on which payments are due to PJM for services provided by PJM in accordance with the PJM Agreements. In the event that PJM institutes multiple Settlement Dates pursuant to the PJM Agreements, the relevant PJM Settlement Date will be last PJM Settlement Date in the month.

“Product” means the type of AECs to be delivered as specified in the Transaction Confirmation.

“PUC” means the Pennsylvania Public Utility Commission and any successor thereto.

“PUC Orders” means the orders issued by the PUC pursuant to the Electricity Generation Customer Choice and Competition Act, 66 Pa. C. S. Sections 2801-2812, as amended by Act 129 of 2008, including the order authorizing the parties to enter into this Agreement.

“Quarterly Settlement Amount” means, with respect to any Quarterly Settlement Period, the product of: (i) the Quarterly Settlement Quantity; and (ii) and the Settlement Price as set forth in the Transaction Confirmation.

“Quarterly Settlement Date” means, with respect to any Quarterly Settlement Period, the date(s) determined to coincide with the PJM Settlement Date(s) pursuant to the PJM Agreements that is in the month after the month in which AECs have been Delivered by the Seller for purposes of determining the Quarterly Settlement Quantity. In the event that PJM institutes multiple Settlement Dates in a given month pursuant to the PJM Agreements, the Quarterly Settlement Date will be last PJM Settlement Date in that month.

“Quarterly Settlement Period” means a given three (3) month period as specified in the Transaction Confirmation.

“Quarterly Settlement Quantity” means, with respect to any Quarterly Settlement Period, the amount of AECs required to be transferred as defined in the Transaction Confirmation.

“Request for Proposal” or “RFP” means the request for proposals issued from time to time by Buyer pursuant to the PUC Orders.

“Rounding Amount” means the greater of: \$1,000 or such amount designated as “Rounding Amount” in other agreements between Buyer and Seller for supply of AECs or default service supply pursuant to PUC Orders.

“S&P” means Standard & Poor's Financial Services LLC a subsidiary of The McGraw-Hill Companies, Inc. and any successor thereto.

“Settlement Amount” means, with respect to a Transaction and the Non-Defaulting Party, the Losses or Gains, and Costs, expressed in U.S. Dollars, which such Party incurs as a result of the liquidation of a Terminated Transaction pursuant to Article 10 (Events of Default; Remedies). The calculation of a Settlement Amount for a Terminated Transaction shall exclude any Default Damages calculated pursuant to Section 10.2(b)(ii) for the same Terminated Transaction. For the purposes of calculating the Termination Payment, the Settlement Amount shall be considered an amount due to the Non-Defaulting Party under this Agreement and all other transactions for default service or AECs under supply master agreements executed between the Parties pursuant to the PUC Orders if total of the Losses and Costs exceeds the Gains and shall be considered an amount due to the Defaulting Party under this Agreement and all other transactions for default service or AECs under supply master agreements executed between the Parties pursuant to the PUC Orders if the Gains exceed the total of the Losses and Costs.

“Settlement Price” means the price in \$/AEC as set forth in the Transaction Confirmation pursuant to this Agreement.

“Specified Amount” means the amount of AECs as set forth in a Transaction Confirmation pursuant to this Agreement.

“Termination Payment Date” shall have the meaning set forth in Section 10.4 (Notice of Termination Payment).

“Terminated Transaction(s)” means any Transaction which has been terminated in accordance with Section 10.2 (b) (Remedies).

“Tier 1 Alternative Energy Sources” shall have the meaning ascribed to it in the Pennsylvania Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8, as amended from time to time.

“Tier 2 Alternative Energy Sources” shall have the meaning ascribed to it in the Pennsylvania Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8, as amended from time to time.

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

“Total Exposure Amount” means an amount calculated daily for Seller reflecting the total credit exposure to Buyer and consisting of the sum of (i) credit exposure under this Agreement; (ii) the amounts designated as Mark-to-Market Exposure Amount or credit exposure under any other agreements providing for AECs or default service supply or similar service; provided that in the event the amount calculated for any day is a negative number, it shall be deemed to be zero for such day.

“Transaction” means a particular agreement by which Buyer purchases and Seller sells AECs pursuant to this Agreement, the details of which are more fully set forth in a Transaction Confirmation.

“Transaction Confirmation” shall have the meaning ascribed to it in Section 2.10 (Transaction Confirmation).

“Transaction Date” means the date that a Transaction is effective as set forth in the Transaction Confirmation.

ARTICLE 2

TERMS AND CONDITIONS OF ALTERNATIVE ENERGY CREDITS

2.1 *Seller’s Obligation To Provide AECs.* With respect to a Transaction, Seller shall provide AECs on a quarterly basis such that the Specified Amount is supplied each quarter during the Delivery Period as set forth in the Transaction Confirmation.

At a minimum, in any given quarter, a Seller must transfer AECs into PPL Electric’s GATS account in accordance with the quarterly delivery obligations shown on the Transaction Confirmation. The obligation represents the minimum transfer obligation, by quarter, of the total AECs for each Annual Time Period during the Delivery Period.

With respect to any Quarterly Settlement Period in an Annual Time Period, Seller is obligated to transfer the Quarterly Settlement Quantity. Buyer shall pay Seller based upon the terms and conditions set forth in Article 5. Seller may choose to transfer up to the entire quantity of AECs associated with the Annual Time Period as specified in the Transaction Confirmation. AECs transferred in excess of the Quarterly Settlement Quantity will be applied to satisfy the delivery obligations in the subsequent Quarterly Settlement Period delivery obligations. AECs transferred in excess of the Quarterly Settlement Obligation will be paid for by Buyer to Seller at the future Quarterly Settlement Period for which the excess AECs were applied, and not at the time of transfer. No AECs may be transferred to PPL Electric in advance of a future Annual Time Period.

2.2 *Buyer’s Obligation to Take AECs.* With respect to a Transaction, Buyer shall accept AECs as provided by Seller pursuant to Section 2.1 (Seller’s Obligation to Provide AECs), and shall pay Seller the Quarterly Settlement Amount for such AECs on the

applicable Quarterly Settlement Date in accordance with Section 5.3 (Payments of the Invoice).

2.3 Alternative Energy Portfolio Standards Obligation.

- (a) Seller shall enable the Buyer to comply with the Alternative Energy Portfolio Standards, including regulations adopted thereunder, (together the AEPS Obligation) and shall provide AECs in the Specified Amount to Buyer so that Buyer can fulfill Buyer's AEPS Obligation as set forth in the AEPS Act and PUC rules and Orders that may be promulgated to implement the AEPS Act.
- (b) Seller and Buyer shall work together to establish the proper accounts within the GATS. Seller shall be a subscriber to GATS and is responsible for paying its annual subscription fee. Seller shall transfer AECs into the Buyer's GATS account(s) in the amount necessary to fulfill Seller's AEPS Obligation under this Agreement. Seller shall be responsible for paying the volumetric fees associated with load serving entity GATS fee requirements.
- (c) Within 40 days after the end of each Quarterly Settlement Period during the Delivery Period, but not to exceed 70 days after the end of each Annual Time Period during the Delivery Period per Article 2.3 (e), the Seller shall transfer AECs into the Buyer's GATS account(s) in an amount commensurate with Article 2.1.
- (d) AECs supplied for a given Quarterly Settlement Period in an Annual Time Period must allow PPL Electric to meet its obligations under the AEPS Act for that Annual Time Period.
- (e) No later than 70 calendar days following an Annual Time Period of the Delivery Period, Seller shall complete its transfer of any remaining AECs associated with such Annual Time Period as specified in the Transaction Confirmation, not transferred in accordance with subsection (c) of this Section 2.3, into the Buyer's GATS account(s).
- (f) In addition to the Remedies stated in Article 7, Article 8 and Article 10 of this Agreement, Buyer, in its reasonable discretion, shall have the right to pursue specific performance of Seller's obligations under this Section 2.3.
- (g) Seller shall provide to the Buyer all information regarding AECs that may be required by the PUC rules governing reporting and auditing of Buyer's compliance with the AEPS Obligation.

2.4 GATS Subscription. For the period of time that this Agreement is in effect, Seller shall be a GATS Subscriber in good standing.

2.5 Title Transfer. Seller shall cease to have title to, possession of, and risk of loss with respect to liability pursuant to Sections 7.1 (Seller's Indemnification for Third-Party

Claims) and 7.2 (Buyer's Indemnification for Third-Party Claims) of AECs delivered hereunder at the Delivery Point(s). Seller warrants that it has good title to the AECs sold and delivered hereunder and that it has the right to sell such AECs. As between Buyer and Seller only, Buyer shall take title to, possession of, and risk of loss with respect to liability pursuant to Sections 7.1 (Seller's Indemnification for Third-Party Claims) and 7.2 (Buyer's Indemnification for Third-Party Claims) of AECs delivered hereunder at the Delivery Point(s). Notwithstanding the foregoing, nothing contained in this Agreement is intended to create or increase liability of Buyer to any third party beyond such liability, if any, under applicable law if Buyer had not taken title.

2.6 Secondary Markets. All representations and warranties made by Seller to Buyer with respect to the Product are transferable by Buyer.

2.7 Disclosure in the Event of Seller Default. If Seller defaults and this Agreement is terminated pursuant to Article 10 (Events of Default; Remedies), Buyer may disclose the terms of this Agreement and any Transaction Confirmation to all other non-defaulting default service and Alternative Energy Credit suppliers providing SRECs or AECs to Buyer pursuant to the PUC Orders. Such disclosure by Buyer shall be made for the purpose of allowing each non-defaulting supplier to make its Step-Up elections described in Section 2.8 (Seller Step-Up Rights) below.

2.8 Seller Step-Up Rights. In the event of an early termination of a LTAEC SMA between Buyer and an entity other than the Seller, Buyer shall send a written notification to Seller which: (i) describes the individual supply obligations associated with the terminated transaction(s) for the remaining term(s) of such transaction(s); and (ii) requests Seller to agree to supply its full or partial amount of the supply obligation associated with each terminated transaction for the remaining term(s) of the terminated transaction(s), without change to the pricing, terms and conditions of the terminated LTAEC SMA and transaction(s). Such agreement to make additional supply available shall be termed a "Step-Up".

In the event that Seller wishes to exercise its option to Step-Up when such an opportunity arises, Seller shall respond to Buyer of such within five (5) Business Days from the date of Buyer's notification. In Seller's response, Seller shall indicate: (i) the maximum amount of the increased obligation that Seller wishes to take on given the additional supply obligation available from the terminated transactions (which need not be all); and (ii) that it is willing to meet any additional collateral requirements related to the Step-Up. Seller's response shall take place no later than five (5) Business Days of its receipt of Buyer's notification. The amount of supply obligation assigned to Seller following Seller's Step-Up response will be Seller's pro-rata share of the total of such Step-Up responses from all sellers (default service and AEC) and will be from zero up to and including the maximum amount that the Seller indicates. Seller's pro-rata share, as described in this paragraph, shall be the ratio of Seller's amount indicated in Seller's Step-Up response to the total of amounts indicated in all sellers' Step-Up responses. Buyer will determine Seller's pro-rata share within six (6) Business Days from the date of Buyer's initial notification. Once Buyer has determined Seller's pro-rata share, Buyer will forward by e-mail, facsimile or other immediate means acceptable to both Parties, to Seller a partially executed Transaction Confirmation(s) and shall send by overnight

delivery two (2) originals. By 2:00 p.m. EPT on the next Business Day following Seller's receipt of such partially executed Transaction Confirmation(s), Seller shall return by email, facsimile, or other immediate means acceptable to both Parties, to Buyer one (1) fully executed Transaction Confirmation(s), and shall send by overnight delivery one (1) original.

For the avoidance of doubt, in the event that Seller does not respond to Buyer's Step-Up request within the relevant timeframe, Seller shall be deemed to have rejected the Buyer's request in full.

2.9 Governing Terms. Each Transaction shall be governed by this Agreement. This Agreement, including all exhibits hereto, any designated collateral, credit support, margin agreement or similar arrangements and all Transaction Confirmations shall form a single integrated agreement between Buyer and Seller. Any inconsistency between terms in this Agreement and terms in a Transaction Confirmation shall be resolved in favor of the terms of this Agreement.

2.10 Transaction Confirmation.

- (a) A Transaction obtaining supply for AECs shall be documented in a Transaction Confirmation in the form attached hereto as Exhibit A. On the calendar day on which Seller is selected and approved by the PUC as a supplier to supply AECs, Buyer will forward by e-mail, facsimile or other immediate means acceptable to both Parties, to Seller a partially executed Transaction Confirmation(s) (Exhibit A) and shall send by overnight delivery two (2) originals. By 2:00 p.m. EPT on the next Business Day following Seller's receipt of such partially executed Transaction Confirmation(s), Seller shall return by email, facsimile, or other immediate means acceptable to both Parties, to Buyer one (1) fully executed Transaction Confirmation(s), and shall send by overnight delivery one (1) original. In addition, Buyer will forward to Seller one (1) fully executed Agreement by overnight delivery service.

ARTICLE 3

GOVERNMENT ACTION AND RECOVERY OF AEC COSTS

3.1 Government Action. The Parties acknowledge that the AEPS, which among other things establish the conditions for a market for certain Products, may be the subject of Government Action (including court challenge) that could adversely affect the eligibility of a Product to meet the requirements of the AEPS or otherwise alter the requirements of the AEPS, or make a Product unavailable or dramatically diminished or increased in value. With respect to any Transaction, the Seller represents that a Product complies with the AEPS, such representation is made and effective as of the Transaction Date, and Seller will not be in breach of such representation on account of any Government Action occurring after the Transaction Date. Government Action that changes in any respect the value of a Product (without rendering the Product out of compliance with the AEPS), including a Cancellation of the AEPS, will have no effect on the obligation of the Parties to purchase and sell such Product at the price and on the terms set forth in the Transaction Confirmation. To the extent that Government Action renders Delivery illegal under

Applicable Law, such Transaction will be terminated and that portion of whatever has been paid for Products not yet Delivered will be refunded by Seller, to the extent it is lawful to do so. Notwithstanding the foregoing, no Transaction will be affected, cancelled, or otherwise impaired by Government Action that is specific to a Party under Applicable Law taken by a Governmental Authority alleging that Party's violation thereof.

3.2 Recovery of AEC Costs. Buyer's obligations under this agreement are premised upon Buyer's ability to recover all costs incurred by it under this Agreement from its retail customers in full on a current basis, as recognized by the AEPS Act. In the event that the Buyer has received regulatory approval for the procurement plan underlying this Agreement, and any subsequent Order of the Pennsylvania Public Utility Commission has the effect of suspending, limiting or denying Buyer's ability to recover fully such costs from its retail customers on a current basis, Buyer may exercise one of the following two options, but only after undertaking reasonable best efforts to challenge such action before the Pennsylvania Public Utility Commission: (1) terminate this Agreement upon 30 calendar days notice; or (2) elect to continue performing under the Agreement and pay the Seller only the costs for the AECs which the Buyer is permitted to recover on a current basis from its retail customers. However, if Buyer elects to reduce its payments under this Agreement to that which it is permitted to recover on a current basis from its retail customers as a result of an action of the Pennsylvania Public Utility Commission, Seller may terminate this Agreement upon not less than 30 calendar days notice.

ARTICLE 4 TERM AND SURVIVAL

- 4.1** Term. Unless otherwise agreed upon by Buyer and Seller, this Agreement shall continue in full force and effect from the Effective Date until the end of all Transaction(s) executed under this Agreement unless this Agreement is terminated prematurely pursuant to Article 10 of this Agreement.
- 4.2** Survival. 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, Articles 7, 8, 10, and 11.

ARTICLE 5 BILLING AND SETTLEMENT

- 5.1** Billing. Unless otherwise agreed to by the Parties, on or before the last Business Day of the month in which Seller has Delivered AECs for purposes of determining the Quarterly Settlement Quantity, Seller shall deliver to Buyer, via electronic transmission or other means agreed to by the Parties, an invoice ("Invoice") that sets forth the total amount due for all Transactions. The Invoice shall detail for each Transaction the following:

- (a) Quarterly Settlement Quantity
- (b) Quarterly Settlement Amount
- (c) Quarterly Settlement Period
- (d) Settlement Price

5.2 Payments of the Invoice. Buyer shall make payment to Seller, or Seller will make payment to Buyer, as the case may be, the total amount due in the applicable Invoice, subject to Section 5.5 (Netting of Payments). The amount paid from Buyer to Seller shall not to exceed Quarterly Settlement Amount, based upon the Quarterly Settlement Quantity for that period, per the Transaction Confirmation. Any excess credits transferred by the Seller to the Buyer in advance of a Quarterly Settlement Period, within an Annual Time Period, shall be paid for by Buyer to Seller during the applicable Quarterly Settlement Period for which the quantity is applied. All payments shall be made by “Electronic Funds Transfer” (“EFT”) via “Automated Clearing House” (“ACH”), unless otherwise agreed to by the Parties, to a bank designated in writing by such Party, by 12:00 p.m. EPT on the Quarterly Settlement Date. Payment of Invoices shall not relieve the paying Party from any other responsibilities or obligations it has under this Agreement (other than the obligation to make such payment), nor shall such payment constitute a waiver of any claims arising hereunder.

5.3 Billing Disputes and Adjustments of Invoices.

(a) Within twelve (12) months of the date on which an Invoice is issued, Buyer may, in good faith, adjust the Invoice to correct any errors. The adjustment shall include interest calculated at the Interest Rate from the original due date to the date of payment. Buyer shall provide Seller a written explanation of the basis for the adjustment.

(b) Within twelve (12) months of the date on which an Invoice is issued or an Invoice is adjusted pursuant to Section 5.3(a) (Billing Disputes and Adjustment of Invoices), Seller may, in good faith, dispute the correctness of such Invoice or adjustment, pursuant to the provisions of Article 11 (Dispute Resolution), and provided that Seller has paid by the Quarterly Settlement Date any portion of an Invoice that is not disputed.

5.4 Interest on Unpaid Balances. Interest on delinquent amounts, other than amounts in dispute as described in Section 5.3 (Billing Disputes and Adjustment of Invoices), shall be calculated at the Interest Rate from the original due date to the date of payment.

5.5 Netting of Payments. Buyer and Seller shall discharge mutual debts and payment obligations due and owing to each other under this Agreement, as of the Quarterly Settlement Date, such that all amounts owed by each Party to the other Party shall be reflected in a single amount due to be paid by the Party who owes it and received by the other Party, provided that the calculation of the net amount shall not include any disputed amounts being withheld pursuant to Section 5.3 (Billing Disputes and Adjustments of Invoices).

ARTICLE 6 TAXES

- 6.1 Cooperation. Each Party shall use reasonable efforts to implement the provisions of and administer this Agreement in accordance with the intent of the Parties to minimize taxes, so long as neither Party is materially adversely affected by such efforts.
- 6.2 Taxes. As between the Parties: (i) the Seller is responsible for the payment of all taxes imposed by all present and future federal, state, municipal or other taxes imposed by any taxing authority on the wholesale sales of AECs under this Agreement; and (ii) the Buyer is responsible for the payment of all taxes imposed by all present and future federal, state, municipal or other taxes imposed by any taxing authority on retail sales of AECs. Should the Seller be required to remit any Pennsylvania State sales and use taxes directly to the applicable taxing authority, other than taxes previously collected by the Seller on behalf of the Buyer, the Buyer will defend and indemnify the Seller for such sales and use taxes and will pay to the Seller all such tax amounts upon demand. If any Transaction is exempt from the payment of any sales and use taxes as defined above, the affected Seller will, if requested, provide the Buyer with valid tax exemption certificates. Should the Buyer be required to remit any sales and use taxes directly to any applicable taxing authority, other than taxes previously collected by the Buyer directly from the Seller, the Seller will defend and indemnify the Buyer and will pay to the Buyer all applicable sales and use tax amounts upon demand.
- 6.3 Disclosure of Tax Treatment. Notwithstanding anything to the contrary in this Agreement or in the RFP and appendices thereto, Seller and Buyer agree that: (i) any obligation of confidentiality with respect to the Parties' Transactions hereunder does not apply, and has not applied from the commencement of discussions between the Parties, to the tax treatment and tax structure of the Agreement and all Transactions thereunder, and (ii) Seller and Buyer (and each of their respective employees, representatives, or agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Agreement and the Transactions thereunder, as well as any materials of any kind (including opinions or other tax analyses) that have been provided to the disclosing Party relating to such tax treatment and tax structure, all within the meaning of Treasury Regulations Section 1.6011-4; provided, however, that the foregoing is not intended to affect any privileges that each Party is entitled, at its reasonable discretion, to maintain, including with respect to any confidential communications with its attorney or any confidential communications with a federally authorized tax practitioner under Section 7525 of the Internal Revenue Code.

ARTICLE 7 INDEMNIFICATION

- 7.1 Seller's Indemnification for Third-Party Claims. Seller shall indemnify, hold harmless, and defend Buyer and its Affiliates, and their respective officers, directors, employees, agents, contractors, subcontractors, invitees, successors, representatives and permitted assigns (collectively, "Buyer's Indemnities") from and against any and all claims, liabilities, costs, losses, damages, punitive damages and expenses including reasonable attorney and expert fees, disbursements actually incurred, and any penalties or

finer imposed by Government Authorities in any action or proceeding between Buyer and a third party or Seller for damage to property of unaffiliated third parties, injury to or death of any person, including Buyer's employees or any third parties, to the extent directly caused by the negligence, gross negligence or willful misconduct of Seller and/or its officers, directors, employees, agents, contractors, subcontractors or invitees arising out of or connected with Seller's performance under this Agreement, Seller's exercise of rights under this Agreement, or Seller's breach of this Agreement. Buyer shall have the right to hire the attorney of its choice to defend it in any proceeding brought against it pursuant to this provision.

7.2 *Buyer's Indemnification for Third-Party Claims.* Buyer shall indemnify, hold harmless, and defend Seller and its Affiliates, and their respective officers, directors, employees, agents, contractors, subcontractors, invitees, successors, representatives and permitted assigns (collectively, "Seller's Indemnities") from and against any and all claims, liabilities, costs, losses, damages, and expenses including reasonable attorney and expert fees, disbursements actually incurred, and any penalties or fines imposed by Government Authorities in any action or proceeding between Seller and a third party or Buyer for damage to property of unaffiliated third parties, injury to or death of any person, including Seller's employees or any third parties, to the extent directly caused by the gross negligence or willful misconduct of Buyer and/or its officers, directors, employees, agents, contractors, subcontractors or invitees arising out of or connected with Buyer's performance under this Agreement, Buyer's exercise of rights under this Agreement, or Buyer's breach of this Agreement. Seller shall have the right to hire the attorney of its choice to defend it in any proceeding brought against it pursuant to this provision.

7.3 *Indemnification Procedures.* If either Party intends to seek indemnification under Sections 7.1 (Seller's Indemnification for Third-Party Claims) or 7.2 (Buyer's Indemnification for Third-Party Claims), as applicable, from the other Party, the Party seeking indemnification shall give the other Party notice of such claim within ninety (90) calendar days of the later of the commencement of, or the Party's actual knowledge of, such claim or action. Such notice shall describe the claim in reasonable detail, and shall indicate the amount, estimated if necessary, of the claim that has been, or may be, sustained by said Party. To the extent that the other Party will have been actually and materially prejudiced as a result of the failure to provide such notice, such notice will be a condition precedent to any liability of the other Party under the provisions for indemnification contained in this Agreement. Neither Party may settle or compromise any claim without the prior consent of the other Party; provided, however, said consent shall not be unreasonably withheld or delayed.

ARTICLE 8

LIMITATIONS OF REMEDIES, LIABILITY AND DAMAGES

EXCEPT AS SET FORTH IN THIS AGREEMENT, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY

PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO COSTS AND DEFAULT DAMAGES AS DEFINED IN THIS AGREEMENT, SUCH COSTS AND DEFAULT DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE, TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

ARTICLE 9 FORCE MAJEURE

- 9.1** *Force Majeure* means an event or circumstance as defined in Article 1. Notwithstanding anything in this Agreement to the contrary, the Parties shall be excused from performing their respective obligations under this Agreement (other than the obligation to make payments with respect to performance prior to the event of Force Majeure) and shall not be liable for damages or otherwise due to their failure to perform, during any period that one Party is unable to perform due to an event of Force Majeure, provided that the Party declaring an event of Force Majeure shall: (i) act expeditiously to resume performance; (ii) exercise all commercially reasonable efforts to mitigate or limit damages to the other Party; and (iii) fulfill the requirements set forth in Section 9.2 (Notification).
- 9.2** *Notification*. A Party unable to perform under this Agreement due to an event of Force Majeure shall: (i) provide prompt written notice of such event of Force Majeure to the other Party, which shall include an estimate of the expected duration of the Party's inability to perform due to the event of Force Majeure; and (ii) provide prompt notice to the other Party when performance resumes.

ARTICLE 10 EVENTS OF DEFAULT; REMEDIES

10.1 *Events of Default.* An “Event of Default” shall mean, with respect to a Party (“Defaulting Party”), the occurrence of any of the following:

- (a) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within three (3) Business Days after written notice;
- (b) any representation or warranty made by such Party herein or in response to the RFP is intentionally or unintentionally false or misleading in any material respect when made or when deemed made or repeated;
- (c) the failure of a Party to comply with the requirements of Section 2.4 (GATS Subscription) if such failure is not remedied within three (3) Business Days after written notice;
- (d) the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default) if such failure is not remedied within three (3) Business Days after written notice;
- (e) Is the subject of a voluntary bankruptcy, insolvency or similar proceeding;
- (f) Makes an assignment for the benefit of its creditors;
- (g) In the case of a Seller, is dissolved or is the subject of a Merger Event;
- (h) such Party consolidates with, or merges with or into, or transfers all or substantially all of its assets to, another entity, or assigns the Agreement or any rights, interests, or obligations hereunder without the prior written consent of the other Party when such consent is required, and, at the time of such consolidation, merger, transfer or assignment, the resulting, surviving, transferee, or assigned entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party;
- (i) the occurrence and continuation of: (i) a default, event of default or other similar condition or event in respect of such Party or Guarantor under one or more agreements or instruments, individually or collectively, relating to indebtedness for borrowed money in an aggregate amount of not less than five percent (5%) of such Party or Guarantor’s TNW, which results in such indebtedness becoming immediately due and payable or; (ii) a default by such Party or Guarantor in making on the due date therefore one or more payments, individually or collectively, in an aggregate amount of not less than five percent (5%) of such Party or Guarantor’s TNW;
- (j) the failure of a Seller to provide performance assurance or to maintain

performance assurance in effect thereafter until such time as Buyer is obligated to return such performance assurance to Seller (subject to its right to replace such performance assurance in accordance with Article 12) or Party to comply with its other obligations pursuant to Article 12 if such failure to comply is not remedied within three (3) Business Days after written notice;

(k) In the case of a Seller, PJM terminates the Seller's ability to make purchases from the PJM markets and PJM does not rescind such termination or assignment of responsibility with (7) Business Days;

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

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

(n) Makes an omission or commits an act that constitutes an "Event of Default" under this agreement between the Buyer and the Seller; and fails to remedy such condition, event or delinquency herein above described such that the other Party (the "Non-Defaulting Party") is completely made whole with respect to such condition, event or delinquency, within three (3) Business Days of receipt of written notice thereof from such Non-Defaulting Party; provided, however, that an Event of Default shall be deemed to have occurred immediately, without any need for the provision of notice thereof by the Non-Defaulting Party and without any right of cure on the part of the Defaulting Party, in the event of the occurrence of a condition, event or delinquency described in subsections (a-m) above. Termination or modification of this Agreement or any Transactions hereunder by the PUC, other regulatory authority or court of law does not constitute an Event of Default under this Agreement; or

(o) With respect to the Seller's Guarantor, if any:

- i. representation or warranty made by the Guarantor in connection with this Agreement is false or misleading in any material respect when made or when deemed made or repeated;
- ii. Guarantor fails to make, when due, any payment required or to perform any other material covenant or obligation in any guaranty made in connection with this Agreement and such failure shall not be remedied within three (3) Business Days after written notice;
- iii. Guarantor's guaranty fails to be in full force and effect for purposes of this

Agreement (other than in accordance with its terms) prior to the satisfaction of all obligations of the Seller under this Agreement without the written consent of the Buyer; or

- iv. Guarantor repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenges the validity of any guaranty in connection with this Agreement.

10.2 Remedies. If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party (the “Non-Defaulting Party”), shall provide written notice to the Defaulting Party and shall have the right to temporarily suspend performance pursuant to Section 10.2(a) or implement all remedies pursuant to Section 10.2(b):

(a) If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right to suspend performance, provided that such suspension shall not continue for longer than ten (10) Business Days. At any time during or subsequent to the temporary suspension of performance, the Non-Defaulting Party may proceed with the steps outlined in Section 10.2(b). If, by the end of the ten (10) Business Day period of suspension, the Non-Defaulting Party has not commenced the implementation of the remedies pursuant to Section 10.2(b), then the Non-Defaulting Party must resume performance of its obligations under this Agreement.

(b) If an Event of Default has occurred under this Agreement or pursuant to a transaction for default service or AECs under supply master agreements executed between the Parties pursuant to the PUC Orders and is continuing, the Non-Defaulting Party shall have the right to implement the following remedies:

- i. designate a day, in such notice, no earlier than the day such notice is effective and no later than twenty (20) calendar days after such notice is effective, as an early termination date (“Early Termination Date”) for the purposes of determining the Settlement Amount;
- ii. calculate and receive from the Defaulting Party, payment for any Default Damages and Costs, as defined this Agreement, the Non-Defaulting Party incurs as of the date of the event giving rise to the Event of Default, until the earlier of: (i) the Early Termination Date (if applicable); or (ii) the Event of Default has been cured by the Defaulting Party; or (iii) the Non-Defaulting Party waives such Event of Default;
- iii. withhold any payments due to the Defaulting Party under this Agreement as an offset to any Default Damages and Costs, as defined in this Agreement, or Termination Payment, as defined in Section 10.3 (Calculation and Net Out of Settlement Amounts); and
- iv. permanently suspend performance.

(c) If an Event of Default has occurred and the Non-Defaulting Party is the Buyer, then in lieu of the remedies set forth in 10.2(b), Buyer may offer to waive the default on such terms and conditions as Buyer, at its reasonable discretion, may deem appropriate to propose (“Special Remedy”); provided, however, that:

- i. the Event of Default was not a failure by Seller to meet any or all of its Product Delivery obligations, and
- ii. any such Special Remedy can only be offered to Seller if it first is specifically approved by the PUC in accordance with PUC Orders.

10.3 Calculation and Net Out of Settlement Amounts. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for each such Terminated Transaction as of the Early Termination Date or, to the extent that in the reasonable opinion of the Non-Defaulting Party certain of such Terminated Transactions are commercially impracticable to liquidate and terminate or may not be liquidated and terminated under applicable law on the Early Termination Date, as soon thereafter as is reasonably practicable. For purposes of calculating the Settlement Amount, the Non-Defaulting Party shall reflect the net impact of the exercise of the option on the part of other wholesale suppliers as described in Section 2.8 (Seller Step-Up Rights) of this Agreement. The Non-Defaulting Party shall aggregate all Settlement Amounts into a single liquidated amount (the “Termination Payment”) by netting out: (i) all Settlement Amounts that are due to the Defaulting Party, plus, at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party pursuant to Article 12 (Creditworthiness), plus any or all other amounts due to the Defaulting Party under this Agreement; against (ii) all Settlement Amounts that are due to the Non-Defaulting Party plus any or all other amounts due to the Non-Defaulting Party, including but not limited to Default Damages and Costs, under this Agreement, as well as, pursuant to any transactions for Default Load under supply master agreements executed between the Parties pursuant to the PUC Orders. The Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate.

10.4 Notice of Termination Payment. As soon as practicable after an Early Termination Date is declared, the Non-Defaulting Party shall provide written notice to the Defaulting Party of the amount of the Termination Payment. The notice shall include a written statement explaining in reasonable detail the calculation of such amount. The owing Party shall make the Termination Payment within five (5) Business Days after such notice is effective (the “Termination Payment Date”).

10.5 Disputes With Respect to Termination Payment. If the Defaulting Party disputes the Non-Defaulting Party’s calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of Non-Defaulting Party’s calculation of the Termination Payment, provide to the Non-Defaulting Party a notice that it intends to dispute the calculation of the Termination Payment (“Termination Payment Dispute Notice”), pursuant to the provisions of Article 11 (Dispute Resolution), and provided, however, that if the Termination Payment is due from the Defaulting Party, the Defaulting Party shall first transfer collateral to the Non-Defaulting Party in an amount equal to the Termination Payment, such collateral to be in a form acceptable to the Non-Defaulting Party by the Termination Payment Date.

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

ARTICLE 11 DISPUTE RESOLUTION

11.1 Informal Dispute Resolution. Before pursuing resolution of any dispute arising out of this Agreement, the disputing Party shall provide written notice to the other Party setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. The Parties shall use good faith and reasonable commercial efforts to informally resolve such dispute. Such efforts shall last for a period of at least thirty (30) calendar days from the date that the notice of the dispute is first delivered from one Party to the other Party. Any amounts that are owed by one Party to the other Party as a result of resolution of a dispute pursuant to this Section 11.1 (Informal Dispute Resolution), shall be paid within two (2) Business Days of such resolution and the payment shall include interest calculated at the Interest Rate from the original due date through the date of payment.

11.2 Formal Dispute Resolution. After the requirements of Section 11.1 (Informal Dispute Resolution) have been satisfied, all disputes, except as noted below, between the Parties shall be submitted to the appropriate authority.

ARTICLE 12 CREDITWORTHINESS

12.1 Applicability. With respect to all Transactions under this Agreement and all other transactions for supply of AECs or for supply serving default service load under other agreements executed between the Parties pursuant to the PUC Orders, if at any time and from time to time during the term of Transaction(s) under this Agreement, Seller's aggregate credit exposure exceeds the Credit Limit on any Business Day, then Buyer shall have the right to request that Seller post performance assurance in an amount equal to the amount by which Seller's aggregate exposure exceeds the Credit Limit (rounding upwards by the Rounding Amount), less any performance assurance already posted with Buyer. Buyer's request for performance assurance shall not be disputed by Seller in the absence of manifest error.

12.2 CREDITWORTHINESS DETERMINATION. Seller may submit and maintain a security deposit in accordance with Section 12.4(e) of this Agreement in lieu of submitting to or being qualified under a creditworthiness evaluation. Seller shall have the opportunity to request that Buyer re-evaluate its creditworthiness whenever an event occurs that Seller believes would improve the determination made by Buyer of its creditworthiness. Buyer's credit re-evaluation must be completed as soon as possible but no longer than thirty (30) days after receiving a fully documented request. Buyer must provide the rationale for its determination of the Credit Limit and any resulting security requirement. Buyer must perform its credit re-evaluation and associated security calculation in a non-discriminatory manner. Seller shall provide Buyer and its agents unrestricted access to audited financial statements; provided that if audited financial statements are not available, Buyer, in its reasonable discretion, may specify other types of financial statements that will be accepted.

12.3 CREDIT EXPOSURE. Credit exposure under this Agreement shall be the calculated pursuant to Exhibit C.

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

- (a) For a Seller to be granted an unsecured line of credit, the Seller must be rated by at least two of the following rating agencies: S&P, Moody's, or Fitch. The methodology for determining the credit rating to use is set forth in Exhibit C of this Agreement. The Maximum Credit Limit to cover the Total Exposure Amount will be determined based on the credit matrix table in Exhibit C of this Agreement.
- (b) Seller will be required to post cash or a letter of credit in an acceptable form as defined in Section 12.7(b) of this Agreement (see standard format in Exhibit B) for the Margin due Buyer as set forth in Section 12.5 of this Agreement.
- (c) For a Seller having a Guarantor, the Guarantor (i) must be rated by at least two of the following rating agencies: S&P, Moody's, or Fitch, and (ii) must have a minimum senior unsecured debt rating (or, if unavailable, corporate issuer rating) equal to the Minimum Rating, as defined in Exhibit C. If the Guarantor is rated by only two rating agencies, and the ratings are split, the rating will be established based on the methodology outlined in Exhibit C of this Agreement. The Maximum Credit Limit to cover the Total Exposure Amount that could be provided through the Guaranty (see standard format in Exhibit D) will be determined based on the credit matrix table for Guarantors on Exhibit C. Seller will be granted a Credit Limit equal to the lesser of (i) the amount of the Guaranty as provided to Buyer at the time this Agreement is executed as such amount may be modified in any amended or substitute Guaranty provided to Buyer during the term of this Agreement, or (ii) the applicable Maximum Credit Limit as determined in Exhibit C. Seller, however, may not increase or substitute its Guaranty for the purpose of increasing its applicable Credit Limit during the time

period after Buyer has made a Margin call, but before Seller has posted the required performance assurance collateral as set forth in Section 12.7 to cover Margin. Notwithstanding anything herein to the contrary, Seller may increase the limit of its Guaranty after satisfying a Margin call from Buyer, and upon Buyer's receipt of an amended or substitute Guaranty increasing the limit of the Guaranty, Seller may request a return of the posted performance assurance collateral in accordance with Section 12.5 of this Agreement. Seller will be required to post cash or a letter of credit in an acceptable form as defined in Section 12.7(b) of this Agreement (see standard format in Exhibit B) for the Margin due Buyer as set forth in Section 12.5 of this Agreement.

- (d) For a Guarantor that has not been incorporated or otherwise formed under the laws of the United States; in addition to the requirements set forth in 12.4(c), they shall supply the following additional information:
- i. A legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Guarantor is incorporated or otherwise formed that the Guaranty is, or upon completion of execution formalities will become, the binding obligation of the Guarantor in the jurisdiction in which it has been incorporated or otherwise formed;
 - ii. The sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the person executing the Guaranty on behalf of the Guarantor has the authority to execute the Guaranty and that the governing board of the Guarantor has approved the execution of the Guaranty;
 - iii. The sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the Guarantor has been authorized by its governing board to enter into agreements of the same type as the Guaranty; and
 - iv. Such other documents and certificates as may be required by Buyer in its reasonable discretion.
- (e) If Seller chooses not to undertake a creditworthiness evaluation, they shall be required to post cash or a letter of credit for the Total Exposure Amount as set forth in Section 12.5 of this Agreement.

12.5 POSTING MARGIN AND RETURN OF SURPLUS MARGIN.

- (a) If at any time and from time to time during the term of Transaction(s) under this Agreement, the Total **EXPOSURE AMOUNT, ROUNDED BY THE ROUNDING AMOUNT**, exceeds Seller's or the Guarantor's Credit Limit by the Minimum Transfer Amount, then Buyer on any Business Day, may request that Seller provide cash or a letter of credit in an acceptable form as defined in Section 12.7(b) of this Agreement (see standard format in Exhibit B), in an amount equal to the Margin (less any performance assurance collateral for Margin posted by Seller and held by Buyer pursuant to this Agreement or any other agreement(s) between Buyer and Seller for the provision of default service supply or AECs

pursuant to PUC Orders). If Seller receives written notice for performance assurance collateral to cover Margin from Buyer by 1:00 p.m. New York time on a Business Day, then Seller shall post the performance assurance collateral to cover Margin the next following Business Day, if posting cash, and by the second Business Day following the date of notice, if posting a letter of credit, unless Buyer agrees in writing to extend the period to provide performance assurance collateral to cover Margin. If Seller receives notice for performance assurance collateral to cover Margin from Buyer after 1:00 p.m. New York time on a Business Day, whether posting cash or a letter of credit, then Seller must post performance assurance collateral to cover Margin the second Business Day following the date of notice unless Buyer agrees in writing to extend the period to provide performance assurance to cover Margin. Buyer will not unreasonably deny a request for a one-day extension of such period. In the event that Seller fails to post performance assurance to cover Margin when due in accordance with this Section 12.5, then an Event of Default under Article 10 of this Agreement will be deemed to have occurred and Buyer will be entitled to the remedies set forth in Article 10 of this Agreement.

- (b) Surplus Margin being held by Buyer that is not needed to satisfy the Total Exposure Amount, as determined above, will be returned to Seller upon receipt of a written request by Seller. Surplus Margin means cash or a letter of credit posted by Seller as a result of a request by Buyer pursuant to Section 12.5(a) that exceeds the Total Exposure Amount less Seller's or the Guarantor's Credit Limit (rounded by the Rounding Amount). If the resulting surplus Margin amount is more than the Minimum Transfer Amount, it will be returned to Seller. If Seller posted cash and notice is received by 1:00 p.m. New York time on a Business Day, the surplus Margin will be returned by the next following Business Day, and if Seller posted cash and notice is received by Buyer after 1:00 p.m. New York time on a Business Day, the surplus Margin shall be returned by the second Business Day following the date of notice, unless Seller agrees in writing to extend the period to return the surplus Margin. If Seller posted a letter of credit, the surplus Margin shall be returned on the next Business Day following the Business Day on which the amendment to the letter of credit is received from the issuing bank, unless Seller agrees in writing to extend the period to return the surplus Margin. Seller will not unreasonably deny a request for a one-day extension of such period. In the event that Buyer fails to return the surplus Margin when due in accordance with this Article, then an Event of Default under Article 10 of this Agreement will be deemed to have occurred and Seller will be entitled to the remedies set forth in Article 10 of this Agreement.

12.6 GRANT OF SECURITY INTEREST/REMEDIES. To secure its obligations under this Agreement and to the extent that Seller posted performance assurance collateral to cover Margin hereunder, Seller hereby grants to Buyer a present and continuing security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, Buyer, and Seller and Buyer agree to take such action as is reasonably required to perfect the secured Party's first priority security interest in, and lien on (and right of setoff

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

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

If to Seller to:

Copy to:

If to Buyer to:

Attn: Yan Gao – Director, Risk Management
Two North Ninth Street, PL7, Allentown, PA 18101

Copy to:

James M. Rouland – Supervisor, Energy Procurement
Two North Ninth Street, GENN5, Allentown, PA 18101

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

12.7 Security Instruments. At each Seller's choice, the following are deemed to be acceptable methods for posting security to satisfy Margin requirements, if required:

- (a) Cash; or
- (b) A standby irrevocable letter of credit acceptable to Buyer, in its reasonable discretion, issued by a bank or other financial institution with a minimum "A-" senior unsecured debt rating (or, if unavailable, corporate issuer rating discounted one notch) from S&P and "A3" from Moody's (see standard format in Exhibit 5). The letter of credit shall state that it shall renew automatically for successive one-year or shorter periods, until terminated upon at least ninety (90) days prior written notice from the issuing financial institution. If Buyer receives notice from the issuing financial institution that the letter of credit is being cancelled, Seller will be required to provide a substitute letter of credit from an alternative bank satisfying the minimum requirements. The receipt of the substitute letter of credit must be effective as of the cancellation date and delivered to Buyer thirty (30) days before the cancellation date of the original letter of credit. If Seller fails to supply a substitute letter of credit as required, then Buyer will have the right to draw on the existing letter of credit and to hold the amount as Margin.
- (c) If the credit rating of a bank or other financial institution from which Seller has obtained a letter of credit falls below the levels specified in Section 12.7(b) of this Agreement, Seller shall have two (2) Business Days following written notice by Buyer to obtain a suitable letter of credit from another bank or other financial institution that meets those standards, unless such period is extended in writing by Buyer. Buyer shall have no obligation under this Agreement or otherwise to make or grant such extension.

12.8 Maintenance of Creditworthiness.

- (a) Reporting of Changes. Seller shall promptly notify Buyer within three (3) Business Days of any change in its credit rating or financial condition or that of its Guarantor. Seller or Guarantor shall also furnish evidence of an acceptable credit rating or financial condition upon the request of Buyer.
- (b) Change in Credit Standing. Buyer will re-evaluate the creditworthiness of Seller whenever it becomes aware of an adverse change, through the provision of notice by Seller or otherwise, in Seller's or Guarantor's credit standing. If the lowest credit rating (whether senior unsecured debt rating or corporate issuer rating) used to determine Seller's Maximum Credit Limit or its Credit Limit adversely changes, Buyer will require additional security from Seller in accordance with Section 12.5 of this Agreement. The additional security must be in a form acceptable to Buyer in its reasonable discretion, as specified in Section 12.7 of this Agreement and must be posted as set forth in Section 12.5 of this Agreement.

12.9 Calling on Security. Buyer may call upon the security posted by Seller if Seller fails to pay amounts due to Buyer pursuant to this Agreement or any other agreement(s) between Buyer and Seller for the provision of AECs or default service supply after all of the following events occur:

- (a) Written notice of Default is provided to Seller; and
- (b) Any applicable cure period associated with the written notice of Default ends.

The foregoing notwithstanding, the security posted by Seller shall become due automatically without prior notice or right of cure in the case of any Event of Default arising under subsections (e), (f), (g), (h) and (j) of Section 10.1 of this Agreement.

12.10 Interest on Cash Held by Buyer. Buyer will pay simple interest calculated at the Interest Index on all cash held by Buyer pursuant to this Agreement. Each calendar month, Buyer will prepare a statement of interest amounts due to Seller. The statement will be sent to Seller within three (3) Business Days after the end of the calendar month via overnight mail or other expeditious means. Buyer shall make interest payments on the first Business Day after the 5th day of each calendar month.

12.11 No Endorsement of Seller. Buyer's determination that Seller is creditworthy pursuant to the process set forth above, shall not be deemed to constitute an express or implied warranty or guarantee of any kind with respect to the financial or operational qualifications of Seller. Buyer will treat all suppliers in a non-discriminatory manner and shall provide no preference to any supplier.

12.12 Multiple Supply Agreements. It is the intention of Buyer and Seller that, in the event the Seller is a party to other agreements with Buyer for the provision of AECs or default service that existed prior to the Effective Date of this Agreement, Buyer will calculate the Margin applicable to all such agreements based upon the terms and conditions of the applicable agreements.

ARTICLE 13 REPRESENTATIONS AND WARRANTIES

13.1 Representations and Warranties. On the Effective Date and throughout the term of this Agreement, each Party represents and warrants to the other Party that:

- (a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
- (b) it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement and each Transaction;
- (c) the execution, delivery and performance of this Agreement and each Transaction are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any

contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

- (d) this Agreement and each Transaction constitutes its legally valid and binding obligation enforceable against it in accordance with its terms; subject to any Equitable Defenses;
- (e) it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it becoming Bankrupt ;
- (f) there are no pending, or to its knowledge threatened, actions, suits or proceedings against it or any of its Affiliates, or any legal proceedings before any Governmental Authority that could materially adversely affect its ability to perform its obligations under this Agreement and each Transaction;
- (g) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;
- (h) with respect to Buyer, it is acting to fulfill its obligations under and in accordance with PUC Orders to enter into this Agreement;
- (i) it is not relying upon the advice or recommendations of the other Party in entering into this Agreement, it is capable of understanding, understands and accepts the terms, conditions and risks of this Agreement and each Transaction, and the other Party is not acting as a fiduciary for or advisor to it in respect of this Agreement;
- (j) it is a “forward contract merchant” within the meaning of the United States Bankruptcy Code; and
- (k) it has entered into this Agreement and each Transaction in connection with the conduct of its business and it has the capacity or ability to provide or take delivery of AECs; and it is an “eligible contract participant” as defined in Section 1a(18) of the Commodity Exchange Act.
- (l) It has entered into this Agreement and all Transactions under this Agreement with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;
- (m) It will comply with any and all information and data transfer protocols that may be adopted by the Buyer or that are set by, and from time to time modified by, the PUC; provided that Seller shall be entitled to exercise its reserved right to challenge any such protocols in the appropriate forum;

13.2 Survival of Obligations. All representations and warranties contained in this Article must be maintained up through the termination or expiration of all Transactions under this Agreement. If a Party learns that any of the representations, warranties or covenants in this Agreement are no longer true during the term of any Transaction under

this Agreement, the Party shall immediately notify the other Party via facsimile, with a hard copy of the notice delivered by overnight mail, and Buyer may, in its reasonable discretion treat such occurrence as an Event of Default hereunder.

13.3 *Joint Representations and Warranties.* This Agreement is for the purchase and sale of AECs that will be delivered in quantities expected to be used or sold over a defined period(s) in the normal course of business, and it is the intention at the inception and throughout the term of each Transaction under this Agreement that the Agreement will result in physical delivery and not financial settlement, and the quantity of AECs that Seller must deliver and Buyer must receive will be determined by the requirements of the Transaction Confirmation, and, as such, the Agreement does not provide for an option by either Party with respect to the quantity of AECs to be delivered or received during performance of the Agreement. This Agreement has been drafted to effectuate Buyer's and Seller's specific intent so that in accordance with Accounting Standards Codification 815 ("ASC 815"), as amended, Buyer would be able to elect to use accrual accounting for its purchases under this Agreement, while Seller would be able to elect to use either accrual or mark-to-market accounting for its sales under the Agreement. If either Buyer or Seller determines, in good faith, that the intended accounting treatment has become jeopardized, due to a change in interpretations of ASC 815, as amended, or otherwise, then Buyer and Seller agree to meet and use their best efforts to reform the Agreement so that, with the minimum changes possible, the Agreement again qualifies for the intended accounting treatments.

ARTICLE 14 MISCELLANEOUS

14.1 *Notices.* Unless otherwise specified herein, all notices shall be via e-mail or in writing and delivered by hand, overnight or facsimile (provided a copy is also sent by overnight mail). Notice shall be effective on the next Business Day after it is sent. A Party may change its address by providing notice of the same in accordance with this Section 14.1. Notice information for Buyer and Seller is shown on Exhibit E.

14.2 *General.* This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. Each Party further agrees that it will not assert, or defend itself, on the basis that any applicable tariff is inconsistent with this Agreement. This Agreement shall not impart any rights enforceable by any third party other than a permitted successor or assignee bound to this Agreement or any Transaction. Any provision declared or rendered unlawful will not otherwise affect the remaining lawful obligations that arise under this Agreement or any Transaction; provided that in such event the Parties shall use commercially reasonable efforts to amend this Agreement or any Transaction in order to give effect to the original intention of the Parties.

14.3 *Rules of Interpretation.* The following principles shall be observed in the interpretation and construction of this Agreement:

- (a) unless otherwise stated, the terms “include” and “including” when used in this Agreement shall be interpreted to mean by way of example only and shall not be considered limiting in any way;
- (b) all titles and headings used herein are for convenience and reference purposes only, do not constitute a part of this Agreement and shall be ignored in construing or interpreting the obligations of the parties under this Agreement;
- (c) references to the singular include the plural and vice versa;
- (d) references to Articles, Sections, Clauses and the Preamble are, unless the context indicates otherwise, references to Articles, Sections, Clauses and the Preamble of this Agreement; and
- (e) in carrying out its rights, obligations and duties under this Agreement, each Party shall have an obligation of good faith and fair dealing.
- (f) in the event of an apparent or actual inconsistency between this Agreement and the PPL Electric Utilities Corporation Long-Term Alternative Energy Credit Request for Proposals (RFP) Process and Rules, the provisions of this Agreement shall control. This Agreement supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, and there are no oral representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein.

14.4 Audit. Each Party has the right on at least three (3) Business Days prior written notice, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made in accordance with Sections 5.1 (Billing) and 5.4 (Interest on Unpaid Balances).

14.5 Confidentiality.

- (a) Each Party shall hold in confidence and not release or disclose any document or information furnished by the other Party in connection with this Agreement, unless:
 - (i) compelled to disclose such document or information by judicial, regulatory or administrative process or other provision of law;
 - (ii) such document or information is generally available to the public;
 - (iii) such document or information was available to the receiving Party on a non-confidential basis;
 - or (iv) such document or information was available to the receiving Party on a non-confidential basis from a third-party, provided that the receiving Party does not know, and by reasonable effort, could not know that such third-party is prohibited from transmitting the document or information to the receiving Party by a contractual, legal or fiduciary obligation.
- (b) Notwithstanding any other provision of this Section 12.5, a Party may disclose it its employees, representatives and agents all documents and information furnished

by the other Party in connection with this Agreement, provided that such employees, representatives and agents have been advised of the confidentiality provisions of this Section 14.5, and further provided that in no event shall a document or information be disclosed in violation of the standards of conduct requirements established by FERC.

- (c) A Party receiving notice or otherwise concluding that any confidential document or information furnished by the other Party in connection with this Agreement is being sought under any provision of law, to the extent it is permitted to do so under any applicable law, shall: (i) promptly notify the other Party; and (ii) use reasonable efforts in cooperation with the other Party to seek confidential treatment of such confidential information.
- (d) Any independent auditor performing an audit on behalf of a Party pursuant to Section 14.4 shall be required to execute a confidentiality agreement with the Party being audited. Such audit information shall be treated as confidential pursuant to this Section 14.5.
- (e) The Parties agree that monetary damages may be inadequate to compensate a Party for the other Party's breach of its obligations under this Section 14.5. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the Party breaches or threatens to breach its obligations under this Section 14.5, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law.

14.6 *Successors.* This Agreement and all of the provisions hereof are binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns.

14.7 *Effect of Regulatory or Legislative Actions.*

- (a) The Parties agree that the Buyer's obligations under this Agreement are contingent on, and limited by, the Buyer's ability to recover all costs incurred by it under this Agreement from its retail customers in full and on a current basis. If any statutes, rules, regulations, or orders are enacted, amended, entered, or revoked which have the effect of depriving the Buyer's full and current recovery of said costs, the Buyer may terminate this Agreement upon ten (10) days written notice. The Parties agree that any such termination shall not constitute an Event of Default under this Agreement.
- (b) If any statutes, rules, regulations, or orders are enacted, amended, entered, or revoked which transfers the Buyer's obligation to procure or supply AECs to third party, this Agreement may be transferred to such third party in accordance with the provisions of Section 14.8 below. The Parties agree that any such transfer shall not constitute an Event of Default under this Agreement.
- (c) In the event that this Agreement is terminated as a result of any of the reasons set forth in subsections (a) and (b) of Section 14.7 above, the Parties agree that the Buyer shall not be liable for any costs or damages incurred or otherwise associated with (i)

the transfer of the Buyer's obligation to obtain or provide AECs to third party, or (ii) the elimination of the Buyer's obligation to obtain or provide AECs.

14.8 Assignment/Change in Corporate Identity. Parties shall not assign any of their rights or obligations under this Agreement without obtaining the prior written consent of the non-assigning Party, which consent shall not be unreasonably withheld. No assignment of this Agreement shall relieve the assigning Party of any of its obligations under this Agreement until such obligations have been assumed by the assignee and all necessary consents have been obtained. Any assignment in violation of this Section 14.8 shall be void; provided, however, the Buyer may assign any or all of its rights and obligations under this Agreement notwithstanding anything contained herein to the contrary, without the Seller's consent, to any entity succeeding to all or substantially all of the assets of the Buyer, or to a third party in accordance with 14.7(b), if such assignee agrees, in writing, to be bound by all of the terms and conditions hereof and all necessary regulatory approvals are obtained. The Seller may, with prior written notice to the Buyer but without obtaining the approval of the Buyer, assign the accounts, revenues or proceeds under this Agreement to a third party. The Buyer agrees that, following receipt of such notice of the assignment of accounts, revenues or proceeds and such other documentation that the Buyer may reasonably request, the Buyer will pay amounts becoming due to the assigning Seller under this Agreement directly to the designated assignee; provided, however, that nothing herein shall enlarge or expand the rights of such designated assignee beyond the rights granted to the Seller and the right of such designated assignee to receive payments shall be subject to all defenses, offsets and claims of the Buyer arising under this Agreement.

14.9 Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTITUTED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

14.10 Jurisdiction and Venue. Except for matters jurisdictional to the FERC, the PUC or the appellate courts having jurisdiction over the PUC or FERC matters, all disputes hereunder shall be resolved in the Lehigh County Court of Common Pleas, or the Eastern District Court of Pennsylvania in Allentown. Each Party hereby waives its respective rights to any jury trial with respect to any litigation arising under or in connection with this Agreement.

14.11 Amendments. This Agreement or any Transaction shall not be amended, modified, terminated, discharged or supplemented, nor any provision hereof waived, unless mutually agreed, in writing, by the Parties.

14.12 Delay and Waiver. Except as otherwise provided in this Agreement, no delay or omission to exercise any right, power or remedy accruing to the respective Parties hereto upon any breach or default of any other Party under this Agreement shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter

occurring. Any waiver, permit, consent or approval of any kind or character of any breach or default under this Agreement, or any waiver of any provision or condition of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing.

14.13 Regulatory Approvals. The commencement of the Delivery Period is subject to the receipt or waiver by Buyer of all Buyer required regulatory approvals. In the event such required regulatory approvals are not received or waived, the Step-Up provisions of Section 2.8 (Seller Step-Up Rights) shall apply.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement to be effective as of the day and year first written above.

ATTEST:

PPL ELECTRIC UTILITES CORPORATION

By: _____

Title: _____

Name: _____

Title: _____

ATTEST:

[SELLER]

By: _____

Title: _____

Name: _____

Title: _____

EXHIBIT A

TRANSACTION CONFIRMATION EXAMPLE

This Transaction Confirmation letter is being provided pursuant to and in accordance with the Alternative Energy Credit Supplier Master Agreement (“LTAEC SMA”) dated _____ between PPL Electric Utilities Corporation (“Buyer” or “PPL Electric”) and _____ (“Seller”). Terms used but not defined herein shall have the meanings ascribed to them in the LTAEC SMA. This Transaction Confirmation shall confirm the following terms of the transaction (“Transaction”) agreed to on _____ (“Bid Proposal Due Date”).

Product: Tier I AECs Tier II AECs

Delivery Period: June 1, 2015 through May 31, 2021.

The Settlement Price is \$ _____ per AEC for the duration of the Delivery Period.

The Seller’s Specified Amount is _____ AECs.

Refer to the table below for the AECs associated with each Annual Time Period, and the quarterly AEC delivery obligation. The quarterly delivery obligation for an Annual Time Period equals 25% of the AECs specified for that Annual Time Period.

Annual Time Period	Quarterly Settlement Period	Quarterly Settlement Quantity (AECs)	Annual Quantity (AECs)
June 2015-May 2016	June-August		
	September-November		
	December-February		
	March-May		
June 2016-May 2017	June-August		
	September-November		
	December-February		
	March-May		
June 2017-May 2018	June-August		
	September-November		
	December-February		
	March-May		

¹See also Section 2.1 of the LTAEC SMA.

Annual Time Period	Quarter	Quarterly Settlement Quantity (AECs)	Annual Quantity (AECs)
June 2018-May 2019	June-August		
	September-November		
	December-February		
	March-May		
June 2019-May 2020	June-August		
	September-November		
	December-February		
	March-May		
June 2020-May 2021	June-August		
	September-November		
	December-February		
	March-May		

Please confirm that the terms stated herein accurately reflect the Transaction reached on the Bid Proposal Due Date above between Seller and PPL Electric by returning an executed copy of this Transaction Confirmation by facsimile to PPL Electric at [Fax number to be provided] in accordance with Section 2.10 – Transaction Confirmation of the LTAEC SMA. The signatories to this Transaction Confirmation must have the authority to enter into this Transaction.

SELLER

PPL ELECTRIC UTILITIES CORPORATION

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

¹See also Section 2.1 of the LTAEC SMA.

EXHIBIT B

PERFORMANCE ASSURANCE EVERGREEN LETTER OF CREDIT

{TO BE ISSUED ON THE LETTERHEAD OF THE ISSUING BANK}

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____

ISSUE DATE _____

EXPIRY DATE: _____

APPLICANT

[NAME]

[ADDRESS]

BENEFICIARY

PPL ELECTRIC UTILITIES CORPORATION
TWO NORTH NINTH STREET
ALLENTOWN, PA 18101
ATTN: JAMES ROULAND

CURRENCY AMOUNT

USD *****\$

WE HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO: _____ FOR THE ACCOUNT OF APPLICANT FOR AN AMOUNT OR AMOUNTS NOT TO EXCEED IN THE AGGREGATE US DOLLARS _____ AVAILABLE BY YOUR DRAFT(S) AT SIGHT ON THE BANK OF _____ (“ISSUER”) [ADDRESS], EFFECTIVE _____ AND EXPIRING AT OUR COUNTERS ON _____ AT 5:00 PM NEW YORK, NEW YORK TIME OR ANY AUTOMATICALLY EXTENDED EXPIRY DATE, AS PROVIDED HEREIN. THIS LETTER OF CREDIT IS AVAILABLE IN ONE OR MORE DRAFTS UP TO THE AGGREGATE AMOUNT SET FORTH HEREIN.

THIS LETTER OF CREDIT IS PRESENTABLE AND PAYABLE AT OUR COUNTERS AND WE HEREBY ENGAGE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT WILL BE HONORED ON PRESENTATION BY PHYSICAL DELIVERY OR BY FACSIMILE TRANSMISSION, PROVIDED THAT ANY PRESENTATION BY FACSIMILE TRANSMISSION SHALL ALSO BE FOLLOWED BY PHYSICAL DELIVERY OF DOCUMENTS WITHIN ONE (1) BUSINESS DAY THEREAFTER, IF ACCOMPANIED BY THE REQUIRED DOCUMENTS PURSUANT TO THE TERMS OF THIS LETTER OF CREDIT.

THE BELOW MENTIONED DOCUMENT(S) MUST BE PRESENTED ON OR BEFORE THE EXPIRY DATE OR ANY AUTOMATICALLY EXTENDED EXPIRY DATE, AS PROVIDED HEREIN, OF THIS INSTRUMENT IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT.

1. YOUR SIGNED AND DATED STATEMENT, READING AS FOLLOWS (WITH BLANKS APPROPRIATELY COMPLETED AND BRACKETED INSTRUCTIONS DELETED):

“THE AMOUNT FOR THIS DRAWING, USD [INSERT AMOUNT], BEING MADE UNDER THE [INSERT NAME OF BANK] IRREVOCABLE STANDBY LETTER OF CREDIT NO. [INSERT LETTER OF CREDIT REFERENCE NUMBER], REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY FROM APPLICANT OR AN AFFILIATE OF APPLICANT UNDER THE PPL ELECTRIC UTILITIES CORPORATION LONG-TERM ALTERNATIVE ENERGY CREDIT SUPPLIER MASTER AGREEMENT DATED [INSERT DATE OF SUCH AGREEMENT] BETWEEN APPLICANT OR AN AFFILIATE OF APPLICANT AND BENEFICIARY.”; OR

“AN EVENT OF DEFAULT UNDER THE PPL ELECTRIC UTILITIES CORPORATION LONG-TERM ALTERNATIVE ENERGY CREDIT SUPPLIER MASTER AGREEMENT DATED [INSERT DATE OF SUCH AGREEMENT] BETWEEN APPLICANT OR AN AFFILIATE OF APPLICANT AND BENEFICIARY HAS OCCURRED AND THAT BENEFICIARY DEMANDS PAYMENT IN THE AMOUNT OF [INSERT AMOUNT UP TO ENTIRE REMAINING UNDRAWN AMOUNT] PURSUANT TO SUCH AGREEMENT.”; OR

“THE EXPIRY DATE OF IRREVOCABLE STANDBY LETTER OF CREDIT NO. [INSERT LETTER OF CREDIT REFERENCE NUMBER] IS LESS THAN THIRTY (30) DAYS FROM THE DATE OF THIS STATEMENT AND THAT THE APPLICANT UNDER SUCH LETTER OF CREDIT HAS FAILED TO PROVIDE A REPLACEMENT LETTER OF CREDIT THAT SATISFIES THE REQUIREMENTS UNDER THE PPL ELECTRIC UTILITIES CORPORATION LONG-TERM ALTERNATIVE ENERGY CREDIT SUPPLIER MASTER AGREEMENT DATED _____ BETWEEN APPLICANT OR AN AFFILIATE OF APPLICANT AND BENEFICIARY. WE THEREFORE DEMAND PAYMENT IN THE AMOUNT OF [INSERT AMOUNT UP TO ENTIRE REMAINING UNDRAWN AMOUNT] PURSUANT TO SUCH AGREEMENT.”

2. THIS ORIGINAL LETTER OF CREDIT AND ANY AMENDMENT(S).

PARTIAL AND MULTIPLE DRAWINGS ARE PERMITTED. IN THE EVENT OF ANY PARTIAL DRAWING WE WILL, PROMPTLY FOLLOWING PRESENTATION THEREOF, RETURN THE ORIGINAL LETTER OF CREDIT AND ALL AMENDMENTS TO YOU. ALL AMOUNTS PAID BY US TO BENEFICIARY IN COMPLIANCE WITH THIS LETTER OF CREDIT SHALL CONSTITUTE A PRO TANTO REDUCTION IN THE STATED AMOUNT OF THIS LETTER OF CREDIT.

IF PRESENTATION OF ANY DRAWING IS MADE ON A BUSINESS DAY (AS HEREIN DEFINED) AND SUCH PRESENTATION IS MADE ON OR BEFORE 11:00 A.M. NEW YORK TIME, ISSUER SHALL SATISFY SUCH DRAWING REQUEST ON THE NEXT BUSINESS DAY. IF THE DRAWING IS RECEIVED AFTER 11:00 A.M. NEW YORK TIME, ISSUER WILL SATISFY SUCH DRAWING REQUEST ON THE SECOND FOLLOWING BUSINESS

DAY. ALL PAYMENTS MADE UNDER THIS LETTER OF CREDIT SHALL BE MADE BY MEANS OF WIRE TRANSFER IN IMMEDIATELY AVAILABLE UNITED STATES DOLLARS TO YOUR BANK ACCOUNT INDICATED BY BENEFICIARY.

WE HEREBY ENGAGE WITH YOU THAT ALL DOCUMENTS PRESENTED IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT WILL BE DULY HONORED IF PRESENTED FOR PAYMENT ON OR BEFORE THE EXPIRY DATE, AS EXTENDED FROM TIME TO TIME IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

IN THE EVENT OF ANY NON-CONFORMING PRESENTATION, WE SHALL IMMEDIATELY NOTIFY BENEFICIARY IN WRITING BY FACSIMILE TO FAX NUMBER 610-774-5694 THAT THE PRESENTATION HAS BEEN REJECTED, WHICH NOTICE SHALL INDICATE THE REASONS FOR DISHONORING SUCH PRESENTATION AND SHALL PLACE AT THE DISPOSAL OF BENEFICIARY THE DOCUMENTS PRESENTED BY BENEFICIARY IN SUPPORT OF ITS DEMAND FOR PAYMENT. BENEFICIARY MAY THEREAFTER PRESENT DOCUMENTS AND RECEIVE PAYMENT HEREUNDER IN THE EVENT A CONFORMING PRESENTATION IS MADE IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT WILL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE YEAR FROM THE EXPIRY DATE HEREOF, OR ANY FUTURE EXPIRY DATE, UNLESS AT LEAST 90 DAYS PRIOR TO ANY EXPIRY DATE WE NOTIFY YOU AT THE ABOVE ADDRESS BY REGISTERED MAIL OR HAND DELIVERED COURIER THAT WE ELECT NOT TO CONSIDER THIS LETTER OF CREDIT RENEWED FOR ANY SUCH PERIOD.

THE TERM "BUSINESS DAY" AS USED HEREIN MEANS ANY DAY OTHER THAN (I) A SATURDAY, (II) A SUNDAY, OR (III) A DAY ON WHICH BANKING INSTITUTIONS LOCATED IN THE CITY OF NEW YORK, NEW YORK ARE REQUIRED OR AUTHORIZED BY LAW TO BE CLOSED.

ADDITIONAL TERMS AND CONDITIONS:

1. ALL COMMISSIONS, FEES, COSTS, AND OTHER BANKING CHARGES WILL BE BORNE BY THE APPLICANT.
2. THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (1998) OF THE INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590 ("ISP98"). AS TO MATTERS NOT GOVERNED BY ISP98, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE [COMMONWEALTH OF PENNSYLVANIA; STATE OF NEW YORK], INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH ISP98, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE [COMMONWEALTH OF PENNSYLVANIA; STATE OF NEW YORK]. THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE BENEFICIARY AND THE ISSUER.
3. THE BENEFICIARY SHALL NOT BE DEEMED TO HAVE WAIVED ANY RIGHTS UNDER THIS LETTER OF CREDIT, UNLESS, AND THEN ONLY TO THE EXTENT

THAT, THE BENEFICIARY OR AN AUTHORIZED AGENT OF THE BENEFICIARY SHALL HAVE SIGNED A DATED WRITTEN WAIVER EXPRESSLY WAIVING SUCH RIGHT OR RIGHTS. NO SUCH WAIVER, UNLESS EXPRESSLY SO STATED THEREIN, SHALL BE EFFECTIVE AS TO ANY TRANSACTION THAT OCCURS SUBSEQUENT TO THE DATE OF THE WAIVER, NOR AS TO ANY CONTINUANCE OF ANY BREACH OR NON-COMPLIANCE AFTER THE WAIVER.

4. A FAILURE TO MAKE ANY DRAWINGS AT ANY TIME SHALL NOT IMPAIR OR REDUCE THE AVAILABILITY OF THIS LETTER OF CREDIT IN ANY SUBSEQUENT PERIOD OR OUR OBLIGATION TO HONOR ANY SUBSEQUENT DEMAND OR DEMANDS FOR PAYMENT MADE IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

AUTHORIZED SIGNATURE: _____

TITLE: _____

PLEASE DIRECT ANY WRITTEN CORRESPONDENCE, INCLUDING DRAWING OR INQUIRIES TO:

[BANK NAME, ADDRESS AND PHONE NUMBER]

EXHIBIT C

CREDIT LIMIT AND CREDIT EXPOSURE

Maximum Unsecured Credit

S&P	Moody's	Fitch	Percentage of TNW	Credit Limit Cap (\$)
A- and above	A3 and above	A- and above	5%	60M
BBB+	Baa1	BBB+	5%	40M
BBB	Baa2	BBB	5%	30M
BBB-	Baa3	BBB-	5%	15M
BB+	Ba1	BB+	5%	5M
BB	Ba2	BB	5%	3M
BB-	Ba3	BB-	5%	1M
Below BB-	Below Ba3	Below BB-	0	0

Credit Rating Determination Methodology

Seller or its Guarantor must have a minimum senior unsecured debt rating (or, if unavailable, corporate issuer rating) equal to the Minimum Rating¹. If Seller or its Guarantor is rated by more than one rating agency, and the ratings are split, the lowest of the available ratings will be used. The Maximum Credit Limit shall be calculated as the lesser of the percentage of TNW or the Credit Limit Cap.

Nominal Contract Value (\$) = Specified Amount (AECs) x Settlement Price (\$/AEC)

Months Remaining in Delivery Period	Credit Exposure
61 to 72	Nominal Contract Value x 10.0%
49 to 60	Nominal Contract Value x 9.0%
37 to 48	Nominal Contract Value x 8.0%
25 to 36	Nominal Contract Value x 7.0%
13 to 24	Nominal Contract Value x 6.0%
1 to 12	Nominal Contract Value x 5.0%

EXHIBIT D

UNCONDITIONAL GUARANTY

THIS GUARANTY AGREEMENT (this "Guaranty") is made and entered into as of this ____ day of ____, by ____ (the "Guarantor"), with an address at ____, in favor of PPL Electric Utilities Corporation (the "Buyer"), with an address at Two North Ninth Street,

¹ **Minimum Rating** – The lowest credit rating, as set forth in this Exhibit C, that a Seller or Guarantor must have to obtain unsecured credit.

Allentown, PA 18101, in consideration of all Transactions for Default Service and Alternative Energy Credit under Supplier Master Agreement(s) (“SMA(s)”) between PPL Electric Utilities Corporation and _____ (the “Seller”), including but not limited to all transactions under other agreements providing for default service or similar service, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged. Guarantor is the _____ of Seller. Unless otherwise defined herein, all capitalized terms used herein shall have the respective meanings assigned thereto in the applicable SMA(s).

Whereas, Seller is an affiliate of Guarantor, and Guarantor desires Buyer to enter into SMA(s) with Seller and Guarantor’s provision of this Guaranty is an inducement for Buyer to be willing to enter into SMA(s) with Seller.

Now, therefore, intending to be legally bound hereby, Guarantor covenants and agrees as follows:

1. Guaranty of Obligations.

- (a) The Guarantor hereby irrevocably and unconditionally guarantees as primary obligor and not as a surety, with effect from date hereof, the prompt and complete payment in immediately available funds in the United States when due of all of Seller’s obligations (present or future, direct or indirect, secured or unsecured, fixed or contingent and whenever due, whether on scheduled payment dates, upon demand, on a Termination Payment Date or otherwise) under the SMA(s), as well as, all reasonable out-of-pocket costs and expenses incurred by Buyer in the enforcement of the Guarantor’s obligations or collection under this Guaranty, including reasonable attorney’s fees and expenses (collectively, the “Obligations”) provided only that the Buyer is the prevailing party in any judicial suit, action or proceeding arising out of, resulting from, or in any way relating to this Guaranty, or if by mutual agreement by Guarantor and Buyer. [Optional provision: Notwithstanding anything to the contrary herein, the liability of the Guarantor under this Guaranty and Buyer’s right of recovery hereunder for all Obligations is limited to a total aggregate amount of \$_____ (“Guaranty Amount”), where Guaranty Amount shall be no less than Five Hundred Thousand US Dollars (\$500,000).]
- (b) The Guarantor shall not be required to pay any consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages except in each case to the extent that they constitute Obligations that are required to be paid under the applicable SMA(s).

2. Nature of Guaranty; Waivers

- (a) This is a guaranty of payment and not of collection and the Buyer shall not be required, as a condition of the Guarantor’s liability, to proceed first against Seller or any performance assurance or any collateral that Guarantor may hold, or to pursue any rights which may be available to it with respect to any other person or entity who may be liable for the payment of the Obligations. This is not a guaranty of performance (other than of performance of payment obligations) and

the Guarantor is not obligated to provide power or to deliver AECs under the SMA(s) or this Guaranty.

- (b) This Guaranty is an absolute, unconditional, irrevocable (subject to the provisions of Section 12 of this Guaranty) and continuing guaranty and will remain in full force and effect until all of the Obligations have been indefeasibly paid in full, or until the SMA(s) have been terminated, whichever comes later. This Guaranty will not be affected by any surrender, exchange, acceptance, compromise or release by the Buyer or any other party, or any other guaranty, performance assurance or other security held by it for any of the Obligations, by any failure of the Buyer to take any steps to perfect or maintain its lien or security interest in or to preserve its rights to any security, performance assurance, or other collateral for any of the Obligations or any guaranty, or by any irregularity, unenforceability or invalidity of any of the Obligations or any part thereof.
- (c) Except as to any claims, defenses, or rights of set-off to which Seller is entitled under the SMA(s), exclusive of any claims, defenses, and rights of set-off that are based upon the insolvency, bankruptcy or reorganization of Seller, the power or authority to enter into and perform under the SMA(s) or the Transactions, all of which are expressly reserved under this Guaranty, the Guarantor's obligations hereunder shall not be affected, modified or impaired by any counterclaim, set-off, deduction or defense based upon any claim the Guarantor may have against Seller or the Buyer, including: (i) any change in the corporate existence (including its charter or other governing agreement, laws, rules, regulations or powers), structure or ownership of Seller or the Guarantor; or (ii) any insolvency, bankruptcy, reorganization or other similar proceeding affecting Seller or its assets; or (iii) the invalidity or unenforceability in whole or in part of the SMA(s); or (iv) any provision of applicable law or regulations purporting to prohibit payment by Seller of amounts to be paid by it under the SMA(s) (other than any law or regulation that eliminates or nullifies the obligations under the SMA(s)).
- (d) Guarantor waives notice of acceptance of this Guaranty, diligence, presentment, notice of dishonor and protest and any requirement that at any time Buyer or any other person or entity exhaust any right to take any action against Seller or Seller's assets or any other guarantor, person or entity, and Buyer shall not be bound or obligated to exhaust its recourse against Seller or any other person or entity or against any performance assurance or other collateral it may hold or take any other action before being entitled to receive payment from Guarantor. Any failure of Buyer to give notice shall not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. The Guarantor waives all claims, defenses, and rights of set-off based on suretyship or impairment of collateral or any other defenses that would constitute a legal or equitable discharge of Guarantor's obligations, except any claims, defenses, or rights of set-off of Seller in respect of its obligations under the SMA(s) that are expressly reserved under Section 2(c) above.
- (e) The Buyer at any time and from time to time, without notice to or the consent of the Guarantor, and without impairing or releasing, discharging or modifying the Guarantor's liabilities hereunder, may (i) to the extent permitted by the SMA(s),

change the manner, place, time or terms of payment or performance of, or other terms relating to, any of the Obligations; (ii) to the extent permitted by the SMA(s), renew, substitute, modify, amend or alter, or grant consents or waivers relating to any of the Obligations, or any other guaranties for any Obligations; (iii) settle, compromise or deal with any other person, including Seller, with respect to any Obligations in such manner as the Buyer deems appropriate at its reasonable discretion; (iv) substitute, exchange or release any performance assurance or any guaranty; or (v) take such actions and exercise such remedies hereunder or under the SMA(s) as Buyer deems appropriate in its reasonable discretion.

3. Representations and Warranties. The Guarantor hereby represents and warrants that:
- (a) it is a [limited liability company, corporation, limited partnership, general partnership] duly organized, validly existing and in good standing under the laws of the jurisdiction of its [formation, organization, incorporation] and has the [corporate power] [power] and authority to conduct the business in which it is currently engaged and enter into and perform its obligations under this Guaranty;
 - (b) it has the [corporate power] [power] and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary [corporate action] [action] to authorize its execution, delivery and performance of this Guaranty;
 - (c) this Guaranty constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law);
 - (d) the execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of the Guarantor;
 - (e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or creditor of the Guarantor) is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty, other than any which have been obtained or made prior to the date hereof and remain in full force and effect; and
 - (f) no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of the Guarantor, threatened by or against the Guarantor that could reasonably be expected to have a material adverse effect on this Guaranty or Guarantor's ability to perform all of its obligations hereunder.
4. Repayments or Recovery from the Buyer. If any demand is made at any time upon the Buyer for the repayment or recovery of any amount received by it in payment or on account of any of the Obligations, including but not limited to upon the bankruptcy,

insolvency, dissolution or reorganization of the Seller and if the Buyer repays all or any part of such amount by reason of any judgment, decree or order of any court or administrative body or by reason of any settlement or compromise of any such demand, the Guarantor shall be and remain liable hereunder for the amount so repaid or recovered to the same extent as if such amount had never been received originally by the Buyer. The provisions of this section will be and remain effective notwithstanding any contrary action which may have been taken by the Guarantor in reliance upon such payment, and any such contrary action so taken will be without prejudice to the Buyer's rights hereunder and will be deemed to have been conditioned upon such payment having become final and irrevocable. Furthermore, this Guaranty shall continue to be effective or be reinstated, as the case may be, without any release or discharge of any obligations if at any time any payment of any of the Obligations is rescinded, avoided, recovered or must otherwise be returned by Buyer upon the insolvency, bankruptcy, or reorganization of Seller, Guarantor or any other guarantor or any other person or entity or otherwise, all as though such payment had not been made.

5. Enforceability of Obligations. No modification, limitation or discharge of the obligations of Seller arising out of or by virtue of any bankruptcy, reorganization or similar proceeding for relief of debtors under federal or state law will affect, modify, limit or discharge the Guarantor's liability in any manner whatsoever and this Guaranty will remain and continue in full force and effect and will be enforceable against the Guarantor to the same extent and with the same force and effect as if any such proceeding had not been instituted. The Guarantor waives all rights and benefits which might accrue to it by reason of any such proceeding and will be liable to the full extent hereunder, irrespective of any modification, limitation or discharge of the liability of Seller that may result from any such proceeding.
6. Postponement of Subrogation. Guarantor shall not be subrogated to any of the rights (or if subrogated by operation of law, such Guarantor hereby waives such rights to the extent permitted by applicable law) of Buyer as the result of any payment or enforcement of any of the Obligations until all of the SMA(s) have terminated and all Obligations (other than contingent indemnities not then due) have been paid in full (such date, the "Obligations Full Payment Date"). If any amount shall be paid to Guarantor on account of subrogation at any time prior to the Obligations Full Payment Date, such amount shall be held by Guarantor in trust for Buyer, segregated from other funds of Guarantor, and shall, forthwith upon receipt by Guarantor, be turned over to Buyer in the exact form received by Guarantor (duly endorsed by Guarantor to Buyer, if required) to be applied against the Obligations, whether due or to become due, in such order as Buyer may determine. On the Obligations Full Payment Date, Buyer agrees that Guarantor shall be subrogated to the rights of Buyer against Seller to the extent of Guarantor's payments to Buyer hereunder that have not been rescinded, avoided or otherwise required to be returned.
7. Notices. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder must be in writing and will be effective upon receipt. Such notices and other communications may be hand-delivered, sent by facsimile transmission with confirmation of delivery and a copy sent by first-class mail, or sent by nationally recognized overnight courier service, to the addresses for the Buyer and the Guarantor set forth below or to such other address as one may give to the other in writing for such purpose:

All communications to Buyer shall be directed to:

Attn: James Rouland
Phone: 610-774-3042
Fax: 610-774-5694
E-mail: jmrouland@pplweb.com
Address: 2 North 9th Street, GEN N5, Allentown, PA 18101

or such other address as the Buyer shall from time to time specify to Guarantor by notice given in accordance with this Section 7.

All communications to Guarantor shall be directed to:

Attn: _____
Phone: _____
Fax: _____

or such other address as the Guarantor shall from time to time specify to Buyer by notice given in accordance with this Section 7.

8. Preservation of Rights. No delay or omission on the Buyer's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will the Buyer's action or inaction impair any such right or power. The Buyer's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Buyer may have under other agreements with the Guarantor or in respect of any performance assurance or at law or in equity.
9. Illegality. In case any one or more of the provisions contained in this Guaranty should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
10. Amendments. No modification, amendment or waiver of any provision of this Guaranty nor consent to any departure by the Guarantor therefrom, will be effective unless made in a writing signed by the Buyer, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Guarantor in any case will entitle the Guarantor to any other or further notice or demand in the same, similar or other circumstance.
11. Entire Agreement. This Guaranty (including the documents and instruments referred to herein) constitutes the entire statement of the terms of this Guaranty and supersedes all other prior agreements and understandings, both written and oral, between the Guarantor and the Buyer with respect to the subject matter hereof.
12. Successors and Assigns. This Guaranty will be binding upon the successors and permitted assigns of Guarantor and inure to the benefit of the Buyer and its successors and assigns. Any assign must meet the requirements of a Guarantor under the SMA.

Guarantor shall not assign this Guaranty in whole or in part without Buyer's prior written consent, which consent shall not be unreasonably withheld or delayed, except that this Section 12 shall not limit the Guarantor's right to assign this Guaranty, along with substantially all of the Guarantor's assets and business to a successor entity or Affiliate that concurrently assumes in a writing provided to the Buyer all of Guarantor's obligations hereunder and (i) where the successor Guarantor's Lowest Credit Rating is equal to or greater than the Guarantor's Lowest Credit Rating or where the successor Guarantor's Lowest Credit Rating is equal to or greater than BBB-, as rated by S&P or Fitch, or Baa3, as rated by Moody's, and (ii) the Seller is in compliance with all of its obligations under the SMA(s) before and immediately after giving effect to such assignment and assumption. The "Lowest Credit Rating" shall mean the lowest of the senior unsecured long-term debt ratings (or, if unavailable, the most current corporate issuer rating) determined by Moody's Investor Services, Inc. (or its successor) ("Moody's"), the Standard & Poor's Rating Group, a division of McGraw-Hill, Inc., (or its successor) ("S&P"), or Fitch Investor Service, Inc. (or its successor) ("Fitch") immediately before such transfer and assumption. Upon any such delegation and assumption of obligations by a successor Guarantor, the Guarantor shall be relieved of and fully discharged from all of its obligations hereunder, whether such obligations arose before or after the date of such delegation and assumption.

13. Interpretation. In this Guaranty, unless the Buyer and the Guarantor otherwise agree in writing, the singular includes the plural and the plural the singular; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; and references to sections or exhibits are to those of this Guaranty unless otherwise indicated. Section headings in this Guaranty are included for convenience of reference only and shall not constitute a part of this Guaranty for any other purpose.

14. Governing Law.

- (a) This Guaranty has been delivered to and accepted by the Buyer. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, EXCLUDING ITS CONFLICT OF LAWS RULES THAT WOULD APPLY THE LAWS OF ANY OTHER JURISDICTION.
- (b) The Guarantor hereby irrevocably consents to the non-exclusive jurisdiction of any federal court in the Commonwealth of Pennsylvania, but in the event that the Guarantor and the Buyer jointly determine in good faith that jurisdiction does not lay with such court or that such court refuses to exercise jurisdiction or venue over the Guarantor and the Buyer or any claims made pursuant to this Guaranty, then the Guarantor agrees to submit to the non-exclusive jurisdiction of the Pennsylvania State courts; provided that nothing contained in this Guaranty will prevent the Buyer from bringing any action, enforcing any award or judgment or exercising any rights against the Guarantor individually, against any security or against any property of the Guarantor within any other county, state or other foreign or domestic jurisdiction. The Guarantor acknowledges and agrees that the

venue provided above is the most convenient forum for both the Buyer and the Guarantor. The Guarantor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Guaranty.

15. WAIVER OF JURY TRIAL. THE GUARANTOR AND BUYER IRREVOCABLY WAIVE ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS GUARANTY, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS GUARANTY OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE GUARANTOR AND BUYER ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

16. Term. This Guaranty shall survive termination of the SMA(s) and remain in full force and effect until all amounts due hereunder, including all of the Obligations, have been paid in full.

17. Stay of Acceleration Ineffective with Respect to Guarantor. If acceleration of the time for payment of any amount payable by Seller under the SMA(s) is stayed upon the insolvency, bankruptcy or reorganization of Seller, all such amounts otherwise subject to acceleration or required to be paid upon an early termination pursuant to the terms of the SMA(s) shall nonetheless be payable by the Guarantor hereunder on written demand by Buyer.

18. Severability. Any provision contained in this Guaranty which is prohibited or severability in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

The Guarantor acknowledges that it has read and understood all the provisions of this Guaranty, and has been advised by counsel as necessary or appropriate.

[Guarantor]

By: _____
Name: _____
Title: _____

EXHIBIT E
FORM OF NOTICE

Any notices required under this Agreement shall be made as follows:

BUYER: PPL Electric Utilities Corporation

SELLER:

All Notices:

Street: **Two North Ninth Street**
City/State/Zip: **Allentown, PA 18101**
Attn: **James M. Rouland**
Facsimile: **610-774-5694**
Duns: **00-790-9427**
Federal Tax ID Number: **23-0959590**

All Notices:

Street:
City/State/Zip:
Attn:
Facsimile:
Duns:
Federal Tax ID Number:

Invoices:

Attn: **James M. Rouland**
Phone: **610-774-3042**
Facsimile: **610-774-5694**

Invoices:

Attn:
Phone:
Facsimile:

Scheduling:

Attn: **N/A**
Phone: **N/A**
Facsimile: **N/A**

Scheduling:

Attn:
Phone:
Facsimile:

Payments:

Attn: **James M. Rouland**
Phone: **610-774-3042**
Facsimile: **610-774-5694**

Payments:

Attn:
Phone:
Facsimile:

Wire Transfer:

BNK: **Mellon Bank**
ABA: _____
ACCT: _____

Wire Transfer:

BNK:
ABA:
ACCT:

Credit and Collections:

Attn: **Yan Gao**
Phone: **610-774-6636**
Facsimile:

Credit and Collections:

Attn:
Phone:
Facsimile:

**With additional Notices of an
Event of Default to:**

Attn: **James M. Rouland**
Phone: **610-774-3042**
Facsimile: **610-774-5694**

**With additional Notices of an
Event of Default to:**

Attn:
Phone:
Facsimile: